



RYECROFT C. E. MIDDLE SCHOOL

POLICY STATEMENT

DEBT POLICY

Part of the Uttoxeter Learning Trust



The Vision of the Staff, Pupils and Governors of Ryecroft C.E. Middle School

Ryecroft CE Middle School aims to enable every pupil to achieve their God-given academic and personal potential, so they can make a positive impact in the world.

We seek to be a community built on knowing God's love. Our values underpin all we do; we welcome all into our loving, happy and safe school.

***Loving and Learning Together
'Love each other as I have loved you' (John 13, v34-35)***

School Debt Policy

Introduction

The schools local governing body has a responsibility to have a debt recovery policy which ensures that appropriate procedures are in place to enable the school to receive all income to which it is entitled.

Aims and Objectives

To ensure that the governing body complies with the relevant financial regulations and guidance set out in the Financial Handbook for Academies and any other legal requirements;

- To protect the delegated school budget;
- To apply this policy consistently to ensure debt is dealt with in a timely manner;
- To ensure further goods or services are not supplied to parents/carers or customers who have not paid for items already received or used.

General requirements

The school 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 school's debt recovery policy will observe the relevant financial regulations and guidance set out in the Financial Handbook for Academies and any other legal requirements. In particular:

- Debts under £50.00 may be written off by the Headteacher
- Debts over £50.00 may be written off only with the approval of the Local Governing Board or sub-committee.

The trust may perform the following financial transactions up to the limits set out

below:

- writing off debts and losses, including any uncollected fines; and
- entering into guarantees, indemnities or letters of comfort, excluding those relating to borrowing by the trust.
 - 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 financial returns for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of financial statements; and
 - cumulatively, 5% of **total annual income** in any one financial year per **category of transaction** for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years.
 - In relation to these limits:
 - the amounts for write offs are before any successful claims from an insurer;

- **total annual income** is defined as grant income as disclosed in the trust's last set of audited accounts. The EFA should be contacted if the trust has not yet produced audited accounts;
- the **categories of transactions** are defined as (a) write off of debts and losses, and (b) guarantees, indemnities and letters of comfort.

Beyond these limits the trust must seek and obtain explicit and prior approval of the Secretary of State, through the EFA, for the transaction.

- Any debt belonging to the school which exceeds £500 will be referred to the Chief Finance Officer (CFO) of the Uttoxeter Learning Trust for approval. (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 school 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 demonstrably a reasonable course of action) to the MAT to consider.
- The school will NOT write-off any debt belonging to the MAT or another party. If in doubt as to the appropriate action to collect any such debts the school will seek advice promptly from the CFO.

Dinner Money

School lunches are paid in cash on the day directly to 'Chartwells' our catering provider. The price of a school meal is £2.45. If a parent genuinely forgets to provide their child with cash on the day, Chartwells staff may grant a debt allowance. A school meal will also be provided if a child arrives in school without a packed lunch. The catering provider will charge the child/parent for this lunch. Parents are advised of the 'debt' and are asked to reimburse the catering provider.

If payment has not been made by the end of the week a phone call/ text message is made to the parent/carer to request immediate payment.

If payment is still not received within 5 school days then the parent/carer will be informed that the matter will be referred and recovery action may be pursued. However, for any child where it is known that there is outside agency involvement and/or family difficulties, escalation measures will be determined by either the Headteacher. The decision and rationale for determining what actions may or not be taken will be recorded appropriately for audit purposes and reported to governors accordingly.

Governors have decided on the following policy regarding unpaid meals:

A meal will be served until the arrears reach 10 meals / 2 weeks after which point a basic meal (sandwich) only will be provided to pupils where the parent has not paid. *It should also be noted that this may be deemed as a safeguarding concern and as such the relevant agencies will be informed that these parents are not carrying out the responsibility of care by not providing food for their children at lunchtime.*

Extra-Curricular Activities

The school may offer extra-curricular activities after school. Where these are run by a member of the school's staff, there is normally no charge. Sometimes, an activity is run after school organised by a qualified person who is not a member of the school staff or a club, e.g. Burton Albion Football Club. A charge could be made for these sessions, payable to the qualified person or club.

Board and lodging on residential visits

The board and lodging element of a residential visit can be charged to parents/carers and they are notified of the cost in advance and are given the opportunity to pay in instalments should they wish.

Payment must be made in full by the last instalment date as specified by the provider or the child will not be allowed to attend. Parents are given adequate prior notice of the instalment payment deadlines.

Remissions

In some cases governors have agreed that certain categories of pupils are not liable for the fee or are eligible for a reduced fee for some or all of; extended school activities or residential visits. This is included within the Charging and Remissions Policy (reviewed annually).

Lettings

Failure to pay on time will result in the debt being referred for recovery. The letting agreement will be void and the client will be refused future hires

The Debt Recovery Process

Initial reminders

Initial reminders may be informal and made, in person (when a parent comes into school), text message or by telephone. Normally, the office staff will undertake this if there is a good relationship with the parents. The Headteacher could also be called upon to make this initial reminder.

First reminder letter

If payment has not been received 30 days after invoice, a reminder will be sent asking for payment within 7 days.

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

If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment.

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.

Failure to respond to reminders / settle a debt

If no payment is still not forthcoming, for debts over £100, a threat will be issued to out the matter into the hands of a nominated Solicitor if payment is not received within the next 7 days.

If not received after 7 days, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly.

Debts of £100 and less will be pursued without reference to the nominated Solicitor and will be reported on at Finance Committee meetings where governors will decide on action to be taken.

At the discretion of the Local Governing Board / Head teacher / etc. 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.

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 Business Manager/ Headteacher/Local Governing Board. 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. Wherever possible, the school will endeavour to secure full settlement of the debt by the financial year end.

The Headteacher / Local Governing Board 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.

Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Local Governing Board / Headteacher / etc. 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.

Reporting of outstanding debt levels

The Business Manager will ensure that the level of outstanding debt is known and can be determined at any time.

The Business Manager will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

The current aged debtors report together with details of any debts written off (under £50) and solicitor's letters sent will be provided for each Finance Committee meetings.

Bad debts

When all practical and cost effective methods of debt recovery have been exhausted and the debt is considered to be irrecoverable:

- The local governing body will take into account the age and size of each debt and any advice from the CFO before making a decision to write off debt.
- To write-off of any debt requires the written approval of the Local Governing Board up to a maximum of £500. 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 MAT 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).

Signed on behalf of the Governing Body:
Date