

Kiwi Primary School



Debt Recovery Procedure

KIWI PRIMARY SCHOOL

DEBT RECOVERY PROCEDURE

Kiwi Primary School will take all reasonable measures to 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 procedure will observe the relevant financial regulations and guidance set out in the Scheme for Financing Schools and any other legal requirements.

1. General

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

Where the above is not the case, the following should be applied:-

- a) If an invoice is issued the date by which payment is due should be clearly stated
or
- b) In correspondence the date by which payment is due should be clearly stated
- c) A record of all goods and services provided will be maintained detailing:
 - type of good/services supplied;
 - value;
 - date(s) good/services supplied; and;
 - the identity of the individual

2. Acceptable 'credit period'

The Governing Body appreciates that an 'acceptable' credit period may vary between different income generating activities; for example, wrap-around care, trips and activities. However, for simplicity and ease of understanding a period to the end of each term (using 6 terms) will be used, with the exception of wrap-around care which is the last day of each month. All debts must be cleared by the end of Term 6.

If there are debts carried forward into the following academic year, the debtor will not be able to have any credit until the debit is cleared. If services are required, they must be paid at point of booking. Extenuating circumstance can be presented to the Head Teacher for consideration and a written agreement confirm to recovery the outstanding debt, see paragraph 5 for further detail.

3. Recording and reporting of outstanding debt levels

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 on to the Governing Body's Finance Committee (Finance Committee).

The Headteacher will ensure that the level of outstanding debt is monitored on a regular basis.

The Headteacher will review the level of outstanding debts at an appropriate frequency to determine whether this level is acceptable and whether action to recover debts is effective.

4. Verbal, Written and Electronic Messaging Reminders

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

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.

4.1 Initial 'payment' reminder

An initial reminder will be informal and generic sent to everyone two weeks before the end of each term reminding debts are needed to be settled by the last full day of the term, giving the date. This will be sent by e-mail.

The date of the initial reminder should be recorded.

4.2 'Formal payment' reminder letter or electronic message

A formal reminder letter/message should be issued 1 week after the initial informal reminder and sent by e-mail and pupil book bag.

The date of the first reminder letter should be recorded.

4.3 First 'overdue payment' reminder letter

A first reminder letter that payment is overdue will be issued the first possible day after the beginning of the next term and pupil book bag.

The date of the second reminder letter should be recorded.

4.4 Second 'final overdue' payment reminder

A second and final payment reminder will be issued one week after the first overdue payment reminder and will inform that if the debt is not cleared within 5 working days the debt will be referred to the Finance Committee.

4.5 Failure to respond to reminders / settle a debt

If after 3 written reminders, a response or payment is not received, the matter will be referred to the Finance Committee where, at their discretion 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.

The Finance Committee may decide to pass the details to the Council's Legal Service Section to start an official proceedings to recover the debt.

This decision and its basis will be recorded and reported to the Governing Body.

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.

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Headteacher and Finance Committee.

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.

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 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.

The Finance 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 Governing Body.

6. Term 6

The exception for the process in paragraph 4 and its subsidiaries is Term 6 where the process will commence at the beginning term (week 1) and follow the process, i.e.

Week 1 Initial Payment reminder
Week 3 Formal Payment reminder
Week 4 First Overdue Payment reminder
Week 5 Second Overdue Payment reminder, where instead of informing debtor of referral to the Finance Committee they will be informed that there will be no credit facility for them from September.

7. Leavers

For pupils leaving the school during the academic year and there are debts to the school the procedure will start at First Overdue Payment reminder and if debts are not cleared by date of leaving the Finance Committee will be informed to decide whether or not to write off the debt but in all instances the receiving school will be notified there had been a debt.

8. 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 and reported to the Governing Body.

9. Writing off Bad Debts

A formal record of any debts written off with the reason for it, and the approval will be kept and this will be retained for 7 years.

Debts up to £1,000

- Write-off of any debt requires the written approval of the Governing Body up to a maximum of £1000.

Debts over £1,000

- The Governing Body will not, initially, write-off any debt belonging to the school which exceeds £1,000.
- The formal agreement of the Local Authority Officer (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).

The school will NOT write-off any debt belonging to the Local Authority 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 Local Authority.

9. Legal Action

The school will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect to the Council's Legal Services Section to consider taking legal or other action to recover the debt.

10. Policy Review

This policy will be reviewed and approved annually by the Finance Committee and reported to the Full Governing Body.

Initially adopted by Governors	September 2024
Next review date	September 2027