

Debt Recovery Policy

Last amended 20.11.17 by Heather Watson

Reviewed by Chris Stafford October 2017

Ratified by the Trustees' Resources & Audit Committee 18.10.17

Next review date Autumn 2019

This policy has been reviewed in line with the 8 principles set out in the Single Equality Policy and an initial screening Equality Impact Assessment has been carried out.

Within this policy the term Headteacher refers to the Headteacher of the school and the term Executive Headteacher refers to the Executive Headteacher of the Twynham Learning Academy Trust (the Trust).

The governors of the Trust are charity trustees and company directors and for the purpose of this policy these terms are interchangeable.

This policy reflects the legislation at the time that it was last reviewed. Any changes in legislation will take precedence over anything printed in this policy.

The Trust will take all reasonable measures to 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.

1. Debt Recovery

Any sums above £1,000 will be referred to the Trustees' Resources & Audit Committee for approval for write-off.

- The relevant financial regulations and guidance set out in the Academies Financial Handbook and any other legal requirements will be adhered to.
- A formal record of any debts written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- The Trust, where it feels appropriate, will initiate legal action to recover debts.
- The Headteacher/Executive Business Manager may write-off or reduce any debt belonging to the Trust which does not exceed £1,000.

In general, payment for all goods and services, including lettings supplied by the Trust should be paid in advance or by invoice which will be raised at the point of supply.

- Invoices will clearly state by which date payment is due.
- Correspondence with parents e.g. school trips should clearly state when the final payment is due.
- Tuition fees will be paid termly in advance or by an agreed payment system.

2. Invoicing and Payment Periods

All invoices are expected to be paid in full within 30 days of being issued.

The Trustees may consider that an 'acceptable' recovery period may vary between different income generating activities; for example;

- School lettings;
- Supply of Services
- Tuition Fees
- Trips and activities.

Debt recovery procedures will be applied on overdue payments.

3. Reporting of Outstanding Debt Levels

The Academy Management Accountant/Executive Business Manager 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 that it can be determined at any time and reported to the Trustees' Resources Committee.

The Trustees' Resources & Audit Committee will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

4. Debt Recovery Procedures

Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

It is important that at least two reminders are sent.

a) *Initial 'overdue payment' reminder*

An initial letter should be sent if an invoice remains unpaid after 30 days.

b) *First 'overdue payment' reminder letter*

A second letter should be issued 30 days after the first letter – the date of the initial reminder should be recorded in the letter.

c) *Second 'overdue payment' reminder letter*

A final warning letter will be issued 30 days after the second letter.

5. Failure to Settle a Debt

If after two written reminders, a response or payment is not received it will be referred to the Executive Business Manager.

A letter may at this stage be sent to the debtor, advising them that the matter will be referred to our legal advisors.

The debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them.

This decision and its basis will be recorded and reported to the Trustees' Resources & Audit Committee.

6. 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 factors such as the following into account:

- Hardship
- Ill health
- Cost of recovery

- Multiple debt – 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 Headteacher/Executive Business Manager, subject to the £1,000 limit.

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.

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

The Headteacher/Executive Business Manager will decide whether any debtor who has been granted extended settlement terms will in future be required to pay in advance.

This decision and its basis will be recorded and reported to the Trustees' Resources & Audit Committee.

7. Costs of Debt Recovery

Where the Trust incurs material additional costs in recovering a debt then the Trust will 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 Trust in recovering the debt.

Equality Impact Assessment – Initial Screening Record

1. What policy is being reviewed?	Debt Recovery Policy
2. Upon whom will this impact?	Trustees and Members of Staff

3. How would the work impact upon groups; are they included and considered?

The Equality Strands	Negative impact	Positive impact	No impact
Minority ethnic groups			√
Gender			√
Disability			√
Religion, faith or belief			√
Sexual orientation			√
Transgender			√
Age <small>(N/A to pre-school and school children)</small>			√
Rurality			√

4. Does data inform this work, research and/or consultation, and has it been broken down by the equality strands?

	NO	YES	Uncertain
Minority ethnic groups	√		
Gender	√		
Disability	√		
Religion, Faith or belief	√		
Sexual Orientation	√		
Transgender	√		
Age	√		
Rurality	√		

Does the initial screening highlight potential issues that may be illegal? NO

Further comments:-

Do you consider that a full Equality Impact Assessment is required? NO

Initial screening carried out by Chris Stafford, Resource Manager, 10/05/13
 Reviewed by the Trustees' Resources & Audit Committee October 2017

Comment by Headteacher: