

Flourishing through faith, hope and love



DEBT RECOVERY POLICY

Review Frequency: Annual
Next Review: Autumn 2024
Review Committee: Resources
Agreed: Autumn 2023

A handwritten signature in blue ink, appearing to read "M. White".

Signed:

(Headteacher)

A handwritten signature in black ink, appearing to read "Anna Price".

(Chair, Resources Committee)

Introduction

St. Mary's C of E Primary School will take all reasonable measures to collect debts as part of its management of public funds. A debt will be cancelled only after all reasonable measures have been taken to recover it.

The school's debt recovery policy will observe the relevant financial regulations and guidance set out in the Academies Financial Handbook. In addition:

- The Governing Board will not cancel any debt belonging to the school that exceeds £500. Any sum above this will be referred to the Education Funding Agency. If a debtor has a number of debts, which together exceed this limit then the total amount will be referred.
- All invoices are issued with 30-day payment terms. Any invoice unpaid after 45 days will be considered overdue and the school will start the procedure to recover the debt.
- A formal record of any cancelled debts will be retained for 7 years.
- 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 and/or failure to attend this meeting will result in the school possibly taking legal action.

Procedures for parental debt

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

1. **Records:** A record will be kept of what was supplied (e.g. lunch, a school trip or hired venue), the value, the date and the identity of the purchaser (e.g. parent or carer). Invoices or other correspondence should state the date by which payment is due.
2. **Reminders:**
 - a. Initial reminders may be informal. The School Business Manager will telephone a parent when the school meals debt exceeds two weeks of non-payments.
 - b. First reminder letter. A formal reminder letter should be issued 2 weeks after an informal reminder.
 - c. Second reminder letter: A second reminder letter should be issued 2 weeks after the first reminder letter.
 - d. Failure to respond to reminders and settle a debt: If no response is received and the school meals debt remains, school meals will cease to be provided until the debt has been repaid. 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 and/or failure to attend this meeting will result in the school possibly taking legal action.
3. **Negotiation of repayment terms:** Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first reminder.
If a debtor asks for repayment terms and the debt is under £500, the terms may be negotiated and agreed by the Headteacher. For debt over £500 the terms may be negotiated by the Headteacher but must be agreed by the Governing Board. A record of all such agreements will be kept, and a letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.
4. **Costs of debt recovery:** Where the school incurs additional costs in recovering a debt then the Resources 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.
5. **Reporting of outstanding debt levels:** The Finance Manager will ensure that the level of outstanding debt can be determined at any time. The Resources 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.
6. **Bad debts:** Cancellation of any debt up to £500 requires the written approval of the Governing Board. Debts over £500 will not be cancelled.

Bad debts of over £50 will be reported to the Resources Committee.

A record of written-off debts will be retained for 7 years.

7. If people are unable to pay

The School may reduce or cancel a debt up to £500 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.

Procedures for other debts

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

1. **Records:** A record will be kept of what was supplied, the value, the date and the identity of the purchaser (Invoices or other correspondence should state the date by which payment is due).
2. **Reminders:**
 - a. Initial reminders may be informal. The School Business Manager will contact the debtor when the payment is late
 - b. First Reminder letter (this can be an email) should be issued 2 weeks after the initial reminder.
 - c. Second Reminder: a formal letter should be issued 2 weeks after the first reminder letter (see Appendix C for template).
 - d. Failure to respond to reminders and settle a debt: If there is no response to the second 'overdue payment' reminder letter and the debt remains, 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 and/or failure to attend this meeting will result in the school possibly taking legal action.

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 services. This decision and its basis will be recorded.

3. **Negotiation of repayment terms:** Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first reminder.

If a debtor asks for repayment terms and the debt is under £500, the terms may be negotiated and agreed by the Headteacher. For debt over £500 the terms may be negotiated by the Headteacher but must be agreed by the Governing Board. A record of all such agreements will be kept, and a letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.

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Bad debts of over £50 will be reported to the Resources Committee.

A record of written-off debts will be retained for 7 years.

Appendix A: Letter to Parents

St Mary's C of E Primary School has a no debt policy relating to school meals.

If debts are incurred the school budget has to pay for them. This means that money which should be spent on the children's education is used to pay for debts incurred by parents. Every parent will agree that this is unacceptable and we request that all parents give this policy their full support.

If parents believe that their children may qualify for entitlement to Free School Meals please contact the School Business Manager for more details. This allowance is a statutory right and it is important that you use it if you qualify. We will help you all we can with your application.

Parents must pay in advance for school meals using ParentPay.

Children will not be provided with a school meal unless it is paid for, except those that are entitled to free school meals. If a parent fails to pay in advance, the school will be required to act in accordance with its Debt Recovery Policy.

If school meals are not paid for and a packed lunch is not provided, the school may need to inform the local authority that a child is not being provided with a suitable meal at lunch time and their parent is not fulfilling their duty of care.

We hope this debt policy ensures that all money that is for children's learning is available.

We recognise that times are hard for families and we want to do everything we can to help and support you. Therefore, if you have any concerns, please don't hesitate in contacting me.

Yours sincerely

Head Teacher

Appendix B: School Dinner Reminder Letters

Example – Letter 1

Parent or carer of (Pupil Name)
(Address Line 1)
(Address Line 2)
(Address Line 3)
(Post Code)

Dear xxx

School Meals provided to (Pupil Name)

According to the school's financial records you have not paid dinner money for your child (pupil name) recently.

As at xx/xx/xx your account is showing a debt of £xx.

Please make arrangements for the outstanding dinner money debt to be paid immediately.

Once you have cleared the current debt I should be grateful if you could ensure that you keep your account in credit. The current cost of a school meal is £x per day.

If you have any queries regarding these arrears or wish to discuss the matter further, please do not hesitate to contact the School Business Manager.

Yours sincerely

Head Teacher

Example – Letter 2

Parent or carer of (Pupil Name)
(Address Line 1)
(Address Line 2)
(Address Line 3)
(Post Code)

Dear xxx

School Meals provided to (Pupil Name)

I am writing regarding the current level of outstanding school meal debt that is showing on your account. Despite previous correspondences and messages the debt for your child is still outstanding.

The school's records show that as at xx/xx/xx your account is £x in debt. The current cost of a school meal is £x per day.

I would ask that you please make arrangements to clear this debt immediately and take steps to ensure your account is kept in credit in the future.

Since the school has to fund all school meal debts from its budget it is essential that all payments are up to date so that the quality of the service provided to all pupils is maintained.

Unfortunately, if the debt is not cleared by xxxxx a school meal will no longer be provided to your child and you must make your own arrangements for your child's lunch.

The school reserves the right to inform the local authority that your child is not being provided with a suitable meal at lunchtime.

If you have any queries regarding these arrears, please contact the School Business Manager immediately so that this matter can be resolved.

Yours sincerely

Head Teacher