



DEBT RECOVERY POLICY

DOCUMENT CONTROL			
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1. Bad Debt Recovery Statement

Aston Community Education Trust (Trust) is committed to ensuring equal opportunities for all its students and pupils, regardless of financial circumstances, and have approved policies and procedures to ensure that no young person is discriminated against by its offering of academy trips, activities and educational extras such as breakfast and after school clubs and non-funded early years provision.

The Trust and its academies, however, must have in place a policy to ensure the repayment and recuperation of any outstanding debts incurred by the academy on behalf of a student/pupil. Following the funding agreement from the Education Skills and Funding Agency (ESFA), the Trust and its academies are required to apply robust financial controls, which conform to the requirements of both propriety and good financial management.

The Trust will take all reasonable measures to vigorously 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. Each case is to be treated individually and the circumstances that have led to the outstanding debt will be considered to decide the best course of action and whether it is fair and reasonable to pursue the debt.

A sensitive approach to debt recovery will be adopted with the following factors taken into consideration:

- Hardship – where any recovery action would cause financial hardship.
- Ill health – where any recovery action might cause or worsen existing 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.

2. Debt Recovery Procedures

Dinners, trips, breakfast and after school club and non-funded early years provision must always be paid for in advance. If payment is not received in advance or at the "point of sale" the following procedures should be applied:

2.1. First Overdue Payment Reminder: A first reminder will be informal and can be made either in person (where a parent/carer comes to drop off/collect a child), or by telephone or letter. The date of the first reminder will be recorded by the academy.

2.2. First Reminder Letter: If the debt is still outstanding two weeks after an informal reminder, a formal letter will be sent to the debtor. At this point the academy will contact the central finance department and request an invoice be raised in the Trust's financial system.

2.3. Second Reminder Letter: If the debt is not settled two weeks after the first formal reminder, a second formal letter will be sent to the debtor. These letters allow the parent/carer every opportunity to settle their debts and ensure the academy can prove all reasonable steps have been taken to recover the debt should the issue proceed further.

2.4. Final Reminder Letter: If no response is received following the second reminder after a further two weeks, the academy will send a letter to the parent/carer informing them that legal action is being considered to recover the amount owed. This letter must be sent by recorded delivery to ensure the parent/carer has had every chance to respond.

2.5. Possible Legal Action: The Principal will consult with the Trust's CFO to decide whether to take legal action against the debtor using the Trust's legal advisors. The first stage will likely be a solicitor's letter followed by consideration of action through debt collection agencies or the small claims court.

3. Financial Processes

3.1 All debts should be recorded. It is acceptable for this to be done informally at first, but a sales invoice should be raised on the Trust's finance system within 30 days of the debt coming due. This is to ensure that the Trustees of the Trust are aware of all outstanding debts. Finance staff in academies should contact the central team to ensure this invoice is properly raised.

3.2 Academy staff should note that the raising of a sales invoice records the income in the academy's accounts. Should the invoice prove to be irrecoverable, the writing off of the debt will reduce the income of the academy accordingly. Care should be taken that when income is received against a debt that has been invoiced that it is posted to the sales ledger and not credited as income for a second time.

3.3 As part of the month-end process finance managers must review the aged debtors report and sign to confirm that proper action is being taken.

3.4 Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue reminder'.

3.5 If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the finance manager. A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.

3.6 Where the academy incurs material added costs in recovering a debt then such costs should be recovered from the debtor. The debtor will be formally advised that they will have to pay the added costs incurred by the academy in recovering the debt.

3.7 Where the family owing a debt has more than one pupil being educated in the Trust then paid for services may be withdrawn from all pupils until the debt is paid.

4. Specific Debts

4.1 Dinner Money for pupil meals

Dinner money should generally be paid in advance. It is suggested that debts of more than a week should not be allowed to be built up, but each academy will need to consider its own procedures as to whether a meal is provided to a child where significant debts have been accumulated. Such decisions will consider the age of the child and known family circumstances. Where a family is known to have financial difficulties then a recommendation for the registration for free school meals should be pursued, with the school helping if needed. Legally there is no requirement to supply a meal if payment is not forthcoming.

4.2 Trips and Educational Visits

For educational visits (part of the curriculum) it is not legally permissible to prevent a pupil/student from going on the visit if a voluntary contribution has not been made. Therefore, any unpaid contributions to educational visits cannot be treated as requiring debt recovery and must not be invoiced. For optional extra trips (e.g.: not part of the curriculum) payment should be received before the pupil attends the trip.

4.3 Childcare

Many of our academies provide paid-for childcare (nursery, before and after school clubs, holiday clubs). Payment should be made in advance of the service being supplied to avoid debts occurring. Should a debt of 1 week of fees be incurred then the debt recovery procedures will be actioned. The Principal of the academy should also at this point withdraw the service until the debt is cleared.

4.4 Music Lessons

Music lessons should be paid for in advance. The school is often committed to making payment for the lessons for the full year and it is strongly suggested that the commitment from the parent/carer matches the commitment to the supplier and such commitment should be made in writing.

5. Remissions

5.1 Where there is a genuine difficulty in making payment, parents/carers should in the first instance be encouraged to register for free school meals if eligible as this will also release an income stream to the school. Schools can use income for deprivation, including but not limited

to pupil premium, to support pupils whose parents would otherwise not be able to afford access to school trips, childcare, music lessons or other school activities.

5.2 The Trust Charging and Remission Policy aims to ensure that all are treated fairly.

Appendix 1

First reminder letter

[Insert date]

Dear [name]

Amounts Owing

Following our conversation on [insert date of conversation], I am writing to remind you of the outstanding [insert amount of money] owed to the academy for [insert source of debt, such as school meal costs]. An invoice for the full amount is now enclosed for your attention.

You can pay the debt in full using [insert payment method details here]. Alternatively, should you be experiencing difficulties that are preventing you from paying the amount owed please contact the academy office where we can discuss a payment plan.

The academy requires payment in advance for all paid-for services therefore settlement of this invoice is due by [insert date 14 days from date of invoice]. If payment is not received by this date the academy reserves the right not to continue to offer these services to you.

Our academy budget is intended to support children's learning, and we cannot use it to cover debt owed to the academy.

Thank you for your help and understanding. Please do not hesitate to contact me if you have any questions or difficulties complying with this letter.

Yours sincerely,

[Insert name and contact details]

Appendix 2

Second reminder letter

[Insert date]

Dear [name]

Amounts Still Owing

Either:

Further to our letter and subsequent conversation [date of letter/conversation] the amount of [£] has yet to be paid.

Or:

Further to our letter and subsequent conversation [date of letter/conversation] you have not made payments in line with the agreed payment plan and there still is an amount outstanding of [£].

All further paid for services must be paid for in advance or it will unfortunately not be possible for us to supply these services to you.

If we do not receive payment within the next 14 days [by DATE TO BE INSERTED] we shall have no alternative but to take the necessary steps to recover the amount owing to us.

If you wish to speak to us about the overdue balance, please contact the academy office on [insert tele no]

Yours sincerely,

[Insert name and contact details]

Appendix 3

Final reminder letter

[Insert date]

Dear [name]

Amounts Outstanding

I am writing to you following [insert dates of any letters sent or meetings had about the debt].

Your outstanding debt is [insert amount]. As we have not received payment from you to settle this cost, the academy has no choice but to refer this outstanding debt to our advisers to see what legal action we can pursue to recover it.

We will contact you in due course about the action we will take, which could include making a claim in the small claims court. Please note that any such actions may affect your credit status.

This is not an action we are taking lightly however we must ensure the public funds entrusted to us are managed rigorously. To prevent this, please contact the school office at once to discuss steps you can take to repay the debt.

Yours sincerely,

[Insert name and contact details]