



Southerly Point
Co-operative
Multi-Academy Trust

Southerly Point Co-operative Multi-Academy Trust Debt Recovery Policy

Equality Impact Assessment

The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.*	
The EIA has not identified any conflict with the Trust's co-operative values and the Church Schools' values.	
Adjust the policy to remove barriers identified by the EIA or better promote equality.	

*Inclusive of protected characteristics

Provenance	Date
Working Party	
HR checks	
Union Consultation	
Trustees' Ratification	July 2019
Implementation	July 2019

Review Date
July 2021

To be read in conjunction with:	Finance Policy
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Self Help Self Responsibility Equity Equality Democracy Solidarity
Social Responsibility Honesty Openness Caring for Others

Southerly Point Co-operative Multi-Academy Trust

DEBT RECOVERY POLICY

1. General Principles

- Excluding school trips which require parents to pay voluntary contribute towards the costs and school dinners all debts owed to schools in the Trust must be recorded on the Trusts accounting system (Access-HCSS) to ensure an accurate record of debts owed to the Trust is maintained and to ensure all write offs are recorded.
- Schools within the Trust will take all reasonable measures to vigorously collect debts as part of its management of public funds. Support from the Central Finance Team will be provided for debts which are greater than seven weeks old with the exception of schools lunches when support to chase debt will be provided after four weeks.
- A debt can only be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.
- Debts below the value of £200 can be written off at the school by the Headteacher. Records of the debts written off by the school must be kept along with all other financial records for seven years.
- Debts above the value of £201 to £2,000 can only be written off by the CFO. Records of the debts written off by the CFO must be kept along with all other financial records for seven years.
- Debts above the value of £2,001 can only be written off by the CEO. Records of the debts written off by the CEO must be kept along with all other financial records for seven years.
- Debts written off by either the CFO or CEO will be reported to the F&R Committee at their next meeting.
- The school's Debt Recovery Policy will observe the relevant sections within the Trusts Financial Policy and guidance set out in each of the schools individual Schemes of Financial Delegation.
- The schools in the Trust will not initiate any legal action to recover debts, but will refer to the Central Finance Team for advice. If legal action is required the Central Finance Team will in turn liaise with appropriate legal services.

2. Acceptable Credit Periods for Debt

- General Invoices (e.g. Lettings): Payment for all goods and services supplied by the school should be received at least within 30 days of the date indicated on the invoice.
- Breakfast, After School Clubs & Nursery: Payment for these services supplied by the school should be received at least within 14 days of the date indicated on the invoice.
- School Lunch: We recommend a credit balance is maintained at all times. No credit period should be provided. However, some parents/carers will pay at the end of the week so practically some parents/carers will by default have a maximum credit period of four days.

3. Monitoring Outstanding Debt Levels

The School Secretary/School Business Manager will ensure that the level of outstanding debt is regularly monitored. General invoices, breakfast, after school club and nursery debt can be monitored by running an Aged Debtors report on the accounting software (Access-HCSS). The school will be required to maintain suitable local records for school

lunches. School lunch payment records should show individual debts and the total value of debt for the whole school. If a school needs support with this for example a template to record these payments they must contact the Central Finance Office for support.

4. Debt Recovery Process

Where payment from the debtor (majority of the time this will be parents/carers) has not been received within the above acceptable credit period the following process should be applied.

- First 'overdue payment' reminder letter: An initial reminder letter will be sent requesting that the outstanding debt be cleared within one week. The letter will contain a warning of the potential consequences if the debt is not cleared, (Appendix A model letter). This letter will be sent by the local school.
- Second 'overdue payment' reminder letter: If the outstanding debt is not cleared within two weeks of first letter been sent then a second case letter will be issued, (Appendix B model letter). This letter will be sent by the local school. The second letter advises the debtor that if payment for all outstanding debt is not received with seven days then the services the school supplies will be suspended. The second letter must be followed up with at least a text message chase, but ideally a telephone call.
- Third (FINAL) 'overdue payment' reminder letter: If after seven days of issuing the second reminder letter the debt has not been settled (or the school has not agreed a repayment schedule with the debtor), then a third letter will be sent from the Central Finance Team, (Appendix C model letter). This letter will confirm that the services provided by the school are now suspended pending the debt been cleared and that the Trust will be taking legal advice to retrieve the outstanding debt. The letter will provide contact details for the Central Finance Team to allow the debtor to (if required) discuss and agree options for a repayment schedule. The Central Finance Team will provide a copy of any third and final chase letters to the school. If any debtor is in receipt of a third and final letter, until the outstanding debt is cleared the school must keep a record to ensure no further services are provided which in turn will only increase the outstanding debt still further.

4.1 Debt Recovery Process-Flowchart

General Invoices (e.g. Lettings)	Breakfast Club, ASC and Nursery	School Lunches
After 30 Days: First chase letter sent by school.	After 14 Days: First chase letter sent by school.	After 7 Days: First chase letter sent by school.
After 6 Weeks: Second chase letter sent and text or telephone call actioned by school. School to suspend services normally offered.	After 4 Weeks: Second chase letter sent and text or telephone call actioned by school. School to suspend services normally offered.	After 3 Weeks: Second chase letter sent and text or telephone call actioned by school. School to suspend services normally offered.
After 7 Weeks: School to request Central Finance Team to send third and Final chase letter. Central Finance Team to determine next steps which may include support from legal.	After 5 Weeks: School to request Central Finance Team to send third and Final chase letter. Central Finance Team to determine next steps which may include support from legal.	After 4 Weeks: School to request Central Finance Team to send third and Final chase letter. Central Finance Team to determine next steps which may include support from legal.

4.2 Staff Debt Recovery

Staff debts are to be treated exactly the same as all other debts so the same debt recovery process will be applied to employees as third party debtors. Staff debt should be rare and may require a more face to face negotiation instead of text messaging and telephone calls, but the debt letter process must still be applied as required.

5. Negotiation of Repayment Terms for Outstanding Debts

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 full amount owed, the school may reduce or cancel a debt in certain circumstances, the following factors can be taken into account if a Headteacher decides to write off, reduce or agree a repayment schedule for debts.

- 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 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.
- Loss of contact – in cases where an individual has left any School and there is loss of contact.

Where the debt is below £200, the Headteacher can negotiate and agree terms for debt recovery or write off. If the debt is between £201 and £2,000 the Headteacher will request permission from the CFO to either write off or agree repayment terms with the debtor. In the unlikely event a debt is greater than £2,000 the Headteacher will need to agree write off or repayment terms with the CEO.

If a debtor requests repayment terms and in turn these repayment terms are agreed. A record of all such agreements entered into will be retained by the school and in turn repayments monitored by the school. In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment, (Appendix D model letter). The settlement period should be the shortest that is judged reasonable. Only in extreme cases will further credit be offered to debtors who are repaying debt on an agreed repayment plan.

6. Costs of Debt Recovery

The recovery of debt will create costs, either through additional time, postage and in more extreme cases legal services. The School and in turn the Central Finance Team must consider the costs of retrieving debts and when the cost outweighs the value of the debt, debts should be written off. Details of who can write off debts is listed in section one above. In the event of a debt being written off, schools should record the name of this debtor and ensure that any future credit offered to this individual/organisation is monitored very closely. In extreme cases, a school may choose to prevent certain individuals/organisations from having future credit and therefore request that all future debts are paid for in advance.

Appendix A – First ‘Overdue Payment’ Letter

Sent by school, please send on school headed paper and amend *italic* sections as applicable.

Overdue Payment Letter – First Reminder

Date *insert date*

Dear *name of parent/carer or organisation*

I am writing to remind you that according to our records, you have arrears on your account for school lunches/*breakfast club/after school club/nursery sessions and/or lettings/other services* provided by the school. In order for your *child/organisation* to continue to *attend/use/receive school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* provided by the school, it is important to clear your outstanding debt within the next seven days.

Our records show that your *child/organisation*:

Childs name/organisations name has the following debt £*inset debt* as at *insert date*.

Please arrange for this debt to be paid by *insert date*.

You have three ways to make your payment. You can pay using ParentPay (from September 2019), or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct in to the Trust’s bank account, details of which are shown below:

Bank: Lloyds

Account Name: Southerly Point Co-operative Multi-Academy Trust

Sort Code: 30-80-48

Account Number: 54497360

Non-payment affects the quality of service we are able to offer to your *child/organisation* therefore we need to ensure that all payments are up-to-date. Once the debt is cleared, please ensure your account is always kept up to date in future.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact the school on *insert telephone number* or email the *school insert email address* to discuss this further.

Yours sincerely

Insert headteacher’s name

Headteacher

Appendix B – Second ‘Overdue Payment’ Letter

Sent by school, please send on school headed paper and amend *italic* sections as applicable. This letter should also be supported with a telephone call or text message.

Overdue Payment Letter – Second Reminder

Date *insert date*

Dear *name of parent/carer or organisation*

Our records show that despite several reminders, you have still have not made payments on your *school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* outstanding debts. In order for your *child/organisation* to continue to *attend/use/receive school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* provided by the school in the future, it is important to clear your outstanding debt within the next seven days.

As a result of failing to settle your outstanding debt, for now your *child's/organisations school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* have been suspended until your current debt is cleared.

Our records show that your *child/organisation*:

Child's name/organisation's name has the following debt £*inset debt* as at *insert date*.

Please arrange for this debt to be paid immediately or contact the school to arrange a payment plan, otherwise non-payment may result in the Trust needing to take legal action to retrieve the debt.

You have three ways to make your payment. You can pay using ParentPay (from September 2019), or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct in to the Trust's bank account, details of which are shown below:

Bank: Lloyds

Account Name: Southerly Point Co-operative Multi-Academy Trust

Sort Code: 30-80-48

Account Number: 54497360

Non-payment affects the quality of service we are able to offer to your *child/organisation* therefore we need to ensure that all payments are up-to-date. Once the debt is cleared please ensure your account is always kept up to date in future.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact the school on *insert telephone number* or email the *school insert email address* to discuss this further.

Yours sincerely

Insert headteacher's name

Headteacher

Appendix C – Third/FINAL ‘Overdue Payment’ Letter

Sent by Central Finance Team, please send on Trust headed paper and amend *italic* sections as applicable.

Overdue Payment Letter – Third and FINAL Reminder

Date *insert date*

Dear *name of parent/carer or organisation*

It has been brought to my attention by *insert school name* that despite ongoing reminders, there is still an outstanding balance on your *school lunches/breakfast club/after school club/nursery sessions and/or lettings/other service* account.

Our records show that your *child/organisation*:

Child's name/organisations name has the following debt £*inset debt* as at *insert date*.

Please arrange for this debt to be paid by within the next seven days at the latest. On day eight, your account will be checked and should your account be showing an outstanding debt or you have not contacted me or the school to arrange a payment plan, the Trust's legal services will be contacted to retrieve the debt. Outstanding debts are owed to the Trust, therefore if a pupil transfers between our schools, primary to primary or from primary to secondary, outstanding debts will transfer with them.

Once your debt is cleared and should you wish your *child/organisation* to resume *school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services*, please contact the school to reinstate these services.

You have three ways to make your payment. You can pay using ParentPay (from September 2019), or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct in to the Trust's bank account, details of which are shown below:

Bank: Lloyds

Account Name: Southerly Point Co-operative Multi-Academy Trust

Sort Code: 30-80-48

Account Number: 54497360

Once your current debt is cleared, please ensure future invoices are paid in a timely way adhering to the Trust's credit terms. I am sure you are aware that due to budget constraints, the income available to schools has reduced over the last few years and it is therefore essential that all debts owed to the school are paid. Debts equal less income which in turn reduces the services we can offer your *child/organisation*.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact me on 01326 575007 or email me at spinhay@southerlypoint.co to discuss this further.

Yours sincerely

Mr Sean Pinhay

Chief Financial Officer Southerly Point Co-operative Multi-Academy Trust

Appendix D – Payment Plan Agreement

Sent by school if £200 or below. Sent by the Central Finance Team if more than £200, please send on School/Trust headed paper and amend *italic* sections as applicable.

Payment Plan Agreement – *Insert Name*

Date *insert date*

Dear *name of parent/carer or organisation*

Following our conversation regarding the outstanding debt with *insert Headteacher's name/or Sean Pinhay* please find below repayment schedule in order to clear your account (two copies one for you to keep and one to return to the school signed).

Our records show that your *child/organisation*:

Child's name/organisations name has the following debt *£inset debt* as at *insert date*.

- First repayment week commencing *insert date and £amount*.
- Second repayment week commencing *insert date and £amount*.
- Third repayment week commencing *insert date and £amount*.
- Fourth repayment week commencing *insert date and £amount*.

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

You have three ways to make your payment. You can pay using ParentPay (from September 2019), or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct in to the Trust's bank account, details of which are shown below:

Bank: Lloyds Account Name: Southerly Point Co-operative Multi-Academy Trust
Sort Code: 30-80-48 Account Number: 54497360

Until the outstanding your debt is cleared, your *child/organisation* will not be able to *receive/attend/use school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services*.

If you have any queries regarding this agreement, or if you have difficulty making payment, please contact *me/the school* on *insert appropriate number* or email *me/the school* at *insert appropriate email address* to discuss this further.

Yours sincerely

headteacher's name/Mr Sean Pinhay

Headteacher/Chief Financial Officer Southerly Point Co-operative Multi-Academy Trust

Parents/Organisation's Signature _____

Date _____