



# Educate Together Academy Trust

## DOCUMENT CONTROL

<b>Author/Contact</b>	N Buglass Tel: 0117 379 0119 Email: info@educatetogether.org.uk	
<b>Document Path &amp; Filename</b>	I Am Compliant/Policies and Procedures/Policy Stack 2019/ <b>Name of Policy_ETAT0009_20.1</b>	
<b>Document Reference</b>		
<b>Version</b>	21.1	
<b>Status</b>		
<b>Publication Date</b>		
<b>Related Policies</b>		
<b>Review Date</b>	January 2022	
<b>Approved/Ratified by</b>	Finance Committee	Date: January 2021
<p>Distribution:  <b>All staff through 'I Am Compliant' Policy file.</b></p> <p>Please note that the version of this document contained within the Policy Folder on Staff General is the only version that is maintained.</p> <p>Any printed copies should therefore be viewed as “uncontrolled” and as such, may not necessarily contain the latest updates and amendments.</p>		

Version	Date	Comments	Author
21.1	December 2020		Lauren Evans

# Educate Together Academy Trust Debt Recovery Policy

## Contents

1. Aims	2
2. Legislation	3
3. Definitions	3
4. Roles and responsibilities	3
5. Acceptable 'credit period'	4
6. Reporting of outstanding debt levels	4
7. Debt recovery procedures	5
8. Negotiation of repayment terms	6
9. Record keeping	7
10. Bad debt	7
Appendix 1 – First 'overdue payment' letter template	8
Appendix 2 – Second 'overdue payment' letter template	9
Appendix 3 – Third and final 'overdue payment' letter template	10
Appendix 4 – Agreed payment plan letter template	11

## 1. Aims

The aims of this policy are to:

- Ensure all reasonable measures are taken by the Trust to collect debts as part of its management of public funds
- Ensure that a debt will only be written off after all reasonable measures (dependent on the size and nature of the debt) have been taken to recover it
- Ensure that the Trust has due regard to propriety and regularity, and ensures value for money, in the use of public funds
- Ensure that the Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the latest Academies Financial Handbook

## 2. Legislation and Guidance

This policy is based on the following:

**Statutory guidance** from the DfE:

- The Academies Financial Handbook – specifically sections 5.18 – 5.20.

## 3. Definitions

**Debtors:** any person, entity or body owing money to the Trust.

## 4. Roles and responsibilities

The Trustee board has delegated authority as follows:

- Any individual debt write-offs below £100 can be authorised by the CEO.
- Any individual debt write-offs over £100 but below £5,000 can be authorised by the Finance Committee.
- Any individual debt write-offs exceeding £5,000 must be authorised by the Trust Board.
- For any individual debt write-offs exceeding the lower of 1% of annual income (maximum £250,000) or £45,000 prior approval must be sought from the ESFA.
- A formal record of debts written off will be maintained by the CFO and retained for 6 years.
- The Trust will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to the ESFA to consider taking legal or other action to recover the debt (subject to size and nature).
- The procedures to secure the collection of all debts are outlined in section 7 and should be followed by all Trust staff.

## **5. Acceptable 'credit period'**

The Trust understands that the acceptable credit period may vary between different income generating activities.

### **5.1 Invoices**

Payment for all goods and services supplied by the Trust should be collected in advance or at least within 30 days upon receipt of the invoice.

### **5.2 Lettings invoices**

Lettings invoices should be paid in advance of the agreed let where possible or at least within 30 days upon receipt of the invoice.

### **5.3 Breakfast, after-school clubs and pre-school additional sessions**

Payment should be made via Arbor or through childcare vouchers in advance of each session. Should the parent/carer fall into debt and failure to pay any balances after a reminder letter is sent, a letter will be sent advising that the pupil can not attend the clubs/sessions until the debts are cleared.

### **5.4 School lunches**

A positive balance should be maintained by parents/carers for school lunches on Arbor and any debts over £10 will be chased as per section 7. When a pupil has a school lunch this is recorded on Arbor and deducts from the balance on Arbor. Failure to pay any balances after a reminder letter is sent will mean a further letter is sent advising that the pupil needs to bring a packed lunch to school until the debts are cleared.

### **5.5 Educational/residential visits**

The payment arrangements for each visit will be communicated to parents/carers via letter but should be paid before the scheduled date of the visit.

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

The CFO will ensure that the level of outstanding debt is regularly monitored. Suitable records will be maintained to detail individual debts and the total value of debt to the Trust in order for it to be reported to the Finance Committee as required.

If the CFO feels a debt is at risk of recovery a provision will be made in the statutory accounts for the full value until it can be ascertained that the debt is no longer at risk. Any debts owed to the Trust longer than 90 days will automatically be provided against.

## 7. Debt recovery procedures

### 7.1 Overdue invoices

Where payment is not received within the acceptable credit period, as stated in section 5, the following process should be applied.

- **First 'overdue payment' reminder letter** - An initial reminder letter will be sent by the Finance/Admin assistant (Trust/School) requesting that the overdue balance is settled within 14 days. See template in Appendix 1.
- **Second 'overdue payment' reminder letter** – Where no payment has been received within 14 days of sending the first letter another reminder letter/email will be sent by the Finance/Admin assistant (Trust/School) requesting that the overdue balance is settled within 14 days. See template in Appendix 2.
- **Third and final 'overdue payment reminder letter** – Where no payment has been received within 14 days of sending the second letter a third and final letter prior to legal action will be sent by the CFO requesting that the overdue balance is settled within 7 days. See template in Appendix 3.
- **Referral to solicitor** - Where no payment is received within 7 days of the third and final letter the CFO will subsequently review the matter and refer to solicitors where appropriate.
- Where a reminder letter is sent a copy should be retained on file.

### 7.2 Overdue Arbor balances

Where a negative balance over £10 is held on an Arbor account, as stated in section 5, the following process should be applied.

- **First 'overdue payment' reminder email** - An initial reminder email will be sent by the School Administrator via Arbor requesting that the overdue balance is settled within 7 days.
- **Second 'overdue payment' reminder email** – Where no payment has been received within 7 days of sending the first email another reminder email will be sent by the School Administrator via Arbor requesting that the overdue balance is settled within 7 days.
- **Third and final 'overdue payment reminder letter** – Where no payment has been received within 7 days of sending the second email a third and final letter

will be sent by the Headteacher requesting that the overdue balance is settled within 7 days.

- Where a reminder letter/email is sent a copy should be retained on file.

## 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 people 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 or exacerbate 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 debts** - where someone owes more than one debt to the Trust. In this situation an attempt to agree one repayment plan to include all debts will be established.

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the CFO, who will consult with staff who have knowledge of a particular situation, in order to achieve an optimum and equitable resolution. A record of all such agreements entered into will be retained. In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment, using the sample letter in Appendix 4. The settlement period should be the shortest that is judged reasonable. The CFO will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to pay in advance.

This decision and its basis will be recorded and reported to the Finance Committee as required.

## 9. Record keeping

The Administrators in each school and Finance Assistant in the Trust are responsible for timely reporting of outstanding debtors in their respective schools/Trust. This involves ensuring Arbor debts are up to date and that the Finance team are aware of the potential for 'overdue' debtors.

## **10. Bad debts**

Where all reasonable debt recovery procedures have been followed the Trust may decide to formally write-off the debt in accordance with the delegated authorities noted in section 4.

For any balance to be written-off the detail must be recorded on the 'Record of Debt Written off Register'. The CFO is responsible for ensuring the register is maintained.

## Appendix 1 – First ‘overdue payment’ letter template

[Date]

[Debtors Name]  
[Debtor Address]

Dear [Name]

This is a reminder that there is an overdue balance of £[insert balance] on your account. This comprises:

[Insert invoice numbers and amounts]

You have exceeded our normal credit terms of 30 days and payment within the next 14 days is requested. If you wish to speak to somebody about the overdue balance please contact the Finance Assistant on 0117 3790119 or email [accounts@xxx.org.uk](mailto:accounts@xxx.org.uk)

Yours sincerely

[Name]  
**Finance Officer/Administrator**  
**Educate Together Academy Trust**



## Appendix 2 – Second ‘overdue payment’ letter template

[Date]

[Debtors Name]  
[Debtor Address]

Dear [Name]

Despite previous correspondence there remains an overdue balance on your account of £[insert balance] on your account. This comprises:

[Insert invoice numbers and amounts]

If we do not receive payment within the next 14 days we shall have no alternative but to take further steps to recover the amount owing to us. If you wish to speak to somebody about the overdue balance please contact the Finance Assistant on 0117 3790119 or email [accounts@xxx.org.uk](mailto:accounts@xxx.org.uk)

Yours sincerely

[Name]  
**Finance Officer/Administrator**  
**Educate Together Academy Trust**

## Appendix 3 – Third and final ‘overdue payment’ letter template

[Date]

[Debtors Name]  
[Debtor Address]

Dear [Name]

We have contacted you on a number of occasions regarding the following outstanding invoices:

[Insert invoice numbers and amounts]

Educate Together Academy Trust will take all steps necessary to recover amounts owing to the organisation. Unless we receive payment within 7 days we shall instruct solicitors to recover the debt.

If you wish to speak to somebody about the overdue balance please contact the Finance Assistant on 0117 3790119 or email [accounts@xxx.org.uk](mailto:accounts@xxx.org.uk)

Yours sincerely

**[Name]**  
**CFO**  
**Educate Together Academy Trust**

## Appendix 4 – Agreed payment plan letter template

[Address]  
[Date]

Dear xxx

Re: xxx

Following our conversation regarding the outstanding debt for Breakfast/After School Club/School lunch payments, please find below repayment schedule in order to clear your account.

Balance outstanding £ xxx

Repayment week/month commencing XXXXXXXXXX  
Repayment week/month commencing XXXXXXXXXX  
Repayment week/month commencing XXXXXXXXXX  
Repayment week/month commencing XXXXXXXXXX  
Repayment week/month commencing XXXXXXXXXX  
Repayment week/month commencing XXXXXXXXXX

Can you please sign and return one copy of this letter showing agreement to the proposed repayment schedule.

As agreed, until the outstanding debt is cleared, your child will not be able to attend breakfast club or After School club or be able to order a school lunch. If this causes a problem for you, please contact me at [head's email address]

If you need to discuss this matter further, please do not hesitate to contact the school office. Thank you for your co-operation.

Yours sincerely,

[Head's Name]  
Head Teacher