

# Mercia Primary Academy Trust



## Debt Recovery Policy

### Policy Status and Review

<b>Date:</b>	<b>July 2022</b>
<b>Review Date:</b>	<b>July 2024</b>
<b>Signed by Director:</b>	<b>Garry Hirons</b>
<b>Date Signed:</b>	<b>06/07/2022</b>

### 1. Introduction

As part of its sound financial management procedures, Mercia Primary Academy Trust (“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.

The Board of Directors considers that appropriate recovery action will depend upon the level of and nature of the debt and those procedures will vary depending upon the income source – i.e.

- Pupil related – e.g. school meals, trips and activities and
- Commercial – e.g. supply of services (Wraparound/Pre-School) and lettings

A record of all actions taken in the recovery of debt must be maintained and provided to the Trust Business Managers (Debt Recovery Record).

### 2 Pupil related income

#### 2.1 Collection of income

All income is collected in advance, wherever possible. Costs of trips and activities will be notified to parents/carers as soon as possible.

#### 2.2 Debt Recovery Procedure

- Stage 1 >£20 texts, telephone, personal contact with parent
- Stage 2 formal letter
- Stage 3 formal stage of debt recovery will be commenced:
  - a) First debt letter
  - b) Second debt letter
  - c) Final demand
  - d) Letter of proceedings
  - e) Claim processed with the small claims court

It is hoped by this point that the debtor will repay the outstanding balance, if this is not the case then the school may well choose to log a county court judgement against the debtor.

#### 2.3 Debt Write-Off

The Head of School/Headteacher has discretion to write-off debts up to the value of £50. A record must be maintained to show the reason for the write-off, the action taken to recover the debt and the authorising signature.

Records must be provided to the Trust Business Managers who will report all debt write-offs to the Finance & General Purpose Committee

The Finance & GP Committee must grant approval for the write-off of all debts above £50.

### 3 Commercial income

**3.1 Invoicing and payment periods** Income will be collected in advance of services provided wherever possible.

Invoices will be raised through HCSS and payment is requested in full prior to the first date of the letting. Payments are to be made via the school's ParentPay system following the submission of an annual signed agreement and a booking application form.

### **3.2 Debt Recovery Procedures (Lettings, Consultancy)**

- Stage 1 (4 weeks from date of invoice) Informal reminder letter
- Stage 2 (8 weeks from date of invoice) Formal reminder letter
- Stage 3 (12 weeks from date of invoice) Final reminder letter

### **3.3 Debt Recover Procedures (Wraparound Care/Pre-School)**

(Charges are applied monthly and are paid for in advance)

- Stage 1 (3 working days after period starts) texts, personal contact reminders
- Stage 2 (1 week after period starts) If payment not received care suspended formal letter (sent recorded delivery) giving notice that a CCJ may be lodged against them.
- Stage 3 Refer to Solicitor (Debt Collection) dependant on circumstances and amount

**3.4 Failure to settle a debt.** Any debt unpaid after the final reminder letter has been issued will be referred to The Trust Business Managers.

A letter will be sent to the debtor by recorded delivery and will threaten legal action if the account is not settled within 14 days. Any additional recovery costs incurred by the Trust will also be pursued.

Legal advice may be sought from the Trust's solicitors through the Trust Business Managers and where appropriate a Legal letter will be issued indicating recovery action will be initiated through the county court. The CEO will make a recommendation as to the suitability of this course of action taking into consideration the value of the debt and the proposed legal fees.

This decision and its basis will be recorded and reported to the Finance & GP Committee.

**3.5 Negotiation of repayment terms** Debtors are expected to settle the amount owed by a single payment, however, if debtors are unable to pay for reasons of hardship, the Trust will take a sensitive approach to debt recovery and may agree an extended repayment period.

The Trust Business Managers will approve all such agreements entered into and a record of the decision made 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. Where a legal letter has been issued the repayment arrangements will be agreed between the party concerned, the Trust Business Managers and the solicitors. This decision and its basis will be recorded and reported to the Finance & GP Committee.

**3.6 Reporting of outstanding debt levels** The Trust Business Managers will ensure that the level of outstanding debt is regularly monitored.

The Finance & GP 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.

**3.7 Debt Write Off.** If after all reasonable effort to collect the debt has been made and legal action is unsuccessful or impractical the debts may be referred to Finance & GP committee for write-off.

### **3.8 Write-off Limits.**

The Trust must seek permission from the Secretary of State to write-off individual debts with a value in excess of £45,000, or cumulatively 2.5% of income in any one financial year.

## Debt Recovery Policy

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This information can be made available in a range of formats and languages, including Braille and large print. If this would be useful to you or someone you know, please contact your Directorate HR Unit.

*A signed version of this document is available from the school office.*

### Version Control

Version	Date Approved	Changes	Reasons for Alterations
2	15.07.2015	Debt Recovery Procedures Updated and Reviewed	Provision of Wraparound Care
	24.05.2017	No changes	
	24.05.2018	Amendment to debt letters sent out to parents when a debt is overdue.	
	6.12.2020	Changed Finance officer to business managers	Updated job titles. M Booth
	March 2021	Added range of formats	Accessibility

## Debt Recovery Record

To be completed in conjunction with the Debt Recovery Policy

Debtor (Name & Address)

.....  
.....  
.....  
.....

Nature of  
debt.....

.....

Invoice Number (if applicable) .....

Amount £.....

Date debt incurred.....

Pupil/Commercial (please delete)

How did the debt arise

.....  
.....  
.....  
.....  
.....

Action taken to date	Action	Outcome