



Bedford Nursery Schools Federation & Peter Pan Training Partnership

Debtors Policy

Policy Adoption Date: October 2025

Next review date: October 2026

Debtor Policy

1 Rationale:

- The Governors are responsible for ensuring that there is proper management of the financial matters of the school. They have delegated the routine monitoring of the school's financial matters to the Finance Committee.
- This policy covers the elements of financial control relating to income collection, from debtors.

2 Purpose:

- To describe 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.
- To describe the responsibilities of staff and Governors in the debt recovery process.

3 Guidelines:

- Where possible, the payment for all goods and services supplied by the school should be collected in advance or 'at the point of sale'.
- The school will take all reasonable measures to collect. 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 detailed procedures to secure the collection of all debts are outlined in section 4 and should be followed by all school staff.

4 Procedures:

4.1 Introduction and delegated limits for write offs;

- The school's debt recovery policy observes the relevant Schools financial regulations, the main stipulation is as follows;

"The Governing Body will ensure that there is a system in place for the monitoring of all outstanding debts to the school. In the event of bad debts the Governing Body will be responsible for approving the write-off of such debts up to a limit of £5,000 in any one financial year. For debts over the stipulated level, the school must refer details of cases to the Chief Financial Officer (as per the Financing for Schools scheme).

4.2 Acceptable credit settlement period

- The Governing Body must determine the length of time they deem to as an acceptable 'credit settlement period' before the debt recovery procedures are applied.
- The Governing Body may consider that an 'acceptable' credit period may vary between different income generating activities, such income from fees relating to nursery school or school trip payments. The default settlement period will be half a term for nursery school childcare fees unless otherwise stated. For training invoices , 1 months would be a default period. (please see Appendix 1 for a summary table)

4.3 Steps to reduce debt build up (Nursery School childcare fees)

- Informing parents of debtors' policy and charging policy as soon as possible. This is reinforced in a number of ways.
 - The charging process is communicated to all parents who attend the new parents meeting (verbally)
 - All new parents receive a letter about the invoice process and about non-payment of invoices. This also refers parents to our full charging and debtor policy located on our website.
 - If a parent requests fee paying sessions, an email is sent out to let them know the weekly charge, so that they can cancel the request if they cannot afford to pay the fees.
 - All invoices ensure a clear payment date for payment is set and the procedure for any queries is clear.
- For other income streams (training or school support) further offers of training may be withdrawn from the debtor (school) until the debt is paid at the discretion of the Training Partnership finance committee.

4.4 Reporting of outstanding debt levels

- The Business Manager will ensure that the level of outstanding debt is regularly monitored.
- Suitable records will be maintained to detail individual debts and the total value of debt to the school in order that it can be determined at any time and reported to the Finance committee.
- The Business Manager will report the debts to the Finance Committee at least once termly to periodically and they will determine whether this level is acceptable and whether action to recover debts is effective.
- The FGB will be informed at least once a year of a summary of debts or when they is an exceptional circumstance, and where write offs are requested.

4.5 Debt Recovery Procedures (Nursery School fees)

- Where payment from a parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied. 'Point of sale' items include late fees, one off sessions or lunches where the fee is paid for up front and will not be invoiced.
 - An invoice should be issued for the full amount in order to officially set up the debt;
 - Where invoices are raised they should state the date by which payment is due.
 - In all other cases, such as correspondence with parents, etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated.

- If payment is not forthcoming then the finance committee may decide to pass on the details to the Bedford Borough Council legal department to chase payment and may involve being taken to court. This would depend on the materiality and circumstance of the debt.

4.6 Verbal and Written Reminders

- Details of all written reminders (letters/emails or generated from finance system), should be maintained. Where a letter is issued, a copy must be retained on file.
- In some cases, it may be that the debtor will be spoken to informally by the Business Manager to ask about payments.
 - First 'overdue payment' reminder email
 - In some circumstances it may be necessary to send multiple email reminders of the debt.
 - Any significant debtors will be contacted directly (telephone) by the Business Manager at the end of term if they have not paid after the reminder emails
 - 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.
- If the debt is significant and a decision is made to pursue the debt formally, a letter will be issued to the debtor letting them know the procedure.

4.7 Negotiation of a Payment Plan (Childcare Fees)

- Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder.
- If people are unable to pay, the School may reduce or cancel a debt in certain circumstances or may change the way the debtor is chased for the debt (how often). A sensitive approach to debt recovery will be carried out, taking the following factors into account.
 - Hardship – where paying the debt would cause financial hardship.
 - Ill health – where our recovery action might cause further ill health.
 - Time – where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off.
 - Cost – where the value of the debt is less than the cost of recovering it.
 - Multiple debt – where someone owes more than one debt to the School. In this situation an attempt to agree one repayment plan to include all debts will be established.

- Exceptional Circumstances which may affect multiple debtors across the school (e.g. pandemic)
- If a debtor requests a 'payment plan' these may be negotiated at the discretion of the Business Manager, and a record of all such agreements entered will be retained.
- In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment, and the settlement period should be the shortest that is judged reasonable.
- At the discretion of the Headteacher after late clearance the debt, the previous 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. The parent can appeal to the Finance Committee if they disagree with the decision. The results of this decision will be recorded.

4.8 Costs of debt recovery

- Where the school incurs material additional costs in recovering a debt then the Finance Committee, will decide whether to seek to recover such costs from the debtor and these will be recorded in the minutes of the FC meeting.
- The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by the school in recovering the debt.

5 Bad debts

- Write-off of any debt requires upto the maximum of £5000 per annum will be recommended by the Finance committee and approved by the governing body. Where the debts are less than £50 per debtor, these may be grouped together to be written off.
- A record of the write-off, and the approval for it will be retained by the Business Manager. See template enclosed
- For debts over the stipulated level, the school must refer details of cases to the chief financial Officer for approval at Bedford Borough Council (as per the Financing for Schools scheme).

6 Review

- This policy will be reviewed annually by the Finance Committee.

Appendix 1

Summary of types of debtors, terms and results if terms breached. (subject to decisions made by finance committee.)

Type of Debtor	Terms	Result if breach terms
Childcare Fees (including Lunches)	Half a term	No additional (fee paying) childcare support offered.
Schools Training/support	30 days (as per invoice)	No further support offered for that School
ECP Contract	30 days (as per invoice)	Liaise with Bedford Borough as contract negotiated through them
Bedford Borough	30 days (as per invoice)	Liaise with Bedford Borough as contract negotiated through them. Possibly stop service.
Training Partnership Hub (CLT)	30 days (as per invoice)	No further support offered
Lettings	30 days	Lettings stopped.

Debtor Write off report from Finance System



Bedford Nursery Schools Federation and Peter Pan Training Partnership

Financial Year 2024/2025, Period 5

Date of issue	SI number	Cleared unpaid date	Customer	Budget	Analysis	Initial Amount	Amount cleared unpaid
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