

# Debt Recovery Policy



## Hillborough Infant and Nursery School

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| <b>Owned and Written by:</b><br>LMS Team  | <b>Date:</b><br>April 2023                            |
| <b>Adopted by:</b><br>Resource & Finance Committee  | <b>Date:</b><br>April 2023                            |
| <b>Next Review:</b>   | <b>Date:</b> When policy is updated by Luton LMS Team |
| <b>This policy has been updated to reflect the General Data Protection Regulation (GDPR) and Data Protection Act 2018, and it supersedes the HM Government Information Sharing Guidance for Practitioners and Managers published in March 2015.</b> |   |

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## 1. Aims

Our School aims to:

- Have robust, clear processes in place for the recovery of any outstanding debt;
- This policy sets out the procedure:
  - for debt recovery;
  - for the write-off any debts which is deemed to be irrecoverable.

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

The School will take all reasonable measures to vigorously collect debts as part of its management of public funds. The procedures to secure the collection of all debts are outlined below and should be followed by all school staff.

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.

## 2. Legislation and guidance

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.

## 3. Definitions

- **Debt:** a sum of money that is owed or due.
- **Credit period:** the duration of time given to the buyer by the School to pay outstanding debt.

## 4. Roles and responsibilities

### 4.1 The Governing Body

The Governing Body has overall responsibility for approving the Debt Recovery policy, but can delegate this to a Committee, an individual Governor or the Headteacher.

The Governing Board also has overall responsibility for monitoring the implementation of this policy.

- Responsibility for approving the Debt Recovery policy has been delegated to the Resources and Finance Committee.
- Monitoring the implementation of this policy has been delegated to the Resources and Finance Committee.
- The Resources and Finance Committee will approve the write-off of all debts, stocks, stores and surplus assets;
- All such write-offs will be recorded in the minutes of the Resources and Finance

Committee meeting;

- 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.

#### **4.2 Headteacher**

The Headteacher is responsible for ensuring staff are familiar with the Debt Recovery policy.

The Headteacher / Resources and 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.

#### **4.3 Business and Resources Manager**

The Business and Resources Manager will ensure that the level of outstanding debt is regularly monitored and the policy is being applied consistently.

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 Resources and Finance Committee.

#### **4.4 Staff**

Staff are responsible for:

- Implementing the Debt Recovery policy consistently;
- Notifying the Headteacher/Business and resources Manager of any specific circumstances which they are unsure about or where they are not certain if the policy applies.

The School will provide staff with appropriate training in relation to this policy and its implementation.

#### **4.5 Parents**

Parents are expected to notify staff or the Headteacher of any concerns or queries regarding the Debt Recovery policy.

### **5. Acceptable 'credit period'**

The Governing Body have determined the following length of time deemed as an acceptable 'credit settlement period' before the debt recovery procedures are applied.

- Hillborough Care Club HCC - fourteen (14) days
- Hillborough Nursery – fourteen (14) days

Debt recovery procedures should be applied in accordance with item 6 of this policy.

## 6. Debt Recovery Procedures

6.1 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 invoice should be issued 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.

- (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 to the school office by date/month/year.
- (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. parent, hirer, etc.

## 7. Verbal and Written Reminders

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

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.

**7.2 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, by way of discussion with HCC Manager or Nursery Leader, or by telephone.

In general, the person responsible for maintaining the account (i.e. trips/activities, lettings, Hillborough Care Club, Nursery etc.) will notify the parent / guardian.

The date of the initial reminder should be recorded.

### **7.3 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.

### **7.4 Second 'overdue payment' reminder letter**

A second reminder letter will be issued 2 weeks after the First Reminder Letter.

The date of the initial reminder should be recorded.

### **7.5 Failure to respond to reminders / settle a debt**

If after 2 reminders, a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to the school's legal advisers. At the discretion of the Resources and Finance 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 and reported to the Full Governing Body.

## **8. 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 or where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply they must submit an application in writing explaining the reasons for their inability to meet the original contract terms. The Headteacher and Business and Resources Manager will agree the revised terms of payment.

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.

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 Resources 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 Full Governing Body.

### **9. Costs of debt recovery**

Where the School incurs material additional costs in recovering a debt then the Resources 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 Full Governing Body.

### **10. 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 and Resources Committee.

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

### **11. Monitoring arrangements**

The Business and Resources Manager monitors debt levels, and ensures compliance with this policy.

This policy will be reviewed by the Business and Resources Manager annually.

At every review, the policy will be approved by the Resources and Finance Committee.