



Debt Recovery Policy

Adopted by the Trustee Board
Date: October 2020
Review date: 3 year – October 2023

Contents

- 1. Acceptable credit period” 3
- 2. Reporting of outstanding debt levels..... 3
- 3. Debt Recovery Procedures..... 3
- 4. Initial “overdue payment” reminder..... 3
- 5. Overdue payment reminder letter..... 4
- 6. Failure to respond to reminders/settle a debt..... 4
- 7. Negotiation of repayment terms.....4
- 8. People unable to pay.....4
- 9. Costs of debt recovery..... 5

DEBT RECOVERY POLICY

Any money owed to the Trust has an impact on the budget and may affect the resources we can provide to the children.

The Trust will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be passed onto an external debt collection agency only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

The Trust's debt recovery policy will observe the relevant financial regulations and guidance set out in the Academies Financial Handbook and any other legal requirements.

1 Acceptable "credit period"

The Trust Board has determined that one week is an acceptable "credit settlement period" before the debt recovery period procedures are applied. This should not normally apply to school meals, trips, Nursery extra hours, After school club and Breakfast club sessions where payment must always be made in advance. Where the Trust enters into a service level agreement to deliver goods or services with another entity, the payment terms will be agreed prior to the SLA coming into effect.

2 Reporting of outstanding debt levels

The Trust Finance Manager will ensure that the level of outstanding debt is regularly monitored.

Suitable records will be maintained by schools 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 Manager. The Finance Manager and the CFOO will review the level of outstanding debts every term to determine whether the level is acceptable on a case by case basis and whether action to recover debts is appropriate.

3 Debt Recovery Procedures

Where payment from the parent/carer has not yet been received in advance, or "at the point of sale", the following process should be applied:

4 Initial "overdue payment" reminder

An initial reminder will be informal and can be made in either person (when a parent/carer comes to collect/drop off the child) or by telephone or letter. The date of the initial reminder will be recorded on the school's management information system. (MIS).

5 Overdue payment reminder letter

A formal reminder letter will be issued 2 weeks after the informal letter. If action is to proceed further, it will be 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.

The date of the reminder letter will be recorded on the school's MIS

6 Failure to respond to reminders/settle a debt

If there is no response to the reminder letter, the debtor will be invited to meet a member of staff to discuss how the debt will be settled. Failure to respond to this letter and failure to attend the meeting will result in the school passing the debt to an external debt collection agency.

Each school in the Trust will make every effort to work with parents to prevent debts mounting.

7 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 payment" reminder. However, any arrangement for part payments must be strictly adhered to. Failure to meet any "repayment terms" will result in the debt being passed to an external collection agency.

The debtor will be advised that they will be required to pay in advance for all future supplies and services or the supply will no longer be available to them. In addition, repayment terms must be in place for the repayment of the existing debt.

If there is a default on the repayment terms, then the debtor will lose the right to access future optional (paid for) supplies and services.

8 People unable to pay

The Trust may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be followed, 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
- Cost – where the value of the debt is less than the cost of recovering it.

The Headteacher can authorise the writing-off of small debts for one of the reasons above. Where the debt is greater than £100, consultation with the CFOO is required. Debts above £1,000 will be referred to the RR&A committee.

9 Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the CFOO and the RR&A committee will decide whether to seek to recover such costs from the debtor. 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. This decision and its basis will be recorded and reported by the CFOO and Chair of the RR&A Committee.