Debt Recovery Policy 2026-27

The school's governing body has a responsibility to have a debt recovery policy which ensures that appropriate procedures are in place to enable the school to receive all income to which it is entitled.

This policy was approved as follows:			
Approver:	**PFS Governors**	**Date:**	**June 2026**
Owner:	Picknalls FS	**Version:**	V1
LAC adoption date:	N/A	**Review frequency:**	1 years
Status:	Active	**Next review date:**	Summer 2027

This policy applies to all School Academy staff, pupils and parents.

General requirements

The school's governing body has a responsibility to have a debt recovery policy which ensures that appropriate procedures are in place to enable the school to receive all income to which it is entitled.

The school will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

The school's debt recovery policy will observe the relevant financial regulations set out in the Innovate 2 Educate Trust's Financial Policy and Procedures Manual, guidance set out in the EFA's Academies Financial Handbook and any other legal requirements.

In particular:

• The Local Governing Board will not write-off any debt belonging to the school which exceeds £100. Any sums above this will be referred to the Chief Finance Officer (CFO) of the Innovate 2 Educate Trust for approval. (If any debtor has a number of debts which together exceed the write-off limit then these will be treated as a total amount).

• A formal record of any debts written off will be maintained and this will be retained for 7 years.

• The school will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect to the CFO to consider.

• The school will NOT write-off any debt belonging to the MAT or another party, e.g. debts for school meals. If in doubt as to the appropriate action to collect any such debts the school will seek advice promptly from the CFO.

School staff are expected to follow the following procedures to secure the collection of all debts.

Recording of goods or services supplied where payment is not received in advance or 'at the point of sale'.

A record will be kept of all such supplies that details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc.

Where invoices are raised these should state the date by which payment is due.

In all other cases, correspondence with parents, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by, payment for items purchased should be sent to the school office by, payment for music tuition should be received by the start of each term, etc.

The Headteacher should determine what the reasonable 'credit period' is if this is not otherwise specified, e.g. the governors may stipulate the maximum settlement period for school lettings in a separate 'lettings policy'.

Initial reminders

If payment has not been received 30 days after invoice, a reminder will be sent asking for payment within 7 days. Initial reminders may be by way of a customer statement generated from the finance system, or informal and made either in person or by telephone.

First reminder letter

If payment is not forthcoming, a further reminder will be sent, requesting immediate payment or contact to arrange repayment by instalment. (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, i.e. at the time that the debt first became overdue).

Second reminder letter

If payment is still not forthcoming, for debts over £100, a second reminder letter will be sent advising them that the matter will be referred to the CFO when consideration will be given to putting the matter into the hands of a nominated solicitor if payment is not received with 7 days.

Using reminder letters
Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that at least one, but preferably two, written reminders are sent. Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

Failure to respond to reminders / settle a debt

If no response is received from the reminders issued, the matter will be referred to the Headteacher, Local Governing Board or CFO dependant on the level of the debt (see Bad Debts below).

At the discretion of the Headteacher/Local Governing Board, 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 and its basis will be recorded.

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 reminder’.

If a debtor asks for ‘repayment terms’ these may be negotiated at the discretion of the Headteacher/Local Governing Board. A record of all such agreements will be kept. A letter will be issued to the debtor confirming the agreed terms (unless this judged unnecessary). The settlement period should be the shortest that is judged reasonable.

The Headteacher/Local Governing Board will decide whether any debtor who has been granted extended settlement terms will not be offered any further ‘credit’ and will be required to pay in advance in future.

Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Local Governing Board/Headteacher will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded.

The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

Reporting of outstanding debt levels

The Bursar will ensure that the level of outstanding debt is known and can be determined at any time.

The Bursar will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

The current aged debtors report together with details of any debts written off (under £50) and solicitor/s letters sent will be provided for each Finance Committee meeting.

Yummy Club debts (*cross referenced with the I2E Financial & Procedures Manual & Yummy Club Agreement*)

In case of Nursery 'yummy club' debts the following additional procedures for debt recovery.

If a parent goes into a deficit balance each week, a text will be sent as a reminder to advise parents to pay the outstanding balance or top up their account.

If this debt is not paid after a four-week period, we will then issue a letter and a £20.00 charge will be applied to their Arbor account (*as stated on the Yummy club agreement*). Parents can also be contacted by phone to discuss the reasons why the debt has not been paid.

If the balance is then not paid, the Bursar will then refer to the guidance as specified in the I2E Financial & Procedures Manual.

At the end of an academic year, there should be no outstanding debt on a yummy account.

If any outstanding debt is not paid in the current academic year, the Bursar will refer to the debt recovery procedures in the I2E Financial & Procedures Manual.

If the child is a leaver, the Bursar will contact the parent to settle the debt before the end of the summer term.

Bad debts

The school's debt recovery policy will be cross-referenced to I2E Financial Policy and Procedures Manual.

Debts under £50 may be written off by the Headteacher.

Debts over £50 but under £100 may be written off by the Local Governing Board without reference to the nominated solicitor.

Any debt over £100 will be referred to the CFO for consideration/action without delay once the school has taken reasonable measures to collect the debt (i.e. has followed the reminder notification procedures set out above).

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