



Academy Debt Recovery Policy

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1. Introduction

The Diocese of Coventry Multi Academy Trust (DMAT) and its academies have a duty to ensure the trust receives all the funds to which it is entitled. This policy ensures the appropriate procedures are in place to deal with local debts and the recovery of assets. It encompasses all debts owed to the trust including, but not limited to, payments for goods, services, school trips and school meal payments. It also covers overpayments of salary and the recovery of money or assets lost through theft or fraud.

The trust recognises that families may face challenging financial situations and will always work with families to support debt repayment through payment plans and will seek to help families facing financial difficulties in the first instance.

2. General requirements

The academy will take all reasonable measures to vigorously collect debts as part of its management of public funds. 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 academy debt recovery policy will observe the relevant financial regulations and guidance set out in the Academy Trust Handbook and any other legal requirements. In particular:

- the write off of debts, stocks, stores and surplus assets will be approved as follows:

Headteacher	To recommend writing off bad debts/losses to the Chief Finance Officer to the value of £500
Chief Finance Officer	To approve writing off bad debt/losses to the value of £500 To recommend writing off bad debts/losses up to £1000 to the CEO
CEO	To approve writing off bad debt/losses to the value of £1000 To recommend writing off bad debts/losses over £1000 to the trust Business and Finance Committee
Business and Finance Committee	To review and recommend writing off bad debts/losses over £1000 to the trust Board
Board	To approve the writing off of bad debts/losses over the value of £1000

- a formal record of any debts written off will be maintained and this will be retained for 7 years (the form of this record can be found in the information hub)
- the academy will seek the advice of the Multi Academy Trust Central Team should they consider taking legal or other action to recover the debt.

In general payment for all goods and services supplied by the academy should be collected in advance or 'at the point of sale'.

The procedures to secure the collection of all debts are outlined below and should be followed by all academy staff.

3. Acceptable 'credit period'

The trust have determined the acceptable credit settlement period for the following activities as outlined here:

Activity	Acceptable Credit Period
Dinner money for pupil meals	Payable in advance
Nursery Fees	For a half termly invoice, payable within 2 weeks of invoice date
Before/After school club fees	Payable in advance at the time of booking
Extra curricular activities e.g. music lessons	Payable in advance
Holiday club fees	Payable in advance
Academy Uniform Purchases	Payable in advance

Debt recovery procedures should be applied in accordance with item 5 of this policy.

4. Reporting of outstanding debt levels

Records will be maintained on the trust finance system to detail individual debts and the total value of debt to the academy in order that it can be determined at any time and reported to the Chief Finance Officer.

The Headteacher will ensure that the level of outstanding debt is regularly monitored.

The Headteacher will review the level of outstanding debts every month to determine whether this level is acceptable and whether action to recover debts is effective.

5. Debt Recovery Procedures

Consideration will be given to personal circumstances and to how prepared the debtors are to engage with the Trust in addressing the debt.

Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', the following process should be applied.

- (a) An invoice should be issued from the trust finance system for the full amount; invoices raised should state the date by which payment is due.
- (b) In all other cases, such as;
 - correspondence with parents, etc. the maximum period that the academy regards as reasonable before payment is overdue should be clearly stated, for example contributions for a trip should be received by date/month/year.
 - payment for items purchased should be sent to the academy office by date/month/year.
- (c) A record of all goods and services will be maintained detailing:
 - type of good/services supplied;
 - value;
 - date(s) good/services supplied; and;
 - the identity of the 'debtor', e.g. parent, hirer, etc.
- (d) Any debtor will not be offered any further 'credit' and will, in future, be required to pay in advance. Where a family owing a debt has more than one pupil being educated in the Trust then paid for services may be withdrawn from all pupils until the debt is paid.

6. Verbal and Written Reminders

6.1 Records of Reminders

Details of all reminders, whether verbal or in writing, should be maintained within the trust finance management system. Where a letter is issued, a copy must be retained on file. Note that should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that at least one, but preferably two, written reminders are sent.

6.2 Informal 'overdue payment' reminder

An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone. The date of the informal reminder should be recorded.

6.3 First 'overdue payment' reminder letter

A formal reminder letter should be issued 2 weeks after the informal reminder, see examples in information hub . The date of the first reminder letter should be recorded.

6.4 Second 'overdue payment' reminder letter

A second reminder letter will be issued 2 weeks after the First Reminder Letter, see examples in information hub. It is recommended that this is sent by a tracked mail service to the home address. The date of the second reminder letter should be recorded.

7. Failure to respond to reminders / settle a debt

If after the written reminders have been completed and a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to the Multi Academy Trusts legal advisers, see example in information hub

A copy of all letters and all previous correspondence should be sent to the Multi Academy Trust's Central Team.

8. 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, if debtors are unable to pay;

The trust may reduce or cancel a debt in certain circumstances. 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 academy. In this situation an attempt to agree one repayment plan to include all debts will be established.

If a debtor requests 'repayment terms' these may be negotiated at the discretion of the Headteacher.

A record of all such agreements entered into will be retained and noted on the trust financial system.

In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment.

The settlement period should be the shortest that is judged reasonable.

9. Costs of debt recovery

Where the academy incurs material additional costs in recovering a debt then the Headteacher 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.

10. Bad debts

Write-off of any debt should be in line with the trust Financial Scheme of Delegation and Academy Trust Handbook.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.

11. Specific Debts

11.1 Dinner Money for Pupil Meals

Dinner money should generally be paid in advance. It is suggested that debts of more than a week should not be allowed to be built up, but each academy needs to consider its own procedures as to whether a meal is provided to a child where significant debts have been accumulated. Such decisions will take into account the age of the child and known family circumstances.

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

Legally there is no requirement to provide a meal if payment is not forthcoming.

11.2 Trips and Educational Visits

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 and must not be invoiced.

For non-educational school trips (e.g.: skiing holidays) payment is required before the pupil attends the trip.

11.3 Childcare

Many of our academies provide paid-for childcare (nursery, before and after school clubs, holiday clubs). Payment should be required in advance of the service being provided to avoid debts occurring. Should a debt of 2 weeks of fees be incurred then the matter should be formalised (invoice raised, formal reminder sent). The academy should also at this point withdraw the service until the debt is cleared.

11.4 Music Lessons

Music lessons should be paid for in advance. The academy is often committed to making payment for the lessons for the full year and it is strongly suggested that the commitment from the parent matches the commitment to the supplier and such commitment should be made in writing.

11.5 Hiring and Lettings

Hiring and Lettings should be billed in advance and access withheld for further use of the facilities once a debt has been outstanding for 4 weeks or more unless the alternative arrangements are specified in the lease or license.

11.6 Staff debts

Overpayments of salaries will normally be recovered through the payroll.

If the member of staff has left the employment of the Trust and owes a debt this should be pursued following the debt recovery processes outlined in this document. Example letters can be found in the information hub.

Staff should not be allowed to incur debts for incidental items such as for school lunches.

11.7 Losses due to fraud or theft

In line trust compliance requirements to financial regulations, losses due to fraud or theft will always be recovered in full. The police will be involved in such cases.

11.8 Losses due to damage to property

Occasionally damage is caused to the academy's property, where such damage or loss is due to wilful damage or neglect, the academy may charge the parent / carer for the cost of repair or replacement. Where recovery is considered appropriate, a letter will initially be sent to the parent / carer advising them of the incident and the intention to recover all or part of the cost. Parents / carers will be given the opportunity to discuss the matter further through the inclusion of a reply

slip with the letter informing them of the incident. An invoice for the repairs should be sent to the parents / carers and then pursued in the normal way.

12. Legal Action

If there is no response once all letters have been issued the Chief Finance Officer in agreement with the headteacher can refer the matter to Solicitors for debt recovery. There are fees that will be incurred in this process please contact the Chief Finance Officer for further details.