

# Debt Recovery Policy

Chisenhale Primary School



Learning Together for a Better Future

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## **1 Introduction**

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 collect debts as part of its management of public funds and will make all parents aware of this policy and the schools procedures. This policy and any subsequent information will also be published on the school website.

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

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

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

- School Meals – in advance, or 'at the point of sale'
- Trips and activities – in advance, or 'at the point of sale'
- Night Owls & Breakfast Club – within a specified time limit

## **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 and/or Governing Body.

The Resources 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.

## **4 Debt Recovery Procedures**

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

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

An initial reminder may be informal and can be made either in person (when a parent/carer comes to collect/drop off the child), by text message, email or by telephone on the following day. The date of the initial reminder should be recorded.

In the case of school meals the SAO will remind parents in person of any monies outstanding for that week.

#### **4.2 First 'overdue payment' reminder letter/email**

A formal reminder letter/email is issued a week after the informal 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 should be recorded.

In the case of school meals, after the 2<sup>nd</sup> week a formal reminder letter/email is sent out. Date of the letter should be recorded.

#### **4.3 Second 'overdue payment' reminder letter/email**

A second reminder letter/email will be issued a week after the first 'overdue payment' reminder letter/email. The date of the second reminder letter/email should be recorded.

In the case of schools meals, a second reminder letter/email will be sent out after a further two weeks.

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.

#### **4.4 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 the senior leadership team to discuss how the debt will be settled. Failure to respond to this letter/email and/or failure to attend this meeting will result in the school possibly taking legal action.

The Governing Body will make every effort to work with parents to prevent debts mounting. At the discretion of The Resources Committee and/or Governing Body an official invoice may be issued for the full amount and payment will need to be paid within 28 days.

The debtor may be advised that they will be required to pay in advance for all future 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 school will consider possible legal action.

#### **4.5 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 school taking possible legal action.

#### **4.6 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 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 the Resources Committee and/or Governing Body.

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 and/or Governing Body 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.

#### **5 Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Resources Committee and/or Governing Body 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 and/or Governing Body.

#### **6 Bad debts**

Write-off of any debt between the values of £250 - £2,500 requires the written approval of the Resources Committee, debts over the value of £2,500 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.

#### **7 Review**

At each Resources Committee meeting written information will be provided in advance as to the overall indebtedness and if necessary will be discussed by the committee.