



Codsall High Federation of Schools

Debt Recovery Policy

October 2020

(Review October 2021)

Introduction

Codsall High Federation of Schools 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. We will observe the relevant financial regulations and guidance set out in the SCC Financial Handbook for Schools and any other legal requirements.

- 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 (DCSF) 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. • We 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.
- We will not write-off any debt belonging to the County Council or another party, e.g. debts for school meals. If in doubt as to the appropriate action to collect any such debts, we will seek advice promptly from officers of the County Council

Procedures:

School staff are expected to adhere to 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, hirer, etc. Where invoices are raised these should state the date by which payment is due.
- In all other cases correspondence with parents, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. when contributions for a school trip should be received by, when payment for items purchased should be sent to the school office, etc.
- The Governors should determine 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

- Initial reminders: Initial reminders may be made and may be informal and made by the Bursar/Business Manager or a member of the finance team by telephone and recorded
- First reminder letter: A formal reminder letter should be issued within 2 weeks from any informal reminder
- Second reminder letter: A second reminder letter will be issued within 2 weeks after the First reminder letter
- 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 Governing Body and/or the County Secretary's Department, Legal and Administration. At the discretion of the Governors' Finance and Personnel Committee the debtor may be advised that they will be required to pay in advance for all future services and supplies or the services and supplies 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 Director of Business and Finance unless the debt is £500 or more whereby negotiation will be at the discretion of the Governors' Finance Committee. A record of all such agreements under £500 will be kept and reported to the Head teacher.
- A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.
- The Head teacher/Finance and Personnel Committee 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 Finance and Personnel Committee 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 Finance staff will ensure that the level of outstanding debt is known or can be determined at any time.

The Finance and Personnel 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.

Bad debts

- The School's debt recovery policy will be in line with the Schedule of Financial Delegation.
- Write-off of any debt <£500 requires the written approval of the Head teacher/Finance Committee/Governing Body up to a maximum of £500.
- Bad debts of over £100 will be reported to the Governors' Finance Committee.
- A record of the write-off, of sums over £100, the reason for it and the approval for it, will be retained for 7 years.
- 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).

Appendix 1

Staffordshire County Council Financial Regulations Debt recovery

F29 for schools using the Capita system, the County Council income team will carry out standard debt recovery procedures on behalf of the school where customer invoices have been raised.

F30 at the same time, you are normally in a better position to collect amounts owing from customers. The governing body should approve a debt recovery policy which is applied consistently to ensure that customer debt is dealt with in a timely manner and further goods or services are not supplied to customers who have not paid for items already received or used.

F31 When all practical and cost-effective methods of debt recovery have been exhausted by the County

Council income team, the Director of Finance and Resources will notify the school of the amount of debt that is considered to be irrecoverable and should be written off. Writing off debt will lead to a charge appearing on the school budget as the income was credited to the school budget when the invoice was raised.

F32 The governing body must approve the writing off of any debt in relation to the delegated school budget. The governing body must take into account their review of the age and size of each customer's debt and any advice from the Director of Finance and Resources (see F31).