

Debt Collection Policy

Any money owed to the 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 or passed onto an external debt collection agency 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 as set out in the *Financial Procedures Manual for Schools* and any other legal requirements.

Acceptable 'credit period'

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

Reporting of outstanding debt levels

The Executive Head Teacher and School Business Managers 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 & Staffing Committee and/or Governing Body. The Finance & Staffing Committee and/or Governing Body 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. The date of the initial reminder should be recorded.

In the case of school meals/breakfast club/extended schools provision, a reminder of any monies outstanding is sent home on a Friday.

First 'overdue payment' reminder letter

A formal reminder letter is issued one week 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 within one week after the informal reminder, the school will be unable to provide the child with a school dinner and the parent will have to take the child home for dinner. If a child comes to school without clearing the debt and requires a hot meal then the School Office will telephone the parent, requesting them to make alternative arrangements for lunchtime.

Second 'overdue payment' reminder letter

A second reminder letter will be issued one week 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 the Federation Business Manager/Finance Manager to discuss how the debt will be settled under a repayment plan. Failure to respond to this letter and/or failure to attend this meeting will result in the school passing the debt to an external debt collection agency. This decision and its basis will be recorded and reported to the Finance & Staffing Committee and/or Governing Body.

If parents are unable to pay

The School may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be undertaken, 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 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.

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 Executive Head Teacher.

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 Executive Head Teacher 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 & Staffing Committee and/or Governing Body.

Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Executive Head Teacher 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 & Staffing Committee and/or Governing Body.

Bad debts

This debt recovery policy should be cross-referenced with the *Financial Procedures Manual for Schools*. Where debts exceed £5,000, schools must first obtain the approval of the Assistant Director of Finance and Hackney Education and then the Governing Body/Finance & Staffing Committee to write the debt off.