

Owlcotes Multi-Academy Trust

Debt Management Policy



October 2024

About Owlcotes Multi-Academy Trust (OMAT)

OMAT is committed to the development of inclusive schools, sharing a common purpose to provide excellent education and improved outcomes for pupils.

OMAT strives to provide high-quality education for all children within our local communities by inspiring innovation, creativity and aspiration through an enriched curriculum.

OMAT is committed to the principles of co-operation, collaboration and sharing best practice with a strong focus on staff development.

OMAT is also committed to the preservation of the unique identity of all schools within the trust: each school will have a Local Governing Board (LGB) which is involved in decision making at school level, with autonomy to make decisions for its own school in line with the scheme of delegation.

All trustees and any schools joining must agree to share and uphold all of these principles now and in the future.

Debt Management Policy

1. Purpose of this Policy

The Trustees, Members and Local Governing Boards of the Owlcotes Multi-Academy Trust are proud of the services that we provide as a Trust, and deem it appropriate for the Trust to pursue the recovery of funds that it is owed. This may be for goods/services provided to other organisations, or to our pupils.

This policy outlines the process which will enable individual schools and the Trust to receive their income in a timely manner, in order to continue providing outstanding services. This policy should also be shared with families and carers of our pupils, in order to help them understand what is expected of them.

2. Key Principles

As a Trust, we provide numerous services to other organisations, including school improvement and consultation services, which can sometimes involve secondments. These services will always have a formal agreement in place with the third party before any invoices are issued. Where services have been provided, the Owlcotes Trust central finance team will ensure that our payment terms are adhered to. In instances where the terms of payment have not been adhered to, the central finance team will be responsible for pursuing payment.

The Trust may also have other amounts owed to it, including overpayments or erroneous payments, e.g., the overpayment of salary. The Trust deems it appropriate to also pursue repayment of these amounts.

Owlcotes schools only charge for activities, when deemed appropriate, as outlined in the Charging and Remissions policy. The schools will pursue the recovery of amounts owed to it.

The Trust will charge for goods and services up-front where possible. Where this is not possible, the Trust will invoice or charge in a prompt manner.

If individuals have outstanding debts above the thresholds defined in this policy, they can be refused access to goods and services until these debts have been settled.

Where families or carers of pupils have accumulated a debt, this will be managed in the first instance by the school. The school will consider the circumstances of the individuals involved and any actions taken will be deemed fair and reasonable.

In instances where the school is considering legal action to be appropriate, this will be referred to the Chief Financial Officer.

3. Roles and Responsibilities: Managing School Debts

3.1. School Office Team/Extended Services Team

The individual office teams in the Trust will be responsible for the following:

- Maintaining accurate registers for activities and trips in order to charge appropriately.
- Reconciliation of payments made on a regular basis.
- Engage with families/carers, where necessary, following what is set out in this policy.
- Maintain detailed records of communication with families/carers.
- Consult with the central finance team when necessary.

3.2. School Headteacher

- Meeting with families/carers as outlined in section 4.1.
- Presenting write-offs to the Local Governing Board where appropriate.
- Referring matters to the CFO when necessary.

3.3. Local Governing Body (LGB)

- To provide assurance that this policy has been followed correctly by the school.
- Authorise write offs up to £500 in exceptional circumstances, as stated in the Financial Management Policy.

3.4. Chief Financial Officer (CFO)

- Support schools with following this policy, carrying out regular audits to ensure that this process is being followed accurately.
- When necessary, to contact the ESFA for writing off debts outlined in the Academy Trust Handbook.
- Ensure that accurate records are maintained.

3.5. Accounting Officer (CEO)

- Approve the write off of debts together with LGB and FRAC.

3.6. Finance, Risk and Audit Sub-Committee of the Board of Trustees (FRAC)

- Monitor the level of debt across the Trust as reported in the balance sheet.
- Monitor the level of debts written off across the Trust and authorise write offs over £500 and up to the ESFA approval threshold.

4. Process for Debt Recovery

4.1. School Debt

Owlcotes schools will always ask for payments to be made up-front. Where this has not been followed, the school will take the following actions:

Where a parent has outstanding payments that amount to one week of a service (or in the case of monthly payments, is one week late in making a payment), a message will be sent using the school's software (e.g., School Money/Arbor/Text Message).

Where the outstanding payments amount to two weeks of a service (or in the case of monthly payments, is two weeks late in making a payment), a phone call will be made and a letter will be sent to inform the family member/carer that this payment (both weeks) must be made within a week. The parent/carer will be notified in the letter of the amount to be paid.

Where payment has not been made in a week, the school will send Appendix A. This will be done in a way that ensures confidentiality.

Where the outstanding payments amount to a month of service (or in the case of monthly payments, the parent/carer owes 2 monthly payments), the school will arrange a meeting with the family member/carer and Headteacher. The Headteacher should make it clear that the purpose of this meeting is to be supportive in preventing the family member/carer accumulating a significant debt. The Headteacher will seek to understand the circumstances of the individual and will take action as deemed appropriate.

This action can include the following:

- Payment agreed to be made in full at a later mutually agreed date
- The pupil can no longer access the services until the outstanding balance is cleared.
- A payment plan can be agreed, which will allow the pupil to still access the service as well as prevent the debt from becoming unmanageable.
- Where a payment plan has been agreed, the Headteacher can also make the decision, in very-exceptional circumstances, to lower the charge for services until the debt has been paid off. This will typically be for the period of a school term.

Following the meeting, the school will send Appendix B outlining what was agreed. If the agreed actions are not followed, the school should contact the CFO to discuss next steps.

4.2. Overpayment of Salary/Erroneous payment

Where staff have received an overpayment of salary, they should inform the school as soon as possible. The school will work with the payroll provider, Leeds City Council, to reach a suitable resolution. In most instances, the amount will be recovered in full in the following month by the payroll provider. Where this involves a significant sum for the employee, a repayment plan may be put in place.

4.3. Customer Debt Management

The invoices produced by the central team will always clearly state the payment terms, typically 30 days from the date of invoice. When payment has not been received within 30 days, the central finance team will send a reminder email to the company.

Where payment has not been received in 45 days, a phone call will be made to the customer, and the central team will request for a faster payment to be made.

If the customer does not make the payment within 60 days, this will be passed to the CFO to pursue. If necessary, the CFO will look to take legal action.

Appendix A: Debt Management Letter

[Insert date]

Dear [name of parent],

Following our conversation on [insert date of conversation], I am writing to remind you of the outstanding [insert amount of money] owed to the school for [insert source of debt, such as school meal costs]. [Insert details of why this letter has been sent, such as:

- We have not yet received payment from you towards reducing this debt.
- We have noticed that you haven't kept up with the payment plan as agreed in our conversation.

You can pay the debt in full using [insert payment method details here]. If you are unable to do this, then you may need to meet with the Headteacher, in order to find a suitable alternative arrangement.

(If the debt is about school lunches, leave this statement in) If you fail to settle the amount as outlined above, then Leeds Catering will no longer be able to provide your child with a lunch, and you will need to provide a packed lunch for your child.

If by [insert deadline] you haven't either paid off the debt or contacted us to set up a payment plan, we will invite you to a meeting with the Headteacher to explore options to help you pay the amount above. If you don't attend or if we don't reach a satisfactory result together, we may seek legal advice on recovering the debt.

Our school budget is intended to support children's learning, and we cannot use it to cover debt owed to the school.

Thank you for your help and understanding. Please don't hesitate to contact me if you have any questions or difficulties complying with this letter.

Yours sincerely,

[Insert name and contact details]

Appendix B: Outstanding Debt Management Letter

[Insert date]

Dear [name of parent],

I am writing to you following our meeting on [insert date of the meeting with the Headteacher].

Your outstanding debt is [insert amount]. As discussed at the meeting, we have agreed the following actions:
[remove as appropriate]

- Payment agreed to be made in full at a later date
- [name of pupil] can no longer access the services until the outstanding balance is cleared
- [details of payment plan if one was agreed]
- Anything else that was discussed

If there is any reason that you cannot follow what we agreed, then please contact the school office to arrange another meeting with myself.

We want to make you aware that if you stop engaging with our process, then we will have to take legal action. Our school budget is intended to support children's learning, and we cannot use it to cover debt owed to the school.

Yours sincerely,

[Insert name]

Headteacher

**This Debt Management Policy was adopted by Owlcotes Multi Academy Trust on
17/10/2024**

Chair of Trustees: Mrs Judith Norfolk		
Signature:		Judith Norfolk:
Frequency of review:	2 years	
To be reviewed by:	FRAC	
To be approved by:	OMAT Full Board	
Date of next review:	October 2026	

REVIEW RECORD

Date of review	Reason for review	Date of next review
Name :		Signature:

on behalf of OMAT Full Board

Date of review	Reason for review	Date of next review
Name :		Signature:

on behalf of OMAT Full Board

Date of review	Reason for review	Date of next review
Name :		Signature:

on behalf of OMAT Full Board