



Debt Management Policy

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INTRODUCTION

Invoices are issued and payments are due to the Academy for a range of supplies and services and these primarily include lettings and payments from parents for bus permits.

The Governing Body is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.

This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

Payments from parents for trips and visits are voluntary contributions and fall within the scope of the Charging Policy.

1. Debt Recovery

Payment should be obtained as and when goods/services/facilities are provided wherever possible; in particular where the value of goods and services is relatively small, i.e. less than £100.

Where payment is not received at the time when the goods/services/facilities are delivered an invoice must be raised as soon as possible, but normally within 7 days of the goods/services/facilities being provided.

Invoices should state that the bill is due and payable at the invoice date.

If no payment is received within UCC's payment terms (10 working days from date of issue of the invoice), the following procedure will be followed:

1. An initial reminder letter is sent to the debtor with a statement and a copy of the invoice. This is sent out at an appropriate time, usually prior to, but no more than two weeks after the due date. A record of all reminders are kept on file.
2. A final reminder letter from the Principal is sent if no response is forthcoming within another two weeks. The letter will advise that should the College not hear from the debtor within another 14 days, the matter will be passed to the Governors for debt recovery and this may result in legal action
3. Notice of Intention. If no response is received following the formal letter, authorisation will be sought from Governors to issue a notice of intention advising the debtor that the matter is being handed to legal advisers for recovery.

Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions, they must submit an application in writing explaining the reasons for their inability to meet the original contract terms. The School Business Director and Principal will agree the revised terms, which must not exceed 60 days from the date of issue of the invoice (with the exception of bus payments). If the debt is not settled within the agreed terms, then a final reminder will be sent to the debtor. The final reminder will clearly state that legal action will be taken if the debt is not settled in full within a further 14 days of the date of the reminder.

Any approved repayment plans outside of the normal terms and conditions for parents of students, must ensure that debts are cleared before the student leaves the College. Failure to clear the debt by this time may result in the administration of examination results being withdrawn.

At the Governors Resources Committee meetings, the School Business Director will inform of any debtors who have received a final reminder and will propose further action (referral to solicitors for legal action, a debt collection agency or to write-off the debt if there is no realistic prospect of debt recovery being successful, or if further action is not cost-effective)

Individuals or organisations that have previously defaulted on payments to the College will not be allowed use of the services/facilities. E.g New bus permits will not be issued until a balance owing from a previous year, has been cleared.

Where a debtor's payments are regularly or consistently paid outside the terms, the Principal may consider withdrawal of the service and request the individual/organisation to pay for services/facilities in advance. E.g Bus permits may be withdrawn at any time throughout the year.

Interest will be charged for late payment of services/facilities at the statutory rate of 8% plus the Bank of England rate. In line with late payment legislation, a charge of £40 will also be added if the amount outstanding is not cleared following the notice of intention.

2. Write-offs

For ALL amounts owing to the College, every effort will be made to ensure that amounts due are collected. Where such efforts have failed, it may be appropriate to see legal advice regarding recovery.

The Principal (Accounting Officer) is authorised to write off any debt up to and including £500 providing that procedures have been followed to mitigate the loss and prevent recurrence.

The write-off of debts in excess of £500 and up to £2,000 must be sanctioned by the Governor's Resources Committee and formally recorded in the minutes before write-off action is taken.

Amounts in excess of £2,000 require approval of the Full Governing Body before write-off action is taken.

Amounts above £45,000 or 1% of total annual income (whichever is smaller) per single transaction, require EFA approval.

The Academies Financial handbook (September 2017) Section 3.6.2 refers to delegated limits.

The School Business Director is responsible for maintaining the College's record of debts written-off and will present a schedule of these to the Governors' Resources Committee annually which will be formally noted in the minutes.