



# Wigston Academies Trust

## DEBT RECOVERY POLICY

<b>DATE APPROVED:</b>	23.10.23
<b>APPROVED BY:</b>	Board of Trustees
<b>REVIEW FREQUENCY:</b>	Every 3 years
<b>DATE FOR REVIEW:</b>	October 2026

Signed by Chair of Trustees:

A handwritten signature in black ink, appearing to be 'M. M. M.', is written over the signature line.

Date: 23/10/23

## Principle

As per the requirements of the Education Funding Agency's Academy Trust Handbook, Wigston Academies Trust should only consider writing off losses (within allowed limits) after careful appraisal of the facts (including whether all reasonable action has been taken to effect recovery) and should be satisfied that there is no feasible alternative. Beyond the limits set out therein, the Trust must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction.

Wigston Academies Trust will take all reasonable measures to collect debts as part of its management of public funds. All debts to agreed delegated threshold will be written off via a committee of Trustees. Any requests for write off above this will be shared with the Trust Board. Any debt would only be written off after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

## Practice and Provision – Academy

### 1. Debt Recovery

- The relevant financial regulations and guidance set out in the Academies Trust Handbook and any other legal requirements will be adhered to.
- A formal record of any debts written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- Wigston Academies Trust where it feels appropriate will initiate legal action to recover debts.
- The Executive Headteacher may write-off or reduce any debt belonging to Wigston Academies Trust which does not exceed £500 (within specific circumstances). Amounts above this must be referred to the Trustee's Finance, Audit and Risk Committee.
- In general payment for all goods and services, including lettings supplied by Wigston Academies Trust should be paid in advance or by invoice which will be raised at the point of supply.
- Invoices will clearly state by which date payment is due.
- Correspondence with parents e.g. academy trips should clearly state when the final payment is due. Trip leaders should ensure all payments are received prior to a trip and confirmation that parents agree to pay voluntary contribution (when applicable) is obtained.
- Trip leaders will ensure that details of trip payments and any instalment dates will be shared with the Finance team at the earliest opportunity so that recording arrangements can be set up for the trip including opening the payment option online where an online payment portal in operation.

### 2. Invoicing and payment periods

All invoices are expected to be paid in full within 30 days of being issued.

Trip/activity organisers should ensure all contributions or payments are made prior to activity/trip taking place.

The Trustees may consider that an 'acceptable' recovery period may vary between different income generating activities; for example:

- Lettings
- Supply of Services
- Tuition Fees (if organised by Wigston Academies Trust– e.g. music)
- Trips and activities. (e.g. where instalments prior to trip maybe possible depending on cost)

Debt recovery procedures will be applied on all overdue payments.

### **3. Reporting of outstanding debt levels**

The Sports Manager, Finance Manager and Director of Finance and Operations in Wigston Academies Trust will ensure that the level of outstanding debt is monitored monthly.

Suitable records will be maintained to detail individual debts and the total value of debt to the Wigston Academies Trust in order that it can be determined at any time and reported to SLT and/or the appropriate LGB Committee.

The Trustee Finance, Audit and Risk Committee will review the level of outstanding debts (individually above £250) every term to determine whether this level is acceptable and whether action to recover debts is effective.

### **4. Debt Recovery Procedures**

**Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.**

It is important that at least two reminders are sent/ made and recorded.

#### ***a First 'overdue payment' reminder - informal***

A first overdue payment reminder may be made if circumstances suit and can be made either in person by telephone, text or email. The date of the first overdue payment should be recorded. Where invoices have been raised this first stage will involve issuing a copy invoice with a reminder message. This can be given in person, emailed or posted.

#### ***b Second 'overdue payment' reminder***

A formal reminder letter should be issued 14 days after the first reminder. This letter should be given in person or sent via Royal Mail 1<sup>st</sup> Class

#### ***c Third 'overdue payment' reminder***

A second formal reminder letter will be issued 14 days after the first formal reminder letter stating that payment must be made within 7 days in order to conclude the matter to avoid using the legal debt recovery policy. This letter should be sent by Royal Mail recorded delivery. A copy of the letter and its date of issue should be held on file.

**d.** If there is no response to the third overdue payment reminder, a final letter will be issued inviting the debtor to discuss with the Director of Finance and Operations in order to discuss how they

intend to pay the debt. Wigston Academies Trust will make every effort to work with the debtors to prevent debts mounting. The debtor may be advised that they will be required to pay in advance for all future supplies or services and/or that the supply will no longer be made available to them until the debt is paid in full. If mutual agreement cannot be reached or any agreed payment is missed, then legal action will be considered to recover the debt. The outcome and its basis will be recorded and reported to Trustees' Finance, Audit and Risk Committee.

Prior to this letter being sent the Director of Finance and Operations/Executive Headteacher will also decide whether the debtor should be referred to our solicitors for legal action and if so this will also be detailed in the third overdue payment letter. The letter should be signed by the Executive Headteacher and sent via recorded delivery with docket retained

Where a debtor has reached this stage twice within a 12 month rolling time frame, Wigston Academies Trust reserves the right to remove the service/childcare place with one week's notice.

## **5. Failure to settle a debt**

In accordance with the academy's financial regulations and procedures document, the Executive Headteacher has the authority to write-off bad debts up to a value of £500.01 and over. Debts of £500.01 and over will be referred to the Trustees Finance, Audit and Risk Committee.

## **6. 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 payment' reminder

***However, if people are unable to pay;***

Wigston Academies Trust may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be carried out, taking factors such as the following into account:

- Hardship
- Ill health/disability
- Cost of recovery
- Multiple debt – where someone owes more than one debt to Wigston Academies Trust. In this situation an attempt to agree one repayment plan to include all debts will be established.

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Director of Finance and Operations or Executive Headteacher subject to the £500. A record of all such agreements entered into will be retained.

In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment (as part of the 3<sup>rd</sup> overdue reminder letter, or in response to an overdue reminder letter).

The settlement period should be the shortest that is judged reasonable.

The Director of Finance and Operations and Executive Headteacher will decide whether any debtor who has been granted extended settlement terms will in future be required to pay in advance.

This decision and its basis will be recorded and reported to the Trustees Finance, Audit and Risk Committee.

## **7. Costs of debt recovery**

Where Wigston Academies Trust incurs material additional costs in recovering a debt then the Trustees Finance, Audit and Risk Committee will decide whether seek to recover such costs from the debtor.

The debtor will be formally advised in writing that they will be required to pay the additional costs incurred by Wigston Academies Trust in recovering the debt.

## **8 Extended services and lettings invoicing arrangements**

The staff member in charge of the services will assist in the debt recovery procedures in 4 above, including talking to/contacting parents about outstanding amounts and liaising with the Finance team over debts. They will also assist by ensuring that all users of the service receive 2 copies of their service user/lettings agreements and that one signed copy is retained.

The Finance and Admin Team and/Sports Manager are responsible for ensuring records of bookings for lettings are maintained and for identifying the sums due from each organisation. Payments must be made in advance for one-off lettings/ the use of facilities, whereas affiliated groups are charged per half term in advance for payment by end of the letting period invoiced

The Finance Manager and Director of Finance and Operations will be responsible for ensuring the chasing outstanding debts is carried out as per the procedures outlined above. Access to facilities for certain affiliated groups may be removed as per the indemnity and conditions of hire where payment is late.

## **9 Solicitor/ legal action open to Wigston Academies Trust**

The Executive Headteacher may pass a debt to independent solicitors or the County Solicitors service which is offered as part of the Wigston Academies Trust's subscription to LCC's Legal Service. This will result in a further letter directly from them asking for payment and if not resolved then an application to the county court for the CCJ to be removed is made.

The final avenue Solicitors then have, following Trustee approval, is to issue a Warrant of Execution to allow amounts to be recovered to the value of the debt which would also include costs. If Trustees do not wish to pursue they can write debt off within allowable limits.

## **10 Accounting for Bad Debts**

All lettings income and expenditure is ring-fenced within their own cost centres.

Depending on the level of bad debts identified in each year a decision will be made in consultation with our accountants as to whether we need to make formal provision for bad debts within our accounts.

## **Monitoring, Evaluation and Review**

This policy will be reviewed and approved in line with Wigston Academies Trust Financial Procedures Handbook (of which this policy is an appendix) by the Finance, Audit and Risk Committee of the Trust.

## **Equality Monitoring**

Wigston Academies Trust is committed to equality and diversity which means that this policy, via an Equality Impact Assessment, has been screened in relation to the use of gender-neutral language, recognition of the needs of disabled people, promotion of the positive duty in relation to race, age, disability and avoidance of stereotypes.

Based on the Equality Impact Assessment findings, this policy is judged to be of low impact against the equality strands of Race, Gender, Religion, Disability Sexual Orientation and Age. A copy of the Equality Impact Assessment of this policy is available from the PA to the Trust Executive Headteacher.

This Policy is available in alternative formats on request. If you think we can improve the fairness of this Policy, please contact the individual who has responsibility for its update.