



Debt Recovery Policy

Policy & Procedure Number: 80

Date of Board of Trustees' Review: 13th May 2021

Next Review Due: 13th May 2024

Trust Link: Mr S Robertson

Revision Number: v2

I. STATEMENT OF INTENT – DEBT RECOVERY POLICY

- I.1. The Trustees have a responsibility for ensuring that appropriate procedures are in place to enable Academies in the Wade Deacon Multi Academy Trust (MAT) to receive all income to which it is entitled. For this reason it is important that the MAT has a policy for dealing with debts which is approved by the Board of Trustees.
- I.2. A copy of this policy will also be published on the website. Parents should be made aware that this policy and the procedures exist through correspondence relating to the activity/event that is taking place.
- I.3. This policy will be reviewed as it is deemed appropriate, but no less frequently than every 3 years by the Trustees'. The policy will be promoted and implemented within each academy.

2. PRINCIPLES

- 2.1. Each academy within the MAT will actively pursue debtors, including parents/carers for the collection of monies owed to it.
- 2.2. The Chief Finance Officer/School Business Managers will ensure that:
 - 2.2.1. all letters requesting monies outstanding are accurately recorded and maintained;
 - 2.2.2. 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;
 - 2.2.3. for all outstanding debts, a final statement is issued by recorded delivery to the person(s) liable for the charge;
 - 2.2.4. 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;
 - 2.2.5. the identity of a family involved is only disclosed to those who need to know under this policy.

3. THE BOARD OF TRUSTEES;

- 3.1. must consider the arrangements for debt recovery;
- 3.2. must approve any member academy undertaking legal action in any particular case.

4. THE LOCAL GOVERNING BODY;

- 4.1. must include in the minutes of its meeting or record of its decision, its approval to pursue any outstanding debt;
- 4.2. will ensure that the identity of a family involved is only disclosed to those who need to know under this policy;
- 4.3. may delegate its responsibilities under this policy to a relevant Committee

5. PROCEDURES

- 5.1. Pursuance of Debt the academy should:
 - 5.1.1. give the debtor appropriate notification and time to pay the outstanding charge;
 - 5.1.2. send the debtor as a minimum a final statement by recorded delivery, which states that this is the final notice and that further action will be taken.

5.2. Waiving of Debt.

The academy trust must obtain ESFA's prior approval for the following transactions beyond the delegated limits described below:

- writing-off debts and losses
- entering into guarantees, letters of comfort or indemnities.

5.2.1. The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any financial year per category of transaction for 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
- cumulatively, 5% of total annual income in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years.

5.2.2. If the debt is below the above limits any write off must be agreed by the Trust Board in advance of a write off.

5.2.3. In relation to these limits:

- the academy should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled
- the academy should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative
- the amounts for write-offs are before successful claims from an insurer or the risk protection arrangement
- total annual income is defined as grant income as disclosed in the trust's last audited accounts. ESFA should be contacted if the trust has not yet published their first audited accounts.