



LANGTREE SCHOOL GOVERNORS’ POLICY ON DEBT RECOVERY

THE LANGTREE SCHOOL ACADEMY TRUST COMPANY

AN EXEMPT CHARITY LIMITED BY GUARANTEE

COMPANY NUMBER 7980335

In this policy as in all documents of The Langtree School Academy Trust Company (“TLSATC”) any reference to Langtree School, School, Governors of Langtree School or Trustees of Langtree School Academy Trust Company is a reference to The Board of Directors of The Langtree School Academy Trust Company and any reference to the headteacher of Langtree School is a reference to the Chief Executive Officer of TLSATC.

STATUS:			
RECOMMENDED	✓	STATUTORY	
REVIEW FREQUENCY	3 years		
DATE OF POLICY	February 2018		
DATE OF LAST REVIEW		Feb 2018	
REVIEW DUE		Feb 2021	
COMMITTEE	Finance		
Signed: Chair of Governors			
Debt Recovery February 2018			

DEBT RECOVERY POLICY – ACADEMIES

This policy should be read in conjunction with the Langtree school financial procedures manual.

Background

As part of their management of public funds, academies should have a policy in place for ensuring the collection of all debts they are owed. If debts remain unpaid, the academy may have to use money that would otherwise be spent on education to cover these debts. A debt should therefore only be written off after all reasonable measures for its recovery have been taken.

The Headteacher, business manager and governing body should use this debt recovery policy when dealing with debtors. It should also be used to ensure that debtors understand the school's position on outstanding debts and the actions it will take if they remain unpaid.

DEBT RECOVERY POLICY

Introduction

As part of its management of public funds, Langtree School will take all reasonable steps to ensure that all debts owed to it are collected.

Objectives and targets

The purpose of this policy is to guide the headteacher and business manager in recovering debts and ensuring that outstanding debts do not become bad debts.

Action plan

To ensure the collection of debts, Langtree School will keep a record of all services supplied, their value, the date and the name of the debtor, and ensure that any invoices raised state the date by which payment is due. It is expected that all invoices will be paid on or before the due date stated on the invoice and in full. If this is not possible, debtors should contact the headteacher or business manager to make alternative arrangements for payment.

Langtree School will actively pursue debtors for the collection of income owed to it. If a payment is overdue, the following actions will be taken:

- **Initial reminder** – An informal telephone reminder will be made when a payment is two weeks late.
- **First reminder letter** – This formal letter will be sent when a payment is 30 days overdue.
- **Second reminder letter** – This will be sent two weeks after the first reminder letter if no payment is received. This letter should be sent by recorded delivery.
- **Failure to respond after two reminders have been sent** – If no payment is received a letter will be sent to the debtor advising them that the matter may be placed in the hands of the academy's solicitors.

- **Failure to respond after three reminders have been sent** – If no payment is received the academy will consider placing the matter in the hands of its solicitors.

It is anticipated that debts will be settled promptly and in a single payment after the first reminder letter has been received. The debtor may be required to pay any additional costs incurred by the school as a result of collecting this debt. Interest may be charged from the due date at the Bank of England Base Rate + 1%.

The headteacher and business manager are responsible for ensuring that the total value of outstanding debt is known at all times.

Bad debts

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery.

The academies financial handbook provides the following guidance regarding the writing off of debts and losses, including any uncollected fines:

- 1% of the academy's total annual income or £45,000, whichever is smaller per single transaction, may be written off after the academy has taken all possible steps to recover the money. Grant income is based on the figure in the last set of audited accounts. Academies that have not yet produced audited accounts need to contact the Education and Skills Funding Agency (ESFA)
- Cumulatively:
 - For academies that have submitted timely, unqualified financial returns for the previous two financial years, up to a maximum of 5% of total annual income in any one financial year per category of transactions may exceptionally be written off.
 - For academies that have not submitted timely, unqualified financial returns for the previous two financial years, 2.5% of total annual income in any one financial year per category of transaction may be written off.
- The academy must seek and obtain the explicit and prior approval of the Education Secretary, through the ESFA, for transactions above these limits.

Records of debts that have been written off will be retained for six years plus the current year.

Any debtors that fail to settle a debt will be informed that in future they will be required to pay for any services in advance.

Monitoring and evaluation

Responsibility for ensuring that this policy is adhered to lies with the headteacher and business manager, who will evaluate its effectiveness annually.

Reviewing

The headteacher and trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.