

Date of policy: Autumn Term 2021

Review date: Autumn Term 2022

DEBT MANAGEMENT POLICY

1 INTRODUCTION

- 1.1 The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.
- 1.2 This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

2 POLICY - GENERAL DEBT RECOVERY

- 2.1 Payment should be obtained as and when goods/services/facilities are provided wherever possible; in particular where the value of goods and services is relatively small, i.e. less than £100.
- 2.2 Where payment is not received at the time when the goods/services/facilities are delivered an invoice must be raised as soon as possible, but normally within 7 days of the goods/services/facilities being provided.
- 2.3 Invoices should state that the bill is due and payable at the invoice date.
- 2.4 If no payment is received within 21 days from date of issue of the invoice a final reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.
- 2.5 Where only part of the debt has been settled a final reminder for the balance outstanding should be issued 21 days from the issue of the invoice. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.
- 2.6 Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply they must submit an application in writing explaining the reasons for their inability to meet the original contract terms. The Headteacher and Chair of Finance Committee will agree the revised terms, which must not exceed 49 days from the date of issue of the invoice. If the debt is not settled within the terms set by the Headteacher and Chair of Finance then a final reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.
- 2.7 At each meeting of the Governing Body/Finance Committee, the Headteacher is required to inform the Governors of any debt which is still outstanding after the 14 day period following the final reminder, together with any proposed action: This may be a referral to solicitors for legal action, a debt collection agency or to write-off the debt if there is no realistic prospect of debt recovery being successful, or if further action is not cost-effective.

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- 2.8 Outstanding debt of up to £50 may be written-off by the Headteacher provided that the appropriate follow-up actioned outlined above has been taken and the details of the debtor, amount written-off and the reason for no further action being taken is reported to the Finance Committee for information at their next meeting.
- 2.9 Write-off of outstanding debt in excess of £50 must be approved by the Finance Committee following submission of details of the debt by the Headteacher together with reasons for no further action being taken.
- 2.10 A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which removes the debt from the records.
- 2.11 Individuals or organisations that have previously defaulted on payments to the school are not allowed credit facilities.
- 2.12 Where a debtor's payments are regularly or consistently paid outside the terms of supply the Headteacher must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities at the time they are consumed.

3 POLICY – SCHOOL MEALS

- 3.1 Payment for school meals should be made weekly in advance. This would normally be the Monday of the week for which the meals are being paid for.
- 3.2 Any arrears of dinner money that arise must be pursued by the school on a weekly basis.
- 3.3 Arrangements can be made to clear any dinner money debt by instalments, however, the amount should be acceptable to both the school and the parents.
- 3.4 If payment is not received, a reminder letter should be issued to the parent on the first day of non payment requesting payment on the following day. This letter will advise the parent that if the debt remains unpaid the school will refuse to provide a school meal and request contact with the school to discuss any problems in making the outstanding payment.
- 3.5 If dinner monies remain outstanding at the beginning of the second week a member of school staff will attempt to contact the parent to discuss the debt.
- 3.6 If dinner monies remain outstanding at the beginning of the third week 'final warning' letter must be issued to the parent. This letter will remind the parent of the previous reminder letter and the current amount outstanding. The letter will also inform the parent that if the debt is not settled the child will need to be provided with a healthy packed lunch or be taken home for lunch.



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- 3.7 If dinner monies remain outstanding at the beginning of the fourth week a 'notification of withdrawal of school meals' letter must be issued to the parent. This letter will give the parent a final opportunity to clear the outstanding debt. The letter will inform the parent that the child will not be provided with a meal with effect from the following Monday if the debt is not cleared in full and requesting that the parent makes alternative arrangements.
- 3.8 This debt management policy in respect of dinner monies includes the refusal to provide a school meal when the parent has not paid or made contact with the school and payment has been outstanding for 4 weeks. This policy is intended to keep debts to a minimum and thereby avoid the cost of a referral to solicitors for legal action or debt collection agency, or to write-off the debt if there is no realistic prospect of debt recovery being successful. This course of action would not be cost-effective with the amounts concerned.
- 3.9 At each meeting of the Governing Body/Finance Committee, the Headteacher is required to inform the Governors of any outstanding dinner money debt.
- 3.10 Outstanding individual school meals debt of up to £50 may be written-off by the Headteacher provided that the appropriate follow-up action outlined above has been taken and the details of the debtor, amount written-off and the reason for no further action being taken is reported to the Finance Committee for information at their next meeting.
- 3.11 Write-off of outstanding debt in excess of £50 must be approved by the Finance Committee following submission of details of the debt by the Headteacher together with reasons for no further action being taken.
- 3.12 A write-off must not be communicated to the parent. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which removes the debt from the records.

Signed:.....

Date:.....

Position: Chair of Governors