



# Tannery Drift First School

Enjoyment – Achievement – Respect

# Debt Recovery Policy

Last Review Date:  
September 2017

Next Review Date:  
September 2020



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[www.tannerydrift.herts.sch.uk](http://www.tannerydrift.herts.sch.uk)

# Debt Recovery Policy

## General Requirements

Tannery Drift First 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.

Tannery Drift First 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 seven years.
- Tannery Drift First 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, e.g. debts for school meals. 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, hirer, etc.

Where invoices are raised these should state the date by which payment is due.

In all other cases correspondence with parents, should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contribution for a school trip should be received by, payment for items purchased should be sent to the school office by, etc.

The Headteacher 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 'lettings and community use policy'.

## **Initial reminders**

Initial reminders may be informal and made either in person (when a parent comes to collect/drop off the child) or by telephone. Normally, the secretary will undertake this having built up a good relationship with the parents.

## **First reminder letter**

A formal reminder letter should be issued after two weeks from any informal reminder / the date of supply. *If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time the debt first became overdue.*

## **Second reminder letter**

A second reminder letter will be issued in two weeks after the First reminder letter.

## **Using reminder letters**

Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that at least one, but preferably two, written reminders are sent. Details of all reminders whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

## **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 / Finance Committee / 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 payment 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 Finances Committee. A record of all such agreements will be minuted accordingly.

The Finance 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 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 Bursar will ensure that the level of outstanding debt is known / can be determined at any time.

### **Bad Debts**

As per the Schedule of Financial Delegation, debts <£50 require the written approval of the Headteacher. Debts >£50 and <£500 require the written approval of the Finance Committee.

A record for the write off, the reason for it, and the approval for it, will be retained for seven 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).

In the case of school meal debts the procedures set out in the School Meals & Milk Administration Handbook will be followed.



# Tannery Drift First School

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