



**Mid-Trent**  
Multi Academy Trust

# **MID-TRENT MULTI ACADEMY TRUST**

## **Debt Recovery Policy**

**Policy Reviewed and Adopted by  
Board of Trustees:**

**17.07.18 – Board of Trustees**

**Signed by Chair Of Trustees**

**Version**

**1.0**

**Date of Next Review:**

**July 2020**

**Responsible Officer:**

**Accounting Officer**

# Mid-Trent Multi Academy Trust

## Debt Recovery Policy

### Background

This policy aims to help the schools within Mid-Trent Multi Academy Trust (hereafter known as “Trust”) to adopt a consistent approach to debt with a view to eliminating it completely. It provides clarity and consistency in managing debt and will also help parents and carers clearly understand what is expected.

The services provided by school are no different to those provided by any other business and the meals and other services must be paid for.

Most parents understand that they cannot take their child to a cafe and expect them to be given food without paying or to a music teacher who will teach their child free of charge. However, a minority of parents do not pay on time for services offered by the Trust. This puts the Trust in the position of subsidising a few families with funding that is intended by law for all children, as well as causing considerable extra work for administrative staff and therefore cost to the Trust budget.

Schools can only offer free meals to children whose parents qualify for FSM entitlement. Every other meal and service for which there is a charge must be paid for. The school will always endeavour to ensure that payment for the services offered by the school are transparent and as easy as possible to administer.

The school is invoiced for residentials, trips, meals and music lessons and has to pay for staff to run our Breakfast & After School Clubs, so it is essential that sufficient funds are available. If there were insufficient funds from those who use these services then the school would have to cover the shortfall from the budget it is given for all children. That would be unfair and unsustainable.

Parents who are experiencing difficulty in paying for a chargeable service offered by the school should inform the school office immediately. In most circumstances a payment plan can be agreed to help parents clear their debt to the school as soon as possible. Large debts left unpaid may be passed to a professional debt collection firm to legally recover.

### Policy

1. In accordance with the funding agreement from the Education and Skills Funding Agency (ESFA), the Mid-Trent Multi Academy Trust is required to apply robust financial controls which conform to the requirements of both propriety and good financial management.
2. To this end the Trust is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. This policy sets out the procedure for debt recovery for those schools within the Trust and for the write-off of any debt which is deemed to be irrecoverable.
3. 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 issued by the finance officer. However to ensure sound internal control, the finance officer who will be responsible for raising debtor accounts will not also have the authority to write off debts.

4. The responsibility for recommending the write off of any debtor will lie with the Business Manager. HM Revenue & Customs statutory requirements will be followed in relation to VAT.

5. The Office Manager/Finance Officer has the responsibility to review Aged Debtors on a monthly basis. All debts will be recorded and non-payment will be followed up.

6. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:-

- Initial approval must be given by both the Headteacher and the Business Manager.
- The write off must be approved by the Finance Committee and then reported to the next meeting of the Local Governing Board and Trust Board.
- The Academy will retain a Bad Debt Write-Off Summary.

7. Where necessary the Business Manager is responsible for notifying the ESFA of any debt written off that is required under the Academies Financial Handbook.

## **Process and Procedure**

Parents will be asked to pay for most services in advance. Each school has a system for collecting income including cash, cheques, online payment or requests payments are made directly into the school bank account. Where child care services are delivered then invoiced, parents have fourteen days to pay the invoice before services are withdrawn.

The following procedures, apply to:

### **Dinner Money**

Payment for school meals should be paid in advance. To access school dinners, parents should pay weekly or monthly. Failure to pay in advance may result in the withdrawal of services.

### **Photographs**

School photographs are managed by an external partner. School photographs are a source of funding for the school from commission. Any profit is paid into the voluntary fund and contributes towards the maintenance of a school Fund. The school will not be liable for any debts associated with this service.

### **School Journey**

All Year 5/6 children have the opportunity to attend an outdoor educational experience. Parents are notified of the cost in advance and may pay by instalments once an initial deposit is made. Full payment for school journey must be paid in advance. If full payment is not received in advance of the departure date the Academy retains the right to withdraw the place, retain the deposit to cover costs incurred and refund the sum of the remaining payments. School journey deposits are non-refundable.

### **Lettings**

Contracts for lettings of the school premises will be drawn up as necessary between the Academy and the applicant. Charges will reflect the school's costs for energy, water and lighting

as well as those incurred for opening and closing of the school by the Site Manager or member of staff. Please see the 'Lettings Policy'.

### **Out of Hours Care**

The Academy runs 'Breakfast Club' and 'After School Club' through xxxx. Payment for out-of-hours care should be paid in advance or paid in cash on the day after notifying the school of use of the service. Failure to pay in advance or on the day will result in the withdrawal of services.

### **Pursuance of Debt**

A reason period of credit will be available to all customers who are invoiced (i.e. for items not within the day-to-day running of an academy, for example School Dinner). The settlement period will be 14 days from the date of any charge before debt recovery procedures are applied. These terms will be placed on all invoices raised.

## **Debt Recovery Procedures**

Where payment from the parent has not been received in line with the terms above or within the 14 days settlement period the following process will be applied and overseen by the Business Manager:

- **First Telephone Call / Text Message** – The office staff must record the details of the call. The office staff should establish the nature of the payment delay and obtain agreement from the debtor to make payment within 14 days.
- **First Letter** – Where no payment has been received after 14 days following telephone/Text message contact with the debtor, the first letter should be sent as per Appendix A1 from the school. Bring the issue to the attention of the Business Manager.
- **Second Letter** – Where no payment has been received within 14 days of sending the first letter, the second and final letter prior to legal action will be sent by recorded delivery as per Appendix A2 from the MAT.
- **Referral to Solicitor** – Where no payment has been received within 7 days of the second letter the matter shall be reviewed by the Business Manager with subsequent referral to solicitors where it is considered to be the most appropriate course of action. The debtor will be informed of this in writing. Where the debt relates to lettings, all future lettings relating to that customer are cancelled until payment is received in full.

## Appendix A1 – First Debtors Letter

### Reminder - Sent in post

Parent or carer of A Child  
Address

### Date

Our records show that you have not paid money for **(please delete as appropriate) breakfast/after-school club/dinner/trip/residential/tuition/music tuition** for your child **Child's name, class name** despite previous communication.

As at **Date** your account is showing a balance of **£-0**

Please arrange for this money to be paid immediately. You can pay by:

1. Parent Pay
2. Cheque made payable to
3. Cash

**(Amend/Delete as appropriate)** No matter how you pay you can check the account balance anytime by logging into your ParentPay account at [www.parentpay.com](http://www.parentpay.com). You can even see what meals have been taken and when.

**(Amend/Delete as appropriate)** The cost of a school meal is £2.30 per day, £11.50 per week.

**(Amend as appropriate)** Since non-payment for activities offered by the school affects the quality of service we offer to the children, we need to ensure that all payments are up-to-date and I am afraid that if the balance is not cleared by the start of next week, or no dialogue has taken place with the school to resolve the issue, it will not be possible to provide your child with **breakfast/after-school club/dinner/trip/residential/music tuition**. **(please delete as appropriate) You will need to make your own arrangements for your child's lunch.**

If you have already paid the outstanding amount by the time you have received this reminder, please accept our apologies, disregard this letter and report your payment to our school office.

If you have any queries regarding this balance, please contact the school office immediately.

Yours sincerely

## School Personnel

## **Appendix A2 – Second and Final Debtors Letter**

**Reminder 2 – Sent “signed for” post**

Parent or carer of A Child

Address

**Date**

### **FINAL REMINDER**

Our records show that you have still have not paid **(please delete as appropriate) breakfast/after-school club/dinner/trip/residential/tuition/music tuition** for your child **Child’s name, class** despite two previous written reminders.

As at **date** your account is showing a balance of **£0**

Sending reminders and calling parents to chase payments takes up valuable time and resources. Parents who are experiencing difficulty with payment or who are eligible for Free School Meals for this academic year and have not already applied should contact the school office immediately.

Please arrange for this debt to be paid immediately or, if this is not possible, please contact the school office to arrange a payment plan otherwise the Trust will review the debt and begin proceedings to recover the debt as appropriate.

If you have any queries regarding this debt, please contact the school office immediately.

If you have already paid the outstanding amount by the time you have received this reminder, please disregard this letter and notify the school office with details of your payment.

Yours sincerely

**Business Manager**