



FAIRLANDS PRIMARY SCHOOL

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POLICY STATEMENT

DEBT RECOVERY POLICY

APPROVED BY GOVERNORS	November 2020
TO BE REVIEWED BY	November 2023

FAIRLANDS PRIMARY SCHOOL DEBT RECOVERY POLICY

GENERAL REQUIREMENTS

Fairlands Primary 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.

Fairlands Primary School's debt recovery policy will observe the relevant financial regulations and guidance set out in the Academies Financial Handbook and other legal requirements.

IDENTIFYING DEBT

A record will be kept where payment is not received in advance for any goods or services, detailing what was supplied, the value, the date and the identity of the debtor.

Where invoices are raised in Sage, these will state the date by which payment is due.

For goods or services provided to parents/carers, other written correspondence will indicate the maximum period that the school regards as reasonable before payment is overdue.

DEBT RECOVERY PROCESS

The academy trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.

Monthly, the finance team extracts a debtor report from Sage and reviews all invoices over 30 days old.

Initial reminders	Initial reminders may be informal and made either in person, e.g. when a parent comes to collect/drop off the child) or by telephone. Statements are issued to the outstanding debtors requesting payment.
First reminder letter	A formal reminder letter should be issued after two weeks from any informal reminder / the date of supply.
Second reminder letter	A second reminder letter will be issued two weeks after the first reminder letter.

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 accounting officer.

At the discretion of the local governing body, 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.

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

If a debtor asks for repayment terms, these may be negotiated at the discretion of the local governing body. A record of all such agreements will be kept. A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.

Where the school incurs material additional costs in recovering a debt, the local governing body will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded in the minutes.

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

MONITORING DEBT

The report, along with any required explanations, is provided to the headteacher for monitoring and further action as required.

The school will monitor debt as part of month end process to avoid the accumulation of large levels of debt.

WRITING OFF BAD DEBTS

If the debt remains unrecoverable after six months, or it becomes clear that the debt will not be repaid, it will be written off.

As outlined in the schedule of financial delegation, the following write off limits apply:

LIMIT	AUTHORISED BY
Up to £150	headteacher
£151 to £500	local governing body
Over £500	trust board
Subject to a £250,000 ceiling, consent will be required if transactions exceed: <ul style="list-style-type: none"> • 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 	ESFA

A record of the write-off, the reason for it, and the approval for it, will be retained for seven years.

REVIEW

The governing body will review this policy in line with its schedule of policy review.