

MILTON PARK PRIMARY SCHOOL

DEBT RECOVERY POLICY

General

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 not write-off any debt belonging to the school which exceeds £1,000.
- Any sums above £1,000 will be referred to the Director of Children and Young People's Services for approval for write-off. The formal agreement of the Local Authority's Director of Finance and Resources (Section 151 Officer) will be obtained before a debt exceeding £1,000 is written 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.)
- Debts greater than £10,000 can only be written off by the Executive Member for Finance on advice from the Section 151 Officer.
- 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 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 Council's Legal Services Section to consider taking legal or other action to recover the debt.
- The school will NOT write-off any debt belonging to the Local Authority or another party, eg debts for school meals. If in doubt as to the appropriate action to collect any such debts, the school will seek advice promptly from officers of the Local Authority.

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

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

Acceptable 'Credit Period'

The Governing Body of Milton Park Primary School deems it's acceptable 'credit settlement period' before debt recovery procedures are applied to be one week. This period applies to all income generating activities, including Lettings.

Reporting of Outstanding Debts

The School Business Manager 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 Resources Committee at each meeting for review.

Correspondence with Parents

The maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip or payment for items purchased should be received by (day, month, year).

Recording of Monies Owed

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

1. An invoice should be issued for the full amount in order to officially set up the debt. It must state the date by which payment is due (day, month, year format).
2. A record of all goods and services will be maintained detailing the type of good/services supplied, their value, the date(s) that the goods or services were supplied and the identity of the 'debtor'.

DEBT RECOVERY PROCEDURES

Stage 1: Initial 'overdue payment' reminder

Where payment has not been received by the due date, an initial reminder will be issued. This may be informal and can be made either in person or by telephone. The date of the initial reminder should be recorded.

Stage 2: First 'overdue payment' reminder letter

A formal reminder letter will be issued by the Finance Officer 2 weeks after the informal reminder. A copy of this letter will be retained by the school.

Stage 3: Second 'overdue payment' reminder letter

A second reminder letter will be issued by the School Business Manager 2 weeks after the First Reminder Letter. The option of paying by instalments may be offered (depending on the sum concerned). A copy of this letter will be retained by the school.

Stage 4: Referral to Legal Services

If, having followed the procedures outlined above, a response or payment has still not been received, a letter will be sent by the School Business Manager to the debtor advising them that the matter will be referred to the Council's Legal Services Section.

At the discretion of the Resources 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 in the Minutes of the Resources Committee.

Negotiation of Repayment Terms

Debtors are expected to settle the amount owed through a single payment as soon as possible after receiving the first 'overdue payment' reminder. However, the option of payment by instalments may be offered, at the discretion of the School Business Manager. The settlement period will be the shortest that is deemed reasonable. Records of such agreements will be retained, and a letter issued to the debtor confirming the agreed terms for repayment.

The Resources Committee will decide whether any debtor who has been granted extended settlement terms will be refused any further 'credit' and will, in future, be required to pay in advance. This decision and its basis will be recorded in the Minutes.

At the discretion of the Resources Committee, the school may reduce or cancel a debt in certain circumstances, 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.

Costs of Debt Recovery

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

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 Resources Committee up to a maximum of £1000.

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

Policy Review

This policy will be reviewed and approved annually by the Resources Committee.

Signed:

Chair of Resources Committee

Date:

Signed:

Chair of Full Governing Body

Date: