



Hotham Primary School
Debt Recovery Policy
March 2021

Ownership and Consultation	
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Approval	Planning and Resources Committee

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General Requirement

The school has a responsibility to manage public funds responsibly, and debt recovery forms part of this duty.

This policy observes the relevant financial regulations & guidance set out in the Wandsworth Borough Council Financial Management for School Handbook.

Writing off Bad Debt

The Governing Body does not have authorisation to write off any debt. All debts which are considered irrecoverable are to be referred to the Director of Finance via the Planning & Resources Committee. Debts greater than £10,000 can be written off only by the Local Authority's Executive Member for Finance on advice from the Director of Finance.

A formal record of any debts written off must be maintained for 7 years. The school will not initiate legal action to recover debts. The Planning & Resources Committee will refer any debts which the school has been unable to collect to the local authority's Legal Services department to consider taking legal action or other action to collect the debt.

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 prompt advice from officers of the Local Authority.

Credit Period

The school does not have a standard credit period and all monies owed become payable on the provision of the goods or service. In respect of dinner money debt, debt recovery procedures will commence after one week, if the debt has not been paid after two weeks the relevant child/ren will have to be provided with packed lunches until the debt is cleared.

In respect of all other monies owed, debt recovery procedures will normally commence after two weeks.

Debt Monitoring

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 School Business Manager on a weekly basis.

The Planning & Resources committee will review outstanding debts each term.

Debt Recovery Procedures

Establishing the Debt

Where payment has not been received in advance, or at the point of sale, the parent/carer will be notified in writing giving clear details. In all correspondence with parents regarding matters involving payment (such as school journey) the date on which payment is required should be clearly stated.

The school will maintain a record of all goods and services supplied, detailing:

- Type of goods / services supplied;
- Value
- Date(s) goods / services supplied
- Identity of the debtor, e.g. child, parent, hirer, etc.
- The date on which payment is due

Verbal & Written Reminders

Details of all reminders, whether verbal or in writing, will be maintained. Where a letter is issued, a copy will be retained on file.

Stage 1: An initial reminder may be informal and can be made either in person (when a parent / guardian comes to the office), by telephone or by the schools communication system.

Stage 2: A formal reminder letter will be issued one week after the informal reminder.

Stage 3: A second reminder letter will be issued two weeks after the first reminder.

i) *Failure to Respond*

If after 2 reminders, a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to the Local Authority's Legal Services department.

At the discretion of the Planning & Resources Committee 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.

ii) *Negotiation of Payment Terms*

Debtors are expected to settle the amount owed in a single payment as soon as possible after the first reminder.

Stage 4: If all the above steps haven't had the desired result the SBM will complete a write off request that is signed off at the Town Hall. (Appendix 3.06 attached)

In cases where debtors are unable to pay, a sensitive approach to debt recovery will be adopted. The following factors will be taken 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 the debt in full.
- **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.

In the event that a debtor requests 'repayment terms', these may be negotiated at the discretion of the Head teacher. The Planning & Resources committee will decide whether a debtor who has been granted extended settlement terms will be offered any further credit or will in future be required to pay in advance.

The school will retain a record of all such agreements entered into.

In all cases a letter will be issued to the debtor confirming the agreed terms for repayment.

Costs of Debt Recovery

Where the school incurs material additional costs in recovering a debt then the Planning & Resources Committee will decide whether to seek to recover such costs from the debtor. Should the committee decide to do so, the debtor will be formally advised in writing that they will be required to pay additional costs incurred by the school in recovering the debt.