

## **CREDIT CONTROL AND DEBT MANAGEMENT POLICY**

**Date of Policy:** Autumn 2018

**Review:** Summer 2021

### **INTRODUCTION**

This Policy has been adopted by STEP Academy Trust Board of Trustees and applies to all staff employed to work for STEP Academy Trust (hereafter referred to as 'the Trust').

#### **Context**

STEP Academy Trust has a responsibility to ensure that appropriate procedures are in place to enable its' Academies to receive all income to which they are entitled. The Trust will therefore take all reasonable measures to ensure procedures are in place for timely payments in response to invoices as well as to collect any monies owing to it as part of the management of public funds. Collecting money from parents is a sensitive area; we deal with issues relating to the collection of monies with sensitivity and confidentiality at all times.

#### **Aims**

At the Trust, we aim to:

- ensure there are sound financial procedures for dealing with Academy finances;
- ensure that proper controls are in place;
- provide a clear framework for parents for the payment;
- encourage families to be financially responsible and avoid the build-up of debt;
- protect the Trustees, Governors, Headteacher and all Trust employees.

#### **Procedures**

Parents will be asked to pay for most services in advance. Each Academy has a system for online payment or requests payments are made directly into the school bank account. Some cash payments are accepted at the Academy office with agreement by the Business Manager. Where child care services are delivered then invoiced, parents have five days to pay the invoice before services are withdrawn.

For management purposes, the Trust prefers online payments. Each Academy provides internet access to complete online payments to those that cannot access the internet at home.

The following procedures, apply to:

#### Dinner Money

Payment for school meals should be paid in advance. To access school meals, parents should pay weekly or monthly. Failure to pay in advance may result in the withdrawal of services.

### Uniform

Payment for school uniform should be paid in advance when the order is submitted. The Academy will only place orders once in receipt of payment.

### Photographs

School photographs are managed by an external partner. Products are ordered in advance via the partner's own website. School photographs are a source of funding for the Academy. Any profit is paid into the voluntary fund and contributes towards the maintenance of an Academy Fund. The Academy will not be liable for any debts associated with this service.

### School Journey

All Year 5/6 children have the opportunity to attend an outdoor educational experience. Parents are notified of the cost in advance and may pay by installments once an initial deposit is made. Full payment for school journey must be paid in advance. If full payment is not received in advance of the departure date the Academy retains the right to withdraw the place, retain the deposit to cover costs incurred and refund the sum of the remaining payments.

School journey deposits are non-refundable.

### Lettings

Contracts for lettings of the Academy premises will be drawn up as necessary between the Academy and the applicant. Charges will reflect the Academy's costs for energy, water and lighting as well as those incurred for opening and closing of the Academy by the Site Manager or Lettings Officer. Please see the 'Lettings Policy'.

### Out of Hours Care

The Academy runs 'Breakfast Club' and 'After School Club' through STEP Zone. Payment for out-of- hours care should be paid in advance or paid in cash on the day after notifying the Academy of use of the service. Failure to pay in advance or on the day will result in the withdrawal of services.

### Pursuance of Debt

A reason period of credit will be available to all customers who are invoiced (ie for items not within the day-to-day running of an academy, for example School Meals). The settlement period will be 14 days from the date of any charge before debt recovery procedures are applied. These terms will be placed on all invoices raised.

### Debt Recovery Procedures

Where payment from the parent has not been received in line with the terms above or within the 14 days settlement period the following process will be applied and overseen by the Business Manager:

| <b>Process</b>                                      | <b>Parent Debt</b>   | <b>Non-Parent Debt</b>   |
|---|--|--|
| <u>Stage 1</u><br>Debt not cleared within timeframe | Initial written reminder to contain: <ul style="list-style-type: none"><li>- value of the debt</li><li>- options for applying for requesting time to pay</li><li>- process if payment is not forthcoming</li></ul> The date of the initial reminder will be recorded | Telephone call to organisation reminding them of the debt. Notes will be recorded on a copy of the outstanding invoice, to be retained for internal use. |

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|---|--|--|
| <u>Stage 2</u><br>Stage 1<br>not<br>effective | First 'overdue payment' letter will be sent <u>one week</u> after the informal reminder. The date of the first reminder will be recorded. Payment will be required on receipt of the letter. Further services will be withdrawn whilst overdue payment remains | First 'overdue payment' letter will be sent <u>one week</u> after the informal reminder. The date of the first reminder will be recorded. Payment will be required on receipt of the letter. Further services will be withdrawn whilst overdue payment remains |
| <u>Stage 3</u><br>Stage 2<br>not<br>effective | The second 'overdue payment' letter will be issued <u>two weeks</u> after the first overdue letter.  | The second 'overdue payment' letter will be issued <u>two weeks</u> after the first overdue letter.  |
| <u>Stage 4</u><br>Stage 3<br>not<br>effective | Final reminder to be sent, signed by the Headteacher.<br><br>The letter will outline the further action which the Academy will consider to   | Final reminder to be sent, signed by the Headteacher.<br><br>The letter will outline the further action which the Academy will consider to   |

### Written Reminders

Details of all reminders will be maintained in the Academy. Where a letter is issued, a copy will be retained on file. If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, ie at the time that the debt first became overdue.

### Failure to respond to reminders or settle a debt

At the discretion of the Strategic Governing Body, the debtor may be advised that all future services will be withdrawn. This decision and its basis will be recorded and reported to the Strategic Governing Body.

### 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 parents are unable to pay, the Academy may reduce or cancel a debt in certain circumstances. It would be unusual for a non-parent debt to be cancelled. If an Academy or Central Team felt appropriate, a business case would be presented to the Audit Committee. 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 further 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 school. In this situation an attempt to agree one repayment plan to include all debts will be established.

Debtors are expected to settle the amount owed by a single payment as soon as possible after

receiving the first 'overdue payment' reminder. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Business Manager. 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. The settlement period should be the shortest that is judged reasonable. The Headteacher will decide whether any debtor who has been granted extended settlement terms will be offered access to further services and determine the means of payment.

#### Costs of Debt Recovery

Where the Academy incurs material additional costs in recovering a debt then the Strategic Governing Body will decide whether to 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 the Academy in recovering the debt. This decision and its basis will be recorded and reported to the Strategic Governing Body.

#### Writing off the Debt

Before considering any debt write-off, stages 1-4 will need to be undertaken. In addition, the Business Manager will consider the relevant sections of the Academies Financial Handbook.

If a write-off is considered appropriate by the Academy, the Business Manager will draft a formal report to the Strategic Governing Body outlining the circumstances and rationale.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.