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# OWLS Academy Trust

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## Debt Recovery Policy

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Date Detail June 25<sup>th</sup>, 2018

Original, based on Trust Policy 25.06.17

Reviewed annually

Approved by Jonathan Tedds, Chair of Governors

Adopted by The OWLS Academy Trust	Annually in June
Next Review Due	Reviewed annually in May

The Trustees, Members and Local Governing Bodies within the OWLS Academy Trust have a duty to ensure that the Trust and its schools receive all funds to which they are entitled. This policy has been created to ensure that appropriate procedures are in place to deal with debts and the recovery of assets.

It encompasses all debts owed to the school including, but not limited to, payments for goods, services, school trips and school meals.

Parents should be made aware of and given access to this policy and the school's debt recovery procedures.



## **Key Principles**

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Trustees, members and local governing bodies will not normally write off any debt which exceeds £500.

Schools will not write off any debts owed by the Local Authority (LA)

A full record will be kept of debts owed to the school for 7 years. This will include all letters requesting money, reminders and invoices.

Non-payment of a voluntary contribution will not be considered a debt and will not be treated as such.

Local governing bodies may decide that it is appropriate to exclude the pupil from further optional (paid for) activities until such time as the debt has been re-paid. Such action must be proportionate.

The Trust or any school may initiate legal action to recover debts. However, such uncollected debts will be referred to Trustees (where the debt is owed to the Trust) or to the Local Governing Body (where the debt is owed to a school) to consider such action. For debts above thresholds set out in the Academies Financial Handbook the matter may be referred to the ESFA to consider such action.



## **Roles and Responsibilities**

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### **Head Teacher and School Business Manager**

- Ensure that letters requesting money are accurately recorded and those records maintained.
- Ensure that evidence of the steps taken by the school in pursuance of debt is recorded, including dates and times of both letters and phone calls.
- Ensure that a final reminder is sent to the debtor after a considered time (usually less than 1 month). Family cases will be judged fairly and according to the circumstances of the family involved.
- Ensure that the privacy of the family involved will be respected and they will only be made known to those who need to know.
- Ensure that the level of outstanding debt can be determined at any time.

### **Local Governing Bodies and the Board of Trustees**

- Prescribe and regularly review the arrangements for debt recovery.
- Must approve any legal action taken.
- Record approved actions in the minutes of the relevant meeting.
- Must adhere to any privacy arrangements put in place by the Head Teacher / School Business Manager.



## Process for Pursuing Debts

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As a minimum all debtors should be issued with:

- Informal reminder;
- First reminder letter;
- Second reminder letter;
- Final reminder letter;
- Possible appropriate action short of legal action (where appropriate);
- Possible legal action.

### Negotiation of Repayment Terms

Debtors are encouraged to settle the amount owed by a single payment as soon as possible after receiving the first “overdue payment” reminder. Repayment terms may be negotiated, at the discretion of the school, with authorisation for repayment by installments. Delegation of authority to agree payment by installments shall be based on the same values as apply for debt write-off.

Failure to repay the debt, or to meet any repayment terms may result in the debt being passed to an external debt collection agency or in possible legal action.

### If People are Unable to Pay

The Trust / School may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be followed, taking the following factors into account:

- Hardship – where paying the debt would cause financial hardship;
- Ill Health – where our recovery action might cause further ill health;
- Time – where the debt is so large compared to the person’s income that it would take an unreasonable length of time to pay it all off;
- Cost – where the value of the debt is less than the cost of recovering it;
- Multiple debts – where someone owes more than one debt to the school. In this situation an attempt will be made to agree one repayment plan to include all debts.



## Waiving of Debts (Write-Off)

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The waiving or writing off of debts is at the discretion of individuals with delegated responsibility, as set out in the Finance Manual. A debt may be waived when it is believed the debtor is experiencing serious financial hardship, or if all reasonable avenues to recover the debt have been exhausted and it is believed it would not be cost effective to pursue the debt through legal action.

The authority to write-off debts is set out in the Finance Manual, which sets upper limits for the School Business Manager, Head Teacher, Finance Committee, Local Governing Body and Trustees. Debts of £500 or more will not normally be waived / written off.

Where the value of the debt exceeds thresholds set out in the ESFA Academies Financial Handbook, the Trustees must obtain approval from the ESFA before the debt may be written off / waived.