

Policy Essential Information

Title: Debtors and Deb Recovery Policy

Date Approved: March 2017

Status: Statutory

Delegation: Head Of School

Responsibility: SBM (Finance)

Review Frequency: Bi Annually

Policy Locations: Staff Shared Drive/Hard Copy

Next Review Date: March 2019

Debtors and Debt Recovery Policy

1. Debt Recovery

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 schools debt recovery policy will observe the relevant financial regulations and any other legal requirements. In particular:

- All sums above £1,000 will be referred to the Finance Committee for approval for write-off.
- The Headteacher may write off or reduce any debt belonging to the school which doesn't exceed £1,000.
- A formal record of any debts written off will be maintained and this will be retained for 7 years.
- The school, where it feels appropriate, will initiate any legal action to recover debts.

In general payment for all goods and services, including letting supplied by the school should be paid in advance or by invoice which will be raised at the point of supply.

- Only the Headteacher can implement credit arrangements and indicate the periods in which different types of invoice must be paid. This must not exceed £10,000 for debts.
- Requests to write off debts must be referred in writing to the Headteacher for submission to the Finance Committee for consideration. The requirements of the academy's articles of government should be taken into account.

2. Invoicing and Payment Periods

In general all invoices are expected to be paid in full within 30 days of being issued. With lettings, payment is required in advance

Acceptable recovery periods may vary depending on the activity; for example

- Trips and activities 3 months to 6 months
- Lettings 2 months
- Supply of services 2 months

Debt recovery procedures will be applied on overdue payments.

3. Reporting of Outstanding Debt Levels

The Headteacher 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 Finance Committee.

The 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. Debt Recovery Procedures

Details of all reminders whether verbal or in writing, should be maintained. Where a letter is used, a copy must be retained on file. It is important that at least two reminders are sent.

- a). **Initial 'overdue payment' reminder.**
An initial reminder may be informal and can be made either in person or by telephone. The date of the initial reminder should be recorded.
- b). **First 'overdue payment' reminder letter.**
A formal reminder letter should be issued 2 weeks after the informal reminder; the date of the initial reminder should be recorded in the letter.
- c). **Second 'overdue payment' letter.**
A second reminder letter will be issued two weeks after the first reminder letter.
- d). **Third 'overdue payment' letter (recorded delivery).**
The third letter should be sent via recorded delivery, should state the date by which payment must be made, and should inform that if payment is not forthcoming the matter will be referred to our legal advisers.

5. 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 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 debts – 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 can be negotiated at the discretion of the Headteacher subject to the £1,000 limit.

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 Headteacher 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.

6. Costs of Debt Recovery

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

Approved by: Governing Body

Approved on: 16 March 2017

Review date: March 2019