Sand Hutton and Warthill CE federated Schools

Debt recovery policy

CONTENTS:

1. General requirements

The school will take all reasonable measures to collect debts as part of its management of public funds. A debt can only be written off after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

The school's debt recovery policy will observe the relevant financial regulations and guidance set out in the LMS Scheme for Financing Schools and any other legal requirements. In particular:

- the Governing Body will approve the write-off of all debts, stocks, stores and surplus assets, (Governing bodies are only authorised to write off debts up to a level stipulated by the Corporate Director – Strategic Resources. Refer to the LMS Scheme for Financing Schools for the current limit).

The school will seek the advice of the Council's Legal Services Section should they consider taking legal or other action to recover the debt. In general payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale'. Refer to the School's Charges and Remissions policy for activities that are chargeable. The level of debt should be monitored to reduce the level of risk to the school. The procedures to reduce risk and secure the collection of all debts are outlined below and should be followed by all School staff.

2. Key Information:

- All parents are provided with a copy of the **Debt and debt recovery Policy for Parents** when their child joins the school
- All lunches and care (Before/After School and applicable Early Years care) must be paid for in advance
- Residential visits must be paid in full prior to commencement of the activity. This will be made clear to parents on initial communication regarding such visits
- With the exception of residential trips, Governors have agreed a grace period equivalent to a total of one week's value of debt, for each child in the family
- Regular general reminders will be included in the newsletter and via text messaging
- Automated procedures using parent pay will be utilised
- Lettings will be paid for in advance
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- **3. Acceptable 'credit period'**

The Governing Body must determine the length of time they deem as an acceptable 'credit settlement period' before the debt recovery procedures are applied. The Governing Body may consider that an 'acceptable' credit period may vary between different income generating activities; for example;

- School lettings;
- Trips and activities.
- Extended School Activities

The Governors may have stipulated a settlement period for school lettings in the charges and Remissions Policy. However, in order to ensure a consistent approach and demonstrate transparency, the 'acceptable' period for each activity should be stipulated in this policy.
Debt recovery procedures should be applied in accordance with item 4 of this policy.

4. Reporting of outstanding debt levels

The Head teacher 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 the amount of the total debt to the school be reported to the *finance committee.* (Not individual names)
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.

5.Debt Recovery Procedures

Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied.

Checks at each stage
Check 1: is this a FSM child/FSM application pending/are dates correct?
Check 2: is there a possibility that payments have not been credited? Especially if salary sacrifice, payment is used.
Check 3: does this parent normally pay on time, is this just a one off?
Check 4 : has the parent made contact
Check 5: have actions been recorded?

Stage 1: Arrears of *1week +* *(suggested)*

Action: Parents emailed "quick debt letter" (append template letter 1 on parent pay).

Stage 2: Arrears of *2 + weeks (suggested)*

Action: Second stronger email sent, & copy letter posted/hand delivered, detailing the detail for each in the family. Advise that the child/ren not allowed in before/after school care, request to send packed lunch. Verbal contact is made, reminding of the arrears and request payment.

Stage 3: Arrears of *3 + weeks (suggested)*

Action: Meeting arranged with HT, child not to attend before/after school club.
Meeting:
A meeting arranged between the parents/carers and the Head Teacher is an opportunity to identify any issues that may require support from either the school or other services such as the Education Social Work Service. Such a meeting may highlight that the parents/carers require support in making an application for free school meals. Arrangements for payment by instalment can be drawn up to help clear the debt. It should be stressed that if the child is not entitled to a free school meal the parents/carers should either (i) provide a packed lunch

or (ii) commence payment for meals forthwith and that, should they default on an instalment arrangement, the debt will be automatically referred to the Education Office. If the child/ren are sent to access before/after school club, the parent will be contacted to collect the child/ren and the school safeguarding procedures for collection of child/ren followed

Stage 4: Arrears of *4 + weeks (suggested)*

School Meals: **Referral to the Welfare Team at schoolwelfare@northyorks.gov.uk**

Copies of the dinner register and the letters sent by the school should be included with the referral. (see Appendix C template)

The Welfare Team will confirm by e-mail to the school that the referral has been received.

If a parent/carer disputes the debt with the school **after** the referral has been sent, the school should advise the Welfare Team as a matter of urgency so that the referral can be placed on hold until the dispute has been investigated. The school should advise the Welfare Team of the outcome and confirm the resumption or withdrawal of the referral as soon as is practicable.

If a payment is made by the parent/carer in the period between the referral leaving the school and its receipt by the Welfare Team the school should notify the Welfare Team immediately to either (i) cancel the referral or (ii) reduce the value of the amount outstanding that is to be invoiced.

The Welfare Team will cross reference the referral to their records of free school meal entitlement/applications. The referral will be placed on hold if an application is in the process of being assessed and the school advised accordingly. If an application/renewal has not been received the Welfare Team will follow it up with the parent/carer.

If, the Welfare Team can confirm eligibility to free school meals a letter will be sent and the school advised. Entitlement can only start from the date the application for free school meals is made.

If school meal arrears are outstanding prior to the date eligibility starts an invoice will be raised to the parent/carer. The Welfare Team will liaise with the school to confirm the amount to be charged by invoice should the amount outstanding cross the eligibility/non-eligibility periods.

If it is found that an entitlement to free school meals does not exist, the Welfare Team will send a letter to the parent/carer. The letter will advise that an invoice is to be issued separately and debt recovery procedures will automatically commence should payment not be made within the terms stated on the invoice itself.

The invoice will include in the body of the text (i) the name of the school, (ii) the name(s) of the child(ren) (including surname(s) as they may differ from those of the parents/carers) and (iii) the period in which the debt has accumulated.

Arrangements can be made to pay the amount outstanding in instalments. To discuss/request this, the parent/carer should be advised to contact Credit Control on 01609 532643.

The invoice will be coded to the School Meal Arrears Holding Account. Once the invoice is paid the holding account will be debited and the school credited with the value of the payment.

Once an invoice has been raised any payments against the referred debt made to the school by the parent/carer must be advised to Credit Control as a matter of urgency so that the value of the invoice can be reduced accordingly.

Stage 5: North Yorkshire County Council Debt Recovery
If payment is not received within 21 days of the invoice being raised, Credit Control will telephone the debtor to arrange payment. If they are not contactable by telephone, Credit Control will send a **First Reminder** letter.

After a further 7 days Credit Control will telephone again. If this proves unsuccessful a **Final Notice** will be sent.

After a further 7 days an **Intended Legal** letter is sent and Credit Control will make a further effort to make contact by telephone.

After a further 7 days Credit Control sends **Notification** that the debt will be referred to the Legal Services of NYCC. If there is no response to this last letter Credit Control will contact the Welfare Team at the Education Office, Harrogate for a copy of the file relating to the debt.

If the Head Teacher will not support the pursuance of the debt through legal action then Credit Control will have no other option but to write off the debt. This would require the approval of the School Governing Body if the debt were less than £250 in value and the Assistant Director (Finance and Management Support) if over £250 in value. The debt would be written back to the holding account so cancelling the invoice. The school would have to bear the cost of the meal(s) taken but not paid for. No further action will be taken against the debt unless the school wishes to pursue it themselves. However, by this point it would appear that all avenues have been exhausted and the debt would be deemed irrecoverable.

Stage 6: North Yorkshire County Council Legal Action
Credit Control will forward the file to Legal Services.

Legal Services will take the decision based on the evidence provided as to whether or not the debt can be pursued via legal proceedings.

6 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, at the discretion of the Head Teacher, may agree extended settlement terms in the form of a repayment plan. A plan will include agreement to pay at "point of sale" or in advance for any chargeable activities and reduce historic debt.

The length and values in the plan will take consideration of

- Hardship – where paying the debt would cause financial hardship.
- Ill health – where recovery action might cause further ill health.
- Time – where the debt is so large compared to the person's income that it a reasonable length of time is needed to pay it all off.
- 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.

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.

7. Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the *Head teacher / 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 *Finance Committee*

8. Bad debts

- the Governing Body will approve the write-off of all debts, stocks, stores and surplus assets, (Governing bodies are only authorised to write off debts up to a level stipulated by the Corporate Director – Strategic Resources. Refer to the LMS Scheme for Financing Schools for the current limit).
- all such write-offs will be recorded in the minutes of the governing body
- a formal record of any debts written off will be maintained and this will be retained in line with the Document Retention Policy