Lincoln Christ's Hospital School

Debt Recovery Policy

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1 Introduction

Lincoln Christ's Hospital School is required to apply financial and other controls which conform to the requirements of both propriety and good financial management.

To this end 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.

2 Bad Debts

Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, a debtor's account will be issued. However, to ensure sound internal control, staff who raise debtors accounts, such as the Finance Assistant and the Lettings Manager, should not also have the authority to write off debts. Authority is within the scheme of delegation below.

The Academy chases all money due to it, which has not been paid within 30 days of an invoice being issued, by telephone, email and/or letter, depending on how much time has elapsed since the money was due to be paid.

All debts will be recorded and non-payment will be followed up by issuing reminders at the following intervals:

2.1 Debt escalation protocol

- First statement sent if invoice remains unpaid after 30 days.
- Second statement sent if invoice remains unpaid after a further 14 days.
- Final reminder letter sent if invoice remains unpaid for a further 14 days - The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days.
- After 12 weeks from the date of the account, where the debt is still outstanding, legal action will be considered, and the debtor will be informed of this in writing.
- Referred to finance committee at next available meeting if invoice still remains unpaid.

2.2 Debt escalation protocol – trip payments

- Memo to trip organiser of any debt outstanding after closing date of final payment.
- First letter home if trip organiser has not managed to contact parent after 7 days
- If payment is not received before the date of departure then the students will not be permitted to travel
- Recovery letter sent to parent recoup financial losses incurred by Academy due to default in payment

2.3 Debt escalation protocol – school transport (bus service)

- Contact made with parent(s)/carer(s) to highlight there is a debt outstanding via ParentMail/Telephone.
- Letter home if no-one has managed to contact parent(s)/carer(s) after 7 days
- If payment is not received within 28 days then the student may not be permitted to travel – the bus place may be offered to another student

- Recovery letter sent to parent recoup financial losses incurred by Academy due to default in payment

If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

- The Finance manager in conjunction with the Head teacher will write off necessary debtors with individual debts up to the value of £2,500 on behalf of the Academy.
- For debtors with individual debts over £2,500, additional approval will be required from the Finance Committee.
- For any debtors with individual debts that exceed the value of £5,000, the academy must disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions, in its audited accounts in line with the Academies Trust Handbook.

Beyond the limits below the school must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA):

- 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 one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies 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 one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

The Academy will retain a Bad Debt Write-Off Summary.