

Golcar Junior, Infant & Nursery School



Debt Recovery Policy

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Policy Audience: Parents

1. General requirements

Golcar Junior Infant & Nursery School will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

The school's debt recovery policy will observe the relevant financial regulations and guidance set out in the Scheme for Financing Schools and any other legal requirements. In particular:

- the Governing Body will approve the write-off of all debts, stocks, stores and surplus assets. Debts above £250 need the prior, written approval of the Director of Finance at Kirklees Council
- all such write-offs will be recorded in the minutes of the governing body
- a formal record of any debts written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- the school will seek the advice of the Local Authority should they consider taking legal or other action to recover the debt.

In general payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale'.

The procedures to secure the collection of all debts are outlined below and should be followed by all School staff.

Where debt occurs within our school, in at least the short term, the school budget has to pay for the shortfall, which clearly means that monies intended for all our children's education is used to settle these debts. Additionally the time and resources needed to chase up these debts with letters and phone calls is taking money and resources from the budget which could certainly be better

used elsewhere. The school is sure that every parent would agree that this is not acceptable and the school urges parents to give this policy their full support.

2. Acceptable 'credit period'

Invoices

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. The school sends out invoices to generate income from the following sources:

- Lettings income from hirers of school premises
- Nursery Fees
- Music fee income from parents of students taking private music lessons
- School Meals /Milk
- After School Activities and Trips
- Other occasional miscellaneous income

Debt recovery procedures should be applied in accordance with item 4 of this policy.

3. 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 Resources Committee.

The School Business Manager will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

4. Debt Recovery Procedures

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

- (a) An invoice should be issued on official school stationery for the full amount in order to officially set up the debt;
Where invoices are raised they should state the date by which payment is due date/month/year.
- (b) In all other cases, such as;
 - correspondence with parents, etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip should be received by 25/04/2018.
 - payment for items purchased should be sent to the school office by 25/04/2018.

- (c) A record of all goods and services will be maintained detailing:
- type of good/services supplied;
 - value;
 - date(s) good/services supplied; and;
 - the identity of the 'debtor', e.g. parent, hirer, etc.

5. Verbal and Written Reminders

5.1 Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced.

It is therefore important that at least one, but preferably two, written reminders are sent

5.2 Initial 'overdue payment' reminder

An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone.

In general, the Senior Business Support Officer will notify the parent/guardian.

The date of the initial reminder should be recorded.

5.3 First 'overdue payment' reminder letter

A formal reminder letter should be issued 2 weeks after the informal reminder/ the date of supply.

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 should be recorded.

5.4 Failure to respond to reminders / settle a debt

If after 2 reminders, a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to the school's legal advisers. At the discretion of the Head teacher the debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them.

This decision and its basis will be recorded and reported to the Resources Committee.

6. Failure to respond to reminders / settle a debt

If after 2 reminders, a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to the school's legal

advisers. At the discretion of the Head teacher the debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them.

This decision and its basis will be recorded and reported to the Resources Committee.

7. 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.

However, 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 debt - 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 'repayment terms' these may be negotiated at the discretion of the Head teacher.

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 Head teacher 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.

8. Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Head teacher 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.

9. Bad debts

This debt recovery policy should be cross-referenced to the Scheme for Financing Schools.

Write-off of any debt requires the written approval of the Resources Committee up to a maximum of £250.

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

10. Bad debts

This policy will be reviewed and approved annually by the Resources Committee and reported to the Full Governing Body.

Headteacher: *G.Dyson* **Date** *April 2021*

Chair of Governing Body: *Bryn Stokes* **Date:** *April 2021*

Date reviewed by governing body: *April 2021*

Date reviewed by governing body: *April 2022*

