

	BICESTER LEARNING ACADEMY TRUST <u>DEBT RECOVERY POLICY</u>			Written by: N Jeacock – Finance Manager (BLA)
	Applicable to: ALL STAFF	Accountable Officers: B J BAXTER I ELKINGTON	Date Adopted: Summer Term 2016	Date To Be Reviewed: Summer Term 2017 (Annually)

Bicester Learning Academy is a Multi Academy Trust I. It is a company limited by guarantee, registered in England and Wales with registered company number 09053713 and its registered address at Churchill Road, Bicester, Oxon, OX26 4RS

DEBT RECOVERY POLICY – ACADEMIES

This Policy should be read in conjunction with the Bicester Learning Academy Internal Finance Policy.

BACKGROUND

As part of their management of public funds, academies should have a policy in place for ensuring the collection of all debts they are owed. If debts remain unpaid, the academy may have to use money that would otherwise be spent on education to cover these debts. A debt should therefore only be written off after all reasonable measures for its recovery have been taken.

The Executive Headteacher, Finance Director and Board of Directors should use this debt recovery policy when dealing with debtors. It should also be used to ensure that debtors understand the academy's position on outstanding debts and the actions it will take if they remain unpaid.

The Academy's debt recovery policy will observe the relevant financial regulations and guidance set out in the Academies Financial Handbook and any other legal requirements.

DEBT RECOVERY POLICY

Introduction

As part of its management of public funds, Bicester Learning Academy will take all reasonable steps to ensure that all debts owed to the school are collected.

Objectives and Targets

The purpose of this policy is to guide the Executive Headteacher and Finance Director in recovering debts and ensuring that outstanding debts do not become bad debts.

Action Plan

To ensure the collection of debts, Bicester Learning Academy will keep a record of all services supplied, their value, the date and the name of the debtor and ensure that any invoices raised state the date by which payment is due. The payment terms will normally be 14 days. It is expected that all invoices will be paid on or before the due date stated on the invoice in full. If this is not possible, debtors should contact the Finance Office to make alternative arrangements for payment.

Bicester Learning Academy will actively pursue debtors for the collection of income owed to it. If a payment is overdue, the following actions will be taken:

- **First Reminder Letter** – This formal letter will be sent when a payment is 14 days overdue.
- **Second Reminder Letter** – This will be sent two weeks after the first reminder letter if no payment is received.
- **Failure to respond after two reminders have been sent** – If no payment is received 28 days after the second reminder letter, a letter will be sent to the debtor advising them that the matter may be placed in the hands of the Academy's solicitors.
- **Failure to respond after three reminders have been sent** – If no payment is received 14 days after the third reminder letter, the Academy will consider placing the matter in the hands of its solicitors and engaging the services of a debt collection agency.

The following timeline will therefore apply:

Action	Day/s
Invoice raised	1
First Formal Reminder	28 days
Second Reminder	42 days
Third Reminder	70 days
Final Reminder	84 days
Referral to Solicitors/Debt Collection Agency	90 days

It is anticipated that debts will be settled promptly and in a single payment after the first informal reminder letter has been received. If a debtor requests “repayment terms” these may be negotiated at the discretion of the Finance Committee and/or Board of Directors.

If payment is not made following the final reminder, the debtor may be required to pay any additional costs incurred by the academy as a result of collecting this debt and the debtor will be formally advised in writing that they will be required to pay the additional costs incurred. This decision and its basis will be recorded and reported to the Finance Committee and/or Board of Directors.

The Executive Headteacher and Finance Director are responsible for ensuring that the total value of the outstanding debt is known at all times.

Bad Debts

Bad debts are only written off when the academy has followed all possible procedures to ensure their recovery.

The Academy’s Internal Finance Policy provides the following guidance regarding the writing off of debts and losses:

CHAPTER 4.6 - LOSSES AND EX GRATIA PAYMENTS

4.6.1 LOSSES

All losses are to be reported immediately to the Headteacher by the person discovering the loss. The Headteacher is to begin an immediate investigation and ensure that the details are to be brought to the attention of the Finance Committee.

4.6.2 WRITE OFF AUTHORITIES (BAD DEBTS)

When investigations show a loss to be irrecoverable, full details are to be advised to the Headteacher and their loss written off by:

- (a) up to £5,000 is to be made with prior permission of the Headteacher and Finance Committee, and*
- (b) £5,000 or over by the Governing Board.*

Records of debts that have been written off will be retained for six years plus the current year.

Any debtors that fail to settle a debt will be informed that in future they will be required to pay for any services in advance.

Monitoring and Evaluation

Responsibility for ensuring that this policy is adhered to lies with the Executive Headteacher and Finance Director, who will evaluate its effectiveness annually.

Reviewing

The Executive Headteacher and Directors will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.

Policy/Procedure Title	Debt Recovery Policy
Issue Date to Committee	Summer Term 2016
Author (Name/Department)	Nia Jeacock, Finance Manager (BLA)
Approved by Directors	Summer Term 2016
Review Date	Summer Term 2017