



**CReATIVE** Education Provision

**IWYS  
Alternative Provision  
Debt Collection  
Policy**

## Policy Review

**Next Review due February 2023.**

Agreed by Charmaine Baines (Director/Proprietor)

Agreed by – Jordan Baines (Business Manager)

Date 20/06/2023

### **1. General Requirements**

IWYS Alternative Provision will take 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.

The Provision debt recovery policy will observe the relevant financial regulations and guidance set out in the Financial Handbook for Schools and any other legal requirements. In particular:

- IWYS will not write-off any debt belonging to IWYS which exceeds £500. Any sums above this will be referred to the City Council's Finance Director and LA finance team. (If any debtor has a number of debts which together exceed the write-off limit, then these will be treated as a total amount).
- A formal record of any debts written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- IWYS will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to the LA to consider taking legal or other action to recover the debt.
- IWYS will NOT write-off any debt belonging to the City Council or another party, e.g. debts for tuition, transport. If in doubt as to the appropriate action to collect any such debts IWYS will seek advice promptly from officers of the City Council.

### **2. IWYS staff are expected to follow the following procedures to secure the collection of all debts:**

- Recording of goods or services supplied where payment is not received in advance or 'at the point of sale'.
- A record will be kept of all such supplies that details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc.
- Where invoices are raised these should state the date by which payment is due.
- In all other cases correspondence with parents, etc. should indicate the maximum period that IWYS regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by, payment for items purchased should be sent to IWYS staff, etc.
- IWYS should determine what the reasonable 'credit period' is if this is not otherwise specified.

### **Initial Reminders**

Initial reminders may be informal and made either in person (when a parent comes to collect/drop off the child) or by text. Normally, IWYS will undertake this having built up a good relationship with the parents.

### **Reminder letter**

A formal reminder letter should be issued after **2 weeks** from any informal reminder / the date of supply. If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue.

### **Second reminder letter**

A second reminder letter will be issued **2 weeks** after the First reminder letter.

### **Using Reminder Letters**

*Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that two written reminders are sent. Details of all reminders, whether verbal or in writing, and any responses received -should be maintained. Where a letter is issued, a copy must be retained on file.*

## **3. Negotiation of Repayment Terms**

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue reminder'.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of IWYS and the Business Manager. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms (unless this not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Head of provision will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.

## **4. Costs of Debt Recovery**

Where IWYS incurs material additional costs in recovering a debt then the Resources Committee will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded.

The debtor will be formally advised that they will be required to pay the additional costs incurred by IWYS in recovering the debt.

## **5. Reporting of Outstanding Debt Levels**

IWYS Business Manager will ensure that the level of outstanding debt is known to the proprietor/ can be determined at any time.

## 6. Bad Debts

If all reasonable steps have been taken to recover the debt and there is no reasonable prospect for cost effective recovery, the limits below can be written off (as per the Schedule of Financial Delegation):

- **Below £10 to £50** requires the approval of IWYS Proprietor/Director
- Any debt above £500 will be referred to the appropriate LA officer for consideration/action without delay once IWYS has taken reasonable measures to collect the debt (i.e. has followed the reminder notification procedures set out above).

The debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them. This decision and its basis will be recorded.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.

### RECORDS OF DEBTS WRITTEN OFF

Debtor	Details of debt	Amount (£)	Invoice reference and date ( <i>where applicable</i> ).	Reason for writeoff ( <i>including brief details of measures taken to secure payment - as appropriate</i> ).	Authorisation of write off – <i>name and signature of the authorising individual and date. Cross reference to entry in the accounts where applicable.</i>