



DEBT RECOVERY POLICY

DATE APPROVED BY ST. STEPHEN'S PRIMARY SCHOOL COFE PRIMARY SCHOOL	Spring Term 2024
REVIEW DATE	Spring Term 2026
APPROVED BY	Finance & Premises Committee

Introduction:

St. Stephen's 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.

St. Stephen's Primary 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:

- The Governing Body will not write-off any debt belonging to the school which exceeds £500. Any sums above this will be referred to the Director of Achieving for Children for approval and the formal agreement of the Local Authority's Finance Director 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 7 years.
- 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 demonstrably a reasonable course of action) to the Local Authority to consider taking legal or other action to recover the debt.
- The School will NOT write-off any debt belonging to the Local Authority or another party, if in doubt as to the appropriate action to collect any such debts, the School will seek advice promptly from officers of the Local Authority.

Procedures:

School staff are expected to adhere to the following procedures to secure the collection of all debts.

(a) 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. child, parent, hirer, 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.

The Governors should determine what the reasonable 'credit period' is if this is not otherwise specified, e.g. the Governors stipulate the maximum settlement period for school lettings in a separate 'Lettings Policy'.

(b) Reminders:

- **Initial reminders:** Initial reminders may be made and may be informal and made by a member of the finance team by telephone and recorded. The reminder will be sent for school meals when the debt exceeds £30.
- **First reminder letter:** A formal reminder letter should be issued within 2 weeks from any informal reminder.
- **Second reminder letter:** A second reminder letter will be issued within 2 weeks after the first reminder letter.
- **Failure to respond to reminders/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 Governing Body. When the school meals debt reaches £100 the parent/carer will be informed by letter that we can no longer provide meals and the children should bring a packed lunch.

At the discretion of the Governors' Finance Committee the debtor may be advised that they will be required to pay in advance for all future services and supplies or the services and supplies will no longer be available to them. This decision and its basis will be recorded.

(c) 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 unless the debt is £500 or more whereby negotiation will be at the discretion of the Governors' Finance Committee. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.

The Headteacher/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.

(d) Costs of debt recovery:

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

(e) Reporting of outstanding debt levels:

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

The Finance 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.

(f) Bad debts:

The School's debt recovery policy should be cross-referenced to the Schedule of Financial Delegation.

Write-off of any debt <£500 requires the written approval of the Headteacher/Finance Committee/Governing Body up to a maximum of £500.

Bad debts of over £100 will be reported to the Governors' Finance Committee. A record of the write-off, of sums over £100, the reason for it and the approval for it, will be retained for 7 years. Any debt belonging to the Local Authority 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).

Review of the Policy:

This policy will be reviewed annually.

RECORD 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.*

Presented to the Finance Committee 16.5.22

Agreed by Governors: 16.5.22