



Bad Debt Policy

October 2022

Next review: October 2025

1.0 - Introduction

1.1 - In accordance with the Education and Skills Funding Agency (ESFA) Academy Trust Handbook, NET Academies Trust is required to apply financial and other controls which conform to the requirements of both propriety and good financial management.

1.2 - To this end the Academy Trust and the Board of Directors is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. This policy sets out the procedures for debt recovery and for the write off of any debt which is deemed to be irrecoverable.

2.0 - Academy Debt Procedure

2.1 - Each academy is cashless and operates a system of collecting payments for trips, Clubs, Nursery and dinner monies through an online payment system. All monies should be collected in advance to ensure no debts are incurred.

2.2 - The NET Financial Regulations and School Trips Procedure must be adhered too in line with this policy.

2.3 - The academy will act in accordance with the DfE's guidance document 'Charging for school activities' and therefore, will only charge for trips which are classed as an 'optional extra'. If the activity cannot be funded without voluntary contributions the Head of School should make this clear to parents at the outset. If insufficient voluntary contributions are raised to fund a visit, or the academy cannot fund it from another source then it must be cancelled.

2.4 - Each academy has the following procedures for the collection of debt:

- £0-10 arrears, reminder phone calls, texts and emails to the parent
- £10-20 arrears letter to be sent
- Should arrears total over £20 final arrears letter to be sent offering a repayment plan to parents. If this is in relation to dinner debts, parents will be requested to provide packed lunches for their child until the debt is cleared

2.5 - Each week the Office Manager at the academy will review the dinner debt and will follow the steps outlined above, keeping a record of the actions completed.

2.6 - Every half term the academy will provide the Trust Finance Manager with details of their current outstanding debts and payment arrears. The Trust Finance Manager will review the position with each Office Manager and ensure every effort is being made to collect all debts.

2.7 - At the end of each term, the office manager will complete the attached form, (appendix A) detailing all debts that remain unpaid and providing details of how and when this debt has been chased. The Head of School will review the form and sign and date to confirm their review. The completed form must be submitted to our Trust Finance Manager on the last day of each term.

2.8 - At the end of the academic year, if, after every effort has been made to collect the debt, individual irrecoverable debts remain, these may be written off in accordance with the Finance delegated authority levels included in the Trust's Financial Regulations.

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2.8.1 - Up to £200 –Head of School and Trust Finance Manager

2.8.2 - £200 -£500 –CFO and Trust Finance Manager

2.8.3 - £500 -£45,000 –CFO and Board of Trustees

2.8.4 - Over £45,000 or 1% of annual income –ESFA approval required

2.9 - Any debts that require sign off by the board of Trustees, will be presented to them at the first Board meeting after the year end. If the write off is agreed, the Office Manager will be notified by the Central Services Finance team in writing so that the debts can be written off in the online payment system. A record of these debts should be maintained and the office manager should still continue to chase for payment.

3.0 - Debt Procedure

3.1 - Wherever possible, income due will be collected before or at the time the relevant sale or service is provided or an invoice will be issued and payment due within fourteen days. If payment has not been received within the stipulated timescale steps will be taken to recover the debt. However to ensure sound internal control, staff who raise sales invoices will not also have the authority to write off debts. The VAT element of any debt to be written off must not be written off, as this contravenes HM Revenue & Customs statutory requirements.

3.2 - All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:-

- 7 days after the invoice payment date - 1st reminder
- 14 days the invoice payment date - 2nd reminder
- 21 days the invoice payment date - final reminder

3.3 - After 28 days from invoice payment date, where the debt is still outstanding, legal action will be considered, and the debtor will be informed of this in writing by a final reminder letter. The final reminder will be sent by recorded delivery and will threaten legal action if the account is not settled within 14 days.

3.4 - If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the Finance delegated limits set out in section 2.8 above.

4.0 - Approval and Review

4.1 - This policy was recommended to the Finance, Audit & Risk, HR and Pay Committee and approved in October 2022.

4.2 - NET Academies Trust review this policy periodically and not less frequently than once every three years. However, this policy may be reviewed or amended sooner should the government produce new regulations, or amend existing ones.

4.3 - Next review date: October 2025.

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Appendix A – Termly Bad Debt Review Form