



Debt Recovery Policy

January 2017

General requirements

Cherry Tree 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.

Cherry Tree 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 amount).
- a formal record of any debts written off will be maintained and this will be retained for 7 years.
- 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 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 County Council 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 County Council.

School staff are expected to follow the following procedures to secure the collection of all debts.

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 details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent/carer, hirer, etc.
- Where invoices are raised these should state the date by which payment is due.





Cherry Tree Primary School

- In all other cases, correspondence with parents/carers, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by, payment for items purchased should be sent to the school office by, etc.
- The school determines what the reasonable 'credit period' is 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'.

Reminders for School Lunches

First Reminder - on a weekly basis, parents/carers will receive a reminder text if their lunch debt is £5 or over.

Second Reminder - if this debt is not cleared and continues to rise, a second reminder text will be sent the following week.

Final Reminder - if a debt reaches £20, parents/carers are text again stating if debt not cleared by end of week, the Governor Business Committee have agreed that these children must bring in packed lunch until debt is cleared.

Hertfordshire Catering Ltd (HCL) are no longer responsible for debts that arise for school lunches. A debt can be referred to them to follow up, however, if the debt is not cleared in 120 days, this will be recharged to the school.

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.
- At the discretion of the Governing Body/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 recorded.

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 for 'repayment terms' these may be negotiated at the discretion of the Governing Body/Headteacher and a record of all such agreements will be kept.
- A letter will be issued to the debtor confirming the agreed terms (unless this not judged necessary). The settlement period should be the shortest that is judged reasonable.
- The Governing Body/Headteacher will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.





Costs of debt recovery

- Where the school incurs material additional costs in recovering a debt then the Governing Body/Headteacher will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded.
- The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

Reporting of outstanding debt levels

The School Secretary/Governing Body/Headteacher will ensure that the level of outstanding debt is known/can be determined at any time.

The School Secretary/Governing Body/Headteacher will review the level of outstanding debts every month to determine whether this level is acceptable and whether action to recover debts is effective.

Write Off of Bad Debts

- **Other debts of up to £250** - the Headteacher has authority to write off this debt using knowledge of the family or other circumstances and previous record of payment. However, every effort will be made to obtain payment and to ensure that the debtor has no opportunity to get into debt again.
- **Other Debts between £250 and £500** - the Headteacher will refer to the Governor's Business Committee, who will decide in the light of the previous history of payment, whether to write off the debt or refer the matter to the Law and Administration section at County Hall. The Business Committee may write off a debt of up to £500.
- **A debt is greater than £500** - 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 amount).

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years. This record must be reviewed annually by the Business Committee.

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).

This policy cross references with the Scheme of Financial Delegation

Date for review February 2018

