



Debt Management Policy

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REVIEW HISTORY

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Contents

DRAFT Debt Management Policy	1
1. Statement of Intent	4
2. Legal framework.....	4
3. Roles and responsibilities.....	4
4. Reporting of outstanding debt levels.....	5
5. Limits / circumstances for writing off debts	5
6. Debt Waiver.....	6
7. Acceptable credit period.....	6
8. Debt recovery procedures.....	7
9. Negotiation of repayment terms.....	7
10. Monitoring and review	8
Appendix 1 – Overdue payment letter template	8
Appendix 2 – Overdue payment reminder letter template	8
Appendix 3 – Failure to respond / invite to meeting letter template	8
Appendix 4 – Agreed re-payment plan letter template.....	8

1. Statement of Intent

Oak Multi Academy Trust is committed to ensuring equal opportunities for all pupils, regardless of financial circumstances, and has established policies and procedures to ensure that no child is discriminated against by our offering of school trips, activities and other optional (paid for) supplies and services.

While this is the case, the Trust must have a policy in place to ensure the repayment of any outstanding debts incurred by the school on behalf of a pupil, as part of its duty to manage public funds.

Each school will take all reasonable measures to avoid debt occurring but when it does, will vigorously collect debts as part of its management of public funds.

A debt will be written off or waived only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

Each case is to be treated individually and the circumstances that have led to the outstanding debt will be taken into account to determine the best course of action and whether it is fair and reasonable to pursue the debt in its entirety if at all.

The Trust is committed to adhering to legal requirements regarding charging for school food, school trips, activities and other optional (paid for) supplies and services, meeting all statutory guidance provided by the DfE.

2. Legal framework

This policy will adhere to the relevant legislation and statutory guidance surrounding school payments and debt recovery, including the following:

- DfE 'Charging for school activities'
- DfE 'Governance handbook'
- DfE 'Academy Trust Handbook'

3. Roles and responsibilities

Each school's first priority is to avoid incurring debts. Payments for trips, activities and other optional (paid for) supplies and services provided by the school should be collected in advance or at the point of sale.

Any person(s) involved in the monitoring, recording and pursuing of debts owed to the school must formally record any information gathered and actions taken – data which under the Trust's Retention Policy, is to be kept by the school for a period of seven years.

Headteacher

- Will regularly review details of its debts and what recovery action is needed.
- Must consult with the Trust if debt recovery re-payment terms are required – Section 9.
- Will adhere to the privacy rights of pupils and their guardians in all cases.

The School Business Manager /Finance Manager:

Will ensure suitable records are maintained to identify, monitor and detail individual debts and the total value of debt to the school.

- Records will detail debts and debt reminders including dates and times of letters, phone calls, emails, conversations or any other correspondence.
- Records are updated on a monthly basis to ensure the level of outstanding debt owed to the school can be determined at any time and at short notice.

Will review the level of outstanding debts every month to determine whether the level is acceptable on a case-by-case basis and whether action to recover debts is appropriate.

Initiate where appropriate, the procedures to secure the collection of all debts following the Debt Recovery Procedures outlined in Section 8.

The privacy of the pupil and their family will be protected by all staff.

4. Reporting of outstanding debt levels

The CFO will ensure that the level of outstanding debt is regularly monitored and debt records should be reported to the Central Team on a monthly basis of any debt of £50 or more per family; and submitted alongside the school's monthly management accounts.

If the CFO feels a debt of material value is at risk of recovery, a provision will be made in the statutory accounts for the full value until it can be ascertained that the debt is no longer at risk.

5. Limits / circumstances for writing off debts

Under the Scheme of Delegation, the Trust board has delegated authority to write off any debts to the CFO only. In some circumstances ESFA approval may be required as detailed in the Academy Trust Handbook

Instances of debt are to be judged on an individual basis, with consideration of the nature of the debt and the circumstances of the family involved.

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

Where all reasonable debt recovery procedures have been followed, the Trust may decide to formally write-off the debt in accordance with the delegated authorities.

For any balance to be written-off the detail must be recorded on the Debt Write off Register.

The CFO is responsible for ensuring the Register is maintained.

6. Debt Waiver

In addition to the remission allowances outlined in Section 5, it may be advisable to waive or partially waive debts where it is deemed that it does not make financial sense to continue allocating time and resources to pursuing.

The CFO will review any case where a debt may be waived and come to a final decision based on the value of costs versus value of the debt.

7. Acceptable credit period

The Trust Board understands that there may be a need for a small, acceptable credit period between different income generating activities but this should not normally apply to school dinners, trips and Nursery/After School Club and Breakfast Club sessions where payment must always be made in advance.

7.1 Lettings invoices

Lettings invoices should be raised in a timely manner so that they can be paid in advance of the agreed let.

7.2 Breakfast, after-school clubs and pre-school additional sessions

Payment should be made in advance of each session whatever the method of payment (including childcare vouchers). Should the parent/carer fall into debt and failure to pay any balances after a reminder letter is sent, a letter will be sent advising that the pupil can no longer attend the clubs/sessions until the debts are cleared.

7.3 School dinners

A positive balance should be maintained by parents/carers for school lunches. Parents should be contacted promptly should a balance fall in to any level of debt and take appropriate steps to prevent debts increasing

7.4 Educational/residential visits

The payment arrangements for each visit will be communicated to parents/carers via letter and should be paid by each instalment date (if appropriate) and before the scheduled date of the visit.

7.5 All other Invoices

Payment for all goods and services supplied by the school should be collected in advance or at least within 30 days upon receipt of the invoice.

8. 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:

8.1 Initial overdue payment reminder

Informal in-person/telephone/email correspondence notifying person of debt. The date of the initial reminder will be recorded on the school's debt management record.

8.2 Overdue payment letter

First formal written reminder – an official, dated letter addressed to the debtor should be written up two weeks after the first informal reminder and should acknowledge that it took place. Appendix 1

8.3 Overdue payment reminder letter

Second formal written reminder – this should come two weeks after the first reminder, citing the details of both previous reminders and stating that concerted efforts have been made to make the person aware that an outstanding debt is overdue. Appendix 2

8.4 Failure to respond to reminder letters

If there is no response to the reminder letter the debtor will be invited to meet an appropriate member of staff to discuss how the debt will be settled. Appendix 3

Failure to respond to this letter and failure to attend this meeting, the debtor will be informed that they will no longer be able to access any future optional (paid for) supplies and services until the debt is paid and that any payments received will be redirected to clear an outstanding debt in the first instance

Each school will make every effort to work with parents to prevent debts mounting.

9. Negotiation of repayment terms

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

Arrangements for part payments may be considered. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the CFO, who will consult with staff who have knowledge of a particular situation, in order to achieve an optimum and equitable resolution. 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, using the template letter in Appendix 4. The settlement period should be the shortest that is judged reasonable.

Where the Trust incurs additional costs in recovering a debt then the CFO 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 school in recovering the debt.

In addition to the repayment terms and whilst the debt is outstanding, the debtor will be advised that they will be required to pay in advance for all future optional (paid for) supplies and services or the supply will no longer be available to them.

If a mutual agreement cannot be reached or if there is a default on the repayment terms, then the debtor will lose access to all future optional (paid for) supplies and services until the debt is paid.

Any decisions and their basis will be recorded and reported in the school's debt management records.

10. Monitoring and review

The Trust's Debt Recovery Policy will be reviewed annually.

[Appendix 1 – Overdue payment letter template](#)

[Appendix 2 – Overdue payment reminder letter template](#)

[Appendix 3 – Failure to respond / invite to meeting letter template](#)

[Appendix 4 – Agreed re-payment plan letter template](#)