

CHANCERY MULTI ACADEMY TRUST



A thriving family of schools who work together to celebrate difference, and support each other in pursuit of excellence

DEBT MANAGEMENT POLICY

The Debt Management Policy in respect of Chancery Multi Academy Trust has been discussed and adopted by the Directors Board

Chair of Board: Ros Caulfield

Responsible Officer: CEO - Louise Gohr

Agreed and ratified by the Directors Board on: 14th July 2021

To be Reviewed: July 2024

Chancery 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 educational extras.

While this is the case, the trust must have a policy in place to ensure the repayment and recuperation of any outstanding debts incurred by the school on behalf of a pupil. The school will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off 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 goods, services, facilities, dinners, nursery provision, out of hours provision, educational visits, residential and materials, and meeting all statutory guidance provided by the DfE.

The Directors of Chancery Multi Academy Trust are responsible for ensuring that procedures are in place for the recovery of any outstanding debt.

Any money owed to any Academy within Chancery Multi Academy Trust has an impact on the budget and may affect the resources we can provide for the children. We hope parents/guardians and others understand this and will make every effort to avoid owing the Trust money.

The Trust's debt management policy will observe the relevant financial regulations and guidance set out in the Financial Handbook and any other legal requirements.

This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

LEGAL FRAMEWORK

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

- DfE (2018) 'Charging for school activities'
- DfE (2018) 'Schemes for financing schools'

POLICY

Goods, Services and Facilities

Payment should be obtained as and when goods/services/facilities are provided wherever possible; in particular, where the value of goods and services is relatively small, i.e. less than £100.

Invoices should be raised for all services and facilities in advance of the service or facilities being provided.

Where invoicing is not completed in advance or payment is not received at the time when the goods/services/facilities are delivered, an invoice must be raised as soon as possible, but within 7 days of the goods/services/facilities being provided.

Invoices should state that the bill is due and payable within 30 days.

Nursery (Where invoiced annually in advance)

An academy may issue nursery invoices annually and termly in advance for nursery provision. Payment is due on a monthly basis against these invoices made directly into the Academy's bank account.

Out of Hours and Nursery

An academy may issue out of hours and nursery invoices monthly at the end of each month. The invoices are payable within 7 calendar days of the start of the following calendar month (e.g an invoice issue on 20th December will be payable on 7th January) or if later the date of issue (e.g an invoice issued on 2nd January will be payable on 9th January).

School Trips and Residential

Payment is required in advance of the school trip or residential and within agreed timescales. These debts should be chased but no admin fee should be charged or legal action letter should be sent.

School Dinners

Payment is required in advance of the school meal being taken.

In certain circumstances, it may be necessary to give a child a dinner without having received payment. In this instance, a reminder is issued on the last working day of the week.

If no payment is received within 7 days from date of issue of the initial reminder, a formal reminder should be issued to the debtor by the headteacher, stating that the debt should be cleared within 3 working days. It should state that failure to comply will result in an administration fee being applied.

If then no payment is received within 3 working days from date of issue of the formal reminder, a final demand notice should be issued to the debtor. The final reminder should clearly state that if the debt is not cleared within 3 working days, legal action will be taken.

Management and Debt Recovery Procedures of outstanding debts

Debt collection across the Trust may vary depending on the terms and conditions of the contracts in place with customers, but will always follow the same three steps. The number of days in the procedure below is the maximum number of days, but schools in the trust can reduce the number of days if they have indicated this in their individual customer terms and conditions.

1. If no payment is received within 30 days from date of issue of the invoice, a reminder should be issued requesting payment.
2. If no payment is received within 45 days from date of issue of the invoice, a formal reminder should be issued to the debtor by the headteacher stating that the debt is to be cleared within 5 working days. It should state that failure to comply will result in an administration fee being applied.
3. If no payment is received within 60 days from date of issue of the invoice, a final demand notice should be issued to the debtor. The final reminder should clearly state that if the debt is not cleared within 5 working days legal action will be taken.

Where only part of the debt has been settled, a final demand notice for the balance outstanding should be issued 60 days from the issue of the invoice. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 5 working days of the date of the reminder.

Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply, they must submit an application in writing explaining the reasons for their inability to meet the original contract terms. The Headteacher and Chair of Finance Committee will agree the revised terms, which must not exceed 60 days from the date of issue of the invoice. If the debt is not settled within the terms set by the Headteacher and Chair of Finance then a final reminder should be issued to the debtor. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 3 days of the date of the reminder.

At each meeting of the Directors Board, the CFO is required to inform the Governors of any debt which is still outstanding after the 60 day period following the final reminder, together with any proposed action: This may be a referral to solicitors for legal action, a debt collection agency or to write-off the debt if there is no realistic prospect of debt recovery being successful, or if further action is not cost-effective.

Outstanding debt of up to £500 may be written-off by the Headteacher provided that the appropriate follow-up actioned outlined above has been taken and the details of the debtor, amount written-off and the reason for no further action being taken is reported to the Directors Board for information at their next meeting.

Outstanding debt of up to £1,000 may be written-off by the Local Governing Board provided that the appropriate follow-up actioned outlined above has been taken and the details of the debtor, amount written-off and the reason for no further action being taken is reported to the Directors Board for information at their next meeting.

Any write-off of outstanding debt in excess of £1,000 must be approved by the Directors Board following submission of details of the debt by the CFO together with reasons for no further action being taken.

The Trust will need to obtain ESFA approval for write offs, subject to a £250,000 ceiling, over the delegated limits:

- 1% of total annual income or £45,000 whichever is the smaller per single transaction
- Cumulative 2.5% of total annual income in any financial year per category of transaction for any trusts that have not submitted timely, unqualified accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts.

- Cumulative 5% of total annual income in any financial year per category of transaction for any trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the school, which provides for the debt in the records.

Individuals or organisations that have previously defaulted on payments to the school are not allowed credit facilities.

Where a debtor's payments are regularly or consistently paid outside the terms of supply the Headteacher must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities at the time they are consumed.