

Viking Academy Trust



Debt Management Policy

The VIKING ACADEMY TRUST 'Debt Management Policy' Policy has been written following advice from the Trust Auditors. It should be read in conjunction with the VAT Community Use & Lettings Policy.

Approved by the Trust: Term 3 2019

Reviewed Annually: Term 3

Last review date: Term 1 2024

Signed:

A handwritten signature in black ink, appearing to read 'A Roby', is written over a faint rectangular stamp.

Chair of Trust

Debt Management Policy

The Viking Academy Trust

‘Empowering children through education: One Childhood One Chance’

Schools in the Viking Academy Trust (VAT)

Chilton Primary School
Ramsgate Arts Primary School
Upton Junior School

This **Debt Management Policy** is relevant to all schools in the Viking Academy Trust. It should be read alongside the Community Use & Lettings Policy.

1. The Purpose

The purpose of this policy is to set out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

2. The 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 Academies Financial Handbook

3. Legislation and Guidance

This policy is based on the following Statutory guidance from the DfE:

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

4. Definitions

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

5. Roles and responsibilities

The Board of Trustees has delegated authority as follows:

- Any individual debt write-offs below £100 can be authorised by the CEO.
- Any individual debt write-offs over £100 but below £5,000 can be authorised by the Finance, Audit and Risk Committee.
- Any individual debt write-offs exceeding £5,000 must be authorised by the Trust Board.
- For any individual debt write-offs exceeding the lower of 1% of annual income (maximum £250,000) or £45,000 prior approval must be sought from the ESFA.
- A formal record of debts written off will be maintained by the CFO 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 8 and should be followed by all Trust staff.

6. Acceptable 'credit period'

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

6.1 Invoices

Payment for all goods and services supplied by the Trust should be collected in advance or at least within 14 days upon receipt of the invoice. The Accounts Receivable department will issue where possible an invoice in advance for all goods and services provided.

6.2 Lettings invoices

Lettings invoices should be paid in advance of the agreed let where possible or at least within 14 days upon receipt of the invoice. Invoices will be issued for all lettings.

6.3 Breakfast, after-school clubs, holiday clubs and pre-school additional sessions

Payment should be made via the Bromcom payment facility or through childcare vouchers in advance of each session. Should the parent/carer fall into debt and failure to pay any balances after a reminder letter is sent, a letter will be sent advising that the pupil cannot attend the clubs/sessions until the debts are cleared.

6.4 School lunches

A positive balance should be maintained by parents/carers for school lunches on Bromcom and any debts will be chased as per section 8. When a pupil has a school lunch this is recorded on Bromcom and deducts from their balance. Failure to pay any balances after a reminder letter is sent will mean a further letter is sent advising that the pupil needs to bring a packed lunch to school until the debts are cleared.

6.5 Educational/residential visits

The payment arrangements for each visit will be communicated to parents/carers via letter but should be paid via reasonably set instalments before the scheduled date of the visit.

7. Reporting of outstanding debt levels

The CFO 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 Finance Committee as required. If the CFO feels a debt is at risk of recovery a provision will be made in the statutory accounts for the full value until it can be ascertained that the debt is no longer at risk. Any debts owed to the Trust longer than 90 days will automatically be provided against.

8. Debt recovery procedures

8.1 Overdue invoices

Where a payment is not received within the acceptable credit period, as stated in section 6, the following process should be applied.

- **First ‘overdue payment’ reminder letter** - An initial reminder letter/email will be sent by the Accounts receivable officer requesting that the overdue balance is settled within 14 days. See template in Appendix 1.
- **Second ‘overdue payment’ reminder letter** – Where no payment has been received within 14 days of sending the first letter another reminder letter/email will be sent by the Accounts receivable officer requesting that the overdue balance is settled within 14 days. See template in Appendix 2.
- **Third and final ‘overdue payment reminder letter** – Where no payment has been received within 14 days of sending the second letter a third and final letter prior to referring to the ESFA for further advice and possible legal action will be sent by the CFO requesting that the overdue balance is settled within 7 days. See template in Appendix 3.
- **Advice sought from ESFA** - Where no payment is received within 7 days of the third and final letter the CFO will subsequently review the matter and refer to ESFA where appropriate.
- Where a reminder letter is sent a copy should be retained on file.

8.2 Overdue Bromcom payments

In order to keep dinner and club debts to a minimal, the debt collection process in Appendix 8 is applied as often as necessary.

- **STEP ONE: First 'payment request' reminder MCAS message** - An initial reminder email will be sent by automatically by the system requesting that the overdue balance is settled once a dinner is taken. Office staff are sent a weekly debt report and the office to call or use MCAS messaging and note on the spreadsheet action taken/response from parent/date of discussion/call.
- **STEP TWO: Second 'overdue payment' reminder email** – Office make finance team aware when debt remains/continues to rise and no meaningful response has been achieved from parent or promised payments have not materialised. Hardship issues should be raised by the office staff with the finance team so that a discussion with the CFO and HofS can determine best cause of action to support the family. Letter from the finance office outlining debt and actions that could be taken (debt policy letter appendix 4 and 5 (dinners) / Appendix 6 and 7 wraparound)
- **STEP THREE: Third and final 'overdue payment reminder phone call / CFO letter and invoice** – No payments received / amount of debt remains high or is increasing. Finance office attempts to contact parent – parent risks being removed from wraparound registers so they cannot book places / accrue further debt. Provision of wraparound and school dinner withdrawn (parent must provide a packed lunch). In liaison with CFO, payment plan may be offered (debt policy appendix 9). Finance team to monitor payments as per the payment plan.

No attempt to follow payment plan then an invoice is issued, and provision withdrawn as per earlier communications.

- Where a reminder letter/email is sent a copy should be retained on the pupil file.

9. 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.

- **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 CFO, 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 5. The settlement period should be the shortest that is judged reasonable. The CFO will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to pay in advance.

This decision and its basis will be recorded and reported to FAR as required.

10. Record Keeping

The finance team are responsible for the timely reporting of outstanding debtors in across the trust. This involves ensuring Access is kept up to date with debts and the reporting and monitoring of the aged debtors reports are completed and reconciled between the CFO and Accounts Receivables every month as part of the month end process

11. Bad debts

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 section 5.

For any balance to be written-off the detail must be recorded on the 'Record of Debt Written off Register'. The CFO is responsible for ensuring the register is maintained.

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]

You have exceeded our normal credit terms of 14 days and payment within the next 14 days is requested.

Payment needs to be made immediately via the BACS details on the invoice.

If you wish to speak to somebody about the overdue balance please contact the Finance Team on 01843 861393 or email ar@vikingacademytrust.com

Yours sincerely

[Name]

Finance (Accounts Receivable)

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 14 days we shall have no alternative but to take further steps to recover the amount owing to us.

Payment needs to be made immediately via the BACS details on the invoice.

If you wish to speak to somebody about the overdue balance please contact the Accounts Receivables Officer on 01843 597695 or email ar@vikingacademytrust.com.

Yours sincerely

[Name]
Finance (Accounts Receivable)

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]

Viking Academy Trust will now take all steps necessary to recover amounts owing to the organisation. Unless we receive payment within 7 days we shall seek advice from the Education and Skills Funding Agency regarding a legal process to recover the debt.

If you wish to speak to somebody about the overdue balance please contact the Accounts receivable officer on 01843597695 email ar@vikingacademytrust.com

Yours sincerely

Traysi-Jayne Higgin
CFO

Appendix 4 School Dinner Payment – Letter One

[Date]

[Parent Name]
[Parent Address]

Dear [Name]

Childs Name
School Name

The school has previously contacted you regarding an outstanding dinner debt but the debt remains unpaid.

An immediate payment is now required to clear an overdue balance of £[StudentDinnerBalance] on your child's dinner account, in line with the Viking Academy Trust Debt Management Policy.

Payment must be made immediately via your child's MCAS app - please go to the Dinner Money section in the menu.

If payment is not received before Term XX commences, we will no longer be able to provide school meals for your child.

If you wish to speak to somebody about the overdue balance, please email ar@vikingacademytrust.com

Yours sincerely

[Name]

Finance (Accounts Receivable)

Appendix 5 School Dinner Payment – Letter Two

[Date]

[Parent Name]
[Parent Address]

Dear [Name]

Childs Name
School Name

This is a reminder that a payment must be made to clear an overdue balance of £[StudentDinnerBalance] on your child's dinner account, in line with the Viking Academy Trust Debt Management Policy.

Payment must be made via your child's MCAS app - please go to the Dinner Money section in the menu. Please make payment before Term XX commences.

If you wish to speak to somebody about the overdue balance, please email ar@vikingacademytrust.com

If payment is not received before Term XX commences, we will no longer be able to provide school meals for your child.

If you wish to speak to somebody about the overdue balance, please email ar@vikingacademytrust.com

[Name]

Finance (Accounts Receivable)

Appendix 6 Wraparound Payment – Letter Three

[Date]

[Parent Name]
[Parent Address]

Dear [Name]

Childs Name
School Name

The school has previously contacted you regarding an outstanding breakfast / after school club debt but the debt remains unpaid.

An immediate payment is required to clear an overdue balance of £[WraparoundBalance] on your child's Breakfast Club / After School Club account, in line with the Viking Academy Trust Debt Management Policy.

Payment must be made immediately via your child's MCAS app - please go to wraparound care, select the club where there is debt and click on the magnifying glass (in the top right corner), and select the green 'top up' button to add money to clear the debt.

If payment is not received before Term XX commences, we will no longer be able to provide wraparound care for your child.

If you wish to speak to somebody about the overdue balance, please email ar@vikingacademytrust.com

[Name]

Finance (Accounts Receivable)

Appendix 7 Wraparound Payment – Letter Four

[Date]

[Parent Name]
[Parent Address]

Dear [Name]

Childs Name
School Name

This is a reminder that a payment must be made to clear an overdue balance of of £[WraparoundBalance] on your child's wraparound care account, in line with the Viking Academy Trust Debt Management Policy.

Payment must be made via your child's MCAS app - please go to wraparound care, select the club where there is debt and click on the magnifying glass (in the top right corner), and select the green 'top up' button to add money to clear the debt. Please make payment before Term XX commences.

If you wish to speak to somebody about the overdue balance, please email ar@vikingacademytrust.com

[Name]

Finance (Accounts Receivable)

Appendix 8 - Process for Debt Collection Extended Services and School Dinners (Bromcom – MCAS app)

Booking via Bromcom's MCAS App

Parent informed that they must book via Bromcom (extended services and school dinner)
Booking this way means payment made at time of booking.



Exception:

Families in receipt of childcare vouchers – book via the school office as this overwrites the payment at booking option. Dinners taken at school without payment made.

Monitoring overdue payments – Step one

Club staff (*if have access to Bromcom*) – verbal conversation with parent followed by a text if payment not forthcoming (club leaders inform office of weekly debts)

Office staff (If club staff do not have access to Bromcom) – inform club staff so they can apply process above

Office staff – dinner money – follow up any dinner taken without payment (note that Bromcom sends a daily reminder if school dinner is in debt).

Debt report sent to offices by finance team weekly – office to call/message and note on the spreadsheet action taken/response from parent/date of discussion/call.

Monitoring overdue payments – Step Two

Club leaders / kitchen make office aware that attempts to receive payment from parents has not been successful (verbal and text completed from step one)

Office make finance team aware when debt remains/continues to rise and no meaningful response has been achieved from parent or promised payments have not materialised.

Hardship issues should be raised by the office staff with the finance team so that a discussion with CFO and HofS can determine best cause of action to support the family.

Monitoring overdue payments – Step Three

No payments received / amount of debt remains high or is increasing

Finance office attempts to contact parent – parent risks being removed from wraparound registers so they cannot book places / accrue further debt. Provision of school dinner withdrawn and parent must provide a packed lunch.

In liaison with CFO, payment plan may be offered (debt policy appendix 8). Finance team to monitor payments as per agreement.

Appendix 9 – Agreed payment plan letter template

[Debtors Name]
[Debtor Address]

Dear [Name]

Childs Name
School Name

Following our conversation regarding the outstanding debt for Breakfast/After School Club/School lunch payments, 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

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, your child will not be able to attend breakfast club or After School club or be able to order a school lunch. If this causes a problem for you, please contact me at [head's email address]

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,

Traysi-Jayne Higgin
CFO