

THE NEWMAN CATHOLIC COLLEGIATE



DEBT RECOVERY POLICY

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Document Control

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08.10.2020	Protocol – page 3	Karen England
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The Newman Catholic Collegiate
Debt Recovery Policy

The Newman Catholic Collegiate will take all reasonable measures to collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures have been taken to recover it.

Protocol

All schools should ensure where possible that no debt goes above £10. Academy Managers should check Tucasi every week to ensure there are no monies outstanding for trips, meals, music lessons etc. If monies are owed the Academy Manager must follow the Debt Recovery Procedure as outlined below.

When a child leaves primary school to attend St Margaret Ward, if they have any debt, then this debt must move with them and any records of the debt passed over to the Secondary Academy Manager.

The Business Director will ensure that the level of outstanding debt is monitored monthly.

Detailed records of individual debts and the total value of debt to the Newman Catholic Collegiate will be maintained and reported to the Resources and Services subcommittee every term. The Resources and Services subcommittee will determine whether the action taken to recover the debts is effective.

Debt Recovery Procedures

Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

It is important that at least 3 reminders are sent.

A *Initial ‘overdue payment’ reminder – (5 weeks from date of invoice)*

An initial informal reminder can be made either in person or by telephone.

The date of the initial reminder should be recorded.

B *First ‘overdue payment’ reminder letter – (7 weeks from date of invoice)*

A formal reminder letter signed by the Academy Principal should be issued 2 weeks after the informal reminder – the date of the formal reminder should be recorded in the letter.

C *Final ‘overdue payment’ reminder letter – (10 weeks from date of invoice)*

A second reminder letter signed by the Academy Principal will be issued 3 weeks after the formal reminder letter.

Failure to settle a debt

If after 3 written reminders a response or payment is not received it will be referred to the Business Director.

Where the debt is over £1,000 the Business Director will report the non-payment to the Resources and Services subcommittee and the Senior Executive Leader to determine whether legal advice is needed.

The debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them.

This decision will be recorded and reported to the Board of Directors.

Debt Recovery

Any sums above £1,000 will be referred to the Resources and Services Subcommittee for approval for write-off.

- The relevant financial regulations and guidance set out in the Academies Financial Handbook and any other legal requirements will be adhered to.
- A formal record of any debts written off will be maintained and this will be retained for 7 years.
- The Resources and Services subcommittee where it feels appropriate will ask the Academy to initiate legal action to recover debts.
- The Business Director/Senior Executive Leader may write-off or reduce any debt belonging to the Newman Catholic Collegiate which does not exceed £1,000.

Payment for all goods and services, including lettings supplied by any Academy within The Newman Catholic Collegiate should be paid in advance or by invoice which will be raised at the point of supply.

- Invoices will clearly state by which date payment is due.
- Correspondence with parents e.g. Academy trips should clearly state when the final payment is due.
- Tuition fees (e.g. Music) will be paid every term in advance or by an agreed payment system with the Academy.

Invoicing and payment periods

All invoices are expected to be paid in full within 30 days of being issued.

The Board of Directors may consider that an 'acceptable' recovery period may vary between different income generating activities; for example;

- Academy lettings;
- Music Tuition Fees
- Trips and activities.

Debt recovery procedures will be applied on overdue payments.

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 Resources and Services Subcommittee may reduce or cancel a debt in certain circumstances but this must be in line with the Academies Financial Handbook. A sensitive approach to debt recovery will be carried out, taking factors such as the following into account:

- Hardship
- Ill health
- Cost of recovery
- Multiple Debts – where someone owes more than one debt to the Academy. In this situation an attempt to agree a repayment plan to include all debts will be established between the Academy and the debtor.

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 and within the financial year where possible.

The Resources and Services subcommittee will decide whether any debtor who has been granted extended settlement terms will in future be required to pay in advance.

This decision and its basis will be recorded and reported to the Board of Directors.

Costs of Debt Recovery

Where the Collegiate incurs additional costs in recovering a debt then the Newman Catholic Collegiate will 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 Collegiate in recovering the debt.

Debt Write-Off

If after all reasonable efforts to collect the debt has been made and legal action is unsuccessful or impractical the debts may be referred to Resources and Services for write-off.

All write-offs over £1,000 should be noted at the Board of Directors Meeting as and when required.

Write-off limits

The Trust must seek permission from the Secretary of State to write-off individual debts with a value in excess of £45,000, or cumulatively 2.5% of income in any one financial year.

This policy will be reviewed annually and approved by the Resource and Services subcommittee.

Initial Reminder

Academy Headed Paper

Dear Sir/Madam

Invoice NoDated for £.....

Please would you arrange settlement of the above account as it is now overdue.

If payment has been despatched within the last five working days then please accept my thanks and ignore this letter.

Yours faithfully

Principal

First Reminder

Academy Headed Paper

Dear Sir/Madam

Invoice No **dated** **For £**
.....

The above account is overdue, and I should be grateful if you would arrange settlement no later than to avoid further, more formal action being taken on behalf of the Newman Catholic Collegiate.

If payment has been despatched within the last five working days then please accept my thanks and ignore this letter.

Yours faithfully

Principal

Final Reminder

Academy Headed Paper

Dear Sir/Madam

Letter before action – County Court Proceedings

Invoice No dated For £

Payment has not been received for the above invoice, nor any valid reason as to why payment is being withheld.

Under these circumstances I must advise you that if settlement is not received by then action will be taken to issue you with a County Court Summons in order to secure recovery of the overdue sum.

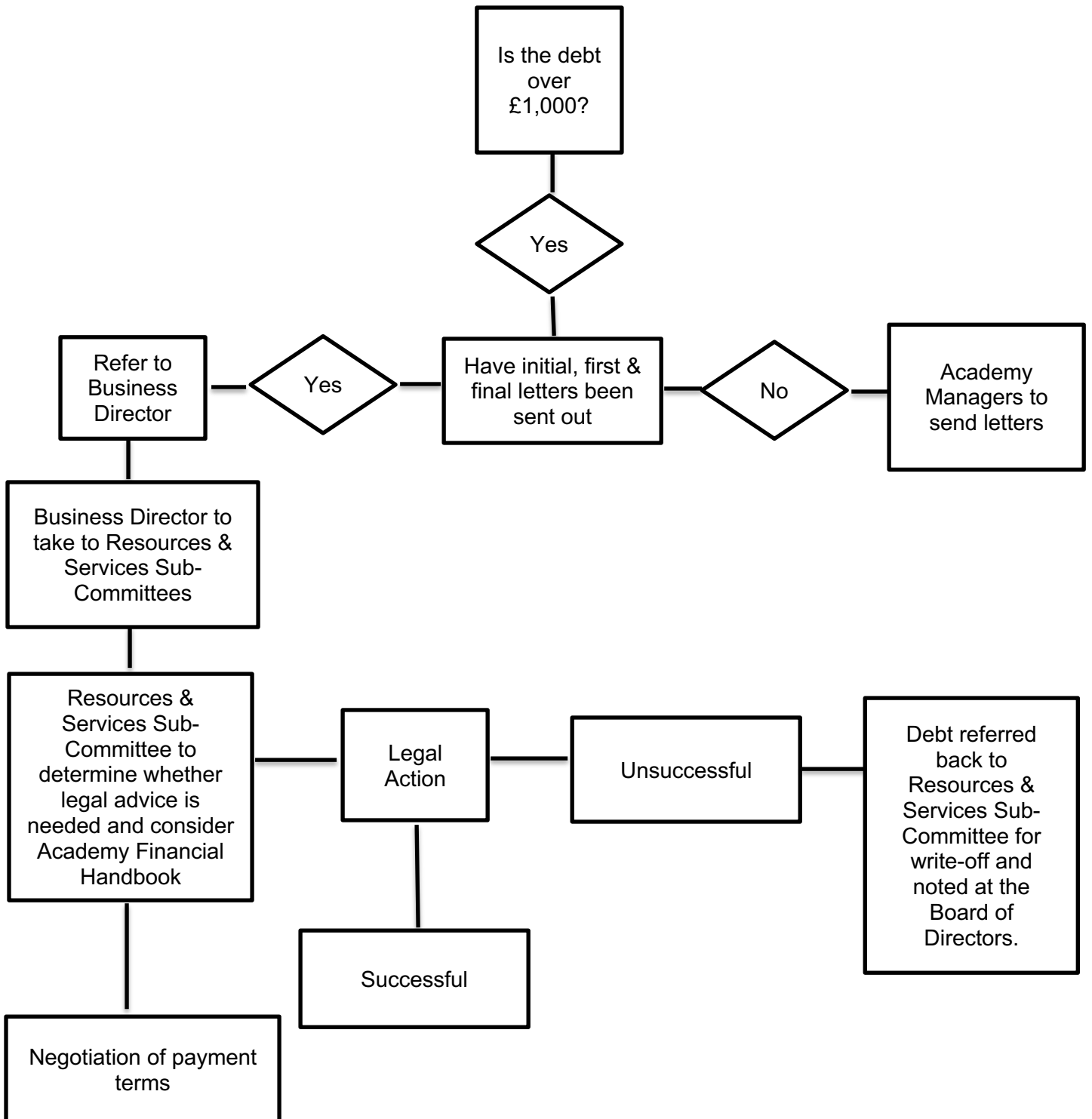
When taking such action the Collegiate will claim not only the amount of the debt, but also Court costs, and statutory interest at the rate of 8% per annum as from

I trust that such action will not be necessary and that the Collegiate will receive your payment in full, by return of post.

Yours faithfully

Principal

Debt Recovery Flowchart over £1,000



Debt Recovery Flowchart under £1,000

