



# WALTON HIGH SCHOOL

*Proud to be part of Walton Multi Academy Trust*



## DEBT RECOVERY POLICY

Date Established: April 2021

Review Date: September 2022

Governor Committee Responsible: Finance, Staffing & Premises

Leadership Link Person: Executive Business Manager

**Contents**

Policy statement .....3

1 Acceptable credit period.....3

2 Reporting of outstanding debt levels .....3

3 Debt recovery procedures .....3

4 Initial overdue payment reminder .....3

5 Overdue payment reminder letter .....3

6 Failure to respond to reminders/settle a debt .....4

7 Negotiation of repayment terms .....4

8 People unable to pay .....4

9 Costs of debt recovery .....4

## **Policy statement**

Any money owed to the Trust has an impact on the budget and may affect the resources we can provide to all children.

The Trust will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be passed onto an external debt collection agency 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 Academies Financial Handbook and any other legal requirements.

### **1 Acceptable credit period**

The Trust Board has determined that 14 days is an acceptable 'credit settlement period' before the debt recovery procedures are applied.

This should not normally apply to school trips and revision resources where payment must always be made in advance. Where the Trust enters into a service level agreement, to deliver goods or services, with another entity the payment terms will be agreed prior to the SLA coming into effect.

### **2 Reporting of outstanding debt levels**

The Executive Business Manager 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 academy in order that it can be determined at any time and reported to the Executive Business Manager. The Executive Business Manager and Finance, Staffing & Premises Committee will review the level of outstanding debts every term to determine whether the level is acceptable on a case by case basis and whether action to recover debts is appropriate.

### **3 Debt recovery procedures**

Where payment from the parent/carer has not been received in advance, or 'at the point of sale', the following process should be applied.

### **4 Initial overdue payment reminder**

An initial reminder will be informal and can be made either in person or by telephone or letter. The date of the initial reminder will be recorded on the academy's management information system (MIS).

### **5 Overdue payment reminder letter**

A formal reminder letter will be issued 28 days after the informal reminder. If action is to proceed further, it will be 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. The date of the reminder letter will be recorded on the academy's MIS.

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

If there is no response to the reminder letter the debtor will be invited to meet a member of staff to discuss how the debt will be settled. Failure to respond to this letter and failure to attend this meeting will result in the academy passing the debt to an external debt collection agency.

The Academy will make every effort to work with parents to prevent debts mounting.

## **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, any arrangement for part payments must be strictly adhered to. Failure to meet any 'repayment terms' will result in the debt being passed to an external debt collection agency.

The debtor will be advised that they will be required to pay in advance for all future supplies and services or the supply will no longer be available to them. In addition, repayment terms must be in place for the repayment of the existing debt. If there is a default on the repayment terms, then the debtor will lose the right to access future optional (paid for) supplies and services.

This decision and its basis will be recorded and reported by the Executive Business Manager and Academy Committee. If a mutual agreement cannot be reached or if any agreed repayment is missed, then the debt will be transferred directly to an external debt collector.

## **8 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.

## **9 Costs of debt recovery**

Where the Academy incurs material additional costs in recovering a debt then the Executive Business Manager and Finance, Staffing & Premises Committee 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 academy in recovering the debt. This decision and its basis will be recorded and reported by the Executive Business Manager and Finance, Staffing & Premises Committee