Debt Recovery Policy

'Together we unlock potential and learn for life'

This policy was approved by the Governing Body of Moor First School at their meeting on:

Signed .....Chair of Governors

Signed .....Headteacher

Reviewed: September 2026 – added Nursery debt information

Review Frequency: 3 years Next Review: October 2027

Moor First School

Debt Recovery Policy

Moor First School's Governing Body has a responsibility to ensure that appropriate procedures are in place to enable the school to receive all income to which it is entitled. Moor First School will therefore take all reasonable measures to collect any monies owing to it as part of the management of public funds. Collecting money from parents or carers is a sensitive area; we deal with issues of debt collection with sensitivity and confidentiality at all times.

Aims and Objectives:

At Moor First School we comply with all Staffordshire requirements for Financial Regulations with regard for the following aims:

- To make sure there are sound and proper financial procedures in the school for dealing with the school's finances;
- To ensure that proper controls are in place;
- To provide a clear framework for managing the school's finances;
- To protect the school governors, head teacher and school employees.

Procedures:

The School uses the My Finance System for invoices and payment.

- Debts under £150 may be written off by the Head teacher;
- Debts over £150 may be written off only with the approval of the relevant committee of the local Governing;
- Debts above the level as detailed in the funding agreement must be submitted to DfE for approval to be written off.
- If payment has not been received 30 days after invoice, a reminder will be sent asking for payment within 7 days;
- If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment;
- If payment is still not forthcoming, for debts over £1,000 a threat will be issued to put the matter into the hands of a nominated Solicitor if payment not received within the next 7 days.
- If not received after 7 days, the nominated Solicitor will be asked to pursue the debt and the debtor will be notified accordingly;

Debts of £100 and less will be pursued without reference to the nominated

Solicitor and will be reported on at relevant committee of the Local Governing Board meetings where Governing Body members will decide on action to be taken.

The current aged debtor report together with details of any debts written off (under £50) and solicitors letters sent will be provided for the Governing Board Committee.

Invoices are raised through the School's financial system which is linked to SCC. After a set period time SCC will begin their debt recovery process. If all attempts fail SCC contact the school with regard to writing the debt off.

Dinner Money:

Payment for the meals should be paid in advance, and parents or carers are notified well in advance of the cost. As Moor First School is now predominantly cashless. Parents are required to pay for meals through the ParentPay app/website. Parents/carers will be reminded either in person or in writing (by telephone, text or email) if payment is not received and are advised that their child will no longer have a meal and that parents should send their child with a packed lunch. Every effort will be made by the school to make personal contact to ascertain whether financial difficulties are present and then advice accordingly.

Nursery Fees

Parents/carers accessing chargeable nursery provision, including additional hours, wraparound care, meals or other nursery services not covered by funded entitlement, will be required to pay charges in advance via the school's approved payment system.

The school will issue invoices or payment requests in accordance with its charging arrangements. It is the responsibility of parents/carers to ensure that their account remains in credit.

Where payment is not received, the school will follow the debt recovery procedures below:

- A reminder will be issued when the account falls into arrears.
- If payment remains outstanding, a further reminder will be sent requesting immediate payment or contact with the school to discuss the outstanding balance.
- Parents/carers experiencing financial difficulties are encouraged to contact the school at the earliest opportunity so that support and, where appropriate, an agreed repayment plan can be considered.

- If the debt continues to increase and no repayment arrangement has been agreed, the school reserves the right to withdraw additional chargeable nursery sessions until the account is brought up to date.
- Any funded nursery entitlement will continue to be provided in accordance with statutory requirements; however, access to any additional paid-for provision may be suspended.
- Where debts remain unpaid despite reasonable attempts to recover the outstanding balance, the school may raise an invoice through My Finance and refer the debt to Staffordshire County Council's debt recovery procedures in line with this policy.
- The school reserves the right to pursue recovery of outstanding nursery fee debts through all available recovery processes.

Outdoor Education:

All children in Years 4 have the option to attend an outdoor education centre annually. Parents are notified of the cost in advance and are given the opportunity to pay in instalments should they wish. Payment must be made in full before the departure date.

Lettings:

Contracts for lettings of the school premises will be drawn up as necessary between the school and the applicant. Charges will reflect the school's costs for energy, water, lighting and opening up and closing of the school by the caretaker. Please see the school's Lettings Policy.

SCC Debt Policy Procedures: July 2024

1.Introduction

This policy provides guidance on the procedures followed by SCC Debt Recovery Team to recover any monies outstanding against invoices raised by schools.

It outlines how schools and the SCC Income Team work together to ensure income is coded and allocated correctly and in a timely fashion and income losses through bad debts are minimised.

2.Invoicing

Schools should raise an invoice within My Finance so that the income is reflected in their financial accounts and the Debt Recovery Procedure can be followed in accordance with the Financial Regulations and the Credit Management Strategy.

The invoice must be raised within 30 days of the Service being provided, in accordance with Financial Regulations and to meet HMRC requirements.

See Appendix 1 for Good practice in raising invoices and credit notes.

3.Payments

Remittance advice received directly by the school must be forwarded to payments@staffordshire.gov.uk to ensure prompt allocation.

4.Non-Invoiced Income

For non-invoiced income, remittance advice or any other coding advice should be emailed to payments@staffordshire.gov.uk

This advice ideally should contain: the amount of payment expected; date payment is expected; from whom the payment is coming from; and the Cost Centre and Expense Head the payment should be coded to.

5.Tax Free Childcare Scheme

If a parent is using this scheme to ensure that all income received is correctly coded to the school's accounts in a timely manner, the child's unique reference number should be forwarded to payments@staffordshire.gov.uk

The following information should also be included in the email:

> Customer Number, Child's Name, Date started on the scheme (if an invoice is being raised): or
>
> (if no invoice is raised) Cost Centre and Expense Head, child's name, the date started on the scheme and the name of the school the child attends.

The reference numbers consist of 4 letters and 5 numbers (it is usually the first letter of the first name followed by the first 3 letters of the surname, followed by 5 numbers e.g. MADA12345). This reference number is allocated to parents when they register for the scheme on the government website.

The reference number appears in SCC Bank Account as National Savings MADA12345TFC. The code is therefore necessary for the Income Team to code or allocate payment.

6.ParentPay

If a school receives payments via ParentPay the school is responsible for the monitoring of payments received and where they are allocated to.

Schools set up the codes for where they want funds coded to within ParentPay. The Income Team receive the payments and ensure they are allocated to the correct cost centre and expense head by carrying out a journal transaction.

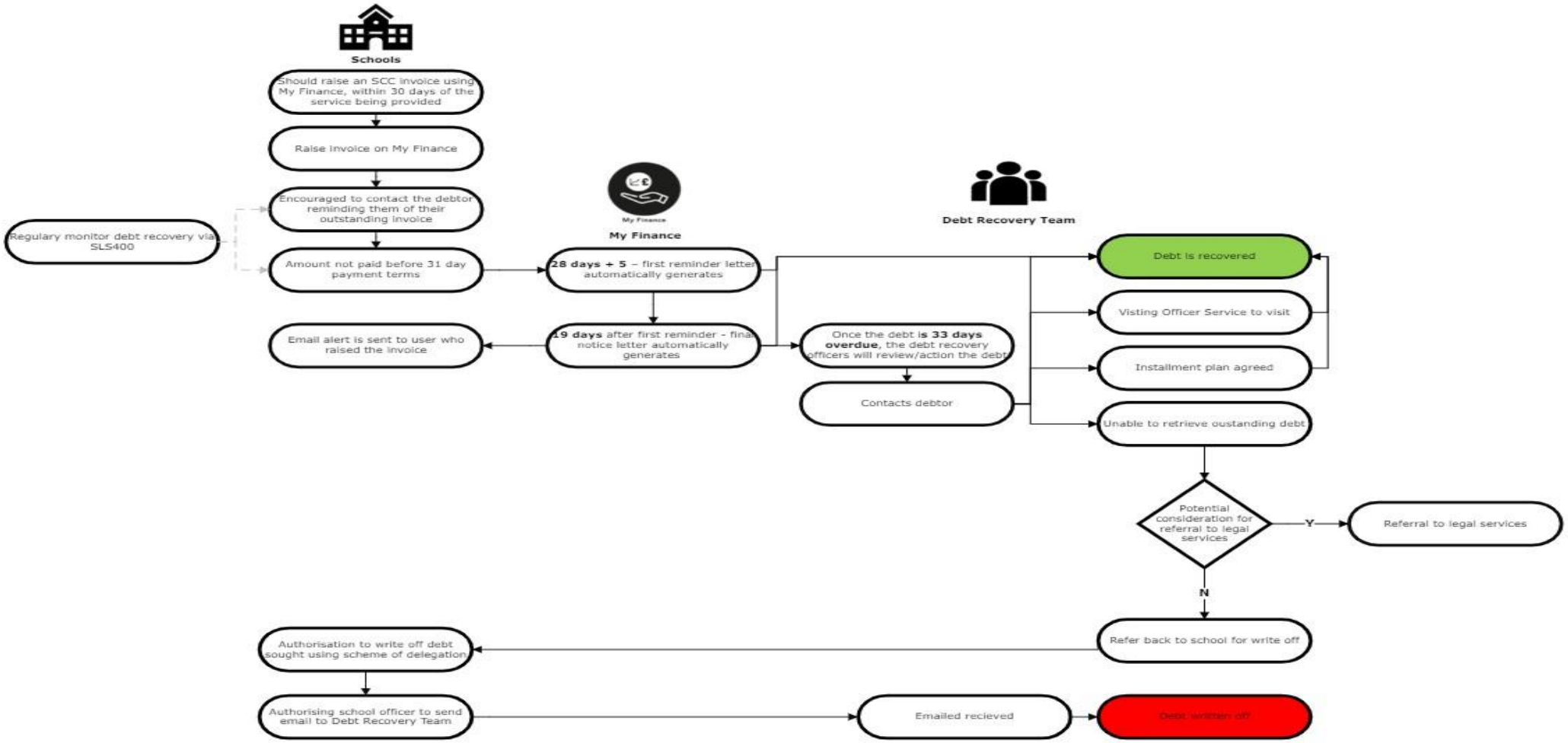
Funds are credited within My Finance the next working day following receipt.

If a debt is accumulated on ParentPay, then a My Finance invoice can be raised to recover the debt. The outstanding amount should be removed from the ParentPay system when raising the invoice and the invoice should be clearly marked that the debtor should now be making any payment to SCC County Fund and not via ParentPay.

If a Debtor makes a payment using ParentPay when an invoice has been raised, you will have to raise a credit note to cancel the invoice and allocate the credit note to the relevant invoice.

See Appendix 2 – "Debt Recovery for Invoices Raised in Parent Pay"

7.Debt Recovery Procedure



8. SCC Recovery Team Role in Debt Recovery

The SCC Debt Recovery process is outlined in the flowchart in Section 7 above.

Once an invoice has been raised on My Finance, SCC payment terms are 28 days from the date of the invoice. The following automated debt recovery action is generated by the system:

> **Outstanding after 28 + 5 days** – first reminder letter generated and issued.
>
> **Still outstanding 19 days after first reminder** - final notice letter issued, and an email alert is sent from My Finance to the user who raised the invoice.

Beyond this point debt recovery is undertaken by the SCC's Debt Recovery Officers

> **33 days overdue (61 days)** – Once the debt is 33 days overdue, the debt recovery officers based in the Central Income Team will review the debt and will endeavour to contact the debtor by phone, email or letter.

Any invoice raised for less than £25 will not be chased by SCC beyond the standard first reminder and final notice due to it not being economically viable to do so.

The Debt Recovery officer have a number of tools at their disposal such as utilising a Visiting Officer Service and ultimately referring a debt to SCC Legal Services for recovery through the courts and will apply their judgement in determining which are appropriate.

Legal costs appertaining to the recovery of a debt are chargeable to the school. SCC Debt Recovery will never instigate legal proceedings without obtaining the school's consent and without advising them of the estimated cost of doing so. Legal recovery can be prohibitively expensive and for smaller amounts, often it is not a cost-effective option.

Ultimately, it is sometimes the case that continuing pursuit of a debt is not worthwhile as there is no realistic economic chance of recovery. At this point the Debt Recovery Team will contact the school recommending write off (see Section 10)

9. Schools' Role in Debt Recovery

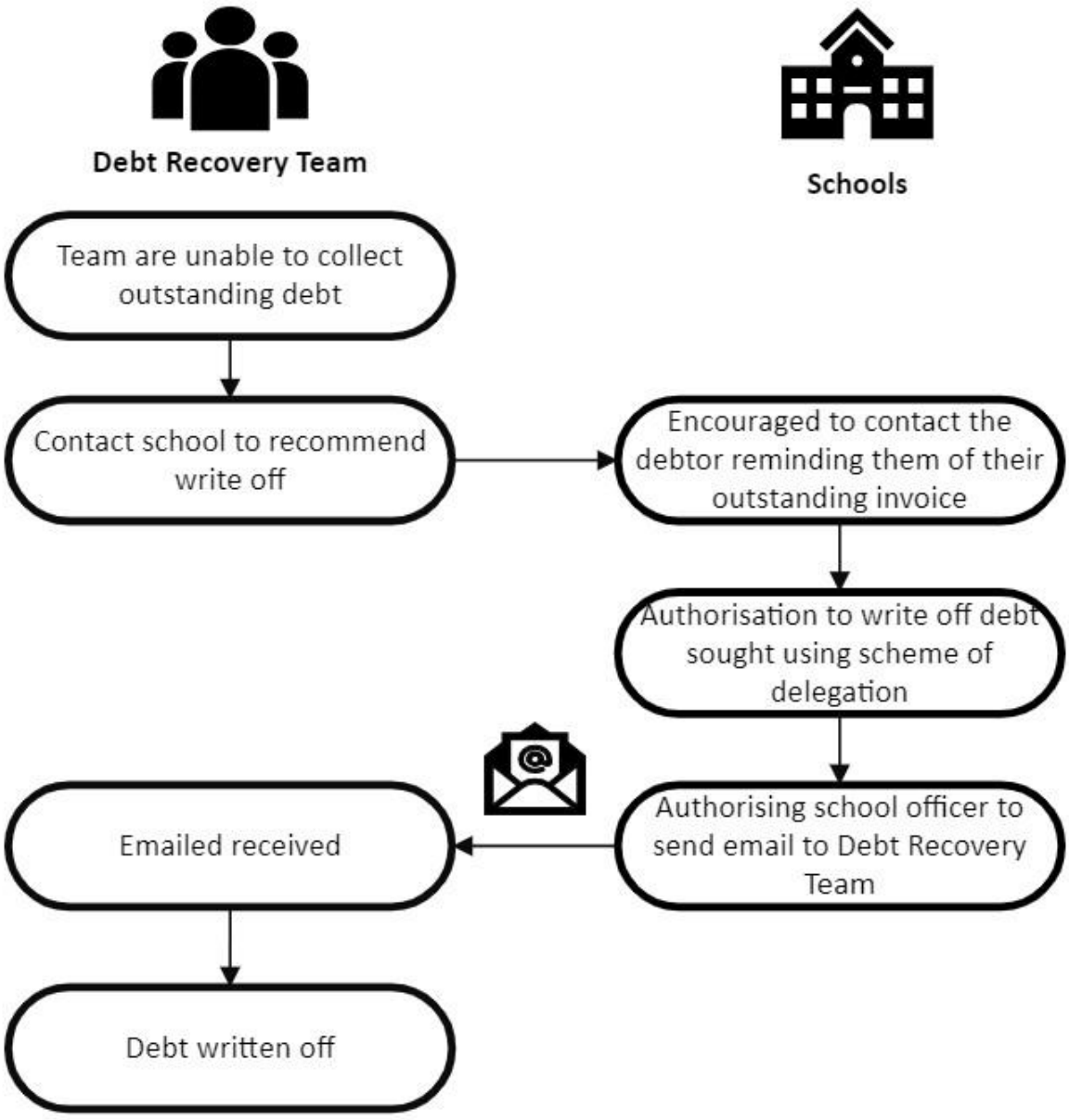
Schools should monitor their debt using the Aged Debt Report (XQUERY - Z_SLS_SALELEDGES Sales Ledger - School Variant) and/or SLS400 enquiries within My Finance.

Schools should respond promptly to queries and requests for information from the SCC Debt Recovery Team.

Schools can continue to chase debt themselves in accordance with the "Schools' Debt Chasing" guidance outlined in Appendix 2.

Schools should record their debt recovery action and related correspondence using the diary reminders functionality within the SLS400 enquiry in My Finance. This will aid the Debt Recovery Officers in their work.

10.Debts Recommended for Write Off



SCC Debt Recovery Team will endeavour to recover the outstanding monies. The timescale of when this takes place will vary depending on the size and circumstances of the debt. Refer to the flowchart in Section 7 'Debt Recovery Procedure'.

In the event that SCC are unable to retrieve the outstanding debt on your behalf, SCC will refer the debt back to the school to recommend it for write off against the original Cost Centre and Expense Head Codes.

At this point, details of what recovery action has taken place will be sent by email and we would ask that authorisation is gained in accordance with the school's scheme of delegation, to approve the write off.

For SCC to remove the debt from My Finance an email from the authorising school officer (as determined within individual schools' scheme of delegation e.g., chair of governors) is required approving the write off for audit traceability. This approval must be sent back to SCC Debt Recovery Team in a timely manner so it can be processed on the My Finance system.

11. Schools' Bad Debt Provision

A yearly exercise will be undertaken to estimate a provision for bad and doubtful debts. This will be undertaken at the year end to calculate a figure for the final accounts.

This provision will be calculated and posted by SCC Corporate Accounting in accordance with the Council's accounting policy. Schools will not be expected to calculate their own bad debt provisions.

Schedules of the debts provided for and the computations of the provisions made will be supplied to schools via Entrust.

Appendices

Appendix 1

Good practice in raising Invoices & Credit Notes

Minimum Value

Invoices should not be raised for £10.00 or less in accordance with Financial Regulations. Invoices raised for £10.00 or less will not generate a reminder letter and the outstanding invoice will not be chased by the SCC Debt Recovery Team.

Raising Invoices

The better the description of goods and services provided, the less chance that the invoice will be queried or disputed and the consequently the greater the chance of receiving full and prompt payment. When raising invoices, the following information must be entered in the Description of Goods/Services Box:

- What the Service has been e.g. Breakfast Club/After School Club/Services of Staff
- Names/Initials of service recipients
- Dates

Contact Codes
Ensure your Contact Code is selected when raising invoices this defaults your details onto the Invoice. This signposts the Customer to the correct person if there is a query with the invoice.
Without the contact code the default enters "Enquiries To" as Accounts Receivable 01785 276368 which is the Hunt Group telephone number for Accounts Receivable/Income Team. Should an enquiry come via this route, Accounts Receivable will not hold the background information required to adequately answer the query. This can result in the Customer query being put on hold until the relevant information is found. This in turn delays the debt recovery process.

Multiple Service Recipients and the Tax-Free Childcare Scheme
If for example a single invoice is being raised for Breakfast Club for two children, ensure both children's names/initials are listed, and the value is entered on separate lines for each child.

This helps as if the parent is making payment via the Tax-Free Childcare Scheme each child has their own unique reference number. By quoting

both children on the invoice and the value for each child it ensures that the payments when received are allocated to the correct child. It also lessens the chance of queries arising at a later date and this information is also useful if further recovery action takes place at a later date.

Raising an invoice against another School or Local Authority

If an invoice is being raised against another non-Staffordshire school, academy, or local authority, input your school's name into the invoice narrative field.

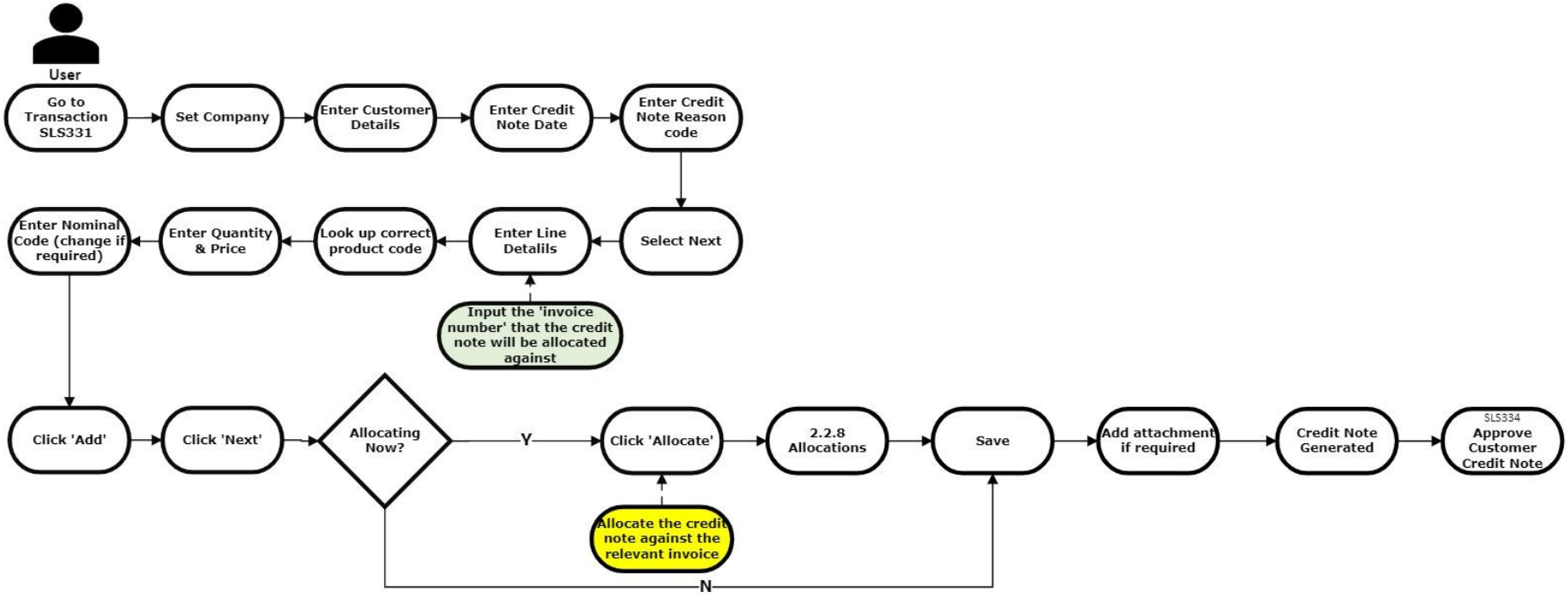
We have had a number of instances whereby an invoice has been raised and the Customer has had to contact the Income Section to ask who has raised the invoice.

Implementation, Monitoring and Review:

Day to day implementation of the procedures is carried out by the School Secretary and Head teacher. The Headteacher will present a report to the Governors of any outstanding debts and explain the procedures followed to date.

Review of the Policy will take place every three years or sooner if necessary.

Credit Notes



When raising credit notes input the invoice number that the credit note is to be allocated against into the invoice narrative field.

Where possible allocate the Credit note against the relevant invoice. Part allocations can be done, to do this click the arrow against the invoice and then enter the amount being allocated.

Appendix 2

Debt Recovery for Invoices Raised in Parent Pay

SCC Debt Recovery Action

SCC Debt Recovery action will not take place until an invoice is raised in My Finance

Schools' Debt Chasing

Schools are encouraged to chase debts via the following routes:

- Text Messages using the School Text Messaging Service.
- Telephoning or speaking face to face with parents.

Please refrain from sending letters as this can contradict subsequent letters sent by the SCC Debt Recovery Team.

If services are ongoing to the customer, the debtor school should consider whether the suspension of those services is appropriate or if a pay as you go option rather than a credit arrangement is possible.

Raising a Debt in My Finance

Should payment not be made it will be necessary to cancel the invoice in ParentPay and raise an invoice in My Finance.

The timing of this is a matter of judgement based on the engagement with the parent. It is advised to raise an invoice within 60 days. The sooner, the invoice is raised the sooner the Debt Recovery Procedure as outlined in Section 8 will commence.

Recording Debt Recovery Action

Whilst the invoice is in Parent Pay. Schools should keep their own records of debt recovery action undertaken.

Once an invoice is raised in My Finance. The records of debt recovery action undertaken to date can be attached to the invoice as attachment(s) at the point the invoice is raised or later via the SLS400 enquiry.

Once the invoice is raised in My Finance. SCC Debt Recovery will record their actions as attachments and/ or notes against the invoice.

Schools' Debt Chasing Once the Invoice is Raised in My Finance

Once the invoice is raised debt recovery will take place as outlined in Sections 7 & 8. However, reminder letters will not go out immediately, their issue will be triggered by the date of the invoice.

Schools' role in debt recovery once an invoice is raised in My Finance is detailed in Section 9

Appendix 3

Glossary of Terms

Allocation
The matching of a payment or credit to the invoice which it relates to.

Audit traceability
The information trail which evidences a transaction.

Cost Centre
The first 6 digits and/or characters of the account code.

Credit management strategy
A section within the Financial Regulations appertaining to in command debt.

Crediting income to My Finance via interface
Income brought into the system from another system (e.g. ParentPay).

Expense Head
The last 5 digits and/or characters of the account code. It is a subjective description of the goods or services (e.g., salaries, stationary etc). Sometimes referred to as a GL code.

Financial accounts
The financial reporting statements of a service or organisation.

Financial regulations
The policies, rules and laws that govern the way that schools manage and controls its finances.

Income is coded
The account code the income is posted to.

Journal transaction
A transaction generated with the nominal ledger, frequent used to recode transactions raised in the sub-ledgers.

Non-invoiced income
Income received which does not relate to a sales invoice.

Remittance Advice
Communication from a customer advising that payment has been made and supplying supporting information to assist the recipient in correctly coding and /or allocating that income in their accounts.

Schools scheme of delegation
Document defining the authority the school governors have delegated to its staff under the powers of its constitution.