

Title	Debt Collection Policy
Prepared by	Suthan Santhaguru
	Approved 16.10.2016



1. Purpose

Trustees are invited to approve this policy for inclusion in the Finance Manual

2. Background

TEFAT does not have a recognised consistent way of recovering debts. Recently some schools have been struggling with overdue monies owed on the non-payment of pupil meals by parents and have asked TEFAT head office to provide some guidance on the best way to collect these debts. It is important that there is TEFAT wide consistent policy on the collection of debts.

3. Write off policy

The TEFAT Board has a responsibility for ensuring that appropriate procedures are in place to enable the Elliot Foundation Academies Trust receive all income to which it is entitled. For this reason, it is important that TEFAT has a policy for dealing with debts which is approved by the TEFAT Board.

Parents should be made aware of this policy and the procedures by being sent a copy of the policy. A copy of this policy will also be published on the website.

- Each academy within TEFAT will actively pursue debtors, including parents/carers for the collection of monies owed to it.
 - The Head/School Business Manager will ensure that:
 - all letters requesting monies outstanding are accurately recorded and maintained;
 - there is documentary evidence of all the steps undertaken by the academy to recover the debt and this includes recording the dates that letters and statements were sent, and/or phone calls that have been made to debtors;
 - for all outstanding debts, a final statement is issued by recorded delivery to the person(s) liable for the charge;
 - each case involving a family will be judged on the family's individual circumstances and the amount outstanding as to the length of time before legal action is started;
 - the identity of a family involved is only disclosed to those who need to know under this policy.
- The LGB:

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- must consider the arrangements for debt recovery;
- must approve the academy undertaking legal action in any particular case;
- must include in the minutes of its meeting or record of its decision, its approval to pursue any outstanding debt;
- will ensure that the identity of a family involved is only disclosed to those who need to know under this policy;
- may delegate its responsibilities under this policy to the **Academy Finance Committee**

Debt Collection Procedures

Pupil related income

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.

Debt Recovery Procedure

Stage 1 < £50 gentle reminder letter issued

Stage 2 personal contact

Stage 3 Final Reminder Letter (sent recorded delivery)

Stage 4 dependent upon the circumstances a legal letter may be issued.

Debt Write-Off

- The Head of School/Head teacher/Principal of each Academy 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.
- Records must be provided to the Trust who will report all debt write-offs to the Finance Committee
- The Finance Committee must grant approval for the write-off of all debts above £50.

Commercial income

- Invoicing and payment periods
- Income will be collected in advance of services provided wherever possible.
- Invoices will be raised and payment is requested in full within 30 days of being issued.

Debt Recovery Procedures

Stage 1 (8 weeks from date of invoice) Informal reminder letter

Stage 2 (12 weeks from date of invoice) Formal reminder letter

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Stage 3 (16 weeks from date of invoice) Final reminder letter

If the debt is as a result of an unpaid invoice, then reminder invoices on a monthly basis for two months.

Failure to settle a debt

- Any debt unpaid after the final reminder letter has been issued will be referred to The Head Teacher.
- 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 from the Trust's lawyers (Browne Jacobson) through the Trust and where appropriate a Legal letter will be issued indicating recovery action will be initiated through the county court (where appropriate). The CEO of the Trust will make a recommendation as to the suitability of this course of action taking into consideration the value of the debt and the proposed legal fees.
- This decision and its basis will be recorded and reported to the Finance Committee.

School Meals

- The Board of Directors of Elliot Foundation Academies Trust has adopted a **NO DEBT** policy relating to the provision of school meals. This means that all money for school meals must be **PAID IN ADVANCE**. In exceptional circumstances credit of £50 will be extended. Once this limit is reached no school meals will be allowed to be booked until the debt is cleared.

Pupil Premium

- Children in receipt of Free School Meals are eligible for Pupil Premium Funding and Elliot Foundation Academies Trust may use part of the Pupil Premium money received to help pay for Educational Visits, swimming lessons, part funding of residential trips and full cost of and after school clubs run by the school (excludes clubs run by external organisations) and to assist with the purchase of school uniform.

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4. Adoption date

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5. Review date

Before year end 2018