



## DEBT RECOVERY POLICY

<b>Audience:</b>	School and academy staff, particularly Headteachers and school finance / administrative staff
<b>Approved:</b>	October 2021
<b>Reviewed</b>	February 2022
<b>Other related policies / procedures</b>	Academies Financial Handbook, financial scheme of delegation
<b>Owner</b>	Finance Manager
<b>Policy / procedure model</b>	<b>MAT policy: all Crofty schools use this policy</b> Aligned: Policy to be adapted to school where indicated School policy: specific to needs of the school

# DEBT RECOVERY POLICY

## The Prevention of Debt

**Crofty Multi Academy Trust are committed to supporting families and as such this policy is written to ensure parents/carers do not fall into substantial / sustained debt.**

Headteachers will ensure that reasonable steps are taken to prevent debts arising in the first place. The following are some guiding principles for school leaders to help ensure this.

1. All requests for payments from parents will be in line with the Crofty charging policy
2. All financial interactions with parents should be handled with sensitivity, understanding that the affordability of even small amounts may be very challenging for some parents
3. With any request for payment the school will encourage and support parents to share, in confidence, any financial issues that may lead to debt
4. Wherever possible all payments should be made in advance, or at point of sale, preferably through a cashless system
5. The school should offer pre-payment by instalments for larger payments e.g. camps
6. School administrators will flag up any issues as early as possible with the Headteacher
7. The school will always work with parents to ensure that children are not disadvantaged due to parents' difficulty in meeting payments

## Recovery of Debt

Money owed to any school within the Crofty Multi Academy Trust has an impact on the budget and may affect the resources we can provide for the children.

The trust will therefore take all reasonable measures to collect monies owing to it as part of the management of public funds. We hope parents/guardians and others understand this and will make every effort to avoid owing the Trust money.

Collecting payment from parents or carers is a sensitive area; we will deal with issues of debt collection with sensitivity and confidentiality at all times.

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

The Trustees have determined acceptable credit settlement periods before the debt recovery procedures are applied. A debt will only be written off after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

Headteachers of schools in the Crofty MAT will welcome anyone to the school to discuss any financial concerns and/or difficulties. They will also ensure that before any action is taken the safety and wellbeing of the children is carefully considered.

### 1. Acceptable 'credit settlement period'

The Trustees acknowledge that the length of time that Headteachers deem as an acceptable 'credit settlement period' before the debt recovery procedures are applied may vary between different income generating activities. In order to ensure a consistent approach and demonstrate transparency the maximum period of time a Headteacher should wait before starting the debt recovery procedure is **10 school days.**

### 2. Management and Monitoring of outstanding debt levels

It will be necessary to prove all reasonable attempts have been made to recover the debt if action is to proceed further and, therefore, records should be kept of measures taken.

### **Overdue Income**

On a **weekly** basis an outstanding debt report will be produced by each school's administrator for Headteachers consideration. This will identify all debts, identifying any that may require action to recover. The debt recovery procedures will be applied where any invoice becomes overdue for payment.

It should be noted that payments made via phone App, online and by way of childcare voucher will take a few days to be received into the relevant School's bank account and this will be taken into consideration when commencing debt recovery procedures.

**Staff** – Should payment become overdue then each individual case will be dealt with internally and will not be subject to the debt recovery procedures set out in Section 3.

## **3. Debt Recovery Procedures (to be actioned within the 15 day credit settlement period)**

### **3.1 Initial overdue payment reminder (Day 5 and Day 10)**

Each week a letter will be generated by the school and emailed out to parents to remind them of any outstanding debt. (Text message optional)

### **3.2 Third reminder (Day 11)**

The office will inform the Headteacher of any 10 day debt that remains the same (has not been cleared or reduced). After an initial discussion with the Headteacher the Administrator will contact the parent/carer and ascertain further information/circumstances and inform them of a withdrawal of services until the outstanding debt has been paid or an agreed payment plan is established.

### **3.3 Fourth reminder (Day 12)**

If the parent/carer continues to access the withdrawn provision the Headteacher will contact the parent/carer to inform them as to what further action may be taken e.g. safeguarding concerns may be reported to MARU/logged on Myconcern/Cpoms, discussion with family support worker, allocated social worker etc.

### **3.4 Failure to respond and/or settle a debt – final letter**

If there is no response and the debt remains outstanding, the Headteacher should take advice from the MAT Finance manager as to the appropriate steps.

### **3.5 Agreeing repayment terms**

Where a debtor takes up the offer to meet and discuss the debt with the Headteacher then the possibility of negotiating repayment in instalments, where appropriate, will be considered. A letter confirming the agreed terms for repayment will be issued to the debtor and will be retained in the records. In the event the debtor does not adhere to the agreement the repayment in full will be requested.

### **3.6 Legal action**

The Trust employs the services of a solicitor to deal with outstanding debts where repayment and/or contact have not been forthcoming. Consideration to take legal action will be at the discretion of each school's Headteacher in consultation with the Chief Executive.

## **4. Reporting of outstanding debt levels**

On a weekly basis each school's administrator will produce an outstanding debt report for their Headteacher. This will detail the total debt levels across all services provided and will highlight any large debts and any debts that are cause for concern.

The relevant Headteacher will determine whether any individual debts should be reported to the MAT Finance Manager.

The Finance Manager will support the Headteacher in determining whether the level of debt is acceptable and whether action to recover debts is effective.

## **5. Negotiation of Repayment Terms**

Debtors are encouraged to settle the amount owed by a single payment as soon as possible after receiving the first "overdue payment" reminder. Repayment terms may be negotiated, for example repayment by instalments.

Delegation of authority to agree payment by instalments shall be based on the same values **as apply** for debt write-off.

Failure to repay the debt, or to meet any repayment terms may result in the debt being passed to an external debt collection agency or **in possible** legal action.

## **6. In the event the debtor is unable to repay**

Each school may reduce or write off a debt on their individual merits in certain exceptional circumstances. A sensitive approach to debt recovery will be carried out, taking the following into account:

- Hardship – where repayment of the debt would cause financial hardship.
- Ill health – where recovery action may cause further ill health.
- Cost – where recovery of the debt would cost more than the debt itself.
- Loss of contact – in cases where an individual has left a school and there is loss of contact.
- Multiple debts – where someone owes more than one debt to the school. In this situation an attempt will be made to agree one repayment plan to include all debts.

## **7. Write off of bad debts**

The write-off of any debt can be agreed in line with the limits set out in the Crofty MAT Financial Scheme of Delegation.

A record of the write off, the reason for it and the approval of it will be retained for the records using Appendix 1.

Debt must be written off in Parent pay the day it has been agreed with the Head.

## Appendix 1

### RECORDS OF DEBTS WRITTEN OFF

Name of School:					
Financial Year:					
Debtor	Details of debt	Amount (£)	Invoice reference and date (where applicable).	Reason for write-off (including brief details of measures taken to secure payment - as appropriate).	Authorisation of write off – name and signature of the authorising individual and date. Cross reference to entry in the accounts where applicable.