

The Dunchurch Schools' Federation

Debt Collection Policy

Dated September 2017

Review Date September 2020

1. 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 Scheme for Financing Schools and any other legal requirements. In particular:

- 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).
- The school will initiate any legal action to recover debts, and 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 Council's Legal Services Section to take legal action as instructed by the school to recover the debt.

In general payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale'.

The procedures to secure the collection of all debts should be followed by all School staff.

2. **Acceptable 'credit period'**

The Governing Body will determine the length of time they deem to as an acceptable 'credit settlement period' before the debt recovery procedures are applied.

The Governing Body consider that an 'acceptable' credit period may vary between different income generating activities.

The acceptable credit period for the following activities is outlined below:

Nursery meals	Payable in advance.
Nursery fees.	A termly invoice is payable within 2 weeks of the invoice date.
Owls/Whoosh club fees	A termly invoice is payable within 2 weeks of the invoice date.
Extra-curricular activities eg Music lessons and after School activities	Payable in advance. Payable in advance
Holiday club fees	Payable in advance.

Any other activities – as determined by the Finance and Premises Committee on a case by case basis.

In the case of nursery, Owls, Whoosh or holiday club fees being paid by childcare vouchers then it is acceptable for the fees to be paid for on a monthly basis by arrangement with the school. If a parent or career makes an overpayment of childcare vouchers, the school is unable to make a cash refund in respect of such an overpayment. If such an event occurs then the overpayment will be deducted from any future amounts owed in respect of childcare.

Debt recovery procedures should be applied in accordance with item 4 of this policy.

3. **Reporting of outstanding debt levels**

The Executive Headteacher 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 Premises Committee.

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.

4. Debt Recovery Procedures

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

- (a) An additional invoice and reminder should be issued for the full amount in order to officially set up the debt;
- (b) In all other cases, such as;
 - Correspondence with parents, etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip should be received by "*date/month/year*".
 - Payment for items purchased should be sent by the date specified when the goods are offered.
 - If payment is not forthcoming the process detailed in 4.1(a) should be applied.
- (c) A record of all goods and services will be maintained detailing:
 - type of good/services supplied;
 - value;
 - date(s) good/services supplied; and;
 - The identity of the 'debtor', e.g. child, parent, hirer, etc.

5. Verbal and Written Reminders

5.1 **Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.**

5.2 First 'overdue payment' reminder letter

A formal reminder letter should be issued immediately after the due date of payment.

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 should be recorded.

5.3 Second 'overdue payment' reminder letter

A second reminder letter will be issued 1 week after the First Reminder Letter. This should be sent by recorded delivery.

The date of the initial reminder should be recorded.

6. Failure to respond to reminders / settle a debt

If after 2 reminders, a response or payment is not received by the due date, the Executive Headteacher or School Business Manager will contact the debtor to discuss the outstanding fees. If the debt is not settled or a payment plan has not been agreed, recovery of the debt will be referred to WCC Legal Department.

At this point, a decision may be made to withdraw the service.

This decision and its basis will be recorded and reported to the Finance Committee.

While a debt remains unsettled the Executive Headteacher is able to refuse all further paid for services to that family. This includes services at the Junior School where there are outstanding debts at the Infant School.

7. 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.

However, 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.
- Cost – where the value of the debt is less than the cost of recovering it.
- Multiple debts – 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.

If a debtor requests 'repayment terms' these may be negotiated at the discretion of the Executive Headteacher or School Business Manager.

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.

If there is any deviation from the agreed repayment terms, it will be reported to the Executive Headteacher and the School Business Manager. The debtor will be required to attend a meeting to discuss the matter further.

The Executive Headteacher/Finance 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 Committee

8. Costs of debt recovery

Where the school incurs significant additional costs in recovering a debt then the Executive Headteacher and Finance 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 Committee.

9. Bad debts

This debt recovery policy should be cross-referenced to the Scheme for Financing Schools.

Write-off of any debt requires the written approval of the Finance Committee / Governing Body

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

10. Policy Review

This policy will be reviewed and every three years.

