

DEBT MANAGEMENT/RECOVERY POLICY

BROAD SQUARE PRIMARY SCHOOL

**BROAD SQUARE
LIVERPOOL
L11 1BS**



1 Introduction

The governing body (**GB**) is responsible for ensuring that procedures are in place for the recovery of outstanding debt.

This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

2 General Debt

Payment should be obtained as and when goods/services/facilities are provided wherever possible, where the value of goods and services are relatively small i.e. less than **£100**.

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.

Invoices should state that the bill is due and payable at the invoice date.

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.

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.

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 head teacher (**HT**) and chair of finance committee (**FC**) 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 HT and chair of FC 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.

At each meeting of the GB/FC, the HT 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.

Outstanding debt of up to **£50** may be written-off by the HT 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 FC for information at their next meeting.



Write-off of outstanding debt in excess of **£50** must be approved by the FC following submission of details of the debt by the HT together with reasons for no further action being taken.

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.

Individuals or organisations that have previously defaulted on payments to the school are not allowed credit facilities.

Where a debtor's payments are regularly or consistently paid outside the terms of supply the HT must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities at the time they are consumed.

3 School Meals

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.

Children will not be provided with a school meal unless it is paid for, except for those that are entitled to free school meals. If parents/carers (**P/C**) believe that their child may qualify for entitlement to free school meals, they should be advised to contact the 'One Stop Shop' or school office. This allowance is a statutory right and it is important that P/C are encouraged to register for free school meals if they are entitled as this also enables the school to access **Pupil Premium** funding.

Any arrears of dinner money that arise must be pursued by the school on a weekly basis.

On the first day of non-payment, a member of school staff will attempt to contact the P/C in person or by telephone to discuss the debt and requesting payment on the following day.

If dinner monies remain outstanding at the beginning of the second week, a reminder letter should be issued to the P/C.

If dinner monies remain outstanding at the beginning of the third week, a final warning letter must be issued to the P/C. This letter will remind the P/C of the previous reminder letter and the current amount outstanding. The letter will also inform the P/C that if the debt remains unpaid, the school will refuse to provide a school meal for the child and the P/C will need to provide the child with a healthy packed lunch or be taken home for lunch and requests contact with the school to discuss any problems in making the outstanding payment.

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 P/C. This letter will give the P/C a final opportunity to clear the outstanding debt. The letter will inform the P/C that if the debt is not cleared in full, the child will not be provided with a meal with effect from the following Monday. The P/C will be advised makes alternative arrangements for the child's lunch.

Arrangements can be made to clear any dinner money debt by instalments, however, the amount should be acceptable to both the school and the P/C

Social services may also be informed that these P/C are not carrying out the 'responsibility of care' by failing to provide food for their child at lunchtime. It is not the responsibility of the school to provide lunch for pupils, it is the responsibility of the P/C to provide a meal, either a school lunch, packed lunch or to take the child home.

This debt management policy in respect of dinner monies includes the refusal to provide a school meal when the P/C 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.

At each meeting of the GB/FC, the HT is required to inform the Governors of any outstanding dinner money debt.

Outstanding individual school meals debt of up to **£50** may be written-off by the HT 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.

Write-off of outstanding debt in excess of **£50** must be approved by the FC following submission of details of the debt by the HT together with reasons for no further action being taken.

A write-off must not be communicated to the P/C. 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.

4 Conclusion

We hope that by implementing this debt policy, we are able to help P/C manage school dinner money effectively, reduce the administration time and costs involved chasing dinner money and general debts and at the same time ensure that money which should be spent on the children's education is not used to pay for debts incurred by P/C and debtors.

Signed *EV Spencer* Head Teacher

Date 9th February 2017

Signed Gillian Bell Chair of Governors

Date 9th February 2017

