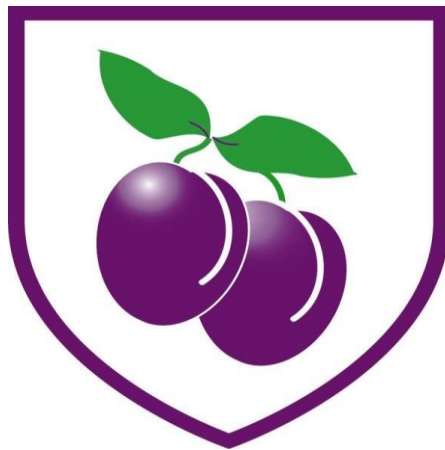


# Plumcroft Primary School

Universal high expectations

Knowing every child

In pursuit of excellence



Debt Recovery Policy  
July 2020

# Plumcroft Primary School

## **DEBT RECOVERY POLICY**

Any money owed to school has an impact on the budget and may affect the resources we can provide to all children. We hope that parents understand this and will make every effort to avoid owing the school money. The school will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off or passed onto an external debt collection agency only after all reasonable measures have been taken to recover it. The school's debt recovery policy will observe the relevant financial regulations and guidance set out in the Academies Financial Handbook and any other legal requirements

### **Acceptable 'credit period'**

The Full Governing Body has determined that one half term is an acceptable 'credit settlement period' before the debt recovery procedures are applied.

### **Reporting of outstanding debt levels**

The Head teacher will ensure that the level of outstanding debt is regularly monitored. Suitable records will be maintained to detail individual debts and the total value of debt to the school in order that it can be determined at any time and reported to the Finance Committee and/or Governing Body. The Finance Committee and/or Governing Body will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

## **Debt Recovery Procedures**

### **Parent/Carers Debt**

Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied:

#### ***Initial 'overdue payment' reminder***

An initial reminder will be informal and will be emailed via the MagicBooking system.

#### ***First 'overdue payment' reminder email***

A formal reminder email will be sent from the MagicBooking system 2 weeks after initial reminder. If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue. The date of the initial reminder letter should be recorded. In the case of school meals, if the debt is not settled on the following school day then we will be unable to provide your child with a school dinner and you must provide a packed lunch or take your child home for dinner. If a child comes to school without clearing the debt and requires a hot meal then the School Office will telephone the parents to make alternative arrangements for lunchtime. If the

parent does not do this then the school may refer the family to Social Services under our child protection procedures.

### ***Second 'overdue payment' reminder email***

A second reminder email will be issued 2 weeks after the First Reminder Letter from the MagicBooking system. The date of the second reminder letter should be recorded.

### ***Failure to respond to reminders / settle a debt***

If there is no response to the second 'overdue payment' reminder letter the debtor will be invited to meet a member of SLT to discuss how the debt will be settled. Failure to respond to this letter and/or failure to attend this meeting will result in the school passing the debt to an external debt collection agency. SLT will make every effort to work with parents to prevent debts mounting. The governing body will be alerted of the debt if no payment is made 4 weeks after the second reminder email. At the discretion of The Resources Committee and/or Governing Body an official invoice may be issued for the full amount. The debtor may be advised that they will be required to pay in advance for all future supplies and services or the supply will no longer be available to them. This decision and its basis will be recorded and reported to the Resources Committee and/or Governing Body. If a mutual agreement cannot be reached or if any agreed repayment is missed then the debt will be transferred directly to an external debt collector.

### ***Negotiation of repayment terms***

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder. Failure to meet any repayment terms will result in the debt being passed to an external debt collection agency.

### ***If people are unable to pay***

The School may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be carried out, taking the following factors into account.

- Hardship – where paying the debt would cause financial hardship.
- Ill health – where our recovery action might cause further ill health.
- Time – where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off.
- Cost – where the value of the debt is less than the cost of recovering it.
- Multiple debts – where someone owes more than one debt to the School. In this situation an attempt to agree one repayment plan to include all debts will be established.

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of SLT or the Resources Committee. A record of all such agreements entered into will be retained. In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable.

The Resources Committee will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to pay in advance. This decision and its basis will be recorded and reported to the Resources Committee and/or Governing Body.

## **Invoice Debts (including lettings)**

In general payment for all goods and services supplied by the School should be collected in advance or at least within 30 days upon receipt of an invoice.

### **Step 1**

Invoices are pre- numbered in sequential order and issued by the accounts department.

All invoices or letters are sent out at the appropriate time. A copy of any invoice is kept as a debtors copy and filed with the income once the income has been received.

### **Step 2**

A reminder is sent to the debtor, in the form of a statement, a copy of the original invoice, a letter or an e- mail. This is sent out at an appropriate time, usually prior to, but not more than one week after, the due date. Copies of all reminders are kept in a debtors file.

### **Step 3**

Formal reminder letters are sent to the debtor. Copies of all letters are kept in a debtors file.

### **Step 4**

If no response is received from the reminders the debt will be referred to the Headteacher who will write to the debtor. This letter will advise that should the school not hear from the debtor the matter will be passed to the Governors for debt recovery and this may result in legal action.

### **Step 5**

If no response is received from the Head's letter a notice of intention will be issued advising the debtor that matter is being handed to legal advisors for further action. A debt recovery company will then be recruited to collect the outstanding monies.

## **Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Resources Committee will decide whether to seek to recover such costs from the debtor. The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the school in recovering the debt. This decision and its basis will be recorded and reported to the Resources Committee.

Write-off of any debt over the value of £150 requires the written approval of the Resources Committee, debts over the value of £500 will be referred to the Full Governing Body.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.