



Debt Recovery Policy



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Audit & Risk

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Audit & Risk

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Statement of intent

Engage Enrich Excel Academies (EEEE) 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 offering of school trips, activities and educational extras throughout the schools.

While this is the case, EEEA 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 must 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 considered to determine the best course of action, and whether it is fair and reasonable to pursue the debt in its entirety if at all. EEEA is committed to adhering to legal requirements regarding charging for school food, activities and materials, and meeting all statutory guidance provided by the DfE.

1. Legal framework

- 1.1 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 Schemes for financing schools'
 - DfE Governance handbook' (updated Oct 2021)

2. Roles and responsibilities

- 2.1 As a general rule, to avoid incurring debts, payments for materials and services provided by each school should be collected in advance or at the point of sale.
- 2.2 Any person(s) involved in the monitoring, recording and pursuing of debts owed to any of EEEA's schools must formally record any information gathered and actions taken – data which is to be kept by the school for a period of seven years.
- 2.3 The School:
- Will regularly review details of its debts and what recovery action is needed in line with the school procedure set out in Appendix 1.
 - Must be consulted if legal services are to be employed for debt recovery.
 - Will adhere to the privacy rights of pupils and their guardians in all cases.
 - May decide to leave a case of debt recovery to the decision of Headteacher.
- 2.4 The Headteacher / School Business Manager will ensure:
- Debt reminders are recorded, and retained for a period of seven years – dates and times of letters, phone calls, emails, conversations or any other correspondence.

- Instances of debt are judged on an individual basis, with consideration of the nature of the debt and the circumstances of the family involved.
- The privacy of the pupil and their family will be protected by all staff.
- The level of outstanding debt owed to the school can be determined at short notice.

2.5 The EEEA:

- Will implement procedures set out in Appendix 2.
- Will liaise with the School Headteacher before taking legal action against a debtor.
- Will retain any documentation in relation the debt recovery in line with the Trust retention policy (current financial year plus 6 years).
- Retain confidentiality of the debtor's details unless required to divulge by legal process.

3. Acceptable 'credit period'

- 3.1 Where possible payment periods should be negotiated with the debtor and the Headteacher.
- 3.2 Lines of communication should remain open at all times between the debtor and the School, to increase chance of payment and reduce the need to escalate the recovery process.
- 3.3 This period of time may vary, at the discretion of the Headteacher dependent on the nature and size of the debt.

4. Declaring outstanding debt levels

- 4.1 The outstanding debt level in school will be reviewed by the Trust's Chief Financial Officer (CFO) and the School Business Manager (SBM).
- 4.2 The review will determine if current debt levels are acceptable and under control using the school recovery procedure outline in Appendix 1.
- 4.3 If the debt is not deemed under control and / or the school recovery process has been exhausted then consideration will be given to escalating the debt recovery procedure to EEEA level.

5. Debt recovery procedures

- 5.1 Where there is an outstanding payment yet to be received and the acceptable credit period has been surpassed, the debt recovery processes will be followed as outline in Appendix 1 and 2 for the school and EEEA respectively.
- 5.2 At each interval invoices and letters will be generated outlining the value and reason for the debt and sent to the debtor's home address.
- 5.3 Upon creating the invoice and stipulating a date on which it must be paid by, there is acknowledgement from the school that the debt has been set up.

6. Failure to respond

- 6.1 After the processes in Appendix 1 have been exhausted and the debtor has failed to respond, a final letter will be sent to the debtor informing them that the debt recovery process has been escalated to EEEA level.
- 6.2 If at this point, the debtor contacts the school and engages in communication to arrange payment of the debt, the escalation will be temporarily placed on hold and the debtor will be made aware of this verbally and followed up in writing.
- 6.3 If at any point after this time the debtor withholds payment without informing the school and giving sufficient reason, and fails to respond to repeated attempts by the school to contact them to discuss the situation; the debt will resume the escalation process to EEEA level. The debtor will be informed of this through letter.

7. Exceptional circumstances and remissions

- 7.1 The Headteacher may decide to waive or reduce the outstanding debt based upon the financial difficulty of the family involved. This decision may be based upon debtors in receipt of the following benefits:
- Income Support
 - Income-based Jobseeker's Allowance
 - Income-related Employment and Support Allowance
 - Support under part VI of the Immigration and Asylum Act 1999
 - The guaranteed element of State Pension Credit
 - Child Tax Credit, provided that they are not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190
 - Working Tax Credit run-on – paid for four weeks after they stop qualifying for Working Tax Credit
 - Universal Credit

8. Debt recovery costs

- 8.1 In addition to the remission allowances outlined in section 7, 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.

Debt Write Off

If the Head Teacher is of the opinion that a debt is impossible to recover, the write off limits will apply:

- A. Approval by the headteacher for any debts between £100 and £500.
- B. Approval by the Governing Body for any debts over £500

Appendix 1

All of EEEA schools operate a cashless payment system for parents/carers and this should be used whenever possible, however cash payments are accepted for those parents/carers who are unable to access the online system.

Services:

- ***School Meals,***
- ***Breakfast Club,***
- ***After School Club,***
- ***Nursery and***
- ***Additional ad-hoc services provided by the school.***

Payments for the above must be paid for in advance.

Where debts arise, the school will follow certain steps in order to recoup the money from parents/carers.

STEP ONE:

Every Friday afternoon an e-mail is sent via the school's communication system to all parents with a debt to highlight the debt and request payment.

STEP TWO:

Every week the debts are checked and if a debt is £20 or more, or more than four weeks old a telephone call will be made to the parent/carer to request payment within a week, or alternatively a payment plan put into place to clear the debt within a reasonable timescale.

STEP THREE:

If the debt or the agreed payment amount has not been paid within the week a letter is to be sent, stating the steps already taken to recover the debt and that if the payment is not received within the week, the debt will be referred to Engage Enrich Excel Academy Trust (EEEA) for their debt recovery process.

STEP FOUR:

If the debt / agreed payment amount has still not been paid within the week a second letter is to be sent, stating the steps already taken to recover the debt and that the debt has now been referred to EEEA for their debt recovery process, which may lead to legal action.

The school understands that emergencies do arise, which may affect a parent/carer's ability to make school meal payments. The school will consider how it can support families if they are made aware of any circumstances causing difficulties. At any point in this process, parents/carers are welcome to discuss the situation in confidence with the Headteacher, SENCO or School Business Manager.

Consideration will be made to the withdrawal of the service being provided during the debt recovery processes in order to avoid debts increasing and becoming unmanageable.

Appendix 2

If debts are still not paid after the process has been followed at school level, (set out in Appendix 1) then the debt will move on to the Engage Enrich Excel Academy Trust (EEEE).

The following steps will be taken:

STEP ONE:

A letter of claim will be sent to the debtors stating the reason for contact, i.e. that the school has an outstanding debt that has not been paid. The letter will outline the processes the school has undertaken to try to recover the debt, and give the debtor 14 days from the date of the letter to make payment in full or contact the school Headteacher or Business Manager to arrange a payment plan. The letter will state that failure to make contact or pay the debt in full, could result in a claim being made against the debtor to the County Court, and if found in EEEA's favour, could result in a County Court Judgment being made against the debtor. This letter will be sent to the debtor's address by recorded delivery to ensure that the debtor receives it and there is evidence of a signature of receipt.

STEP TWO:

If the debtor after 14 days has not paid the debt in full or made contact with the Headteacher / Business Manager in a significant manner to which the Headteacher would like to pause the EEEA debt recovery procedure, then a meeting will be set up between the Chief Financial Officer and school Headteacher to discuss moving to legal proceedings, and making a claim against the debtor.

It will be the Headteacher's decision to process to the claim, as all costs for the claim will be borne by the school. If the debtor defends the claim this may result in legal advice being sought and subsequent extra cost. If the claim is not pursued via the court, the debt will return to be managed by the school and may be subsequently written off dependent on the sum. In this situation, a letter will be sent from the EEEA to the debtor informing them that the debt has returned to school control.

STEP THREE:

If the Headteacher agrees to proceeding to a claim through the courts. A claim will be instigated by the EEEA Central Services Team working with the school Business Manager. The process will then follow legal proceedings and the outcome determined via the court system. The debtor will be sent a letter advising that a claim has been made against them and again outlining the reasons for this.

Appendix 3

Example of Letter of Claim

Debtors Address:

EEEA Ref:

Date:

Letter before court claim

Dear,

We are writing to you about the fact, despite previous reminders, there remains an outstanding amount of £ *[a single sentence summing up your claim]*

As it has not been possible to resolve this matter amicably, and it is apparent that court action may be necessary, I write in compliance with the Practice Direction on Pre-Action Conduct.

[Provide a summary of the facts of the dispute]

From you Engage Enrich Excel Academy Trust is claiming *[state what you want from the party you're claiming from]*

This debt has been calculated *[state how you have calculated the amount being claimed]*

Listed below are the documents on which the Trust intends to rely on in the claim against you:

[List the key documents that you will need to use to prove your claim]

In accordance with the Practice Direction on Pre-Action Conduct I would request that you provide me with copies of the following documents:

[List any documents you want from the party you are claiming from]

I can confirm that I would be agreeable to mediation and would consider any other system of Alternative Dispute Resolution (ADR) in order to avoid the need for this matter to be resolved by the courts.

I would invite you to put forward any proposals in this regard.

[Alternatively, you can set out details of any ADR scheme that you would be prepared to use]

In closing, I would draw your attention to paragraphs 15 and 16 of the Practice Direction which gives the courts the power to impose sanctions on the parties if they fail to comply with the direction including failing to respond to this letter before claim. You can find these on the Ministry of Justice website at:

http://www.justice.gov.uk/courts/procedure-rules/civil/rules/pd_pre-action_conduct

I look forward to hearing from you within the next 14 days.

Should I not receive a response to my letter within this period, then I anticipate that court action will be commenced with no further reference to you.

Yours sincerely,

Chief Financial Officer