

# DEBT RECOVERY POLICY

Date of Issue	April 2020
Review Date	April 2022
Ratified by	F&P, Policy Sub Committee
Date	September 2020
Produced by	School
SLT responsible:	School Business Manager
Signatures: Chair of Governor  Headteacher	



FEARNHILL SCHOOL

## **General Requirements**

Fearnhill 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.

Fearnhill 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 Children Schools and Families for approval and the formal agreement of the County Council'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.

Fearnhill 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 County Secretary to consider taking legal or other action to recover the debt.

The school will NOT write off any debt belonging to the County Council or another party, e.g. debts for school meals. If in doubt as to the appropriate action to collect any such debts, the school will seek advice promptly from officers of the County Council.

### **Finance staff are expected to follow the following procedures to secure the collection of all debts**

#### **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 Business Manager should determine what the reasonable "credit period" is.

#### **Initial Reminders**

Initial reminders may be informal and made either in person [when a parent comes to collect/drop off the child], by telephone or by text message.

#### **First reminder letter**

A formal reminder letter should be issued after 1 week from any 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 that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue.

## **Second reminder letter**

A second reminder letter will be issued 1 week after the first reminder letter.

## **Using reminder letters**

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, will be maintained and where a letter is issued, a copy will be retained on file.

## **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 County Secretary's Department, Legal and Administration.

At the discretion of the Governing Body/Finance Committee or 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.

## **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 Business Manager/Finance Committee. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms [unless this not judged necessary]. The settlement period should be the shortest that is judged reasonable.

The Business Manager/Finance Committee/Governing Body 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.

## **Cost of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Governing Body/ Finance Committee/Business Manager 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.

### **Reporting of outstanding debt levels**

The Business Manager will ensure that the level of outstanding debt is known/can be determined at any time.

The Business Manager/Finance Committee/Governing Body will review the level of outstanding debts regularly to determine whether this level is acceptable and whether action to recover debts is effective.

To write off of any debt over £50 requires the written approval of the Finance Committee up to a maximum of £500.

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

Any debt belonging to the County Council 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].

In the case of school meal debts, the procedure set out in the School Meals and Milk Administration Handbook will be followed.