

INCLUSIVE | MULTI ACADEMY TRUST

BAD DEBT POLICY

DOCUMENT DETAIL	
Approving Body	Resources Committee
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Statement of intent

The Inclusive 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.

In accordance with Section 4.2 of the Master Funding Agreement, the Trust is required to apply financial and other controls which meet the requirements of regularity, propriety and value for money. To this end, Trustees are responsible for ensuring that procedures are in place for the management and recovery of any outstanding debt.

This policy sets out the procedures for debt recovery and for the write off of any debt which is deemed to be irrecoverable. The 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. Our Trust community will be made aware of this policy and therefore a copy will be published to the school and Trust websites.

All family cases will be judged fairly and according to the circumstances of the family involved. The privacy of the family involved will be respected and only made known to those who need to know.

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'

Bad Debts (except school lunch money)

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for payment within 28 days. Each school within the Trust will actively pursue debtors, including parents/carers for the collection of monies owed to it.

1. All debts will be recorded, and non-payment will be followed up, as a guide, by issuing reminders as outlined below. Where a service is being provided, this service will be ceased immediately, and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared and payment for future services is made in advance.
 - 28 days from date of invoice – 1st reminder
 - 6 weeks from date of invoice – 2nd reminder
 - 8 weeks from date of invoice – final reminder

The School Business Officer will ensure that there is documentary evidence of all the steps undertaken by the Trust/school to recover the debt. A debt may be waived when it is believed the debtor is experiencing serious financial hardship.

2. The final reminder will be sent by recorded delivery advising the debtor that the case may be referred to the school's legal advisors and Trust Board. It is then for these parties to agree on a timeframe for a repayment or, if necessary, a payment plan for separate instalments and may threaten legal action if the account is not settled within 14 days of its issue.
3. After 14 days, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing.

4. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:
 - Those up to the value of £1000 to be approved by the COO.
 - Those between £1001 and £5000 to be approved by the CEO.
 - Those exceeding £5001 must be approved by the Resources Committee.
 - Cumulatively, 5% of total annual income in any one financial year per category of transaction must be referred to the ESFA. The Trust Board will be advised.
 - An annual report detailing any bad debt will be provided to the Trust Board.
5. Legal action for the recovery of a bad debt over £5001 will be considered by Trustees on a case-by-case basis
6. The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.

The process of pursuing School lunch money

All school meals must be paid for in advance. The Trust will not allow any child(ren) to suffer due to a parent/carer failing to settle their school meal account and so, throughout this process, the school will continue to provide the child/ren with a meal each day if the parents/carers fail to send their child with a packed lunch. The approach to pursue lunch money will be considerate of and adapted to each family's circumstances. It is recommended that the following approach is adopted as a minimum.

- **Week 1: Informal reminder** – at the end of the week, the parents/carers will be informally reminded by email that they owe dinner money.
- **Week 2: First reminder** –At the beginning of the week, if the debt remains unpaid, further contact by text and email will be made and followed up with a telephone call reminder will be made at the end of the week.
- **Week 3: Next reminder** – if no response is received, a formal letter will be sent to the parents at the beginning of the week, and they will be asked to provide a packed lunch until the debt is repaid in full. At the end of this week, if no response is received, the parents/carers will be invited to a meeting to discuss the outstanding debt.

Exceptional circumstances and remissions

The school must ensure that guardians of pupils are aware of the help the school can extend to those in financial difficulty. Guardians who may be eligible for remissions are those in receipt of any 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 – if they apply on or after 1 April 2018, their household income must be less than £7,400 a year (after tax and not including any benefits that they receive)

In a case where there is, or it is suspected that there is, an overdue debt from a family who may qualify for remissions, details of the different types of bursary available should be sent to the debtor in question.

Review of Policy

The Trustees will review this policy every 3 years. It may however review this policy earlier than this if the government produces new regulations, or if it receives recommendations on how this policy might be improved.