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## Debt Policy

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Reviewed: March 2021  
Ratified by the Governors: March 2022  
Due for Revision: March 2022

## Aims and purposes of this Policy

### **Establishing the Debt Policy**

Once the policy has been agreed and reviewed with the Governors, the school should make parents aware of this policy by publishing it on their website.

This will ensure that all parents get the same message in a consistent way. This policy should be reviewed once a year. All parents should be provided with a copy of the policy when their child joins the school.

### **1. General requirements**

The school will take all reasonable measures to vigorously collect debts as part of its management of public funds.

The school's debt recovery policy will observe the relevant financial regulations and guidance set out by George Tomlinson Primary School. In particular:

- The Governing Body will not write-off any debt belonging to the school which exceeds £250.
- The formal agreement between George Tomlinson Primary School & the Governing Body will be obtained before a debt exceeding £1,000 is written 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 7 years (the form of this record is specified below).
- The school 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 London Borough of Waltham Forest's legal services team to consider taking legal or other action to recover the debt.

In general, payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale'.

## **2. Acceptable 'credit period'**

The Governing Body must determine the length of time they deem of an acceptable 'credit settlement period' before the debt recovery procedures are applied.

The Governing Body may consider that an 'acceptable' credit period may vary between different income generating activities; for example;

- ▲ School lettings;
- ▲ School Meals;
- ▲ Clubs.

The Governors may have stipulated a maximum settlement period for school lettings in a separate 'Lettings policy'. However, in order to ensure a consistent approach and demonstrate transparency, the 'acceptable' period for each activity should be stipulated in this policy.

Debt recovery procedures should be applied in accordance with item 4 of this policy.

## **3. Reporting of outstanding debt levels**

The Headteacher will ensure that the level of outstanding debt is regularly monitored.

Suitable records will be maintained to detail individual debts and the total value of debt to the school in order that it can be determined at any time and reported to the Resource Committee.

The Finance Officer with the Headteacher will review the level of outstanding debts termly to determine whether this level is acceptable and whether action to recover debts is effective.

*(Monitoring of outstanding debts may be differentiated by type, e.g. if school meal debts prove more of a problem than those for lettings of premises then the frequency and degree of monitoring should reflect this).*

## **4. Debt Recovery Procedures**

4.1 Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied.

- (a) An invoice should be issued for the full amount in order to officially set up the debt;  
Where invoices are raised they should state the date by which payment is due

- (b) In all other cases, such as;

- ✚ correspondence with parents, etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip should be received
  - ✚ payment for items purchased should be sent to the school office
  - ✚ If payment is not forthcoming the process detailed in 4.1(a) should be applied.
- (c) A record of all goods and services will be maintained detailing:
- ✚ type of good/services supplied;
  - ✚ value;
  - ✚ date(s) good/services supplied; and;
  - ✚ The identity of the 'debtor', e.g. child, parent, hirer, etc.

## **5. Verbal and Written Reminders**

### **5.1 Details of all reminders, whether verbal or in writing, should be maintained.**

**Where a letter is issued, a copy must be retained on file.**

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.

### **5.2 *Initial 'overdue payment' reminder (appendix 1 & 1a)***

An initial reminder may be informal and will be made either in person (to be given to the child to take home), or by telephone.

In general, the Finance Officer will notify the parent/guardian after having built up a good relationship with the parents.

The date of the initial reminder should be recorded.

### **5.3 *First 'overdue payment' reminder letter***

A formal reminder letter should be issued 2 weeks after the 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 that the debt first became overdue.*

The date of the initial reminder should be recorded.

#### **5.4 Second 'overdue payment' reminder letter**

A second reminder letter will be issued 2 weeks after the First Reminder Letter.

The date of the initial reminder should be recorded.

#### **6. Failure to respond to reminders / settle a debt**

If after 2 reminders, a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to London Borough of Waltham Forests' Legal Services Team.

At the discretion of the Finance Officer 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 and reported to the Resource Committee

#### **7. 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 payment' reminder.

##### **However, if people are unable to pay;**

The School 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 debts - 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.

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder.

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Finance Officer.

A record of all such agreements entered into will be retained.

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 Finance Officer will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to pay in advance.

This decision and its basis will be recorded and reported to the Resource Committee

#### **8. Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Finance Officer will decide whether to seek to recover such costs from the debtor.

The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the school in recovering the debt.

This decision and its basis will be recorded and reported to the Resource Committee

#### **9. Bad debts**

This debt recovery policy should be cross-referenced to our Financial Regulations.

Write-off of any debt over £50 up to a maximum of £1000 requires the written approval of the Resource Committee.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years **(appendix 2)**

#### **10. Policy Review**

This policy will be reviewed and approved annually by the Resource Committee

<signature/>

<date/>

Dear Parent / Carer

Pupil: <consumerforename/> <consumersurname/>, <class/>

As of <date/> <consumerforename/> has arrears of <balance/> for <service/>.

Please arrange for this balance to be paid via ParentPay as soon as possible. If you are unable to pay via Parent Pay, please pay with this barcoded letter at your nearest PayPoint shop whereby they will scan and update your account or by Debit Card at the school office between the times of 8am – 8.30am and 2.30pm – 3.15pm.

Failure to do so may result in your child losing their space.

If you have any queries regarding these arrears or if you have difficulty making payment please contact the school office to discuss this further.

Thank you for your co-operation.

Yours sincerely,

Ms Verity Carter  
Headteacher

<paypointbarcode/>

<signature/>

Dear <miscontactname/>

<b>Pupil: <consumerforename/> <consumersurname/> Class: <class/></b>

I am writing to remind you that according to our records, you have arrears on your child's dinner money account. In order for your child to continue to receive school lunches it is important to keep your account in credit. Please note that dinner money is priced at <b>£2.16</b> per meal.

Our records show that for your child <consumerforename/> <consumersurname/> Class: <class/> at <date/> your debt is <b><balance/></b>

<b>Please arrange for this to be paid immediately</b> by using ParentPay, our secure online payment system. You can use the login previously provided. Please visit [www.parentpay.com](http://www.parentpay.com)

Your username and password are:

<b>User Name <loginname/> Password <password/></b>

If you do not have access to a computer, you can pay for your child's dinner account with this bar-coded letter at any PayPoint shop or by Debit Card at the school office between the times of 8am – 8.30am and 2.30pm – 3.15pm.

Non-payment for school meals affects the quality of service we are able to offer to the children therefore we need to ensure that all accounts are up-to-date. If your account consistently remains in debt, you will be asked to provide your child with a packed lunch until the account is cleared. Once the debt is cleared please ensure the account remains in credit.

If you have any queries regarding these arrears or if you have difficulty making payment please contact the school office to discuss this further.

Yours Sincerely,

Verity Carter  
Headteacher

<paypointbarcode/>



