



Lingfield Education Trust

Debt Recovery Policy

| Policy Version Control | |
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| Policy type | Academy Trust |
| Policy prepared by (name and designation) | Nick Blackburn CEO |
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1.Introduction

As part of its sound financial management procedures Lingfield Education Trust will take all reasonable measures to collect debts. A debt will be written off only after all reasonable measures have been taken to recover it.

The Board of Directors considers that appropriate recovery action will depend upon the level of and nature of the debt and those procedures will vary depending upon the income source – i.e.

- Pupil related – e.g. school meals, trips and activities and
- Commercial – e.g. supply of services and lettings

2. Pupil related income

2.1 Collection of income

All income is collected in advance, wherever possible. Costs of trips and activities will be notified to parents/carers as soon as possible.

2.2 Debt Recovery Procedure

- Stage 1 If the debt reaches £30 a gentle reminder letter or text issued
- Stage 2 personal contact
- Stage 3 legal letter produced by the FMS

2.3 Debt Write-Off

The Executive Headteacher/Headteacher/Head of School has discretion to write-off debts up to the value of £50. A record must be maintained to show the reason for the write-off, the action taken to recover the debt and the authorising signature.

The Trust Finance, General Purposes and Personnel Committee must grant approval for the write-off of all debts above £50.

3 Commercial income

3.1 Invoicing and payment periods

Income will be collected in advance of services provided wherever possible.

Invoices will be raised through the FMS and payment is requested in full within 30 days of being issued.

3.2 Debt Recovery Procedures

- Stage 1 (4 weeks from date of invoice) Informal reminder (letter or personal contact)
- Stage 2 (6 weeks from date of invoice) Formal reminder letter
- Stage 3 (8 weeks from date of invoice) Final reminder letter

3.3 Failure to settle a debt

Any debt unpaid after the final reminder letter has been issued will be referred to the Director of Operations.

A letter will be sent to the debtor by recorded delivery and will threaten legal action if the account is not settled within 14 days. Any additional recovery costs incurred by the Trust will also be pursued.

Legal advice may be sought and recovery action initiated through the county court.

This decision and its basis will be recorded and reported to the Trust Finance, General Purposes and Personnel Committee.

3.4 Negotiation of repayment terms

Debtors are expected to settle the amount owed by a single payment, however, if debtors are unable to pay for reasons of hardship, the Trust will take a sensitive approach to debt recovery and may agree an extended repayment period.

The School Business Manager/Office Manager will approve all such agreements entered into and a record of the decision made 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.

This decision and its basis will be recorded and reported to the Trust Finance, General Purposes and Personnel Committee.

3.5 Reporting of outstanding debt levels

The Director of Operations will ensure that the level of outstanding debt is regularly monitored.

The Trust Finance, General Purposes and Personnel 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.

3.6 Debt Write Off.

If after all reasonable efforts to collect the debt has been made and legal action is unsuccessful or impractical the debts may be referred to the Trust Finance, General Purposes and Personnel Committee for write-off.

3.7 Write-off Limits.

The trust must seek permission from the Secretary of State to write-off individual debts with a value in excess of £45,000, or cumulatively 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified financial returns for the previous two financial years.

Review date: Autumn 2017