

Margaret Roper Catholic Primary School



BAD DEBT POLICY

The policy of the Governors is to ensure that all viable steps are taken to recover money due to the school. The Governors aim to minimise the number of instances that credit is given and to take prompt and appropriate recovery action in respect of unpaid debts.

Any money owed to the school has an impact on the budget and may affect the resources we can provide to all our children. We hope that parents understand this and will make every effort to avoid owing the school money.

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

The school's bad debt policy will observe the relevant financial regulations and guidance set out in accordance with Croydon Local Authority.

1. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for immediate payment.
2. Parents are expected to ensure they have adequate funds in their parent pay account to cover expenditure such as School meals, breakfast club and after school club, trips and class activities. Under normal circumstances the school will operate on a 48 hours period of grace to allow parents to top up their accounts and clear any debts that have built up.
3. Reporting of outstanding debt levels. The Head teacher 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 Finance Committee and/or Governing Body. The Finance Committee and/or Governing Body will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective
4. All debts will be recorded and non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided, this will cease after 48 hours and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared and payment of future services is made in advance.
 - a. 2 weeks from date of invoice - 1st reminder
 - b. 4 weeks from date of invoice - 2nd reminder
 - c. 6 weeks from date of invoice - final reminder

The final reminder will be sent by recorded delivery and legal action will be considered after 14 days of this with the debtor being informed of this in writing. Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder.
5. The debt may be referred to the Local Authority where appropriate.
6. Legal action will not be taken for debts under £50.

7. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:
- a. those up to the value of £100 to be approved by the Headteacher and reported to the next meeting of the governing body
 - b. those exceeding £100 and up to the value of £500 to be referred to the governing body for approval
8. The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.
9. 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.
 - 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.
 - Persistent debt – where someone repeatedly gets into arrears with the school
- 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 Headteacher. 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 Headteacher 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.

Agreed and approved by Governors

Signed _____ Dated _____

Reviewed October 2021