

YATTON FEDERATED SCHOOLS

Debt Recovery Policy

1. General requirements

The Federation 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 schools' 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 £1,000. Any sums above £1,000 will be referred to the Director of Children and Young Peoples Services for approval for write-off.

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 written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- The schools 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.
- The schools 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 schools will seek advice promptly from officers of the Local Authority.

In general payment, for all goods and services supplied by the schools should be collected in advance or 'at the point of sale'. Parent/carers will be reminded, via school newsletters, to check their ParentPay accounts regularly and **pay in advance** for services such school lunches, breakfast club and after school club.

The procedures to secure the collection of all debts are outlined in paragraphs 3 to 2.4 and should be followed by all school staff.

2. Acceptable 'credit period'

The acceptable 'credit settlement period' before the debt recovery procedures are applied is 30 days *in relation to invoices*.

3. Reporting of outstanding debt levels

The Headteacher will ensure that the level of outstanding debt is regularly monitored via ParentPay reports and income records. Suitable records will be maintained to detail individual debts and the total value of debt to the schools in order that it can be determined at any time and reported to the

Business Committee. The Headteacher will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

Debt Recovery Procedures

- 4.1 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) A record of all goods and services will be maintained detailing:
- type of good/services supplied;
 - value;
 - date(s) good/services supplied; 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 date/month/year. In all other cases, such as;

- Correspondence with parents, etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip should be received by date/month/year.

5. Verbal and Written Reminders

5.1 Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that at least one, but preferably two, written reminders are sent. Details of *all* reminders, whether verbal or in writing, should be maintained in the debt control file.

5.2 Initial 'overdue payment' reminder

For services such as school meals, Breakfast Club and After School Club, **a zero or credit balance should be maintained**. Therefore, parents/carers will be advised on a weekly basis via a gentle debt ParentPay reminder if they fall below a zero balance on their ParentPay accounts for these services.

For other debts, 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 telephone or by a "gentle debt reminder". The date of the initial reminder should be recorded in the debt control file.

5.3 First 'overdue payment' reminder letter

For arrears that are not cleared within a week for school meals, Breakfast Club and After School Club following the initial reminder above, parent/carers will be advised by a more formal reminder letter (linked to the pupil's details on sims) that the debt needs to be cleared, or a credit balance needs to appear **before accessing the service again**.

For all other debts, a formal reminder letter should be issued 2 weeks after the informal reminder and the date recorded in the debt control file.

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.

5.4 Second 'overdue payment' reminder letter

A second reminder letter will be issued 2 weeks after the first reminder letter and the date recorded in the debt control file.

6. Failure to respond to reminders/settle a debt

If after 2 reminders, a response or payment is not received, 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. This decision and its basis will be recorded and reported to the Business Committee.

7. 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 schools 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 'repayment terms' these may be negotiated at the discretion of the Headteacher. 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 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 Business Committee.

8. Costs of debt recovery

Where the schools incur material 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 schools in recovering the debt. This decision and its basis will be recorded and reported to the Business Committee.

9. Bad debts

Write-off of any debt requires the written approval of the Business Committee up to a maximum of £1000.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.