

***St Joseph's Catholic Primary School***  
**To live, love and learn in a caring Christian community**

## **DEBT RECOVERY POLICY**

### **General requirements**

The 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.

The 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's Services for approval and the formal agreement of the Local Authority (LA) 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 and set out in Appendix 1.
- 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 LA to consider taking legal or other action to recover the debt.
- the school will NOT write-off any debt belonging to the LA 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 LA.

### **School 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.

***St Joseph's Catholic Primary School***  
**To live, love and learn in a caring Christian community**

## **DEBT RECOVERY POLICY**

The School Business Manager should determine what the reasonable 'credit period' is if this is not otherwise specified, e.g. the governors may stipulate the maximum settlement period for school lettings in a separate 'premises hiring policy'.

### **Initial reminders**

Initial reminders may be informal and made either in person (when a parent comes to collect/drop off the child) or by telephone. Normally, the secretary will undertake this having built up a good relationship with the parents.

### **First reminder letter**

A formal reminder letter should be issued after 2 weeks from any informal reminder / the date of supply, e.g. two weeks. 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 in 4 weeks 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, should be maintained. Where a letter is issued, a copy must 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 LA Secretary's Department, Legal and Administration.

At the discretion of the Governing Body / Finance & Premises Committee 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.

***St Joseph's Catholic Primary School***  
**To live, love and learn in a caring Christian community**

## **DEBT RECOVERY POLICY**

### **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 Finance & Premises 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 Finance & Premises 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.

### **Costs of debt recovery**

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

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

The Finance & Premises Committee will review the level of outstanding debts every quarter to determine whether this level is acceptable and whether action to recover debts is effective.

Monitoring of outstanding debts may be differentiated by type, e.g. if school meal debts prove more of a problem than those for lettings of premises then the frequency and degree of monitoring should reflect this).

### **Bad debts**

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 LA 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).

***St Joseph's Catholic Primary School***  
**To live, love and learn in a caring Christian community**

## **DEBT RECOVERY POLICY**

### **APPENDIX 1** **Debt Recovery Form**

<b>RECORD OF DEBTS WRITTEN OFF Debtor</b>	<b>Details of debt</b>	<b>Amount (£)</b>	<b>Invoice reference and date (where applicable).</b>	<b>Reason for write-off (including brief details of measures taken to secure payment - as appropriate).</b>	<b>Authorisation of write off – name and signature of the authorising individual and date. Cross reference to entry in the accounts where applicable</b>