



# Debt Recovery Policy

Agreed by the Finance Board: **Autumn 2017**  
Adopted by the full GET Board: Autumn **2017**  
To Be Reviewed: Every 3 years  
Next Review: **Autumn 2020**

*\* Executive Head/ Head Teacher/Head of School/Associate Head (henceforth referred collectively as Head Teacher, unless specifically stated)*

# Debt Recovery Policy

## 1. General requirements

The Schools' 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.

The Trust's debt recovery policy will observe the relevant financial regulations and guidance set out in the Trust's Financial Handbook In particular:

The written agreement of the Chief Executive Officer will be obtained before a debt exceeding £1,000 is written off. (If any debtor has a number of debts which together exceed the write-off limit then these will be treated as a total amount).

Debts greater than £10,000 can only be written off by the Board.

- 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).

In general payment for all goods and services supplied by the Trust should be collected in advance or at least within 30 days upon receipt of an invoice.

## 2. Acceptable 'credit period'

The Board determines that the length of time they deem to be acceptable 'credit settlement period' is 30 days from the date of the invoice before the debt recovery procedures are applied.

## 3. Reporting of outstanding debt levels

The Chief Operations Officer 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 Finance Committee.

The [Finance 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.

*(Monitoring of outstanding debts may be differentiated by type, e.g. if Schools' meal debts prove more of a problem than those for lettings of premises then the frequency and degree of monitoring should reflect this).*

#### **4. Debt Recovery Procedures**

4.1 Where payment from the parent/guardian has not been received in advance, or within the 30 days the following process should be applied.

- (a) An initial oral reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone.
- (b) a reminder letter, within 7 days of the initial oral reminder, sent to parent with options for contacting the Schools' if they are in financial difficulty, would like a longer amount of time to pay the debt and offering any other help/advice in the strictest of confidence
- (c) a 2<sup>nd</sup> reminder letter asking for payment within 14 days reiterating the above
- (d) a 3<sup>rd</sup> letter offering the above once (within 7 days) more but if they do not get in touch the debt recovery procedure will mean that the Schools' will have to put a claim to the County Court for full recovery of the debt to the Schools'

#### **5. Written Reminders**

**5.1 Details of all reminders, will be maintained in Schools'. Where a letter is issued, a copy must be retained on file and all letters should be clearly dated.**

Should a debt need to be taken beyond three reminder letters, formal written evidence may have to be produced.

It is therefore important that at least one, but preferably two, written reminders are sent.

#### **5.2 *Initial 'overdue payment' reminder***

An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone.

In general, the *Finance Assistant/Office Manager* will notify the parent/guardian.

The date of the initial reminder should be recorded.

#### **5.3 *First 'overdue payment' reminder letter***

A formal reminder letter should be issued 2 weeks after the informal [reminder](#).

*If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue.*

#### **5.4 Second 'overdue payment' reminder letter**

A second reminder letter will be issued 2 weeks after the First Reminder Letter.

### **6. Failure to respond to reminders / settle a debt**

At the discretion of the [Governing Body / Finance Committee / Headteacher](#) 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 [Governing Body / Finance Committee / Board of Directors](#)

### **7. 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 the following factors into account.

- 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 debt – where someone owes more than one debt to the Schools'. In this situation an attempt to agree one repayment plan to include all debts will be established.

Please note that there is a debt management service provided within the Parish of Walthamstow called the CAP Centre (Christians Against Poverty). If parents/carers are experiencing financial troubles, then CAP is a fantastic organisation and a great place to start.

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

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the [Headteacher](#).

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](#) will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to pay in advance.

#### **8. Costs of debt recovery**

Where the Trust incurs material additional costs in recovering a debt then the [Head teacher](#) will decide whether to 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.

This decision and its basis will be recorded and reported to the [Governing Body / Finance Committee / Board of Directors](#)

#### **9. Bad debts**

This debt recovery policy should be cross-referenced to the Trust's Financial Handbook.

Write-off of any debt requires the written approval of the Chief Executive Officer up to a maximum of £1000.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.

#### **10. Policy Review**

This policy will be reviewed every 3 years by the [Finance Committee and reported to the Board of Directors](#).