

# Debt Recovery Policy



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# 1. Introduction

**This policy relates to all academies in the Arden Forest C of E Multi Academy Trust.**

The Arden Forest C of E Multi Academy Trust (MAT) has a responsibility to ensure that appropriate procedures are in place to enable each academy within the MAT to recover all funds to which it is entitled. This policy ensures there are appropriate procedures in place to deal with the recovery of debt as part of the management of public funds. It is acknowledged that collecting payment from parents or guardians is a sensitive area; we deal with issues of debt collection with sensitivity and confidentiality at all times.

## 2. Policy

The Arden Forest C of E MAT's Debt Recovery Policy will observe the relevant financial regulations and guidance set out in the Academy Trust Handbook and any other legal requirements.

In accordance with the funding agreement with the Education and Skills Funding Agency (ESFA), the MAT is required to apply robust financial controls which confirm to the requirements of both propriety and good financial management.

The MAT is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. Where ever possible, payment for goods and services supplied by the MAT should be collected in advance or at the time the sale or service is provided.

## 3. Procedures

All debts should be recorded detailing:

- Type of good/services supplied
- Value
- Dates goods/service supplied
- Details of the debtor e.g. parent, hirer etc.

A sales invoice should be issued for the full amount in Access Finance as soon as the service is supplied. The person in each academy responsible for finance should review the aged debtor report monthly and ensure appropriate action is taken. A copy of the aged debtor report should be sent to the MAT Central Finance team at the end of each month

Where a sales invoice is not appropriate (e.g. to parents/guardians for school trips) correspondence should be used as an effective method of communicating outstanding amounts. Parents will be asked to pay for most services in advance and amounts due from parents will be administered by the academy's cashless payment system e.g. ParentPay, School Money. Each academy is responsible for the day to day administration of this and the collection of income. Outstanding debt on the cashless payment system should be reviewed regularly by each academy and will be reviewed on an ad hoc basis by the MAT Central Finance team.

## 4. Debt recovery

The following procedures will be employed for all outstanding debts (of 14 days or longer):

- **Informal reminder:** The debtor will be informally reminded, in person or by telephone, that they owe money to the school
- **First reminder letter:** If the debt is still outstanding after 28 days, a formal letter (sent via email or post) should be issued.
- **Second reminder letter:** A second formal letter or email will be issued 2 weeks after the first reminder letter.
- **Final reminder letter:** If no response is received following the second reminder letter, after a further 14 days, the school will send a letter to the debtor advising them that they will be considering legal action.

Details of all reminder letters must be retained on file to evidence all reasonable attempts have been made to recover the debt and that these attempts have been made in a timely manner.

- **Legal referral:** Where no payment has been received within 14 days of the final reminder letter, the CFO will review the matter and refer to Legal Services where appropriate, dependent on the size and nature of the debt. Subject to the circumstances, the debtor may also 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.

## 5. Bad debt write offs

When all reasonable debt recovery procedures have been followed the MAT may decide to formally write-off the debt in accordance with the delegated authorities detailed in the Scheme of Delegation. These are as follows:

- Individual debt write offs up to £249.99 can be authorised by the Head teacher, informing the Finance Governor and CFO.
- Individual debt write offs up to £2,499 can be authorised by the CEO
- Individual debt write offs over £2,500 must be authorised by the Trust Board
- For any debt write-off exceeding £45,000 prior approval from the ESFA must be gained

Writing off a debt will lead to an additional unbudgeted cost on the relevant academy's account.

The relevant bodies (according to the MAT Scheme of Delegation), must:

- approve the writing off of any debt in relation to their individual budgets;
- take into account their review of the age and size of the debt together with the advice from Legal Services.

## **6. Specific debts**

### **6.1 Dinner Money**

Payment for school meals should be made in advance. If the level of debt is in excess of £25, an informal reminder will be made. After a second reminder letter has been issued, then a further letter will be sent advising parents that their child will no longer be entitled to a school meal or snack and that parents are required to send their child with a packed lunch. Every effort will be made by the relevant academy to make personal contact with the parent/guardian to ascertain whether financial difficulties are present and then advise accordingly.

Where a family is known to have financial difficulties then a recommendation for the registration of free school meals should be pursued, with the academy offering assistance if required.

### **6.2 Educational and Residential Trips**

Parents are notified of the cost and payment arrangements of each trip in advance and are given the opportunity to pay in instalments should they wish. Payment should be received in full by the date specified, at least 5-10 working days before the departure date.

For educational visits it is not legally allowed to prevent a pupil from going on the visit if the donation has not been made. Therefore any unpaid contributions to educational visits cannot be treated as requiring debt recovery procedures.

### **6.3 Educational and Residential Trips**

Clubs provided by both school and third parties, require payment in advance of allocating places. Parents are notified of the opportunity for their child to join a club at the beginning of each term, as well as the cost, dates and times of the clubs.

Payment for wraparound care should be booked and paid for in advance. Failure to pay in advance or on the day may result in the withdrawal of services.

### **6.4 Educational and Residential Trips**

Contracts for lettings of Academy facilities within the MAT premises will be drawn up as necessary between the relevant Academy and the applicant. Charges will reflect the Academy's costs for energy, water, lighting and opening up and closing of the school. Please see the Arden Forest C of E MAT Lettings Policy for further information.

## **7. Negotiation of repayment terms**

Debtors are expected to settle amounts owed by a single payment as soon as possible after receiving reminders, as set out above. However, if a debtor requests a staggered repayment term, this may be negotiated in line with approval thresholds set out in the MAT Scheme of Delegation. The settlement period should be the shortest that is judged reasonable. A record of all such agreements entered into will be retained.

## **8. Implementation, Monitoring and Review**

Day-to-day implementation of the procedures is carried out by the Head Teacher. They will present a report to the local governing body of any outstanding debts and explain the procedures followed to date and procedures which need to be followed.