



Debt Recovery Policy

Audience:	Parents, Community Users, School Administrator, SST Finance Team, Headteachers & CFOO
Approved:	FAR Committee – 18/03/2025
Other Related Policies:	Financial Handbook (Scheme of Delegation)
Policy Owner:	CFOO
Policy Model:	Compliance: All Crofty Education Trust Schools Must Use This Policy
Review:	Every Two Years (Spring 2)

yellow sections D2 amendments made after SLT input.

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1 Preventing Debt

Headteachers will ensure that reasonable steps are taken to prevent debts arising in the first place. The following are some guiding principles to help support this:

- All requests for payments from parents/community users will be in line with the Crofty Charging & Remissions Policy.
- All financial interactions with parents should be handled with sensitivity, understanding that the affordability of even small amounts may be very challenging for some parents.
- When requesting any payment, the school will encourage and support parents to share, in confidence, any financial issues that may lead to debt.
- Wherever possible all payments should be made in advance, or at point of sale, preferably through a cashless system for example Parentpay.
- The school should offer pre-payment by instalments for larger payments e.g. residential camps
- School Administrators will flag up any issues as early as possible with the Headteacher.
- The school will always work with parents to ensure that children are not disadvantaged due to parents’ difficulty in meeting payments.

2 General Principles

- All debts generated by parents for example school dinners, extended activities must be recorded on the Trusts parental payment system (Parentpay). This must include voluntary payments requested for trips. But voluntary payments do not form part of the parent’s overall debt position when applying some of the later procedures outlined in this policy.
- All debts generated by Community Users for example the letting of school spaces must be recorded on the Trusts accounting software (Access Finance).

- Schools within the Trust will take all reasonable measures to vigorously collect debts as part of its management of public funds. Support from the SST Finance Team will be provided for debts that are greater than:
 - School Meals – 4 Weeks Old.
 - Breakfast Clubs, ASC & Nursery – 5 Weeks Old.
 - General Invoices – 7 Weeks Old.
- Debts can be written off only after all reasonable measures, commensurate with the size and nature of the debt have been taken to recover it, further details of debt write off can be found in Section 10 below.
- The school's Debt Recovery Policy will observe the relevant sections found within the Trusts Financial Handbook (Scheme of Delegation).
- The schools in the Trust will not initiate any legal action to recover debts but will refer to the SST Finance Team for advice. If legal action is required, the SST Finance Team will in turn liaise with appropriate legal services.

3 Acceptable Credit Periods for Debt

- General Invoices: Payment for all goods and services supplied by the school, normally to Community Users should receive credit terms of 30 days from the date the invoice was issued.
- Breakfast, After School Clubs & Nursery: Payment for these services should receive credit terms of 14 days from the date the provision was made.
- School Lunch: It is recommended that a credit balance is always maintained so in principle no credit period should be provided. However, some parents will pay at the end of the week so practically some parents will by default have a maximum credit period of four days.

4 Monitoring Outstanding Debt Levels

The School Administrator will ensure that the level of outstanding debt is regularly monitored. General invoices can be monitored by running an aged debtor's report within the accounting software (Access Finance). School Meals, Breakfast, After School Club and Nursery debt can be monitored by running an aged debtor's report within the parental payment system (Parentpay). Aged debtor's reports should be run ideally weekly, but as a minimum at least every two weeks. Aged debt reports should in turn be reviewed with reference to the acceptable credit terms listed in Section 2 above. If this review identifies debt beyond the acceptable credit terms the School Administrator should at the earliest opportunity start to apply the debt recovery process outlined in the Section 5 below.

5 Debt Recovery Process

Where payment has not been received within the above acceptable credit periods listed in Section 3 above, the following process should be applied.

- First 'overdue payment' reminder letter: An initial reminder letter will be sent requesting that the outstanding debt be cleared within one week. The letter will contain a warning of the potential consequences if the debt is not cleared, the letter that must be used can be found in Appendix A. This letter will be sent by the school and be on school headed paper.
- Second 'overdue payment' reminder letter: If the outstanding debt is still not cleared within two weeks of first letter been sent then a second case letter will be issued, the letter that must be used can be found in Appendix B. The second letter advises the debtor that if payment for all outstanding debt is not received within seven days, then the services the school supplies will be suspended. The second letter must be supported with at least a text message/email chase, but ideally a telephone call. Again, this letter will be sent by the school and be on school headed paper.
- Third & Final 'overdue payment' reminder letter: If after seven days of issuing the second reminder letter the debt has not been settled (or the school has not agreed a repayment schedule with the debtor), then the School Administrator will **request advise the Headteacher and if the Headteacher after considering**

the wider family context are happy to do so, will request that the SST Finance Team send the third and final chase letter, the letter will be printed on Trust headed paper, the letter used must be Appendix C. This letter will confirm that the services provided by the school are now suspended pending the debt been cleared and that the Trust will be taking legal advice to retrieve the outstanding debt. The letter will provide contact details for the SST Finance Team to allow the debtor to, if required to discuss and agree options for a repayment schedule. The SST Finance Team will provide a copy of any third and final chase letters to the school. If any debtor is in receipt of a third and final letter, until the outstanding debt is cleared the school are responsible for ensuring no further services are provided until the outstanding debt is cleared or the first of the repayment schedule payments is made. Further provision will in turn only increase the outstanding debt still further.

- Letter Prior to Starting Small Claims Process: If after a further seven days of issuing the third overdue payment letter the debt has not been settled or the SST Finance Team has not agreed a repayment schedule with the debtor, then a fourth letter will be sent from the SST Finance Team, the letter that must be used is Appendix C+ and be printed on Trust headed paper. This letter will confirm that unless payment is received in full within seven days the Trust will begin the Small Claims Process. Again, a copy of this letter will be provided to the school for their records.
- Letter Prior to Enforcing a County Court Judgement [CCJ]: If after a further thirty days of issuing the Small Claims Process letter the debt has not been settled then a fifth letter will be sent from the SST Finance Team, the letter that must be used is Appendix C++ and be printed on Trust headed paper. This letter will confirm that unless payment is received in full within three days the Trust will begin the CCJ Process. Again, a copy of this letter will be provided to the school for their records.

6 Debt Recovery Process-Flowchart

General Invoices [e.g. Lettings]	Breakfast Club, ASC and Nursery	School Lunches
When Debt 30 Days Old: First chase letter sent by school.	When Debt 14 Days Old: First chase letter sent by school.	When Debt 7 Days Old: First chase letter sent by school.
When Debt 2 Weeks Overdue: Second chase letter sent, and text/email or telephone call actioned by school. School to suspend services normally offered.	When Debt 2 Weeks Overdue: Second chase letter sent, and text/email or telephone call actioned by school. School to suspend services normally offered.	When Debt 2 Weeks Overdue: Second chase letter sent, and text/email or telephone call actioned by school. School to suspend services normally offered.
When Debt 3 Weeks Overdue: School to request SST Finance Team to send third and Final chase letter.	When Debt 3 Weeks Overdue: School to request SST Finance Team to send third and Final chase letter.	When Debt 3 Weeks Overdue: School to request SST Finance Team to send third and Final chase letter.
When Debt 4 Weeks Overdue: SST Finance Team to send warning of Small Claims Process letter.	When Debt 4 Weeks Overdue: SST Finance Team to send warning of Small Claims Process letter.	When Debt 4 Weeks Overdue: SST Finance Team to send warning of Small Claims Process letter.
When Debt 5 Weeks Overdue: SST Finance Team to start Small Claims Process	When Debt 5 Weeks Overdue: SST Finance Team to start Small Claims Process	When Debt 5 Weeks Overdue: SST Finance Team to start Small Claims Process
When Debt 9 Weeks Overdue: SST Finance Team to send warning of CCJ Process letter.	When Debt 9 Weeks Overdue: SST Finance Team to send warning of CCJ Process letter.	When Debt 9 Weeks Overdue: SST Finance Team to send warning of CCJ Process letter.
When Debt 10 Weeks Overdue: SST Finance Team to start CCJ process.	When Debt 10 Weeks Overdue: SST Finance Team to start CCJ process.	When Debt 10 Weeks Overdue: SST Finance Team to start CCJ process.

7 Staff Debt Recovery

Staff debts are to be treated the same as all other debts so the same debt recovery process will be applied to employees as third-party debtors. Staff debt should be rare and may require a more face-to-face negotiation instead of text messaging and telephone calls, but the debt letter process must still be applied as required.

8 Negotiation of Repayment Terms for Outstanding Debts

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 debtors are unable to pay the full amount owed, the school may choose to reduce or cancel a debt in certain circumstances. The following factors listed below are appropriate for consideration by the Headteacher if they decide to write off the debt, reduce the debt or agree a repayment schedule:

- 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 will be made to agree one repayment plan to include all debts
- Loss of contact – in cases where an individual has left any school and there is loss of contact.

Where the debt is below £200, the Headteacher can negotiate and agree terms for debt recovery, reduction or write off. If the debt is between £201 and £2,000 the Headteacher will request permission from the CFOO to either agree repayment terms, debt reduction or write off. In the unlikely event a debt is greater than £2,000 the CFOO will need to agree repayment terms, debt reduction or write off with the CEO.

If a debtor requests repayment terms and in turn these repayment terms are agreed. A record of all such agreements entered into will be retained by the school and the SST Finance Team and in turn repayments monitored as appropriate by the school or SST Finance Team. In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment using Appendix D. The settlement period should be the shortest that is judged reasonable. Only in extreme cases will further credit be offered to debtors who are repaying debt on an agreed repayment plan.

9 Costs of Debt Recovery

The recovery of debt will create costs, either through additional time, postage and in more extreme cases legal services. The school and in turn the SST Finance Team must consider the costs of retrieving debts and when these costs outweigh the value of the debt, debts should be written off. Details of who can write off debts is listed in Section 10 below. In the event of a debt being written off, schools should record the name of this debtor and ensure that any future credit offered to this individual/organisation is monitored very closely. In extreme cases, a school may choose to prevent certain individuals/organisations from having future credit and therefore request that all future services are paid for in advance.

10 Debt Write Off Levels

- Debts below the value of £200 can be written off at the school by the Headteacher. Records of the debts written off by the school must be kept along with all other financial records for seven years.
- Debts above the value of £201 to £2,000 can only be written off by the CFOO. Records of the debts written off by the CFOO must be kept along with all other financial records for seven years.
- Debts above the value of £2,001 can only be written off by the CEO. Records of the debts written off by the CEO must be kept along with all other financial records for seven years.
- Debts written off by either the CFOO or CEO will be reported to the FAR Committee at their next meeting.

11 Provision of School Meals

Schools have a duty of care to ensure no pupil goes without a lunch.

Therefore, in the event that the lunch service is suspended for a pupil due to outstanding debt and a pupil arrives at school with no lunch or monies to purchase their lunch. Firstly, the parent should be contacted to highlight the concern and be encouraged to rectify the situation immediately by either providing a packed lunch or by clearing the outstanding debt.

But ultimately if this does not resolve the issue the school must continue to provide a lunch for the pupil. Both the second and third debt letters, makes it very clear that when lunch provision is suspended, due to debt there is a onus on the parent to provide a packed lunch until the debt is settled.

Appendix A – First ‘Overdue Payment’ Letter

Sent by school, please send on school headed paper and amend *italic* sections as applicable.

Overdue Payment Letter – First Reminder

Date *insert date*

Dear *name of parent/carer or organisation*

I am writing to remind you that, according to our records, you have arrears on your account for school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services provided by the school. In order for your *child/organisation* to continue to attend/use/receive school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services provided by the school, it is important to clear your outstanding debt within the next seven days.

Our records show that your *child/organisation*:

Childs name/organisations name has the following debt £*insert debt* as at *insert date*.

Please arrange for this debt to be paid by *insert date*.

You have three ways to make your payment. You can pay using ParentPay, or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct into the Trust's bank account, details of which are shown below:

Bank: Lloyds
Account Name: Crofty Education Trust
Sort Code: 30-88-22
Account Number: 27199768

Non-payment affects the quality of service we are able to offer to your *child/organisation* and therefore we need to ensure that all payments are up to date. Once the debt is cleared, please ensure your account is always kept up to date in future.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact the school on *insert telephone number* or email the *school insert email address* to discuss this further.

Yours sincerely

Insert headteacher's name
Headteacher

Appendix B – Second 'Overdue Payment' Letter

Sent by school, please send on school headed paper and amend *italic* sections as applicable. This letter should also be supported with a telephone call or text/email message.

Overdue Payment Letter – Second Reminder

Date *insert date*

Dear *name of parent/carer or organisation*

Our records show that despite several reminders, you have still not made payments for your *school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* outstanding debts. In order for your *child/organisation* to continue to *attend/use/receive school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* provided by the school in the future, it is important to clear your outstanding debt within the next seven days.

As a result of failing to settle your outstanding debt, for now your *child's/organisations school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services* have been suspended until your current debt is cleared. Please note if your debt relates to school lunches, there is now an onus on you to provide a packed lunch for your child until the debt is cleared.

Our records show that your *child/organisation*:

Child's name/organisation's name has the following debt £*inset debt* as at *insert date*.

Please arrange for this debt to be paid immediately or contact the school to arrange a payment plan, otherwise non-payment may result in the Trust needing to take legal action to retrieve the debt.

You have three ways to make your payment. You can pay using ParentPay, or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct into the Trust's bank account, details of which are shown below:

Bank: Lloyds
Account Name: Crofty Education Trust
Sort Code: 30-88-22
Account Number: 27199768

Non-payment affects the quality of service we are able to offer to your *child/organisation* therefore we need to ensure that all payments are up to date. Once the debt is cleared, please ensure your account is always kept up to date in future.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact the school on *insert telephone number* or email the *school insert email address* to discuss this further.

Yours sincerely

Insert headteacher's name
Headteacher

Sent by SST Finance Team, please send on Trust headed paper and amend *italic* sections as applicable.

Overdue Payment Letter – Third and FINAL Reminder

Date *insert date*

Dear *name of parent/carer or organisation*

It has been brought to my attention by *insert school name* that despite ongoing reminders, there is still an outstanding balance on your *school lunches/breakfast club/after school club/nursery sessions and/or lettings/other service* account.

Our records show that your *child/organisation*:

Child's name/organisations name has the following debt £*inset debt* as at *insert date*.

Please arrange for this debt to be paid by within the next seven days at the latest. On day eight, your account will be checked, and should your account be showing an outstanding debt or you have not contacted me or the school to arrange a payment plan, the Trust's legal services will be contacted to retrieve the debt.

Once your debt is cleared and should you wish your *child/organisation* to resume *school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services*, please contact the school to reinstate these services. **Please note if your debt relates to school lunches, there is now an onus on you to provide a packed lunch for your child until the debt is cleared.**

You have three ways to make your payment. You can pay using ParentPay, or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct into the Trust's bank account, details of which are shown below:

Bank: Lloyds
Account Name: Crofty Education Trust
Sort Code: 30-88-22
Account Number: 27199768

Once your current debt is cleared, please ensure future invoices are paid in a timely way adhering to the Trust's credit terms. I am sure you are aware that due to budget constraints, the income available to schools has reduced over the last few years and it is therefore essential that all debts owed to the school are paid. Debts equal less income which in turn reduces the services we can offer your *child/organisation*.

If you have any queries regarding these arrears, or if you have difficulty making payment, please contact me on 01326 575007 or email me at spinhay@southerlypoint.co to discuss this further.

Yours sincerely

Mr Sean Pinhay
Chief Financial & Operations Officer
Crofty Education Trust

Appendix C+ – Letter Prior to Starting Small Claims Process

Sent by SST Finance Team; please send on Trust headed paper and amend italic sections as applicable.

Small Claims Process

Date *insert date*

Dear *insert name of parent/carer or organisation*

I wrote to you on *insert date*, please find attached copy of this letter. After checking our records and also with the school on *insert date* it would appear that your debt of insert value remains unpaid.

Please arrange for this debt to be paid within the next seven days. On day eight, your account will be checked, and should your account be showing an outstanding debt the Trust's will start the Small Claims Process. By starting this process, the Trust will incur a £35 fee, this fee will be added to your outstanding debt.

Outstanding debts are owed to the Trust, therefore if a pupil transfers between our schools, the outstanding debts will transfer with them.

You have three ways to make your payment. You can pay using ParentPay or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct into the Trust's bank account, details of which are shown below:

Bank: Lloyds
Account Name: Crofty Education Trust
Sort Code: 30-88-22
Account Number: 27199768

Once your current debt is cleared, please ensure future invoices are paid in a timely way adhering to the Trust's credit terms. I am sure you are aware that due to budget constraints, the income available to schools has reduced over the last few years and it is therefore essential that all debts owed to the school are paid. Debts equal less income which in turn reduces the services we can offer your child/children and other children who attend the schools in the Trust.

If you have any queries regarding this letter, please contact me on 01209 311136 or email me at sean.pinhay@croftymat.org

Yours sincerely

Mr Sean Pinhay
Chief Financial & Operations Officer
Crofty Education Trust

Appendix C++ – Letter Prior to Enforcing a County Court Judgement [CCJ]

Sent by Central Finance Team, please send on Trust headed paper and amend italic sections as applicable.

County Court Judgement

Date insert date

Dear *insert name of parent/carer or organisation*,

Unfortunately, after a number of chase letters from the school and then from the SST Finance Team, the debt of *insert value* owed to *insert school name* remains unpaid. Therefore, we had no other option than to take you to the Small Claims Court to recover this debt which will incur a £35.00 fee which has been added to your account increasing your overall debt to £xx.

We have now been advised by the Small Claims Court that the period in which you had to either pay or respond has now passed, and this leaves the Trust with no alternative other than to move to the next stage of the debt recovery process.

The next stage will involve the Small Claims Court issuing you with a County Court Judgement [CCJ].

What implications will a CCJ have for you:

- Unless you pay off a CCJ in full within 30 days of receiving the judgment, it will be entered on your credit record at the Register of Judgments, Orders and Fines. It'll remain there for six years. This record can seriously affect your ability to get a mortgage, a credit card or even a bank account in the future.
- If you pay the full amount within one month, you can get the judgment removed from the register.
- If you pay after one month, you can get the record of the judgment marked as 'satisfied' in the register. It will stay on the register for 6 years but people searching the register will see that you've paid.
-

Please arrange for this debt to be paid within the next three days. On day four, your account will be checked, and should your account be showing an outstanding debt the Trust will instruct the Small Claims Court to issue a CCJ. Any fees the Trust incurs which are linked to the issuing of your CCJ will in turn be added to your outstanding debt.

Outstanding debts are owed to the Trust, therefore if a pupil transfers between our schools, the outstanding debts will transfer with them.

You have three ways to make your payment. You can pay using ParentPay or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct into the Trust's bank account, details of which are shown below:

Bank: Lloyds
Account Name: Crofty Education Trust
Sort Code: 30-88-22
Account Number: 27199768

Once your current debt is cleared, please ensure future invoices are paid in a timely way adhering to the Trust's credit terms. I am sure you are aware that due to budget constraints, the income available to schools has reduced over the last few years and it is therefore essential that all debts owed to the school are paid. Debts equal less income which in turn reduces the services we can offer your child/children and other children who attend the schools in the Trust.

If you have any queries regarding this letter, please contact me on 01209 311136 or email me at sean.pinhay@croftymat.org

Yours sincerely

Mr Sean Pinhay
Chief Financial & Operations Officer
Crofty Education Trust

Sent by school if £200 or below. Sent by the SST Finance Team if more than £200, please send on School/Trust headed paper and amend *italic* sections as applicable.

Payment Plan Agreement – *Insert Name*

Date *insert date*

Dear *name of parent/carer or organisation*

Following our conversation regarding the outstanding debt with *insert Headteacher's name/or Sean Pinhay* please find below repayment schedule to clear your account [two copies one for you to keep and one to return to the school signed].

Our records show that your *child/organisation*:

Child's name/organisations name has the following debt £*inset debt* as at *insert date*.

- First repayment week commencing *insert date and £amount*.
- Second repayment week commencing *insert date and £amount*.
- Third repayment week commencing *insert date and £amount*.
- Fourth repayment week commencing *insert date and £amount*.

Please can you sign and return one copy of this letter showing the agreed repayment schedule to the school.

You have three ways to make your payment. You can pay using ParentPay, or by sending in cash or cheque or by visiting the school in person to make payment. You can also pay direct into the Trust's bank account, details of which are shown below:

Bank: Lloyds
Account Name: Crofty Education Trust
Sort Code: 30-88-22
Account Number: 27199768

Until the outstanding your debt is cleared, your *child/organisation* will not be able to *receive/attend/use school lunches/breakfast club/after school club/nursery sessions and/or lettings/other services*.

If you have any queries regarding this agreement, or if you have difficulty making payment, please contact *me/the school* on *insert appropriate number* or email *me/the school* at *insert appropriate email address* to discuss this further.

Yours sincerely

Headteacher's name / Mr Sean Pinhay
Headteacher /Chief Financial & Operations Officer Crofty Education Trust

Parent's/Organisation's Signature: _____

Date: _____