



St Luke's School

# Debt Recovery Policy

Author – Helen Harding

Policy Review Timeline: Every 2 Years

Reviewed – June 2014

Governing Body Subcommittees who have been involved with the creation of this policy:

<b>Name of Committee</b>	<b>Date</b>
Governors Resources Committee	February 2008
Governors Resources Committee	February 2010
Governors Resources Committee	February 2012
Governors Resources Committee	June 2014

Others who have been involved with the creation of this policy:

<b>Name</b>	<b>Role</b>	<b>Date</b>
FMSiS		2008

# Policy

## General requirements

St Luke's 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.

St Luke's school's debt recovery policy will observe the relevant financial regulations and guidance set out in the Financial Handbook for Schools and any other legal requirements. In particular:

- the Governing Body will not write-off any debt belonging to the school which exceeds £500. Any sums above this will be referred to the Director of Children's Services for approval and the formal agreement of the County Council's Finance Director obtained before writing-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).
- a formal record of any debts written off will be maintained and this will be retained for 7 years
- St Luke's school will not initiate any legal action to recover debts, but will refer any debts that it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to the County Secretary to consider taking legal or other action to recover the debt.
- the school will NOT write-off any debt belonging to the County Council or another party. 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.

## **School staff are expected to follow the following procedures to secure the collection of all debts.**

### **Recording of goods or services supplied where payment is not received in advance or 'at the point of sale'.**

A record will be kept of all such supplies, which details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc.

Where invoices are raised, these should state the date by which payment is due.

In all other cases correspondence with parents, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by, payment for items purchased should be sent to the school office by, etc.

The School Manager should determine what the reasonable 'credit period' is if this is not otherwise specified, e.g. the governors may stipulate the maximum settlement period for school lettings in a separate 'premises hiring policy'.

## **Initial reminders**

Initial reminders may be informal and made either in person or by telephone. Normally, the Finance Administrator will undertake this.

## **First reminder letter**

A formal reminder letter should be issued after six weeks from any informal reminder / the date of supply.

## **Second reminder letter**

A second reminder letter will be issued six weeks after the first reminder letter.

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

If no response is received from the reminders issued, a letter will be sent to the debtor advising them that the matter will be referred to the County Secretary's Department, Legal and Administration.

At the discretion of the Governing Body / Resources Sub-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.

## **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 reminder'.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Headteacher / Resources Sub-Committee depending on amount. A record of all such agreements will be kept. A letter will be issued to the debtor confirming the agreed terms (unless this not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Headteacher / Resources Sub-Committee will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.

## **Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Resources Sub-Committee / Headteacher will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded.

The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

## **Reporting of outstanding debt levels**

The School Manager will ensure that the level of outstanding debt is known / can be determined at any time.

The Headteacher / Resources Sub-Committee will review the level of outstanding debts annually in the spring term to determine whether this level is acceptable and whether action to recover debts is effective.

### **Bad debts**

Write-off of any debt requires the written approval of the Headteacher up to a maximum of £200, and the Resources Sub Committee between £200 and £500. Any debt over £500 will be referred to the Director of Children's Services at HCC.

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

Any debt belonging to the County Council will be referred to the appropriate officer for consideration/action without delay once the school has taken reasonable measures to collect the debt (i.e. has followed the reminder notification procedures set out above).