



DEBT RECOVERY POLICY

General requirements

The Hyde 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 Hyde School's debt recovery policy will observe the relevant financial regulations and guidance set out in the TEFAT Finance Manual 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 TEFAT's Finance Director for 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 C).
- The Hyde 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 TEFAT Finance Director 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 TEFAT.

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. Where invoices are raised these should state the date by which payment is due. Invoices will also state that late payment will incur a 10% charge and this will be repeated on all reminders.

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 standard 'credit period' two weeks from the initial invoice,. This will also be dealt with on case by case basis with the school staff knowledge of family situations.

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/ school text service. The initial reminders will start once the payment date on the invoice has passed. Normally, the office manager will undertake this having built up a good relationship with the parents. A note is made on the payment sheet stating actions taken.

First reminder letter

A formal reminder letter should be issued after 2 weeks from any informal reminder / the date of supply. *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 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, 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 TEFAT's Finance Director, Legal and Administration.

At the discretion of the Governor Finance/HR 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.

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 Head teacher / Governors Finance /HR 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. Any such arrangements for debts may only be entered into in line with the Schools Scheme of Delegation abbreviated below:

- below £50 Headteacher
- above £50 decisions go to Governors.

The Governors Finance / HR 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 Governors Finance / HR 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 Head teacher will ensure that the level of outstanding debt is known / can be determined at any time. The Governors Finance/HR 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.