

INCLUSIVE | MULTI ACADEMY TRUST

BAD DEBT POLICY

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Introduction

In accordance with Section 4.2 of the Master Funding Agreement, the Trust is required to apply financial and other controls which meet the requirements of regularity, propriety and value for money. To this end Trustees are responsible for ensuring that procedures are in place for the management and recovery of any outstanding debt. This policy sets out the procedures for debt recovery and for the write off of any debt which is deemed to be irrecoverable. Our Trust community should be made aware of this policy and therefore a copy will be published to the school and Trust websites. All family cases will be judged fairly and according to the circumstances of the family involved. The privacy of the family involved will be respected and only made known to those who need to know.

Bad Debts (except school lunch money)

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for payment within 28 days. Each academy within the Trust will actively pursue debtors, including parents/carers for the collection of monies owed to it.

1. All debts will be recorded and non-payment will be followed up, as a guide, by issuing reminders as outlined below. Where a service is being provided, this service will be ceased immediately and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared and payment for future services is made in advance.
 - 28 days from date of invoice – 1st reminder
 - 6 weeks from date of invoice – 2nd reminder
 - 8 weeks from date of invoice – final reminder

The finance office will ensure that there is documentary evidence of all the steps undertaken by the academy to recover the debt and this includes recording the dates that letters and statements were sent, and/or phone calls that have been made to debtors. A debt may be waived when it is believed the debtor is experiencing serious financial hardship.
2. The final reminder will be sent by recorded delivery and will threaten legal action if the account is not settled within 14 days of its issue.
3. After 14 days, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to our solicitors, where appropriate.
4. Legal action for the recovery of a bad debt will be considered by trustees on a case by case basis
5. If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:
 - Those up to the value of £1000 to be approved by the COO.
 - Those between £1001 and £5000 to be approved by the CEO.
 - Those exceeding £5001 must be approved by the Trust Board.
 - Cumulatively, 5% of total annual income in any one financial year per category of transaction must be referred to the EFA.
 - An annual report detailing any bad debt will be provided to the Trust Board.
6. The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.

The process of pursuing School lunch money

All school meals must be paid for in advance. The Trust will not allow any child(ren) to suffer due to a parent/carer failing to settle their school meal account and so, throughout this process, the Trust will continue to provide the child/ren with a meal each day if the parents/carers fail to send their child with a packed lunch. This will increase the debt until contact is made with the Academy and the bill is paid or lunchtime arrangements altered. In this instance, the following procedure will be adopted:

- **Informal reminder** – after Monday, the parents/carers will be informally reminded in person or by telephone/text that they owe dinner money to the Academy.
- **First reminder** – If the debt remains unpaid, further contact by text or telephone will be made and followed up with a letter requesting payment.
- **Second reminder** – if no response is received, the parents/carers will be informed that the child/ren must be provided with a packed lunch if they owe two weeks dinner money until the debt is repaid in full.
- **Final reminder letter** – if no response is received, the parents/carers will be invited to a meeting to discuss the outstanding debt.

Review of Policy

The Trustees will review this policy every 3 years. It may however review this policy earlier than this if the government produces new regulations, or if it receives recommendations on how this policy might be improved.