

Charlestown Primary School



Debt Policy 2025

Approved by:	Finance Committee October 2025
Last Reviewed on:	2023
Next Review Date:	2026
Amendments:	
Policy by:	Sarah Bailey
Review by:	October 2026

1. **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 Scheme for Financing Schools and any other legal requirements. In particular:

- the Governing Body will approve the write-off of all debts, stocks, stores and surplus assets
- all such write-offs will be recorded in the minutes of the governing body
- 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 seek the advice of the Council's Legal Services Section should they 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'.

The procedures to secure the collection of all debts are outlined below and should be followed by all School staff.

2. **Acceptable 'credit period'**

The Governing Body must determine the length of time they deem as 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.
- Trips and activities.

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 School Business Manager will ensure that the level of outstanding debt is regularly monitored and report to the Headteacher.

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.

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

4. **Debt Recovery Procedures**

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 on official school stationery 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 by (date as stated).

- (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 by (date as stated).
 - ☐ payment for items purchased should be sent to the school office by (date as stated).
- (c) A record of all goods and services will be maintained detailing type of good/services supplied and value

5. **Verbal and Written Reminders**

- 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.
- Initial 'overdue payment' reminder
- An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone.
- In general, the School Receptionist will notify the parent/guardian.

- The date of the initial reminder should be recorded.
 - First 'overdue payment' reminder letter
 - A formal reminder letter should be issued 2 weeks after the informal reminder or 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.
 - 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 the school's legal advisers (Manchester City Council Legal Team). At the discretion of the Headteacher 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 Finance Committee.

7. **Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Head teacher 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 Finance Committee.

8. **Bad debts**

This debt recovery policy should be cross-referenced to the Scheme for Financing Schools.

Write-off of any debt requires the written approval of the Finance Committee

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years