



Inspire Education Trust

Together we achieve, individually we grow

Debt Recovery Policy

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Document History

Version	Status		Date	Author	Summary Changes
V1	DRAFT		13/04/2023	Beth Manning	NEW
			01/10/2024	Beth Manning	Updated system from ParentPay to Arbor

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1. Aims

The aims of this policy are to:

- Ensure all reasonable measures are taken by the Trust to collect debts as part of its management of public funds
- Ensure that a debt will only be written off after all reasonable measures (dependent on the size and nature of the debt) have been taken to recover it
- Ensure that the Trust has due regard to propriety and regularity, and ensures value for money, in the use of public funds
- Ensure that the Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the latest Academy Trust Handbook

2. Legislation

This policy is based on the following:

Statutory guidance from the DfE:

- The Academy Trust Handbook – specifically sections 5.19 – 5.22.

3. Definitions

Debtors: any person, entity or body owing money to the Trust.

4. Roles and responsibilities

Refer to Finance Policy section 4.3 Debtors for a breakdown of limits

- A formal record of debts written off will be maintained by the Finance Department and retained for 6 years.
- The Trust 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 EFSA to consider taking legal or other action to recover the debt (subject to size and nature).
- The procedures to secure the collection of all debts are outlined in section 7 and should be followed by all Trust staff.

5. Acceptable 'credit period'

The Trust understands that the acceptable credit period may vary between different income generating activities.

5.1 Invoices

Payment for all goods and services supplied by the Trust should be collected in advance or at least within agreed terms at the start of an agreement.

Activity	Credit Period	System
Consortium	By the end of each term	Xero
Lettings	In advance of booking	Xero
Music	In advance of lessons starting	Arbor
Nursery	In advance at time of booking	Arbor
SENIF	By the end of each term	Xero
Wraparound	In advance at time of booking	Arbor
School Lunches	In advance before a meal is taken	Arbor
Educational Trips & Visits	In advance of the trip / visit	Arbor
After School Clubs	In advance at time of booking	Arbor

5.2 School Lunches

A positive balance should be maintained by parents/carers for school lunches on Arbor and any debts over £5 will be chased as per section 7. When a pupil has a school lunch this is recorded on Arbor and deducts from the balance. Failure to pay any balances after a reminder is sent will mean further communication is sent advising that the pupil needs to bring a packed lunch to school until the debts are cleared.

5.3 Educational/residential visits

The payment arrangements for each visit will be communicated to parents/carers and should be paid before the scheduled date of the visit.

6. Reporting of outstanding debt levels

The Finance and Compliance Manager (FCM) will ensure that the level of outstanding debt is regularly monitored. Suitable records will be maintained to detail individual debts and the total value of debt to the Trust in order for it to be reported to the Head of Finance (HOF) as required.

7. Debt recovery procedures

7.1 Overdue balances

Where payment is not received within the acceptable credit period, as stated in section 5, the following process should be applied.

- First 'overdue payment' reminder letter/email - An initial reminder letter/email will be sent from where the debt originated by the Finance/Admin assistant (Trust/School) requesting that the overdue balance is settled within 14 days. See template in Appendix 1.
- Second 'overdue payment' reminder letter/email – Where no payment has been received within 14 days of sending the first letter/email another reminder will be sent by the

Finance/Admin assistant (Trust/School) requesting that the overdue balance is settled within 14 days. See template in Appendix 2.

- Third and final 'overdue payment reminder letter/email – Where no payment has been received within 14 days of sending the second letter/email a third and final one prior to legal action will be sent by the FCM requesting that the overdue balance is settled within 7 days. See template in Appendix 3.
- Referral to solicitor - Where no payment is received within 7 days of the third and final letter the FCM will subsequently review the matter and refer to solicitors where appropriate.
- Where a reminder letter/email is sent a copy should be retained on file.

8. 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;

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

- Hardship - where paying the debt would cause financial hardship.
- Ill health - where our recovery action might cause or exacerbate 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 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 FCM, who will consult with staff who have knowledge of a particular situation, in order to achieve an optimum and equitable resolution. 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, using the sample letter in Appendix 4. The settlement period should be the shortest that is judged reasonable.

The FCM can approve a repayment schedule of up to £500 over 3 months. Anything over this limit and or a longer repayment schedule will need to be authorised by the Head of Primary / Secondary Education.

9. Record keeping

The Office Managers in each school are responsible for timely monitoring of outstanding debtors in their schools. This involves ensuring Arbor debts are up to date and that the Finance team are aware of the potential for 'overdue' debtors.

10. Bad debt

Where all reasonable debt recovery procedures have been followed the Trust may decide to formally write-off the debt in accordance with the delegated authorities noted in The Finance Policy Section 4.3 Debtors.

Responsibility

The Inspire Education Trust Board of Directors have a responsibility for the oversight of this and all policies within the Trust's academies and may delegate the implementation and review of this policy in accordance with our Scheme of Delegation.

Appendix 1 – First 'overdue payment' letter template

[Date]

[Debtors Name] [Debtor Address]

Dear [Name]

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

[Insert invoice numbers and amounts]

Payment within the next 14 days is requested. If you wish to speak to somebody about the overdue balance please contact the School Office on xxxxx xxxxxx or email School admin @ietrust.org

Yours sincerely

[Name]

Headteacher

School Name

Inspire Education Trust

Appendix 2 – Second 'overdue payment' letter template

[Date]

[Debtors Name] [Debtor Address]

Dear [Name]

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

[Insert invoice numbers and amounts]

If we do not receive payment within the next 7 days we shall have no alternative but to take further steps to recover the amount owing to us. If you wish to speak to somebody about the overdue balance please contact the School Office on xxxx xxxxxx or email School Admin@ietrust.org

School office

Yours sincerely

[Name]

Headteacher

School Name

Inspire Education Trust

Appendix 3 – Third and final 'overdue payment' letter template

[Date]

[Debtors Name] [Debtor Address]

Dear [Name]

We have contacted you on a number of occasions regarding the following outstanding invoices:

[Insert invoice numbers and amounts]

Inspire Education Trust will take all steps necessary to recover amounts owing to the organisation. Unless we receive immediate payment we shall initiate debt recovery procedures.

If you wish to speak to somebody about the overdue balance please contact the Finance and Compliance Manager on 024 76011479 or email finance@ietrust.org

Yours sincerely

[Name]
Finance and Compliance Manager
Inspire Education Trust

Appendix 4 – Agreed payment plan letter template

[Address]

[Date]

Dear xxx

Re: xxx

Following our conversation regarding the outstanding debt for [insert debt activity here], please find below repayment schedule in order to clear your account.

Balance outstanding £ xxx

Repayment week/month commencing XXXXXXXXXX
Repayment week/month commencing XXXXXXXXXX
Repayment week/month commencing XXXXXXXXXX
Repayment week/month commencing XXXXXXXXXX
Repayment week/month commencing XXXXXXXXXX
Repayment week/month commencing XXXXXXXXXX

Can you please sign and return one copy of this letter showing agreement to the proposed repayment schedule.

As agreed, until the outstanding debt is cleared, further school activities may not be permitted. If this causes a problem for you, please contact the School Office.

If you need to discuss this matter further, please do not hesitate to contact the School Office.
Thank you for your co-operation.

Yours sincerely,

[Name]
Finance & Compliance Manager
School Name
Inspire Education Trust

Written By	Lorna Nix	May 2023
Reviewed:	Beth Manning	September 2024
Next Review Date:		May 2025
Approved by Directors:		14 October 2024

Signed:



Lois Whitehouse
Chief Executive Officer



Jane Durkin
Chair of Finance