



Our Lady of Lourdes Catholic Primary School

Debt Policy

January 2021



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Our school vision ensures that the whole of the school community hold the same ethos and beliefs around equality. At Our Lady of Lourdes Primary School we believe in creating a positive learning ethos where children are actively involved in engaging and stimulating learning experiences. We aspire to create lifelong, reflective learners, equipping our children with knowledge, skills and understanding to help them to make informed choices throughout their lives.

We recognise that there are similarities and differences between individuals and groups but we will strive to ensure that our differences do not become barriers to participation, access and learning and create inclusive processes and practices, where the varying needs of individuals and groups are identified and met. We therefore cannot achieve equality for all by treating everyone the same. We believe we all have equal rights, but may have different needs.

Introduction

Many schools invoice external organisations or individuals for services or facilities provided. In addition, Our Lady of Lourdes Primary School runs its own breakfast club and a variety of after school activities. It is important to have a procedure to ensure recovery of any debt or outstanding monies owed to the school. Our Lady of Lourdes Primary School is committed to ensuring good practice in this area. "Bad Debts", as defined below, must only be written off in accordance with the financial limits contained in the School's Scheme of Delegation.

We include this in correspondence to parents: "The School welcomes conversations with anyone finding it hard to pay outstanding monies. We offer a meeting with the Headteacher as soon as possible if you need to discuss alternative payment arrangements".

What is a 'Valid Debt'?

A 'valid debt' is one where the outstanding debt showing in the system is a true statement of monies still owed by that debtor to the school.

An example of a debt showing as outstanding that is not valid might be one where:

- The monies owed have been received but the receipt was entered incorrectly;
- A refund was due but has not been arranged;
- An invoice was raised to the debtor incorrectly in the first place.

In such cases where the school determines that the outstanding debt is not valid, the most likely procedure will be to: identify the receipt that was entered in error and make a correction; issue a refund or a credit note.

1 Standard Terms for External Organisations

1.1 Our Lady of Lourdes Primary School standard payment terms are within 30 days of date

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of invoice.

- 1.2 Payments can be accepted by BACS. We do not accept cash payments
- 1.3 Where customers have not paid two or more consecutive invoices within the terms of credit and still have amounts outstanding, further orders will be put on hold until those invoices are cleared.

2 Standard terms for Breakfast Club and School Dinner Payments

- 2.1 Our Lady of Lourdes Primary School standard payment terms for Breakfast club and School dinners are on the day or before the session/meal is taken.
- 2.2 We do not accept cash payments
- 2.3 Payments can be accepted by using the online payment system (ParentPay or debit card) or by BACS transfer.
- 2.4 Where requests for payment are unpaid within the terms of credit, and still have amounts outstanding, further requests for attendance at Breakfast Club or for School dinners will be put on hold until those outstanding payments are cleared.

Debt Recovery Process

- 3.1 Our Lady of Lourdes Primary School has a debt recovery process to assist with the control and management of debtors and uses a standard 'credit control procedure' to assist swift collection.
- 3.2 The Debt Recovery process for Breakfast Club and school dinners is as follows:
 - Text sent on the day the debt occurs
 - Text sent every day the debt increases
 - Payment due on or before the session/meal is taken
 - First reminder - text or letter after 7 days
 - Second reminder – text or letter after further 7 days
 - Final demand letter after a further 7 days
 - Telephone calls to follow texts then appointment with Headteacher to resolve and discuss
 - Letter before Action 30 days after due date
 - Instructing a solicitor/collection agency as appropriate (via BHCC)
- 3.3 Copies of all communications sent to the debtor regarding the debt should be retained and file notes made of any telephone conversation, texts and emails. This evidence can be used as proof of the attempted debt recovery, if the debt does need to be written off at a later stage.
- 3.4 Our Lady of Lourdes Primary School will make decisions about the materiality of any outstanding debt and the time, work and cost involved in pursuing the debt. The likelihood of recovering an outstanding amount, whether or not there is an ongoing arrangement with the debtor etc. will be taken into account.

4. Writing off Bad Debts

- 4.1 A Bad Debt is a Valid Debt which is completely or partly unpaid and where all the

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recovery methods have been exhausted or are no longer viable.

4.2 If the invoice remains unpaid by the debtor after 6 months and no further action is possible or viable, the debt no longer has any value as an asset and must be written off as irrecoverable.

4.3 Typical reasons for writing off debts are:

- Debtor is insolvent
- Uneconomic to pursue debt further (e.g debt is so small that not worth the admin time to pursue further)
- Debtor has absconded without trace
- Debtor lives in poverty and has no assets

4.4 Our Lady of Lourdes Primary School will endeavour to minimise bad debts by ensuring that:

- Where possible, payments are made in advance
- Debts are only raised to valid debtors
- (i.e. individuals or organisations which can be held legally accountable for the debt)
- There is always a written, formal Agreement with the Debtor, which states clearly the responsibility of the school and the debtor. Such an agreement can be used in any legal action. (This is particularly important for larger debts).
- Prompt action is taken to recover the debt

4.5 Our Lady of Lourdes Primary School should consider whether it has exhausted all possible means of obtaining the monies still owed and decisions can then be taken with regard to the outstanding debt (refer to the School's Scheme of Delegation for authorisation levels).

Monitoring and Review

The Governing body will monitor the impact of this policy. Following any changes to the policy, all staff will be consulted and the revised policy will be posted on the school website.

Links with other policies

- Equalities
- Scheme of Delegation
- Charging and Remissions Policy