

# The Blue Tangerine Federation

SPECIALIST AND SPECIAL EDUCATIONAL NEEDS SCHOOLS



POLICIES, GUIDANCE AND PROCEDURES

# Debt Recovery Policy

**Date Implemented:** 16 August 2019

**Date Last Reviewed:** August 2021

**Date Governing Body Approved:**

**Review Period:** Biannually

**Staff Responsibility:** Manda Sides

**Date for Next Review:** August 2023

# Debt Recovery Policy

The Governing Body is responsible for the management of public funds across the federation and accountable to the community for the appropriate use of public and private funds within its control.

The purpose of the policy is to enable the Governing Body to ensure the proper and efficient management of the money at its disposal for the purposes of the federation, and in particular that all monies owed are received and in a timely manner.

Paper copy signed and dated

Paper copy signed and dated

Ian Dignum, Chair of Governors

Stephen Houlton-Allen, Executive Head

Date:

Date:



## 1. General Requirements

The Blue Tangerine Federation 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.

The Blue Tangerine Federation 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 Executive Head/Head of Operations will not write-off any debt belonging either to the Collett, St Luke's or FHEC that exceeds £500. Any sums above this will be referred to the Governing Body for approval, who in turn will seek advice from HCC 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 above £1,000 written off will be maintained and this will be retained for 7 years (the form of this record is specified below);
- The Blue Tangerine Federation 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 deemed a reasonable course of action) to the Council's Legal Services section to consider taking legal or other action to recover the debt.

## 2. Acceptable 'Credit Period'

### 2.1 Invoices

In general, payment for all goods and services supplied by the schools should be collected in advance or at least within 30 days upon receipt of an invoice.

### 2.2 Clubs

As per the agreement and acceptance letter /online consent signed by the parent/carer, we recommend that payment is made a minimum of one week in advance and a credit balance is maintained at all times. Payment is required for all days booked even if the child does not attend, the exceptions being when school is closed. All payments are to be made through ARBOR.

Should the child no longer require a place the parent/carer is to advise the School office at least one week in advance, otherwise the parent/carer is still liable for charges. Should the parent/carer fall into arrears, the club will withdraw the child's place.

### 2.3 School Lunch

We recommend that payment is made a minimum of one week in advance and a credit balance is maintained at all times. All payments are to be made through ARBOR.

Should the parent/carer fall into arrears and fail to make a payment despite receiving reminder letters, a further letter will be sent advising the parent/carer that their child will no longer be entitled to a school lunch and that they should send their child to school with a packed lunch.

## 3. Debt Recovery Procedures

**School staff are expected to follow the following procedures to secure the collection of all debts.**

- 3.1** Keep a record 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. contributions for a school trip should be received by, payment for items purchased should be sent to the school office by, etc.

The Blue Tangerine Federation 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'.

- 3.2** Where payment from the parent/carer has not been received within the above acceptable credit period the following process should be applied.

**Initial Reminder** - 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 bursar/administrator will undertake this having built up a good relationship with the parents.

**First Reminder Letter** - A formal reminder letter should be issued after one week from any informal correspondents. *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 that the debt first became overdue.*

**Second Reminder Letter** - A second reminder letter will be issued in one week after the first reminder letter if there has been no formal response.

**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 HCC Legal team.

At the discretion of the Governing Body and/or Executive Head, 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.

### **3.3 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.

### **3.4 Staff Debt Recovery**

Staff debts can accumulate from staff school lunches they have taken. A standard Parent Pay letter will be put in their pigeon hole on the Monday advising of the debt. By the following Monday if the debt is still outstanding the same letter will be handed to them in person in the strictest of confidence and a school lunch will not be provided until the debt is paid in full.

A Final letter will be hand delivered to a member of staff before the end of their employment advising their debts will be deducted from payroll.

#### **4. Negotiation of Repayment Terms**

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the initial 'overdue payment' reminder. However, if people are unable to pay the federation may reduce or cancel a debt in certain circumstances.

A sensitive approach to debt recovery will be carried out, taking the following factors into account:

- Hardship – where paying the debt would cause financial hardship;
- Ill health – where our recovery action might cause further ill health;
- Time – where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off;
- Cost – where the value of the debt is less than the cost of recovering it;
- Multiple debt – where someone owes more than one debt to the school. In this situation an attempt to agree one repayment plan to include all debts will be established;

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Executive Head/Head of Operations. A record of all such agreements entered into will be retained in the office (see appendix 1).

In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable. The Executive Head/Head of Operations will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and in future will be required to pay in advance.

#### **5. Costs of Debt Recovery**

Where the school incurs material additional costs in recovering a debt then the Governing Body/Executive Head will decide whether to seek to recover such costs from the debtor. This decision and its basis will be formally recorded. The debtor will formally be 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 Bursar will ensure that the level of outstanding debt is known and can be determined at any time. The Bursar will review the level of outstanding debts every half term as a minimum for discussion with the Head of Operations/Executive Head to determine whether this level is acceptable and whether action to recover debts is required and/or effective.

#### **7. Bad Debts**

In line with the Federations Schedule of Financial Delegation the Executive Head has the authority to write off any debt up to £100. Anything over this sum requires the written approval of the Governing Body. A record of the write-off, 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).

**Process to Cease at Payment Stage**

If a payment plan to recover a debt is required - please use the sample attached. Ensure the parent signs one copy in agreement and returns to the Bursar and it is kept on file.

Dear \_\_\_\_\_

Following our conversation regarding the outstanding debt for Breakfast club/Tea-time club/School lunch payments, please find below repayment schedule in order to clear your account.

- Balance outstanding £ xxx
- Repayment week commencing XXXXXXXXX
- Repayment week commencing XXXXXXXXX
- Repayment week commencing XXXXXXXXX
- Repayment week commencing XXXXXXXXX

Can you please sign and return one copy of this letter showing agreement to the proposed repayment schedule.

Repayments need to be made via ARBOR.

Until the outstanding debt is cleared, your child will not be able to attend club /school lunch.

If you need to discuss this matter further, please do not hesitate to contact me on the above number.

Yours sincerely

Executive Head

