

Chorleywood Primary School - Debt Recovery Policy 2017-18

General requirements

Chorleywood Primary 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.

Chorleywood Primary 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 Schools and Families 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).
- 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)
- Chorleywood Primary 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 County Secretary 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, e.g. 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.

Procedures To Secure The Collection Of All Debts.

1. 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 that includes details of what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc.

Where invoices are raised or correspondence is sent the date by which payment is due should be stated.

The Headteacher should determine the reasonable 'credit period' 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'.

2. Collection of Overdue Amounts

Initial reminders - Once payment is overdue an initial informal reminder may be made.

First reminder letter - A formal reminder letter should be issued **a maximum of 2 weeks** after the payment date or 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 in a timely manner, i.e. at the time that the debt first became overdue).*

Second reminder letter - A second reminder letter will be **issued 8 days** after the First reminder letter.

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

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.

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 'repayment terms' may be negotiated at the discretion of the Headteacher. A record of all such agreements will be kept. A letter will be issued to the debtor confirming the agreed terms (unless this is not judged necessary). The settlement period should be the shortest that is judged reasonable.

At the discretion of the Headteacher 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 reported to the next Finance & Premises Meeting and recorded in the minutes.

Costs of debt recovery - Where the school incurs material additional costs in recovering a debt then the Finance & Premises Committee will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded. The School will seek to recover Bank charges incurred by the school as a result of a Debtor's bank not honouring payment.

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

3. Reporting of outstanding debt levels

The School Business Manager will ensure that the level of outstanding debt is known / can be determined at any time and is reported to The Finance & Premises Committee.

The Finance & Premises Committee will review outstanding debts every term to determine whether the level is acceptable and effectiveness of action to recover debts. (*Monitoring of outstanding debts may be differentiated by type, e.g. if school meal debts prove more of a problem than those for lettings of premises then the frequency and degree of monitoring should reflect this*).

4. Bad debts

Write-off of any debt over £100 requires the written approval of the Finance & Premises Committee up to a maximum of £500. 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).

Policy Review

Reviewed and agreed by the Finance & Premises Committee: Autumn 2017

Next Review is due: Autumn 2018

