



## Debt Recovery Policy

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“Learning together; to be the best we can be”

## 1. Purpose

- 1.1. This policy sets out how Nexus Multi-Academy Trust (the Trust) manages, monitors and recovers debts, ensuring public funds are protected and used to support pupils' education.

## 2. Scope

- 2.1. This policy applies to all academies and business units across Nexus MAT.

## 3. Principles

- 3.1. Payment for goods and services should normally be made in advance or at the point of sale.
- 3.2. Debts will be identified promptly and pursued proportionately. Recovery action will be reasonable, consistent and sensitive to individual circumstances.
- 3.3. Debts will only be written off after all reasonable measures have been taken to recover it, and in line with the Trust's Write-Offs and Disposals Policy. Please refer to this policy to ensure the correct approvals process is followed.

## 4. Regulatory Framework

- 4.1. This debt recovery policy observes the relevant financial regulations and guidance set out in the Academies Trust Handbook, Scheme of Delegation, Financial Manual and any other legal requirements.

## 5. Identification and Monitoring of Debt

- 5.1. Headteachers are responsible for ensuring debts are identified promptly, regularly monitored and accurately recorded.
- 5.2. Records must include:
  - 5.2.1. debtor identity
  - 5.2.2. value and nature of the debt
  - 5.2.3. dates goods or services were provided
  - 5.2.4. detail on individual debts and the total value of debt to the academy in order that it can be determined at any time. Termly returns to the central team must be provided (as covered in the Finance Manual), with supporting commentary on action being taken.

- 5.3. Outstanding debt levels must be reviewed termly by the Headteacher and School Resource Manager.
- 5.4. Termly returns, including commentary on recovery action, must be submitted to the central finance team.
- 5.5. Where debt levels are not reducing, increased monitoring and advice from Regional Finance Leads or School Resource Business Partners must be sought.

## 6. Credit and Repayment Terms

- 6.1. The Headteacher may agree re-payment terms at their discretion. Repayment periods must not exceed six months or two school terms (whichever is sooner) without the approval of the CEO.
- 6.2. Salary overpayments must be managed in consultation with the HR Business Partner.
- 6.3. Repayment arrangements may vary depending on debtor type and value of the debt, with all agreements confirmed in writing and recorded.

## 7. Debt Recovery Procedure

- 7.1. Formal communication should follow the timeline and process outlined below, to ensure that all reasonable attempts have been made to recover the debt in a timely manner. Details of all reminders and agreements (whether verbal or in writing) should be recorded and copies of communication retained.

### 7.2. Informal Reminder

- 7.2.1. Issued within one week of identifying an overdue debt.
- 7.2.2. May be verbal or in writing (the School Office is expected to speak to customers/parents/carers in the first instance, explaining that the debt needs to be repaid).
- 7.2.3. Date and outcome must be recorded.
- 7.2.4. A repayment plan may be agreed where appropriate and followed up in writing.

### 7.3. First Formal Reminder

- 7.3.1. Issued two weeks after the informal reminder if payment or agreement is not received.
- 7.3.2. A formal reminder letter and invoice must be sent (see Appendix A).
- 7.3.3. The invoice must state the full amount owed, repayment terms and final payment date.

7.3.4. Evidence of issue should be retained and the date recorded.

#### **7.4. Second Formal Reminder**

7.4.1. Issued two weeks after the first formal reminder if the debt remains outstanding (see Appendix B).

7.4.2. Evidence of issue must be retained and date recorded.

#### **7.5. Failure to Respond**

7.5.1. Issued two weeks after the second formal reminder (see Appendix C).

7.5.2. The debtor will be advised that the matter will be referred for legal recovery.

7.5.3. The Headteacher may require advance payment for future services or withdraw provision.

7.5.4. Regional Finance Managers must be informed of this stage.

7.5.5. Evidence of the correspondence should be retained and date sent should be recorded.

## **8. Negotiation of Repayment**

8.1.1. Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first reminder.

8.1.2. Where this is not feasible, the Headteacher may agree phased repayments. A record of all such agreements will be retained, and formally recorded in official correspondence with the debtor.

8.1.3. Decisions will consider hardship, ill health, proportionality, recovery cost and multiple debts. Repayment periods should be as short as reasonably possible. Where multiple debts exist a single repayment plan will be established.

8.1.4. The Headteacher will decide whether extended settlement terms will result in a requirement to pay in advance for all future goods and services.

## **9. Costs of Recovery**

9.1.1. Where significant additional recovery costs are incurred, the Trust may seek to recover these from the debtor.

9.1.2. This decision will be taken by the Headteacher in consultation with the Chief Finance Officer.

9.1.3. All such decisions will be recorded and reported to the Audit and Risk Committee.

## 10. Bad debts and Write-Offs

10.1.1. Debts will only be written off after all reasonable recovery action has been taken.

10.1.2. All write-offs must comply with the Write-Offs and Disposals Policy and be approved at the appropriate level.

10.1.3. Approved write-offs must be reported to central finance.

## **Appendix A - First overdue payment reminder letter**

Dear Parent / Carer,

### **Re: Outstanding payment for [child's name and class] – First Formal Reminder**

Nexus Multi-Academy Trust is committed to ensuring that all pupils are able to access the full range of educational provision available to them. To support this, we ask that parents and carers make timely payment for activities or services where a charge applies.

We contacted you regarding an outstanding debt of £ **XXX** related to **XXX** on the [INSERT DATE]. Our records indicate that re-payment, as requested in this initial correspondence, has not occurred. When charges are not settled, the school budget must cover the cost, which reduces the funds available for pupils' learning and educational resources. We are sure you will appreciate why it is important that all parents support this policy.

**[TO INCLUDE IF DEBT IS SCHOOL MEALS]** Please note that meals must be paid for in advance. If you believe your child may be eligible for Free School Meals, we strongly encourage you to contact the school office for further information. Free School Meal entitlement is a statutory right, and we are very happy to support you with an application. Securing this entitlement also brings additional funding into the school.

In cases where a payment has been genuinely overlooked, the school may allow a short-term balance equivalent to up to five meals. This balance must then be cleared, and all future meals must be paid for in advance.

If an outstanding balance is not resolved, parents will be asked to provide a packed lunch or make alternative arrangements, such as collecting their child at lunchtime. Where neither payment nor a packed lunch is provided, the school will contact parents to request that the matter is resolved before lunchtime.

### **Next Steps**

Please find enclosed an invoice confirming the amount due and the required payment date/s. If you are experiencing financial difficulty, you should contact the school office promptly to discuss the repayment plan.

If payment is not received or an agreed plan is not maintained, we will contact you to arrange a meeting with a member of the senior leadership team and take further formal action in line with the Trust's Debt Recovery Policy.

Yours sincerely,  
**Headteacher**

## **Appendix B - Second overdue payment reminder letter**

Dear Parent/carer

### **RE: Outstanding payment for [child's name and class] - Second Formal Reminder**

Further to our letter dated [date], payment has not been received, and the outstanding balance remains £[amount].

Please arrange payment in full within five working days of the date of this letter. If you are unable to do so, you must contact the school office immediately to discuss the matter and arrange to come into school for a meeting.

Failure to respond may result in escalation of the debt recovery process, which may include a requirement for advance payment for future services or referral for formal recovery.

If you have any queries regarding the above, please contact the school office immediately.

Yours sincerely

Headteacher

## **Appendix C - Notice of Escalation / Failure to Settle Debt**

Dear Parent/carers

### **RE: Outstanding payment for [child's name and class] – Notice of Escalation**

Despite previous reminders dated [dates of correspondence and meetings], payment of £[amount] remains outstanding.

Unless payment is received, or you contact the school office to agree an acceptable repayment arrangement, within five working days of the date of this letter, the Trust will refer the matter for formal debt recovery action in accordance with its Debt Recovery Policy. In this situation, you will be contacted by our solicitors, Howes Percival.

Advanced payment for any future goods or services is required from this point onwards.

If you have any queries regarding these above, please contact the school office immediately.

Yours sincerely

Headteacher