

St Mary's Catholic Primary School

Debt Recovery Policy

Person Responsible: M Jackson

Date: October 2016

Review Date: Autumn 2018

General Requirements

The school will take all reasonable steps to recover 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 Governing Body will not write-off any debt belonging to the school which exceeds £1000. Any sums above £1000 will be referred to the Director of Children's Services for approval for write-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 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 Council's Legal Services Section 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 period'

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

Reporting of outstanding debt levels

The Headteacher will ensure that the level of outstanding debt is regularly monitored.

Suitable records will be maintained to detail individual debts. This information will be reported to the Resources committee.

The Finance Officer 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

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

- a) An invoice should be issued for the full amount in order to officially set up the debt. Where invoices are raised, they should state the date by which payment is due.**
- b) Correspondence with parents should clearly state when payment needs to be made-what is a reasonable period of time.**
- c) A record of all goods and services will be maintained detailing type of goods, services supplied, value, date goods supplied and the identity of the debtor.**

Verbal and written reminders

Reminder letters should be kept on file. Two written reminders should be sent.

An initial reminder could be made either in person or by telephone. The date of the initial reminder should be recorded.

A formal reminder letter should be issued 2 weeks 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 these attempts have been made in a timely manner. The date of the initial reminder should be recorded.

A second reminder letter will be issued 2 weeks after the first reminder letter. The date of the initial reminder should be recorded.

Failure to respond to reminders/settle a debt

If no response has been made after 2 written reminders, a letter will be sent to the debtor advising them that the matter will be referred to the Council's Legal Services Section.

At the discretion of the 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.

The decision will be recorded and reported to the Resources Committee.

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.

However, if people are unable to pay, the school may reduce or cancel a debt in certain circumstances (hardship, ill-health, amount of income compared to the debt, where the value of the debt is less than the cost of recovering it or in the case of multiple debt).

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Headteacher.

A letter will then be sent outlining such an agreement. Records of such agreements will be retained. A reasonable settlement date should be agreed.

The Headteacher will decide if any further credit will be allowed in future or if the debtor must pay in advance.

This decision will be recorded and reported to the Resources Committee.

Costs of debt recovery

Where the school incurs additional costs in recovering a debt then the Headteacher 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. The decision will be recorded and reported to the Resources Committee.