



One Community Trust

DEBT RECOVERY POLICY

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CHANGE RECORD FORM

Version	Date of change	Date of release	Changed by	Reason for change
1	20/05/2021	20/05/2021	TR	New document
2	15/3/22	25/04/2022	TR	Clarification re: trips; second & third letter now sent by CF; informal chasing extended to four weeks.
3	25/11/22	25/1/23	TR	Extended period in between stages due to cost of living crisis
4	16/05/23	08/06/23	AH	Use of pupil premium vouchers to pay overdue childcare costs
5	04/12/23	06/02/24	AH	£20 limit set for initial debt recovery; only to be chased at end of school year; ref c & r policy;

Introduction

One Community Trust has a duty to ensure it receives all the funds to which it is entitled. This policy ensures the appropriate procedures are in place to deal with debts and the recovery of assets. It encompasses all debts owed to the Trust including, but not limited to, payments for goods, services, and school meal payments. It also covers overpayments of salary and the recovery of money or assets lost through theft or fraud.

People unable to pay

The Trust may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be followed, taking the following factors into account:

- Hardship – where paying the debt would cause financial hardship.
- Ill Health – where our recovery action might cause or further exacerbate 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.

Where there is a genuine difficulty in making payment, parents should in the first instance be encouraged to register for free school meals if eligible. Schools are permitted to use income for deprivation, including but not limited to pupil premium and the Trust hardship fund, to support pupils whose parents would otherwise not be able to afford access to any type of school trip, childcare, music lessons or other school activities.

Limits for writing off debts

The Trust financial scheme of delegation details the limits for writing off debts for Headteachers, Local Governing Boards and Trustees.

Debt recovery process

In practice there will be both practical and legal limits as to how cases should be handled and there are some debts where the effort to recover will be judged to outweigh the reward. Records should be kept of all contact made and letters sent, preferably electronically in a folder held on the Trust shared drive and updated by both school and central function staff. These should be kept for 7 years.

The recovery process is:

- **Informal reminder:** The debtor will be informally reminded weekly, in person or by telephone, email or PING that they owe money to the school.
- **First reminder letter:** If the debt is yet to be paid eight weeks after these informal reminders, and is £20 or over, a formal letter will be sent to the debtor from the school. At this point an invoice should be raised in the Trust's financial system if this has not already been done and any associated payment items removed from Parent Pay.
- **Second reminder letter:** If the debt is yet to be paid eight weeks after a first formal reminder, a second formal letter will be sent to the debtor. These letters allow the debtor every opportunity to settle their debt and ensure the school can prove all reasonable steps have been taken to recover the debt should the issue proceed further. At this point the debtor should be advised that they will have to pay in advance for all paid for services in the future if this has not already been done.

- **Final reminder letter:** If no response is received following the second reminder after a further eight weeks, the central function will send a letter to the debtor advising them that they will be considering legal action. This letter will be sent by recorded delivery to ensure the debtor has had every chance to respond.
- **Possible legal action:** If no response is received after four weeks, the Headteacher will consult with the Trust's Chief Finance Officer (CFO) to decide whether to take legal action against the debtor. The first stage will be a letter from the CFO advising of action through the small claims court and giving the debtor a last opportunity to pay within two weeks before the Trust files its paperwork with the court.

Financial Processes

- All debts and communications to recover the debt should be recorded on the Trust shared drive.
- If the debt is £20 or over a sales invoice should be raised once the debt is 8 weeks old. The sales invoice will be kept on the Trust's financial system. The Central function should also be informed at this point by inputting the information onto the Debt Recovery Log.
- School staff should note that the raising of a sales invoice crystallises the income in the school accounts. 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.
- Should the invoice prove to be irrecoverable, the writing off of the debt will reduce the income of the school accordingly.
- If the debt is under £20 school should continue to chase the debt informally until the end of the summer term and record the information in the debt communication log. If the debt is not received by the end of the school year the first debt letter will be sent.
- The Aged Debt report will be reviewed at month end against the debt log on the shared drive to ensure that appropriate action is being taken.
- Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue reminder'.
- If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Headteacher and/or CFO. A letter will be issued to the debtor from the school confirming the agreed terms. The settlement period should be the shortest that is judged reasonable. Failure to adhere to this repayment term without proper communication with the school will result in the debt recovery process being restarted from the point at which it was put on hold.
- The Headteacher and/or CFO should decide whether any debtor who has been granted extended settlement terms will be offered any further 'credit' or should be required to pay in advance in future. Where the school incurs material additional costs in recovering a debt then the HT in consultation with the CFO must decide whether or not to recover these costs from the debtor. The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.
- 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.

Specific debts

Snacks supplied by school

Snack 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 school will need to consider its own procedures as to whether a snack 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 the school may offer assistance from the Trust hardship fund or from the individual school hardship fund should one exist and should the individual school prefer this option.

Meals and snacks supplied by WBC

Dinner money should generally be paid in advance to WBC via Parentpay. Legally there is no requirement to provide a meal if payment is not forthcoming but each Headteacher should consider family circumstances and the age of the child before arriving at such a decision. 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 offering assistance if required.

Schools will seek to recover dinner money debt incurred on Parentpay on behalf of WBC. At two points in the year (31st March and 31st August) WBC passes this debt onto the schools. It is at this point that the school should commence the debt recovery process.

Trips and Educational Visits

For educational visits (part of the curriculum) it is not legally permissible to prevent a pupil from going on the visit if a contribution has not been made. Therefore any unpaid contributions to educational visits cannot be treated as requiring debt recovery and must not be invoiced.

Please refer to the Trust Charging and remissions policy for details of permitted chargeable components of trips.

Childcare

Some of our schools provide paid-for childcare (nursery, before and after school clubs, holiday clubs). Payment should be required in advance of the service being provided to avoid debts occurring. As parents often use Childcare vouchers to pay for these sessions, before commencing the debt recovery process schools should ascertain the status of the parents' childcare voucher account. In the first instance, the Headteacher will try to work with families who are struggling to pay for childcare but can withdraw the service until the debt is cleared.

Where a debt remains unpaid after the second reminder letter and the child is in receipt of a pupil premium voucher this can be used to pay the outstanding childcare debt.

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 matches the commitment to the supplier and such commitment should be made in writing.

Lettings

Lettings should be billed in advance and access may be withheld for further use of the facilities once a debt has been outstanding for 4 weeks or more unless the alternative arrangements are specified in the lettings agreement.

Staff debts

Overpayments of salaries will normally be recovered through the payroll.

If the member of staff has left the employment of the Trust and owes a debt this should be pursued by letter. Any debts older than 30 days should be invoiced and pursued in the normal way.

Staff are not expected to incur debts for incidental items or meals.

Losses due to fraud or theft

Losses due to fraud or theft should always be recovered in full. The police will be involved in such cases.

Appendix 1 letters to be used

Insert Header

First reminder letter

Parents/carers of / Customer name & address

Date:

Dear [Name]

Re: Outstanding Debt <insert invoice number if applicable>

This is a reminder that there is an overdue balance of £ [insert balance] on your account.

This comprises the following:

[Insert description and amounts]

In line with our debt recovery policy we enclose a formal invoice for this amount.

The school normally requires payment in advance for all paid-for services and so payment within the next eight weeks by **(DATE TO BE INSERTED)** is requested

Failure to pay within these timescales will result in the school referring the debt to the One Community Trust central function.

If you have any questions or concerns about this overdue balance, or would like to discuss setting up a payment plan please contact the school office.

Yours Sincerely

[Name]

Insert Header

Second reminder letter

Parents/carers of / Customer name & address

Date:

Dear [Name]

Re: Outstanding Debt <insert invoice number if applicable>

Despite previous correspondence there still remains an overdue balance on your account of £ [insert balance].

[Insert invoice number and amounts] [Enclose invoice]

We can no longer provide further services to you without payment in advance.

If we do not receive payment within the next eight weeks (DATE TO BE INSERTED) we shall have no alternative but to take the necessary steps to recover the amount owing to us.

If you have any questions or concerns about this overdue balance, please contact the school office.

Yours Sincerely

[Name]

Insert Header

Final reminder letter (sent by recorded delivery)

Parents/carers of / Customer name & address

Date:

Dear [Name]

Re: Outstanding Debt <insert invoice number if applicable>

We have contacted you on a number of occasions regarding the following outstanding invoices:-

[Insert invoice numbers and amounts] [Enclose invoice]

I would encourage you to contact us urgently to discuss the outstanding balance and any issues that may be preventing payment being made.

Under One Community Trust's debt recovery policy the school will take all steps necessary to recover amounts owing. Unless we receive payment within two weeks **(by DATE TO BE INSERTED)** we shall be forced to refer the matter to the Chief Financial Officer of our Trust who will start proceedings to recover the debt via the small claims court.

Yours Sincerely

[Name]

Insert Header

Payment plan letter

Parents/carers of / Customer name & address

Date:

Dear [Name]

Re: Payment plan for Outstanding Debt

[Insert invoice numbers and amounts]

As per [your email/our meeting/our discussion] on [date], please see below the details the payment plan we have agreed.

[date] [amount]

[date] [amount]

[date] [amount]

[date] [amount]

Payment should be made by bank transfer on the above dates to the schools bank account (as stated on the original invoice):

Account name: [Bank account name]

Account No: [Bank account number]

Sort code: Bank account sort code

I would encourage you to contact school immediately if you are struggling to follow this plan. Failure to make contact with the school within 7 days of a payment due date will result in the matter being referred to the Chief Financial Officer of our Trust who will start proceedings to recover the debt via the small claims court.

Yours Sincerely

[Name]