

Debt Recovery Policy

Mount Primary School



Approved by: [Name]

Date: [Date]

Last reviewed on: November 2020

Next review due by: [Date]

Debt Recovery Policy

1. General requirements

Mount Primary 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 formal agreement of the Local Authority's Director of Finance and Resources (Section 151 Officer) will be obtained before a debt exceeding £1,000 is written 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).
- Debts greater than £10,000 can only be written off by the Executive member for finance on advice of the section 151 officer.
- A formal record of any debts above £1,000 written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- The 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 deemed a reasonable course of action) to the Council's Legal Services section to consider taking legal or other action to recover the debt.

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.

Lighthouse Club

As per the agreement and offer letter signed by the parent/carer, we recommend that payment is made a minimum of one week in advance and a credit balance is maintained at all times. Payment is required for all days booked even if the child does not attend, the exceptions being when school is closed. Should the child no longer require a place the parent/carer is to advise the School office at least 4 weeks in advance, otherwise the parent/carer is still liable for charges. Should the parent/carer fall into arrears, the club will withdraw the child's place. See Lighthouse Club Policy for charges relating to Covid.

School lunch

We recommend that payment is made a minimum of one week in advance and a credit balance is maintained at all times. The parent/carer must give 2 weeks notice to change between school dinners and packed lunches. Should the parent/carer fall into arrears and fail to make a payment within a reminder letter, a further letter will be sent advising the parent/carer that their child will no longer be entitled to a school lunch and that they should send their child to school with a packed lunch. Failure for the parent/carer to provide their child with a packed lunch may result in involving the school's child protection officer.

3. Reporting of outstanding debt levels

The Headteacher/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.

4. Debt Recovery Procedures

Where payment from the parent/carer has not been received within the above acceptable credit period the following process should be applied.

First 'overdue payment' reminder letter - Monday

An initial reminder letter will be sent home requesting the account be credited with one week's full amount by the Wednesday of that week. Warning that their child's club/lunch will be cancelled.

Second 'overdue payment' reminder letter (WARNING LETTER)

If full payment is not received by that Wednesday, Letter Two will be sent home on Thursday advising their child's breakfast club/tea-time club/school lunch place will be cancelled if debt is not cleared by the following Monday. Payment or a repayment plan must be made by Monday.

Third (FINAL) 'overdue payment' reminder letter (combined amount equalling £50plus)

If by the following Monday no payment or response is made, Letter 3 will be sent home advising this is a Final reminder and payment must be received immediately otherwise the Council's Debt Recovery Service will be contacted. The child's place in club or lunch place will be cancelled. A follow up phone call will be made to the parent/carer as they will need to make other arrangements.

Staff Debt Recovery

Staff debts can accumulate from staff school lunches they have taken. A standard Parent Pay letter will be put in their pigeon hole on the Monday advising of the debt. By the following Monday if the debt is still outstanding the same letter will be handed to them in person in the strictest of confidence and a school lunch will not be provided until the debt is paid in full. A Final letter will be hand delivered to a member of staff before the end of their employment advising their debts will be deducted from payroll.

5. Negotiation of repayment terms

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the initial '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. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Headteacher/School Business Manager. 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 Headteacher/School Business Manager will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and in future will be required to pay in advance.

6. 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 Finance Committee.