

Arrears Policy

History of document: To be reviewed annually and re-approved by the Trust Board every three years, or sooner if deemed necessary.

Version	Author	Date written	Approved	Note of Revisions
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Introduction

Yorkshire Causeway Schools Trust (The Trust) has a duty to ensure it receives all the funds to which it is entitled. This policy ensures the appropriate procedures are in place to deal with debts and the recovery of assets. It encompasses all debts owed to the Trust including, but not limited to, payments for goods, services, school trips, and school meal payments.

The Trust aim is to avoid our families accruing debts, as even small debts can be difficult to clear if left to increase. This policy will ensure that parents/carers are notified as soon as possible to any debts on their accounts and allow schools to work with parents/carers to identify any barriers to payment or further support that maybe required.

It is the parents' responsibility to ensure there is adequate funds within payment systems before services are used. Any non-payments will be followed up by schools to ensure accounts do not go into debt. The Trust acknowledge that personal circumstances can change, and finances can be impacted by unexpected situations, therefore parents must inform the school of any circumstances that will prevent or delay payments. School will support parents and signpost to financial advice including checking eligibility for benefits. To prevent parents accruing increasing debts, schools will review services or activities offered until there is a payment or welfare plan in place.

If through discussions with parents/carers there are concerns about the welfare of children, these will be discussed with the DSL and follow the school's child protection policy.

1. Dinner monies, nursery and, before and after school club

1.1 Initial actions

Admin staff/school business managers will review ParentPay or equivalent online payment system on a weekly basis. A standard 'gentle reminder' letter will be generated in the system and sent to all accounts that are in arrears.

A further review of the accounts will take place four working days later and if accounts remain in arrears a follow up letter will be sent by the school office directly to the parent/carers by email.

If after a further seven days, the account is still in arrears then the school office must follow up the letter with a phone call asking for immediate payment.

If payment is still not received, then the school should refer the debt to the central sales ledger team for further debt chasing.

Dinner money should generally be paid in advance.

Parents will be contacted and encouraged to discuss the debt confidentially. If appropriate, they will be signposted to seek support or advice where circumstances have changed.

Where a family is known to have financial difficulties then a recommendation for the registration for free school meals should be pursued, with the school offering assistance, by prior agreement with the Trust Finance Director, if required.

For before and after school club, and nursery places, payment should be required in advance of the service being provided to avoid debts occurring. Headteachers may withdraw the service if debts are incurred and until the debt is cleared.

1.2 Referral to central team

Debts that have been referred to the central team will result in the issuing of an invoice and the debt being recorded in the individual school's debtor's ledger. The invoice will be accompanied by a covering letter from the Trust Finance Director. The invoice will be payable within 30 days and subject to the Trust's standard Terms and Conditions.

The Central Sales ledger team will be responsible for chasing this invoice as it becomes due.

If the invoice is not settled within a reasonable time frame, then the Trust will send a letter to the debtor advising them that they will be considering legal action. This letter will be sent by recorded delivery to ensure the debtor has had every chance to respond.

The Headteacher will consult with the Trust's Finance Director to decide whether to take legal action against the debtor using the Trust's legal advisors. The first stage will likely be a solicitor's letter followed by consideration of action through debt collection agencies or the small claims court.

The school should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Headteacher in consultation with the Trust Finance Director. A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.

1.3 Financial process & review

As part of the month end process the debts owing will be reviewed by the Sales ledger team and the Trust Finance Director. This will encompass both the invoices raised by the Sales ledger team for debts that have been referred and the current parent pay deficit balances. The debt reports will be signed off as reviewed by the Trust Finance Director.

Large debtor balance information may be shared with Local Governors or the Trust Board if deemed necessary.

This will ensure appropriate clarity at Trust level of individual school debts and will help identify action to be taken.

2. Other Payment items

Trips and educational visits

For educational visits (part of the curriculum) it is not legally permissible to prevent a pupil from going on the visit if a voluntary contribution has not been made. These trips do not form part of this policy but are instead covered by the charging and remissions policy.

For optional extra trips (e.g., not part of the curriculum) payment should be required before the pupil attends the trip.

Lettings

Lettings should be billed in advance. We will not accept further bookings from hirers where their debt has been outstanding for 4 weeks or more, unless the alternative arrangements are specified in the lease or licence.

Staff Debts

Overpayments of salaries will normally be recovered through the payroll.

If the member of staff has left the employment of the Trust and owes a debt this should be pursued by letter. Any debts older than 30 days should be invoiced and pursued in the normal way.

Staff should not be allowed to incur debts for incidental items such as for school lunches.

3. Write offs

The academy trust must obtain ESFA's prior approval for the writing off of debts and losses beyond the delegated limits described below:

The delegated limits, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts.
- cumulatively, 5% of total annual income (subject to a maximum of £250,000) in any financial year per category of transaction for trusts that have submitted timely, unqualified accounts for the previous two financial years.

The trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied there is no feasible alternative.

4. Specific responsibilities

The Trust Chief Financial Officer/School Business Managers will ensure that:

- all letters requesting monies outstanding are accurately recorded and maintained;
- there is documentary evidence of all the steps undertaken by the school and Trust to recover the debt and this includes recording the dates that letters and statements were sent, and/or phone calls that have been made to debtors;
- each case involving a family will be judged on the family's individual circumstances and the amount outstanding, as to the length of time before legal action is started;
- the identity of a family involved is only disclosed to those who need to know under this policy.
- Consideration will be given to the circumstances of the family and any concerns regarding the welfare of the child(ren) will be passed to the DSL.

A copy of this policy will also be published on the Trust website. Parents should be made aware of the existence of this policy, and its associated procedures, through appropriate correspondence when the policy is adopted. The policy will be promoted and implemented within each school.

Associated policies

- Charging and Remissions
- Lettings

Appendix 1 – Example wording of debt collection letters

Letter stage 1 (gentle reminder – ParentPay)

Your child has requested a school dinner for this half term. There are insufficient funds on your ParentPay Account and meals must be paid for IN ADVANCE. Please visit ParentPay today to make your payment for the whole half term of £xxx.

If you are unable to make this payment, please contact the school to discuss.

Or

Your ParentPay account is in arrears by the amount of £xxxx. School services must be paid for in advance. Please visit ParentPay today to make your payment for the whole half term of £xxx.

Letter Stage 2

Date:

Dear Mr/Mrs/Ms XXXXX

Re: School Dinner Payments for.....

According to our records has been taking school meals recently. It appears that we have not received sufficient money to cover this cost.

The cost of school dinners for this half term is £xxxx.

I would be grateful if you could arrange for prompt payment of this amount.

Due to the ever-increasing debts owing for children's dinners, it is imperative that payment for meals is made promptly to the school, in advance of meals being taken. If you are unable to make this payment, please contact the school to discuss.

Thank you for your assistance. If you wish to discuss this further, then please do not hesitate to contact me.

Yours sincerely,

XXXX

School Business manager

Or

Date:

Dear Mr/Mrs/Ms XXXXX

Re: ParentPay account arrears.....

According to our records the ParentPay account associated withis in arrears.

The amount owing at this date is £xxxx.

I would be grateful if you could arrange for prompt payment of this amount.

Due to the ever-increasing debts owing for school services, it is imperative that payment for is made promptly to the school, in advance of services being provided. If you are unable to make this payment, please contact the school to discuss.

Thank you for your assistance. If you wish to discuss this further, then please do not hesitate to contact me.

Yours sincerely,

XXXX

School Business manager

Debt Referral letter

Date:

Dear Mr/Mrs/Ms XXXXXXXX

Re: Arrears

Debt referral from (insert school name).

In line with the Yorkshire Causeway Schools Trust's Arrears Policy, a copy of which is available on the Trust website, the outstanding debt in relation to school dinners/before and after school club for xxx has been referred to the Trust.

I enclose an invoice for the outstanding amount of £xxx which must be paid within 7 days.

If this amount remains unpaid after 7 days from the date of this letter, I will refer the outstanding debt to the Finance and Audit Committee who may decide to make a claim in the small claims court. If you are unable to make this payment, please contact the school for advice and support.

Yours sincerely

Clare Dowson

Chief Financial Officer