



**St. Alban & St. Stephen
Catholic Primary School & Nursery**

**Debt Recovery
Policy and Procedures
February 2024**

Approved by: Governing Board

Date: March 2024

**Next review
due by:** January 2026

1. Our Aim

Our school is a nurturing, warm and caring environment. It is a place where children are encouraged to thrive, grow and develop an excellent attitude towards life-long learning. We work in partnership with parents and carers to live out our school's mission statement of:

'Learning and Growing with God by our side'

HEADING	Page
1 General Requirements.....	2
2. Acceptable Credit Period.....	3
3. Reporting of Outstanding Debt Levels.....	3
4. Debt Recovery Procedure.....	3
5. Verbal and Written Reminders.....	4
6. Debt Recovery Process.....	4
7. Negotiation of Repayment Terms.....	4
8. Cost of Debt Recovery.....	6
9. Bad Debts.....	7
10. Policy Review.....	7

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:

- the Governing Body will approve the write-off of all debts, stocks, stores and surplus assets.
- The School will not write-off any debt belonging to another party eg the County Council. If in doubt as to the appropriate action to collect any such debts, the school will seek advice promptly from officers of the County Council.
- all such write-offs will be recorded in the minutes of the Governing Body.
- 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 seek the advice of the Council's Legal Services Section should they consider taking legal or other action to recover the debt following a lack of response to a second overdue payment reminder letter.

In general, payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale', via Arbor. The procedures to secure the collection of all debts are outlined below and should be followed by all School staff.

2. Acceptable credit period

The Governing Body will delegate the length of time they deem as an acceptable credit settlement period to the Head Teacher. The acceptable credit period will be 2 months for all activities.

3. Reporting of outstanding debt levels

The Finance Officer will ensure that the level of outstanding debt is regularly monitored and reported to the Head teacher. 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 relevant committee of the Governing Body.

The Head teacher will review the level of outstanding debt every term to determine whether this level is acceptable and whether action to recover debts is effective.

4. 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:

- An invoice should be issued via Arbor or on official school stationery for the full amount in order to officially set up the debt;
- Where invoices are raised they should state the date by which payment is due date/month/year.

In all other cases, such as;

- Including, but not limited to, 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 to the school office by date /month / year.
-

A record of all goods and services will be maintained detailing:

- type of good/services supplied;
- value and date(s) good/services supplied; and;
- the identity of the 'debtor', e.g. parent, carer, hirer, etc.

5. Verbal and written reminders

Details of all reminders, whether verbal or in writing, should be maintained and documented. Where a letter is issued, a copy must be retained on file. 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, formal written reminders are sent. The School will consider adopting a template for such reminders to ensure consistency in handling cases of a similar nature.

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 or email. In general, the School Office will notify the parent/guardian. The date of the initial reminder should be recorded.

First 'overdue payment' reminder letter

A formal reminder letter should be issued 2 weeks after the 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. The date of the initial reminder should be recorded. This will be followed up with a phone call from the Head teacher if the parent/ carer has not made contact with the School Office to settle the debt within one week from the date of the letter.

Second 'overdue payment' reminder letter

A second reminder letter will be issued 2 weeks after the First Reminder Letter with a request to arrange a meeting to discuss repayment of the debt. The date of the initial reminder should be recorded. At the discretion of the Head teacher, 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.

Failure to respond to reminders / settle a debt

If, after 2 reminder letters, a response or payment is not received within a further two weeks, a letter will be sent to the debtor advising them that the matter will be referred to the School's legal advisers or a debt collection agency if payment is not received within two weeks, or a repayment plan agreed.

6. Debt recovery process

6a. Dinner Money Debts

As School lunches are supplied by Herts Catering Ltd (HCL) , the School is not able to provide lunches to children where there is a debt in excess of £50. School lunches will be stopped and will only restart once the debt has been cleared. All payments must be paid in advance on Arbor. Childcare vouchers cannot be used to pay for school lunches. The recovery process for dinner money debt is as follows:

- Initial reminder: Sent when the debt for school lunches reaches £30
- First 'overdue reminder payment letter': Sent if the debt for school lunches reaches £30 and is not settled within 2 weeks of the initial reminder
- Second 'overdue reminder payment letter': Sent if the debt for school lunches reaches £30 and has not been settled within 2 weeks of the first letter, or sooner if the first reminder letter has been sent and the debt for school lunches reaches £50. At this point, the parent/carer will be informed that their child may no longer receive their school lunches (if they are not in receipt of free school lunches). At this point, we may also be unable to supply before or after school care for children where there is a debt for any school services including school meals owing to the school in excess of £50. The places for breakfast and after school club will be withdrawn and will only restart once the debt has been cleared, or an arrangement for repayment has been agreed.

6b. After School / Breakfast Club Debts

As this service is provided by the School, parents/carers who do not pay by childcare vouchers will make payments at the time of booking via Arbor. Parents/carers paying by Childcare vouchers will be reminded to make regular top up-payments.

- Initial reminder: Sent when the debt for breakfast club or after school including any late pick-up charges reaches £50 and no regular top-up payment has been received.

- First 'overdue reminder payment letter': Sent if the debt for breakfast club or after school club including any late pick-up charges reaches £50 and is not settled within 2 weeks of the initial reminder.
- Second 'overdue reminder payment letter': Sent if the debt for breakfast club or after school club reaches £50 including any late pick-up charges and has not been settled within 2 weeks of the first letter, or sooner if the first reminder letter has been sent and the debt for breakfast club or after school club reaches £100. At this point, the parent/ carer will be informed that their child may no longer attend breakfast and after school club.

Under both circumstances, the parent/carers will be reminded of the option of making an appointment with the Head teacher to discuss and negotiate possible payment terms.

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, while following the debt recovery process as set out under Section 6 above, the School will take a sensitive approach to debt recovery, taking the following factors into account:

- Hardship > where paying the debt would cause financial hardship.
- Ill health > where 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.

If a debtor requests 'repayment terms' these may be negotiated at the discretion of the Head teacher. The related discussions and all such agreements entered into will be documented and kept on file.

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 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 Committee.

8. Cost of debt recovery

Where the school incurs material additional costs in recovering a debt, then the 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 Committee.

9. Bad Debts

Write-off of any debt requires the written approval of the Finance Committee. The deliberation and decision process will be fully documented, including, but not limited to, factors considered, reasons for approving, or otherwise, the write-off. This record will be retained for 7 years.

10. Policy Review

This policy will be reviewed and approved biannually by the Finance Committee and reported to the Full Governing Body.