

Debt Management Policy

Our Lady & St Joseph Catholic Primary School

Prepared by: S Blom/N Begum

Approved by: Governing Body

Date: October 2020

Review Date: October 2023

Checked DPO:

DEBT MANAGEMENT POLICY

'With Christ at our centre, we love, listen and learn'

Purpose of policy

To ensure that:

- Reasonable measures are taken to collect debts
- Only after reasonable measures have been taken will the debt be written off.

Aims:

- To ensure all reasonable measures are taken to collect debt, prior to debt being written off.
- To ensure the relevant financial regulations and guidance set out in the Scheme for Financing Schools and any other legal requirements are followed

Definition

To ensure that debt write offs are kept to a minimum by taking all reasonable steps to recover money owed to the school. However, there will be situations where the debt recovery process fails to recover all or some of the debt and in such cases, the debt needs to be recommended for write off. The writing off of debts, should only be considered where appropriate recovery action has been exhausted or a cost benefit analysis indicates this to be uneconomic.

1. General requirements

Our Lady & St Joseph Catholic 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. The school's debt management 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 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 of the section 151 officer.
- A formal record of any debts above £1,000 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 deemed a reasonable course of action) to the Council's

- Legal Services section to consider taking legal or other action to recover the debt.

1. Acceptable 'credit period'

Invoices

In general payment for all goods and services supplied by the School should be collected in advance or at least within 30 days upon receipt of an invoice.

Breakfast and After School Care

As per the agreement and offer letter signed by the parent/carer, we recommend that payment is made a minimum of one week in advance and a credit balance is maintained at all times. Payment is required for all days booked even if the child does not attend, the exceptions being when school is closed. Should the child no longer require a place the parent/carer is to advise the School office at least one week in advance, otherwise the parent/carer is still liable for charges. Should the parent/carer fall into arrears, the club will withdraw the child's place.

School lunch

We recommend that payment is made a minimum of one week in advance and a credit balance is maintained at all times. The parent/carer can decide at the beginning or end of the term only if they want to change to/from school lunch / packed lunch and cannot change in between. Should the parent/carer fall into arrears and fail to make a payment within a reminder letter, a further letter will be sent advising the parent/carer that child will no longer be entitled to a school lunch and that they should send their child to school with a packed lunch. Failure for the parent/carer to provide their child with a packed lunch may result in involving the school's child protection officer.

2. Reporting of outstanding debt levels

The Headteacher/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.

3. Debt Recovery Procedures

Where payment from the parent/carer has not been received within the above acceptable credit period the following process should be applied.

First 'overdue payment' reminder letter

An initial reminder letter will be sent home requesting the account be credited with one week's full amount by the Wednesday of that week. Warning that their child's club/lunch will be cancelled.

Second 'overdue payment' reminder letter (WARNING LETTER) If full payment is not received by that Wednesday, Letter Two will be sent home on

Thursday advising their child's Breakfast Club/After School Care /School Lunch place has been cancelled. A payment or a repayment plan must be made by Friday. A follow up phone call will be made to the parent/carer, as they will need to make other arrangements.

Third (FINAL) 'overdue payment' reminder letter (combined amount equalling £50plus)

If by the following Monday no payment or response is made, Letter 3 will be sent home advising this is a Final reminder and payment must be received immediately otherwise the Council's Legal Service will be contacted.

3.1 Staff Debt Recovery

Staff debts can accumulate from staff school lunches they have taken. A letter will be put in their pigeon hole on the Monday advising of the debt. By the following Monday if the debt is still outstanding the same letter will be handed to them in person in the strictest of confidence and a school lunch will not be provided until the debt is paid in full. A Final letter will be hand delivered to a member of staff before the end of their employment advising their debts will be deducted from payroll.

4. Negotiation of repayment terms

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the initial '*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 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. If a debtor requests for '*repayment terms*' these may be negotiated at the discretion of the Headteacher/School Business Manager. 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/School Business Manager will decide whether any debtor who has

been granted extended settlement terms will not be offered any further '*credit*' and in future will be required to pay in advance.

5. Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Headteacher 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 Resources Committee.

Debt Management Process

Monday - Check all accounts
Letter goes out to all parents with arrears
All debts over £10 are also followed by a phone call
Wednesday - check debt account
Letter 2 goes out to all parents still in arrears
Followed by phone call advising parent that the issue has been escalated
Friday - check debt account
Letter 3 goes out to all parents still in arrears
Followed by a phone call



Process to cease at payment stage

If a payment plan to recover a debt is required - please use the sample attached. Ensure the parent signs one copy in agreement and returns to the School Office and it is kept on file.

Dear _____

Following our conversation regarding the outstanding debt for Breakfast club/After, School Care/School lunch payments, please find below repayment schedule in order to clear your account.

Balance outstanding £ xxx

Repayment week commencing XXXXXXXXXX

Repayment week commencing XXXXXXXXXX

Repayment week commencing XXXXXXXXXX

Repayment week commencing XXXXXXXXXX

Can you please sign and return one copy of this letter showing agreement to the proposed repayment schedule.

Repayments need to be made at the school office/ via bank transfer.

Until the outstanding debt is cleared, your child will not be able to attend Breakfast club/After School /School lunch.

If you need to discuss this matter further, please do not hesitate to contact us on the above number.

Yours sincerely,

Mrs S. Blom

School Business Manager



Letter One

I am writing to remind you that according to our records, you have arrears on your child's Breakfast club/After School Care/School lunch account. In order for your child to continue to attending Breakfast /After School Care/ School lunch it is important to keep your account in credit.

Our records show that for your child:

<consumerforename/> <consumersurname/>

Class:<class/>

at <date/> your debt is <balance/>

Please arrange for this to be paid by DATE. You have two ways to make payment. You can pay directly at our school office, in cash, or by bank transfer.

You can check your account balance at any time by asking the office staff.

Non-payment affects the quality of service we are able to offer to the children therefore we need to ensure that all payments are up-to-date. Once the debt is cleared please ensure the account is always in credit.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact me at the School Office to discuss this further.

Yours sincerely,

Mrs S. Blom

School Business Manager

Letter Two

Our records show that despite numerous reminders, you have still not made payments on

Breakfast Club/After School Care/School lunch account for your child:

<consumerforename/>

<consumersurname/> Class: <class/>

As a result there Breakfast club/Tea-time club/School lunch place has now been cancelled.

As at <date/> your account is showing a debt of <balance/>

Please arrange for this money to be paid immediately or contact the school to arrange a payment plan, otherwise non compliance may result in Legal action.

Once the debt is cleared please ensure your child's Breakfast club/ After School Care/School lunch account is always in credit.

You have two ways to pay the outstanding amount:

1. Pay directly (by cash) at the school office by speaking to one of the office staff. This will be logged in the pay book.
2. Bank transfer.

No matter how you pay you can check your account balance at any time by contacting the school office.

If you have any other queries regarding these arrears, please contact me the School Office to discuss.

Yours sincerely

Mrs S. Blom

School Business Manager

Letter Three – **FINAL REMINDER**

It has been brought to my attention that despite numerous reminders there is still an outstanding balance on your Breakfast club/After School Care/School lunch account for:

<consumerforename/> <consumersurname/>

Class: <class/>

As at <date/> your account is showing a debt of <balance/>

Please arrange for this money to be paid by (FRIDAY and date) the **latest**. Your account will be checked on Monday morning and should the account be showing an outstanding balance or you have not contacted the school to arrange a payment plan; the council's Legal services will be contacted

Once the debt is cleared and should you wish your child to resume Breakfast club/After School Care/School lunch, please contact Mrs Shanine Blom in the School Office to discuss regular payments.

You have two ways to pay the outstanding amount:

1. Pay directly (by cash) at the school office by speaking to one of the office staff. This will be logged in the pay book.
2. Bank transfer.

No matter how you pay you can check your account balance at any time by contacting the school office.

If you have any other queries regarding these arrears, please do not hesitate to contact the School Office.

Yours sincerely

Mrs S. Blom

School Business Manager

RECORDS OF DEBTS WRITTEN OFF



DEBTOR	Details of Debt	Amount (£)	Invoice reference and date (where applicable).	Reason for write-off (including brief details of measures taken to secure payment - as appropriate).	Authorisation of write off – name and signature of the authorising individual and date. Cross reference to entry in the accounts where applicable.

