



# Debt Recovery Plan

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## Introduction

The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. This plan sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

## Invoices

Invoices will always clearly state the goods/services to which they relate, the date and the amount due. Invoices become payable at the invoice date.

## Debt Recovery

The following procedures are to be followed:

- **Step 1:** If no payment is received within 14 days from date of issue of the invoice, a reminder invoice from the school accounting system will be issued to the parent.
- **Step 2:** If the debt is not settled within 7 days of the date of the reminder invoice, a letter (“Reminder letter 1”) will be sent detailing that the debt should be settled in full within 7 days. See **Appendix 1**.
- **Step 3:** Where the debt has not be settled within 7 days of Reminder Letter 1), a second letter (“Reminder letter 2”) will be sent informing the parent that if the debt remains unpaid, the Board of Governors may need to be informed and access to paid facilities (e.g. wrap around care) may be refused. The parent will be invited contact the School Business Manager (SBM) in order to agree a payment plan if they are struggling to repay the debt. See **Appendix 2**.
- **Step 4:** If the parent does not contact the School Business Manager to agree a payment plan, the school will try to contact the parent by telephone and email in order to arrange a meeting to agree a payment plan.
- **Step 5:** Once a payment plan has been agreed, if the payment plan is not adhered to, parent/carers will be called to another meeting with the head teacher to discuss what further support /action can be taken. See **Appendix 3**.
- **Step 6:** If the debt is still outstanding and the payment plan / support package is not working or has not been adhered to by the parent, Governors will be

informed so that the next stage of action can be determined – to write off debt or take legal action.

Each case will be assessed on the individual family's needs and context.

### **Payment plans**

Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply, they must complete and sign a "payment plan request form" (Appendix 4) explaining the reasons for their inability to meet the original contract terms. The Head teacher and Business Manager will agree the revised terms.

At each meeting of the Governing Body, the Head teacher will inform the Governors of any debt which is still outstanding after the 14 day period following the final reminder, together with any proposed action.

### **Debt Write Off**

Outstanding debt of up to £100 may be written off by the Head teacher provided that the appropriate follow-up action outlined above has been taken and the details of the debtor, amount written off and the reason for no further action being taken is reported to the Governing Body for information at their next meeting.

Write-off of outstanding debt in excess of £100 must be approved by the Governing Body following submission of details of the debt by the Head teacher together with reasons for no further action being taken.

A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which removes the debt from the records.

Where a debtor's payments are regularly or consistently paid outside the terms of supply the Head teacher must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities prior to the time they are consumed.

## **APPENDICES**

1. Sample Reminder Letter 1
2. Sample Reminder Letter 2
3. Sample Letter from Headteacher
4. Sample “payment plan request form”
5. Debt Recovery Process Table

NB: Letters may be reworded if it is necessary.

## Appendix 1 - Sample Reminder Letter 1

Dear

### **Outstanding invoices**

Our records show that the following invoices are still outstanding:

Invoice Number – Amount – Service

Invoices are payable upon receipt. The preferred method of payment is by direct debit but bank transfer or cash is also accepted.

The school bank details are:

Xxxxxxx

Xxxxxxxx

We request that you settle your outstanding invoice within 7 days of the date of this reminder.

Yours sincerely

Mrs Nicola Molloy  
Business Manager

## Appendix 2 – Sample Reminder Letter 2

Dear

### **Outstanding invoices**

Further to my letter dated xxxx, our records show that the following amounts still remain unpaid:

Invoice number – amount - service

Invoices are payable upon receipt of invoice. The preferred method of payment is by direct debit but bank transfer or cash is also accepted.

The school bank details are:

Xxxxxxxx

Xxxxxxxx

By covering your debts we lose money from our school budget that should be supporting children's learning. If the outstanding amounts are not settled, we may be required to inform our Board of Governors [and restrict access to facilities in the future].

Please contact me if you are having difficulties paying and we can agree a payment plan.

Yours sincerely

Mrs Nicola Molloy  
Business Manager

## **Appendix 3 - Sample Headteacher Letter**

Dear

### **Outstanding debts**

I am writing to you about your outstanding debt of £xxxx. As you know the school policy is that invoices must be paid for upon receipt of invoice.

I am therefore asking that you make an appointment to see me as soon as possible so we can discuss a repayment plan and a way forward to ensure that this amount is paid off each week. Please phone the office to arrange a suitable time.

I look forward to meeting with you to resolve this issue.

Mrs Marilyn Nadesan

Head teacher

## Appendix 4 – Sample Payment Plan Request Form

### Alternative Payment Plan

Child's Name: \_\_\_\_\_

Services to which this payment plan applies:

- Existing debt / outstanding invoices      Details: \_\_\_\_\_
- Future attendance at Breakfast Club      Details: \_\_\_\_\_
- Future attendance at After School Club      Details: \_\_\_\_\_
- Future school meals      Details: \_\_\_\_\_
- Other: \_\_\_\_\_      Details: \_\_\_\_\_

Total amount subject to payment plan:

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Agreed payments

Start (first payment) date:	End (last payment) date:
Frequency: <input type="checkbox"/> Weekly term time only <input type="checkbox"/> Weekly including holidays <input type="checkbox"/> Monthly	Payment method: <input type="checkbox"/> Direct Debit <input type="checkbox"/> BACS <input type="checkbox"/> Cash
Instalment amount:	Number of instalments:

I agree to make the payments set out in this payment plan. I understand that in event of non-payment or default, it may be necessary for the school to involve the governing body or in the event of clubs, refuse access. I also understand that any services not covered by this payment plan will become payable on receipt of an invoice.

Name:	Date:
Signature:	
Business Manager Signature:	

## Appendix 5 – Debt Recovery Process

Step	When	Procedure	Responsible
	End of Month (meals) End of Term (Wrap around care)	Invoices sent via school accounting system to Parent/Carer	School Office
<b>Step 1</b>	14 days after invoice	Invoice re-sent as a reminder	School Office
<b>Step 2</b>	21 days after invoice (7 days since Step 1)	Reminder letter 1 sent	School Office
<b>Step 3</b>	28 days after invoice (7 days since Step 2)	Reminder letter 2	School Office
<b>Step 4</b>		Meeting set up with SBM to set up a Payment Plan	Business Manager
<b>Step 5</b>	If Payment Plan is not adhered to	Meeting set up with Headteacher to discuss payment options	Headteacher
<b>Step 6</b>	No response following Step 4	Case referred to Governors	Governing Body

## Governor Approval and Review Dates

This document was approved by the full governing body in Autumn 2018.  
It is due for review by Autumn xxx.

## Changes since the last version

Page	Where	What
2	Debt recover steps	An additional step has been added and the time lines between each step have been minimalised.