

St. Michael's Church School
DEBT RECOVERY POLICY



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Debt Recovery Policy

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Review Schedule Page

Version	Author	Summary	Review Date	Next Review
1	Pat Nuzzo/EPM	Model adapted from EPM	March 2017	March 2019
2	Laura Franks	Checked and Updated	March 2019	March 2021

Introduction

Any money owed to school has an impact on the budget and may affect the Resources we can provide to all children. We hope that parents understand this and will make every effort to avoid owing the school money.

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 Scheme for Financing Schools and any other legal requirements.

Acceptable 'credit period'

The Full Governing Body has determined that one half term is an acceptable 'credit settlement period' before the debt recovery procedures are applied.

Reporting of outstanding debt levels

The Head teacher will ensure that the level of outstanding debt is regularly monitored. Suitable records will be maintained to detail individual debts and the total value of debt to the school in order that it can be determined at any time and reported to the Finance and Personnel Committee.

The Finance and Personnel 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.

Debt Recovery Procedures

Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied:

Initial 'overdue payment' reminder

An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone. In general, the Office Manager will notify the parent/guardian after having built up a good relationship with the parents. The date of the initial reminder should be recorded. In the case of school meals a reminder of any monies outstanding is sent home on a Friday.

First 'overdue payment' reminder letter

A formal reminder letter is issued 2 weeks after the 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.

The date of the initial reminder letter should be recorded. In the case of school meals, if the debt is not settled on the following school day then we will be unable to provide your child with a school dinner and you must provide a packed lunch or take your child home for dinner. If a child comes to school without clearing the debt and orders a hot meal then the School Office will telephone the parents to make alternative

arrangements for lunchtime. If the parent does not do this then the school may refer the family to Social Services under our child protection procedures.

Second 'overdue payment' reminder letter

A second reminder letter will be issued 2 weeks after the First Reminder Letter. The date of the second reminder letter should be recorded.

Failure to respond to reminders / settle a debt

If there is no response to the second 'overdue payment' reminder letter the debtor will be invited to meet a member of the Governing Body to discuss how the debt will be settled. The Governing Body will make every effort to work with parents to prevent debts mounting. At the discretion of the Resources Committee an official invoice may be issued for the full amount. This will trigger the Local Authority Debt Recovery processes and may be referred to the legal department. 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 Finance and Personnel Committee.

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.

If people are unable to pay

The School 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.

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Finance and Personnel Committee. 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 Finance and Personnel Committee 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 Finance and Personnel Committee.

Costs of debt recovery

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Where the school incurs material additional costs in recovering a debt then the Finance and Personnel Committee 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 school in recovering the debt. This decision and its basis will be recorded and reported to the Finance and Personnel Committee.

Bad debts

This debt recovery policy should be cross-referenced to the Scheme for Financing Schools. Write-off of any debt up to £150 requires the written approval of the Finance and Personnel Committee. Debts between the value of £150 and £500 will be referred to the Full Governing Body. Debts over £500 must be reported to the Local Authority. A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.