

# DEBT RECOVERY POLICY



## Northgate Primary School

*This policy should be read in conjunction with Northgate Primary Schools Financial Regulations.*

<b>Approved by:</b>	Resources Committee	<b>Date:</b> 6 <sup>th</sup> October 2020
<b>Last reviewed on:</b>	October 2020	
<b>Next review due by:</b>	October 2021	

## **Introduction**

As part of our management of public funds, Northgate Primary School has a policy in place for ensure the collection of all debts that we are owed. If debts remain unpaid, Northgate Primary School may have to use money that would otherwise be spent on education to cover these debts. A debt should therefore only be written off after all reasonable measures for its recovery have been taken.

The Headteacher, Business Manager and Governing Body use this debt recovery policy when dealing with debtors. The policy is also used to ensure that debtors understand the school's position on outstanding debts and the actions it will take if they remain unpaid. The policy will observe the relevant financial regulations and guidance set out in the Financial Handbook for Academies and any other legal requirements. In particular:

- The Academy Directors will not write-off any debt belonging to the school which exceeds £500. Any sums above this will be referred to the Academy's solicitors for advice re recourse through the courts. (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 (the form of this record is specified below).
- The Academy will initiate any legal action to recover debts.

## **1 Procedures to Secure the Collection of all Debts.**

### **1.1 Recording of Goods or Services Supplied**

Whenever the academy provides goods or services where payment is not received in advance or 'at the point of sale' the following records must be kept:

- Details of what was supplied
- the value
- the date(s) when the goods were supplied
- 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. contributions 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 'premises hiring policy'.

### **1.2 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 administration staff concerned with school meals will undertake this having built up a good relationship with the parents.

### **1.3 First Reminder Letter**

A formal reminder letter should be issued after 4 weeks from any informal reminder / the date of supply.

### **1.4 Second Reminder Letter**

A second reminder letter will be issued in 2 weeks after the first reminder letter.

## **2 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.

## **3 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 Academy Solicitors.

At the discretion of the 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. This decision and its basis will be recorded.

## **4 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 Resources Committee. A record of all such agreements will be kept. A letter will be issued to the debtor confirming the agreed terms (unless this not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Resources 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.

## **5 Costs of Debt Recovery**

Where the school incurs material additional costs in recovering a debt then the Resources 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.

## 6 Reporting of outstanding debt levels

The Headteacher will ensure that the level of outstanding debt is known or can be determined at any time. The Resources 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.

## 7 Bad debts

Authorisation levels for the writing off of bad debts is as follows:

Business Manager	Up to £25
Headteacher	from £26 to £250
Resources Committee	over £250
Full Governing Body / ESFA Approval	As per delegated limits specified in Section 5.19 of the AFH 2020

The academy trust must obtain ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- Writing-off debts and losses
- Entering into guarantees, letters of comfort or indemnities

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years (see Annex 1).

## APPENDICES

**ANNEX 1 - Dinner Debt Recovery Policy**

**ANNEX 2 - Record of Debts Written Off**

# **ANNEX 1**

## **Dinner Debt Recovery**

### **1.0 Introduction**

This annex concerns the collection of school meals money and the approach to be taken in cases of debts arising when parents / carers fail to pay for school meals. Parents / Carers will be sent a copy of this policy when their children starts school in Reception.

All pupils in the Foundation Stage and Key Stage 1 are now entitled to receive Universal Infant Free School meals

### **2.0 General Principle**

- 2.1 School meals must be paid for in advance. If a pupil is to have meals for the duration of the week, monies must be received in advance of, or during that week.
- 2.2 If the academy is to accept pupils having an occasional meal, monies must be received during that week.
- 2.3 If debts are incurred, these have to be paid from the academy budget. This means that money which should be spent on all pupils' education in the academy is used to pay for debts incurred by individual parents / carers. The governing body see this as unacceptable and request that all parents / carers give this policy their full support.

### **3:0 Free School Meals**

- 3.1 KS2 pupils will not be provided with a school meal unless it is paid for, except those confirmed as entitled to free school meals.
- 3.2 If parents / carers believe that their child / children may qualify for entitlement to free school meals, they should contact the academy or complete an online application form on the Local Authority website.
- 3.3 As this allowance is a statutory right for qualifying pupils it is important that parents / carers make use of it.
- 3.4 The academy is only allowed to provide free school meals to pupils where entitlement has been verified.

### **4:0 Procedure for Collection of Arrears**

- 4.1 It is accepted that on occasion arrears may arise for various reasons. However, arrears cannot be allowed to accumulate.
- 4.2 The Governing Body has therefore agreed the following policy where arrears arise.
  - A gentle reminder email will be sent home weekly Appendix 1).
  - After the equivalent of 5 meals worth of accumulated arrears you will be sent an email asking for immediate payment (Appendix 2).
  - A final letter to the parent / carer informing them that no meals will be provided for their child if payment has not been received by a specified date. In accordance with

the policy when arrears to the equivalent of 20 meals is reached meals can no longer be offered and parents will be asked to provide a packed lunch until the debt is paid (Appendix 3).

- 4.3 Any parent / guardian experiencing financial difficulty may make a claim for the remission of charges which should be addressed to the Headteacher and will be considered confidentially on an individual basis.
- 4.4 No meals to be provided to pupils when arrears exceed 20 meals.
- 4.5 Once the final letter deadline has expired, the Governing Body will decide whether legal proceedings should begin.

## APPENDIX 1

DATE

**Dear Parent/Guardian of CHILD'S NAME,**

We have not received dinner money for CHILD'S NAME (Year?). The current account balance is: - £3.40

Though this is probably an oversight please can you make payment as soon as possible. All monies for school meals must be paid in advance either on a weekly, monthly or half-termly basis. Please ensure that you are always in credit for your child's meals.

Recent activity for **CHILD'S NAME (Year?):**

Date	Description	Amount	Balance
Thursday, 19 Mar 2020	Meal (Cash) - Lunch	£-2.60	£-65.40
Friday, 20 Mar 2020	Meal (Cash) - Lunch	£-2.60	£-68.00
Thursday, 21 May 2020	Arrears notification (to Parent)	£0.00	£-68.00
Monday, 29 Jun 2020	Payment (SchoolComms)	£75.00	£7.00
Friday, 03 Jul 2020	Payment (SchoolComms)	£-75.00	£-68.00
Tuesday, 14 Jul 2020	Payment (SchoolComms)	£75.00	£7.00
Friday, 13 Nov 2020	Meal (Cash) - Lunch	£-2.60	£4.40
Tuesday, 17 Nov 2020	Meal (Cash) - Lunch	£-2.60	£1.80
Thursday, 19 Nov 2020	Meal (Cash) - Lunch	£-2.60	£-0.80
Friday, 20 Nov 2020	Meal (Cash) - Lunch	£-2.60	£-3.40

Please go to the School Gateway website or app on your phone and make payment to clear your current debt and so that you remain in credit for all future meals taken.

Yours Faithfully

Northgate Primary School  
[admin@northgate.herts.sch.uk](mailto:admin@northgate.herts.sch.uk)

## APPENDIX 2

DATE

Dear Parent/Guardian of CHILD'S NAME,

We have not received dinner money for CHILD'S NAME (Year?). The current account balance is: - £20.20

Please can you make payment as soon as possible. All monies for school meals must be paid in advance either on a weekly, monthly or half-termly basis. Please ensure that you are always in credit for all your child's meals.

Recent activity for CHILD'S NAME (Year?):

Date	Description	Amount	Balance
Friday, 27 Nov 2020	Meal (Cash) - Lunch	£-2.60	£-2.00
Friday, 27 Nov 2020	Arrears notification (to Parent)	£0.00	£-2.00
Monday, 30 Nov 2020	Meal (Cash) - Lunch	£-2.60	£-4.60
Tuesday, 01 Dec 2020	Meal (Cash) - Lunch	£-2.60	£-7.20
Thursday, 03 Dec 2020	Meal (Cash) - Lunch	£-2.60	£-9.80
Friday, 04 Dec 2020	Arrears notification (to Parent)	£0.00	£-9.80
Monday, 07 Dec 2020	Meal (Cash) - Lunch	£-2.60	£-12.40
Tuesday, 08 Dec 2020	Meal (Cash) - Lunch	£-2.60	£-15.00
Wednesday, 09 Dec 2020	Meal (Cash) - Lunch	£-2.60	£-17.60
Thursday, 10 Dec 2020	Meal (Cash) - Lunch	£-2.60	£-20.20

Please go to the School Gateway website or app on your phone and make payment to clear your current debt and so that you remain in credit for all future meals taken.

Yours Faithfully

Northgate Primary School  
[admin@northgate.herts.sch.uk](mailto:admin@northgate.herts.sch.uk)



### APPENDIX 3

Date:

Non-payment of school dinner money arrears

Child's name:

Dear Parent / Guardian

Our records show that you have not cleared the school dinner money arrears for your child despite previous emails sent home on ..... and .....

Arrears to date total £ .....

Following the school's policy on dinner money debt recovery, a copy of which was sent to you when your child started school or after any amendments are made, I must inform you that if payment is not received with 5 working days, the Governing Body will be asked to consider starting legal proceedings for debt recovery.

Until the debt is cleared no meals will be provided in the academy and you need to provide a packed lunch for your child.

Any parent / guardian experiencing financial difficulty may make a claim for the remission of charges which should be addressed to the Headteacher and will be considered confidentially on an individual basis.

Should you wish to discuss any issue regarding this debt, please contact the school office.

Yours sincerely

Headteacher

