



Debt Recovery Policy 2022-2025

Date of Last Review:	December 2022
Date agreed by Governors:	January 2023
Date shared with all staff:	January 2023
Date of next review:	December 2025
Origin/Author:	RBG

General Requirements

Abbey Wood 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 (proportionate to the value and nature of the debt) have been taken to recover it. Abbey Wood Nursery School's Debt Recovery Policy has been written in accordance with the relevant financial regulations and guidance set out in the LA's Finance Manual for Schools and other legal requirements. In particular:

- the Governing Body will not write-off any debt belonging to the school which exceeds £100. Any sums above this will be referred to the Director of Children's Services for approval and the formal agreement of the Local Authority's Finance Director will be obtained before writing-off. (If any debtor has a number of debts which together exceed the write-off limit then these will be treated as a total amount).
- a formal record of any debts written off will be maintained and this will be retained for seven years. (The form of this record is specified below).
- Abbey Wood Nursery School will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to the Local Authority to 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'.

Acceptable 'Credit Settlement Period'

The Governing Body determines the length of time they deem as an acceptable 'credit settlement period' before the debt recovery procedures are applied.

The Governing Body considers that an 'acceptable' credit period may vary between different income generating activities; for example;

- school meals;
- trips and activities;

The Governing Body have stipulated that two weeks is the acceptable 'credit settlement period' for the payment of school meals, trip and activities. In the case of school meals, if debts have not been recovered after two weeks no more school meals will be provided and the child will not be able to continue having school dinners.

Reporting of Outstanding Debt Levels

The School Business Manager 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.

The School Business Manager together with the Headteacher will review the level of outstanding debts termly to determine whether this level is acceptable and whether action to recover debts is effective.

Debt Recovery Procedures

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

- A record must be kept for the supply of goods or services where payment is not received in advance or 'at the point of sale'.
- The record will detail what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc.
- Where invoices are raised these should state the date by which payment is due.
- Correspondence with parents/carers, etc. must indicate the maximum period that the school regards as reasonable before payment is overdue.
- A record of all verbal and written reminders must be maintained by the school. Letters must be posted.

Initial Verbal Reminders

Initial verbal reminders may be informal and made either in person (when a parent / carer comes to drop off or collect the child) or by telephone by the second day of a debt not being paid. Normally, the admin staff will undertake this having built up a good relationship with the parent / carer. A record of the reminder must be kept.

Reminder Letters

A formal reminder letter should be issued after one week from the informal verbal reminder.

In the case of school meals/fees, the letter should contain reference to the possibility of unpaid debts resulting in the non-supply of school meals/extended day provision in the future and the offer of a meeting to discuss any factors the parent / carer would like the school to be aware of an agreement to pay the debt in instalments may take place at the meeting.

A copy of the letter must be kept on file. If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that Abbey Wood Nursery School made attempts in a timely manner (i.e. at the time that the debt first became overdue).

Non-Provision of School Meals Letter

If a parent/carers has been sent a reminder letter for the non-payment of a school meals debt and they have not made contact with the school, a Non-Provision of School Meals letter should be sent out two days prior to the date giving a final reminder that the school will not provide school meal provisions after the specified date.

Failure to Respond to Reminders or Settle a Debt

If no response is received from the reminders issued, a letter will be sent to the debtor advising them that the matter will be referred to the council's Legal Services department. At the discretion of the Governing Body, 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.

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'.

Extenuating Circumstances

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 to the family and impact on the child.
- **ill health** – where a parent/carer has been unable to pay due to ill-health and 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.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the School Business Manager. A record of all such agreements will be kept. A letter will be issued to the debtor confirming the agreed terms (unless this is not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Finance 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.

Cost of Debt Recovery

Where the school incurs material additional costs in recovering a debt the Finance Committee will decide whether to seek to recover such costs from the debtor. This responsibility will be delegated to the Headteacher/School Business Manager.

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.

The decision and its basis will be recorded and reported to the Finance Committee.

Bad Debts

The Headteacher, with the Finance Committee's permission, can write-off a debt up to £240. Debts above this amount require the written approval of the Finance Committee. A record of bad debts written-off (including the reason and approval for them) will be retained for seven years.

Policy Review

This policy will be evaluated, reviewed and approved every three years or sooner if deemed necessary.

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