



# DEBT RECOVERY POLICY

## Purpose

As part of its management of public funds, Park Lane Learning Trust will take all reasonable steps to ensure that all debts owed to it are collected.

The purpose of this policy is to guide the Headteacher and School Business Manager in recovering debts and ensuring that outstanding debts do not become bad debts.

## Additional Authority

The Scheme for Financing Maintained Schools (Fair Funding Framework) (under section 48, and Schedule 14 to, the school Standards and Framework Act 1998 and as modified by the Schools Finance (England) Regulations 2012).

## Scope

This policy applies to all recipients of chargeable services provided by Park Lane Learning Trust.

## Responsible Party

Responsibility for ensuring that this policy is adhered to lies with the Headteacher and School Business Manager.

## Policy

To ensure the collection of debts, Park Lane Learning Trust will keep a record of all services supplied, their value, the date and the name of the debtor, and ensure that any invoices raised state the date by which payment is due. It is expected that all invoices will be paid on time and in full. If this is not possible, debtors should contact the Finance Officer to make alternative arrangements for payment.

### **1. Procedure**

Park Lane Learning Trust will actively pursue debtors for the collection of income owed to it. If a payment is overdue, the following actions will be taken:

- **First reminder letter** – This formal letter will be sent when a payment is 30 days overdue.
- **Second reminder letter** – To be sent two weeks after the first reminder letter if no payment is received. This letter should be sent by recorded delivery.
- **Failure to respond after two reminders have been sent** – If no payment is received a letter will be sent to the debtor advising them that the matter may be placed in the hands of the school's solicitors.
- **Failure to respond after three reminders has been sent** – If no payment is received the school will consider placing the matter in the hands of its solicitors.

It is anticipated that debts will be settled promptly and in a single payment after the first reminder letter has been received. The debtor may be required to pay any additional costs incurred by the school as a result of collecting this debt. Interest may be charged from the due date at the Bank of England Base Rate plus 2%.

The Headteacher and School Business Manager are responsible for ensuring that the total value of outstanding debt is known at all times.

### **Bad Debts**

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery. If a debt of up to £500 remains unrecoverable after two years, or, if during the two year period, it becomes clear that the debt will remain unpaid, the Headteacher may write off the debt. If the debt is greater than the cost of pursuing payment, the Headteacher will submit a report to the governing body for approval to write off the debt.

Records of debts that have been written off will be retained for six years plus the current year.

Any debtors that fail to settle a debt will be informed that in future they will be required to pay for any services in advance.

### **Monitoring and Review**

The policy will be reviewed every three years.