



Greywood

Multi-Schools Trust

The House, Eastern Avenue, Lichfield,
Staffordshire, WS13 7EW
Company House No 11885406
(registered in England and Wales)

Debt Management Policy

Date Published	Review date
1 st July 2021	July 2023

Policy links to
Financial Scheme of Delegation Financial Management Manual

Introduction

In accordance with the funding agreement from the Education and Skills Funding Agency (ESFA), Greywood Multi-Schools Trust 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.

Greywood Multi-Schools Trust's Debt Recovery Policy will observe the relevant financial regulations and guidance set out in the Academy Trust Handbook and any other legal requirements. In particular:

The Local Governing Body will not write-off any debt belonging to the School which exceeds £500. Any sums above this will be referred to the Trust Board for approval and the formal agreement of Greywood MST Trustees before writing-off. (If any debtor has a number of debts which together exceed the write-off limit then these will be treated as a total amount).

A formal record of any debts written off will be maintained and this will be retained for 7 years.

The School will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to the Chief Finance Officer to consider taking legal or other action to recover the debt.

Procedures

School staff are expected to adhere to the following procedures to secure the collection of all debts.

Recording of goods or services supplied where payment is not received in advance

or 'at the point of sale':



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A record will be kept of all such supplies that details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc. Where invoices are raised these should state the date by which payment is due.

In all other cases correspondence with parents, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by ..., payment for items purchased should be sent to the school office by..., etc.

The Local Governing Body should determine what the reasonable 'credit period' is if this is not otherwise specified,

e.g. the Local Governing Body may stipulate the maximum settlement period for school lettings in a separate 'premises lettings policy'.

Reminders

Initial reminders: Initial reminders will be made and may be informal and made by the School Finance Manager or Finance Assistant by telephone and recorded

First reminder letter: A formal reminder letter will be issued within 2 weeks from any informal reminder (Appendix 1)

Second reminder letter: A second reminder letter will be issued within 2 weeks after the First reminder letter (Appendix 2)

Failure to respond to reminders/settle a debt (Third Letter): If no response is received from the reminders issued, a letter will be sent, by recorded delivery, to the debtor advising them that the matter will be referred to the Governing Body and the Chief Finance Officer for the Trust (Appendix 3)

The debtor will be advised that they will be required to pay in advance for all future services and supplies or the services and supplies will no longer be available to them. This decision and its basis will be recorded.

Referral to Solicitor – Where no payment has been received within 7 days of the third letter the matter shall be reviewed by the School Finance Manager/ Finance Officer with subsequent referral to solicitors where it is considered to be the most appropriate course of action. The debtor will be informed of this in writing.

Approval will be needed by the Chief Finance Officer to instigate any legal action.

Where the debt relates to outside school services (e.g. lettings or after school club), the School Finance Manager/ office Manager shall notify the relevant staff member to ensure that all future lettings or services relating to that customer are cancelled or suspended until payment is received in full.

Negotiation of repayment terms

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



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If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Headteacher unless the debt is £500 or more whereby negotiation will be at the discretion of the Schools Governing Body. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable. If a payment is missed the whole of the balance will be due immediately together with the cost of recovery.

Any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.

Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the School Finance/Finance Officer will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded. The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

Reporting of outstanding debt levels

The School Finance Manager/ Finance Officer will ensure that the level of outstanding debt is known or can be determined at any time.

The School Finance Manager/ Finance Officer will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

Bad debts

The School's Debt Recovery Policy should be cross-referenced to the Schedule of Financial Delegation.

Write-off of any debt requires the approval of the Schools Governing Body up to a maximum of £500.

A record of the write-off, the reason for it and the approval for it, will be retained for 7 years.

Policy reviewed and accepted by Trust Board 7th July 2021



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Appendix 1 - First Debtors Letter

[Date]

Debtor Name

Debtor Address

Dear [Name]

Debtors Account Number [Insert number]

This is a reminder that there is an overdue balance of £ [insert balance] on your account. This comprises: [Insert invoice numbers and amounts]

You have exceeded our normal credit terms of 30 days and payment within the next 14 days is requested.

If you wish to speak to the finance office about the overdue balance please contact us on 01543 ?????? ext .

Yours sincerely

[Name]

School Finance Manager



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Appendix 2 – Second Debtors Letter

[Date]

Debtor Name
Debtor Address

Dear [Name]

Debtors Account Number [Insert number]

Despite previous correspondence there remains an overdue balance on your account of £ [insert balance]. This comprises: [Insert invoice numbers and amounts]

If we do not receive payment within the next 14 days we shall have no alternative but to take the necessary steps to recover the amount owing to us.

If you wish to speak to the finance office about the overdue balance please contact us on 01543 ?????? ext.

Yours sincerely

[Name]

School Finance Manager

Appendix 3 - Third and Final Debtors Letter

[Date]

Debtor Name Debtor
Address

Dear [Name]

Debtors Account Number [Insert number]

We have contacted you on a number of occasions regarding the following outstanding invoices:- [Insert invoice numbers and amounts]

Greywood Multi-Schools Trust will take all steps necessary to recover amounts owing to the organisation. Unless we receive payment within 7 days we shall be forced to instruct solicitors to recover the debt.

If you wish to speak to the finance office about the overdue balance please contact the School Finance Manager immediately on 01543 ?????? ext.

Yours sincerely

[Name]

School Finance Manager