

# Reading Early Years Schools Federation



## Credit Control and Bad Debt Policy

Signed by Chair of Governors: Caroline Wharton

Signed by Executive Head teacher: Joanne Budge

Date: May 2021

Date to be reviewed: May 2024

## **Bad Debt Policy**

### **Credit Control**

Invoices for sessions and lunches will be issued monthly in advance and payment will be required by the 14<sup>th</sup> of the month. Parents can use childcare vouchers, government Tax Free Scheme, bank transfers, cheque, credit card or cash.

All debts will be recorded and non-payment will be followed up by issuing reminders as follows:

If a significant amount is outstanding: (generally considered to be 50% or more of the monthly invoice)

- |                        |   |  |
|------------------------|---|--|
| For up to 1 month      | - | 1 <sup>st</sup> reminder                   |
| For up to 2 months     | - | Final reminder                             |
| For more than 3 months | - | Legal action will be sought as appropriate |

We reserve the right to suspend provision of service if payment has not been received or a satisfactory payment schedule agreed, before the final reminder is sent.

After 3 months, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing.

Providing contact and conversations are taking place or a repayment programme has been agreed the above procedure maybe delayed.

Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off and this must be authorised by the Executive Headteacher.

### **Bad Debt**

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, or the cost of recovery is greater than the amount of the debt being recovered, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

- Those up to the value of £100 to be approved by the Executive Headteacher and reported to the next meeting of the Governing Body
- Those to the value of £500 to be approved by the Finance Committee and reported to the next meeting of the Governing Body
- Those exceeding £501 to be referred to the Governing Body for approval, either directly or after consideration by the Finance Committee
- Those exceeding £5000 to be referred to the LA for approval after consideration by the Governing Body.