



## **ALDERMAN JACOBS PRIMARY SCHOOL (ACADEMY TRUST)**

### **Debt Management Policy**

#### **Aims**

The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt. This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

#### **Legislation and Guidance**

Guidance states that 'Schools should exercise caution when writing off parents' debts, as school funds are public money. Writing off debts may also set a precedent for other parents'

This policy complies with our funding agreement and articles of association.

#### **Definitions**

A debtor is an individual or company who makes a verbal or written agreement to use services or supplies such as residential trips or school meals and fails to make payment within 30 days of the date of the invoice.

#### **Debt Recovery Plan**

##### **Step one - Invoicing and Payments**

- Lettings and pre-school fee invoices are issued by the finance department.
- Parents / Carers of students on residential trips or making a purchase such as club fees or school meals are advised of that cost prior to signing up to the trip or purchase. They are advised if payments are non-refundable and that cancellations may incur additional costs.
- All invoices or letters are sent out at the appropriate time. A copy of any invoice is kept as a debtors copy and filed with the income once the income has been received.

##### **Step two - Reminder letters**

- Debts are reviewed weekly for school meals and clubs at 30 days for other invoices. Formal reminder letters are sent to the debtor to request payment. Copies of all letters are kept on file.

##### **Step three - Letter from the Head**

- If no response is received from the reminders within 14 days the debt will be referred to

the Headteacher who will write to the debtor. This letter will advise that should the school not hear from the debtor to either pay in full or create a payment plan, the matter will be passed to the Directors of the Academy Trust who will make the final decision about debt recovery and this may result in legal action. Regarding school meals, parents/carers will be advised at this point that the kitchen will not provide any further meals until the debt is cleared. The office will be notified of the pupil and will ring those with parental responsibility on the pupil's contact list to ask that a packed lunch is brought to school. The situation will be handled with due care and discretion.

Step Four - Referral is made to the Governing Body of the Academy Trust.

- A final notice that payment must be made within 7 days. This will be accompanied by a *Pre-Action Protocol for Debt Claims*
- The directors will decide if repeated referrals of the same debtor are refused credit facilities.

Step Five - Notice of Intention

- If no response is received from the letter sent by the Directors a notice of intention will be issued advising the debtor that the matter is being handed to legal advisors for further action.

## **Legal Action**

If a debtor does not respond to any of the steps above then the Governing Body should consider each debt with a view to passing it to legal advisors for further action. If appropriate the debt will be dealt with in a small claims court.

At all stages the Trust will seek to support families who are in difficulty and will seek to recover debt through an agreed payment plan.

## **Bad Debts**

The school must also consider if a debt should be written off. The decision must be made based on the value of the outstanding debt, and other background information given by the school and the debtor. Authority to write off a debt is given as follows:

- School Business Manager up to £50
- Head up to £100
- Governing Body over £100
- Beyond the limits below the school must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA)
  - 1% of total annual income or £45,000 (whichever is smaller) per single transaction
  - Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts
  - Cumulatively, 5% of total annual income in any one financial year per category of

transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years

A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which removes the debt from the records. All write-offs will be recorded and the Resources Committee will be informed.

#### Historical Debt

All historical debt will be reclaimed through the same process.

#### Links to other policies:

Charging and Remissions

Statutory/ <b>Non-Statutory</b>							
Created/Reviewed /Updated		Ratified		Review Frequency	Next Review Date	Signed by	
By	Date	By	Date			Head	Chair
Cathy Carlisle	Spring 2022	Full Governing Body	23 March 2022	3 Year	Spring 2025	<i>Cathy Carlisle</i>	<i>M. H. H. H.</i>