

The Edge Schools' Federation



DEBT RECOVERY POLICY

The Edge Schools' Federation will take all reasonable measures to vigorously collect all 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 Federation'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 Local Authority'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 (the form of this record is specified below and set out in Appendix A)
- Brockton 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 Local Authority to consider taking legal or other action to recover the debt
- the school will NOT write off any debt belonging to the Local Authority 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 Local Authority.

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 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, payments for items purchased should be sent to the school office by etc.

The Headteacher 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.

Second reminder letter

A second reminder letter will be issued in 2 weeks after the first reminder letter.

Failure to respond to reminders or 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 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 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 is not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Finance 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 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 Headteacher will ensure that the level of outstanding debt is known at any time. The Secretary will inform the Headteacher of school meal debts on a monthly basis.

The Finance 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.

Bad debts

Writing-off any debt above £200 requires the written approval of the Governing Body 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 Local Authority will be referred to the appropriate office 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).