



*Status: FINAL
Initial Approval Date: 6th December 2017
Review Period: Three Years
Delegation: Resources Committee*

DEBT RECOVERY POLICY 2017 - 2020

1. INTRODUCTION

- 1.1. As part of its sound financial management procedures, Ralph Sadleir School ("The Trust") will take all reasonable measures to collect debts. A debt will be written off only after all reasonable measures have been taken to recover it.
- 1.2. In accordance with Section 67 of the Academy Funding Agreement, the Academy Trust shall apply financial and other controls which have regard to the guidance in the Academies Financial Handbook published by the Department of Education (DFE) and conform to the requirements of both propriety and good financial management.
- 1.3. To this end the Board of Directors is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. The Board of Directors has delegated this responsibility to the Resources Committee. This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed irrecoverable.

2. RECOGNITION OF DEBTORS

- 2.1. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, a debtor's account will be opened.
- 2.2. All debts will be recorded and VAT will be charged accordingly.

3. BAD DEBT

- 3.1. The Board of Directors considers that appropriate recovery action will depend upon the level of the debt and those procedures will vary depending upon the income sources:
 - Pupil related – school meals, residential trips, breakfast club
 - Commercial related – supply of services and lettings
- 3.2. A record of all actions taken in the recovery of debt (Debt Recovery Record) must be maintained by the Finance Officer and provided to the Business Manager on a monthly basis.

4. PUPIL RELATED INCOME

- 4.1. All income will be collected in advance, wherever possible.
- Music tuition – one term in advance requested by invoice
 - School meals – one term in advance requested
 - Residential trips – in accordance with the payment schedule set out by the Academy Trust requested by letter
 - Breakfast club – invoiced at the end of each month
 - Any other – in accordance with the payment request set out by the Academy Trust
- 4.2. Invoices will be raised and payment is requested in full within 30 days of the invoice being issued.
- 4.3. Payments can be made via cash, cheque and online through +Pay at www.pmx.parentmail.co.uk
- 4.4. Payments made online require 2 working days' notice to apply the credit and a minimum payment of £10 is applicable.
- 4.5. Payments made by cheque require 5 working days' notice to apply the credit and a minimum payment of £15 is applicable. For school meals, there will be a minimum payment of £12.00 (equivalent to the cost of one week of school meals).

5. DEBT RECOVERY PROCEDURES FOR PUPIL RELATED INCOME

- 5.1. Non-payment of debts will be following up by issuing reminders at the following intervals:
- **1 week from date of account** – applicable to school meals only; a reminder is sent from +pay.
 - **2 weeks from date of account** – a reminder is sent from +pay.
 - **4 weeks from date of account** – third reminder; notification in writing will be given that the availability of school meals will cease until the outstanding debt has been paid. In the event of reoccurrence of non-payment, the Academy Trust will withdraw the facility of school meals on a permanent basis.
 - **6 weeks from date of account** – third reminder; formal reminder letter.
 - **8 weeks from date of account** – fourth reminder; notification in writing of pending legal proceedings. This will be sent by recorded delivery and states that legal action will be taken if the account is not settled within 14 days.
 - **10 weeks from date of account** – final reminder; legal proceedings.

- 5.2. If, after 10 weeks from the date of account, the account has still not been settled, legal action will be considered by the Resources and Audit Committee and/or Headteacher. In determining whether to pursue legal action to recover the debt, the Resources Committee and/or Headteacher will consider, among others, hardship, ill health, the financial impact on the Academy and on the debtor, and the potential impact of any precedent set.
- 5.3. If considered appropriate and legal action is to be pursued, the debtor will be informed in writing. The debtor is informed that they will be liable for costs and that the debt will be subject to statutory interest from the day it became due
- 5.4. A charge of £25.00 will be levied to a debtors account if payments are overdue to cover administration costs.

6. COMMERCIAL RELATED INCOME

- 6.1. All income will be collected in advance of services provided wherever possible.
- Lettings – 30 days in advance
 - Any other – in accordance with the payment request set out by the Academy Trust
- 6.2. Invoices will be raised through the SAGE financial software and payment is requested in full within 30 days of the invoice being issued.
- 6.3. Payments can be made via cash, cheque and BACS.

7. DEBT RECOVERY PROCEDURES FOR COMMERCIAL INCOME

- 7.1. Non-payment of debts will be following up by issuing reminders at the following intervals:
- **30 days from the date of invoice** – first reminder; informal reminder letter.
 - **45 days from the date of invoice** - second reminder; personal contact.
 - **60 days from the date of invoice** - third reminder; formal reminder letter
 - **75 days from the date of invoice** – fourth reminder; notification in writing of pending legal proceedings. This will be sent by recorded delivery and states that legal action will be taken if the account is not settled within 14 days.
 - **90 days from the date of invoice** - final reminder; legal proceedings.
- 7.2. If, after 90 days from the date of invoice, the account has still not been settled, legal action will be considered by the Resources Committee and/or Headteacher. In determining whether to pursue legal action to recover the

debt, the Resources Committee and/or Headteacher will consider the financial impact on the Academy.

- 7.3. If considered appropriate and legal action is to be pursued, the debtor will be informed in writing. The debtor is informed that they will be liable for costs and that the debt will be subject to statutory interest from the day it became due.
- 7.4. A charge of £25.00 will be levied to a debtors account if payments are overdue to cover administration costs.

8. NEGOTIATION OF REPAYMENT TERMS

- 8.1. Debtors are expected to settle the amount owed by single payment; however, if debtors are unable to pay for reasons of hardship, the Academy will take a sensitive approach to debt recovery and may agree an extended repayment period.
- 8.2. The Business Manager will approve all such agreements entered into and a record of the decision made will be retained.
- 8.3. 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. Where a legal letter has been issued the repayment arrangements will be agreed between the debtor, the Business Manager, Headteacher and the Academy's Solicitors. This decision and its basis will be recorded and reported to the Resources Committee.

9. IRRECOVERABLE DEBT


- 9.1. If legal action is not pursued, or has been unsuccessful, individual irrecoverable debts may be pursued in accordance with the following procedures:
 - The Resources Committee on behalf of the Academy Trust must provide 30 days' notice of its intention to write off any debts owed to it to the Secretary of State for Education, as set out in Section 89 of the Academy Funding Agreement.
 - Those debts over £500 must be approved and written off by the Resources Committee and reported to the next meeting of the Board of Directors. Debts of less than £500 may be written off by the Business Manager, approved by the Headteacher and reported to the next meeting of the Resources Committee.
 - VAT will be recovered where appropriate.
 - The Finance Officer will retain a Bad Debt write-off summary and retain these records for 6 years.

10. REPORTING OF OUTSTANDING DEBT

- 10.1. The Finance Officer will ensure that the level of outstanding debt is regularly monitored.
- 10.2. The Business Manager will review the level of outstanding debt monthly to determine whether the level is acceptable and whether action to recover debts is required.
- 10.3. The Resources Committee will review the level of outstanding debt on a regular basis.

11. POLICY REVIEW

- 11.1. This policy was reviewed and adopted by the Resources Committee on 6th December 2017.

Governance	Chair Person / Headteacher	Signature	Date
Resources Committee	Mr Dominic Spong		6 th December 2017

Reviewable every three years in December 2020