

Debtors Policy

1. Purpose of the Report

To consider a debtors policy for schools.

2. Recommendation

- The Forum agree the debtors policy.
- The Forum agree to its incorporation into the finance manual.

3. Background

- 3.1** At the Schools Forum meeting on the 28 February members considered a possible approach to debt collection. At that time members asked amongst other things for Officers to consider whether the level of debt threshold suggested was appropriate and to survey members about the level of debt within their own schools.
- 3.2** The number of surveys returned were small (seven); the average level of debt in the schools making the returns was £567. If this is replicated it would indicate across all schools the level of debt would be £30k. It is true though one school did account for 45% of the debt in the sample. The average debt per case was £9 and there were two cases of debt over £100 and 4 further cases where debt had reached £54.
- 3.3** The Governors are responsible for ensuring that there is proper management of the financial matters of the school including the collection of monies due to the School. A draft policy that schools can use if they so wish is shown in Appendix A. This policy covers the elements of financial control relating to the collection of income from debtors. It describes the procedures and processes for ensuring that the maximum level of income due to the school is received, and where this is not possible, to state the process for agreeing and writing off bad debts.
- 3.4** It is based on the principle that where possible the payment for all goods and services supplied by the school should be collected in advance or 'at the point of sale'.
- 3.5** It relies on schools taking 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.
- 3.6** The example school's debt recovery policy observes the relevant financial regulations and guidance set out in the 'Scheme for Financing Schools' and any other legal requirements.

4 School Meals Debt Policy

- 4.1** The collection of outstanding debt on school meals is a sensitive issue. It is possible for each school to draw different conclusions as to when the provision of meals should be stopped due to non-payment. Set out below is an approach that could be taken which is based upon good practice. The intention is not necessarily to say it should be adopted but to help facilitate a discussion amongst members on the contents of the policy and agree a recommended approach that schools can adopt if they so wish.

This policy has been written to help schools adopt a consistent approach to debt and its collection. It provides clarity and consistency in managing debt and will also help parents clearly understand what is expected of them. Any flexibility should be in the context of how it works for a school not in the way parents want it to work for them.

- 4.2** There have been many discussions around whether a child should be refused a meal in school if they have not paid. In reality a school meals service is no different than any other business and the meals must be paid for by someone. The expectation is that all meals will be paid for in advance and thus debts will not accrue.
- 4.3** Any debt recovery system that works best is a 'zero tolerance' approach. It may seem a very hard stance in a school where there has been a culture of debt tolerance. Although this will be tough to implement it should become easy to maintain once parents realise schools can only offer free meals to children whose parents qualify for the FSM entitlement. Every other meal must be paid for.
- 4.4** A 'zero debt policy' sounds harsh but any debt will fall on the school and will take funding away from the education of the children. On the other hand we have the potential for children to go hungry and the implications that may have.

4.5 Establishing a debt policy

Schools should first discuss this policy with staff and agree its debt policy with governors. Once agreed, schools should make parents aware of this policy. This could be by including it in one or more of the following:

- A letter to parents
- The school's newsletter
- The school brochure
- The school website

This will ensure that all parents get the same message in a consistent way. This should be done at least once each year, more often when it is first introduced.

All parents should be provided with a copy of the policy when their child joins the school.

An example policy and letters to parents are shown in Appendix B. The school should have a very clear policy on Dinner Money Arrears and money collection. It is expected that schools meals will be paid in advance, if a child as a one off is unable to pay through forgetting their dinner money then a meal will still be provided. If this continues for more than 10 days then the meal will be stopped and the child expected to bring sandwiches or be taken home for lunch.

- 4.6** Without a strict code of no meal is provided, a debt will arise at some stage. Suggested below are three stages of monitoring, with timescales for action, to ensure that all money is paid on time and is not allowed to accumulate in arrears:

Stage 1 – Fees that have run into one week of arrears

A letter to the parents / carers will be sent by the school, informing them of their outstanding balance, and a deadline for payment.

Stage 2 – Fees that have run into arrears of two weeks

A letter informing parents of their outstanding balance and the school's intention to add a 10% administration charge on the outstanding amount will be sent, with a deadline for payment.

Stage 3 – FINAL STAGE – Fees that have run into arrears of roughly 10 weeks or £100 the debt will then be passed to the council to consider collection and enforcement. Schools could ask the council to pursue debts on their behalf at a lower level but there would be a fee involved.

5. Conclusion

There should be a clear policy within schools of a zero tolerance to debts. Otherwise there will be less funds to spend on the education of the remaining children within the school. This policy is more difficult when we have the sensitive issue of schools meals and the potential for stopping a meal and a child possibly going hungry. It is important though to avoid a situation where debts mount up.

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