

Debt Recovery Policy

NAME OF POLICY: DEBT RECOVERY POLICY		FEDERATION KSSS ONLY BPRU ONLY	POLICY NUMBER: F3	
EFFECTIVE DATE: RATIFIED BY MC Feb 2024			*REVIEW DATE BY SLT: Jan 2025 REVIEW DATE OF POLICY BY MC: March 2025	
AUTHOR OF POLICY: KER			PERSON(S) RESPONSIBLE FOR REVIEWING/UP DATING: KER, SG,	
DATE OF CHANGE	AUTHOR OF CHANGE	DESCRIPTION OF CHANGES	PAGE NUMBER OF CHANGES	NEW REVIEW DATE*
20.1.21	KER	Added front page, as Internal Audit require annual review.	P1	
Jan 2021	KER	SG is completing all JE tasks until further notice	Through out policy	March 2022
25.1.24	KER	No changes		

1. General Requirements

Burton PRU & Kettlebrook Short Stay School Federation 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 Financial Handbook for Schools and any other legal requirements. In particular:

- For schools using MyFinance system, the County Council income team will carry out standard debt recovery procedures on behalf of the school where customer invoices have been raised.
- At the same time, you are normally in a better position to collect amounts owing from customers. The Management Committee should approve a debt recovery policy which is applied consistently to ensure that customer debt is dealt with in a timely

manner and further goods or services are not supplied to customers who have not paid for items already received or used.

- When all practical and cost-effective methods of debt recovery have been exhausted by the County Council income team, the Director of Finance and Resources will notify the school of the amount of debt that is considered to be irrecoverable and should be written off. This will lead to a charge appearing on the school budget as the income was credited to the school budget when the invoice was raised.
- The Management Committee must approve the writing off of any debt in relation to the delegated school budget. The Management Committee must take into account their review of the age and size of each customer's debt and any advice from the Director of Finance and Resources (see F31).

2. School staff are expected to follow the following procedures to secure the collection of all debts:

- Recording of goods or services supplied where payment is not received in advance or 'at the point of sale'.
- A record will be kept of all such supplies that details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. school, academy, parent etc.
- Where invoices are raised these should state the date by which payment is due.
- In all other cases correspondence with parents, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by, payment for items purchased should be sent to the school office by, etc.

Initial reminders (In the case of school dinners being charged)

Initial reminders may be informal and made either in person (when a parent comes to collect/drop off the child) or by text. Normally, the school office will undertake this having built up a good relationship with the parents.

First reminder letter

A formal reminder letter should be issued after **2 weeks** from any 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.

Second reminder letter

A second reminder letter will be issued **2 weeks** after the First reminder letter.

Using reminder letters

Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that two written reminders are sent. Details of all reminders, whether verbal or in writing, and any responses received -should be maintained. Where a letter is issued, a copy must be retained on file

Initial reminders – School Cross Charges (Alongside SCC debt recovery)

Where an invoice is raised to an academy, if payment is showing as unallocated after the 28 days credit period - School Finance staff should e-mail / telephone to ascertain any queries.

Further e-mails will be sent as reminders should payment still be unallocated.

If, following SCC debt recovery process and school staff procedures the debt is still unallocated this should be brought to Management Committee attention as well as termly reviews.

Where an Inter School journal is raised if the journal isn't actioned on the end of month return via Myfinance the above procedure will be carried out.

3. 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 reminder'.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Headteacher. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms (unless this not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Executive Headteacher / Management Committee will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.

4. Costs of Debt Recovery

Where the school incurs material additional costs in recovering a debt then the Management Committee will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded.

The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

5. Reporting of Outstanding Debt Levels

The Finance Officer will ensure that the level of outstanding debt is known / can be determined at any time.

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

6. Bad Debts

If all reasonable steps have been taken to recover the debt and there is no reasonable prospect for cost effective recovery, the limits below can be written off (as per the Schedule of Financial Delegation):

- **£1 to £50** requires written approval of the Head of School using their knowledge of circumstances and previous record of payment. (Head of School must discuss with Executive Headteacher first and record with Finance Officer.)
- **£50 to £500** the Management Committee can write off to a maximum up to a maximum of £500. Both the Management Committee and the Executive Headteacher will take into account previous history of payment and decide whether to write off the debt or refer the matter to County Hall (County Secretary's Department, Legal and Administration). (The Executive Headteacher must discuss at Governors meetings or by Chairman's Power to Act between meetings first and record with Finance Officer.)
- Any debt above £500 will be referred to the appropriate officer for consideration/action without delay once the school has taken reasonable measures to collect the debt (i.e. has followed the reminder notification procedures set out above).

At the discretion of the Executive Headteacher 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.

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

7. School Meal Debts

The second reminder letter will advise parents to send in a packed lunch from the following week and until the debt is cleared. A copy of this letter will be sent to the key worker. The key worker will discuss with the student and if no packed lunch is sent in will request a chargeable basic lunch from the school office. The school reserves the right to begin legal proceedings against parents to recover this debt.

RECORDS OF DEBTS WRITTEN OFF

Debtor	Details of debt	Amount (£)	Invoice reference and date (where applicable).	Reason for write-off (including brief details of measures taken to secure payment - as appropriate).	Authorisation of write off – name and signature of the authorising individual and date. Cross reference to entry in the accounts where applicable.