



Triumph Learning Trust

Aspiration - Collaboration - Innovation

Debt Recovery Policy

Policy Details

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1. Aims

This policy aims to ensure that:

- The Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the latest Academy Trust Handbook
- The Trust and those associated with it operate in a way that commands broad public support
- The Trust has due regard to propriety and regularity, and ensures value for money, in the use of public funds
- Trustees fulfil their fiduciary duties and wider responsibilities as charitable trustees and company directors

2. Legislation and Guidance

Please note: The Academy Trust Handbook (ATH) does not specifically reference how it expects debts to be recovered, instead suggesting that a Trust's internal control framework must include:

- Applying discipline in financial management inclusive of debt and cash flow

The ATH states that any write-off greater than £5,000 must be separately disclosed to the Secretary of State through the annual accounts, and that the Trust must obtain DFE prior approval for writing-off debts and losses where the value exceeds the lower of 1% of total annual income or £45,000 per individual transaction. The ATH also states the Trust should only consider writing-off debts after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor and should be satisfied that there is no feasible alternative.

This policy is based on the ATH, stating trusts are free to design and implement their own debt recovery policy so long as the notes above are adhered to.

3. Definitions

Debtors are used in this policy to describe any person, entity or body owing money to the Trust. Money owed will take many forms such as:

- Lettings
- School Meals
- Sales invoices
- Refunds
- Uniforms

- Amounts due for damage or loss
- Amounts due under maternity/paternity policies
- Amounts due under training agreements
- Amounts due for community rental
- Payroll overpayments

4. Introduction

Triumph Learning Trust will take all reasonable measures to collect debts as part of its management of public funds. A debt will be written-off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it. The Trust's debt recovery policy will observe the relevant financial regulations and guidance set out in the ATH and any other legal requirements. Wherever possible, payment for goods and services supplied by the Trust should be collected in advance or 'at the point of sale'.

5. Roles and Responsibilities

The Trust has delegated authority around the roles and responsibility levels as follows:

- Any individual debt write-offs up to £250 can be authorised by School Headteachers
- Any individual debt write-offs between £250 and £750 can be authorised by the Chief Financial Officer (CFO)
- Any individual debt write-offs between £750 and £1,000 can be authorised by the Chief Executive Officer (CEO).
- Any individual debt write-offs exceeding £1,000 must be authorised by the Trust Board.
- For any debt write-off exceeding £45,000 prior approval from the DFE must be gained.

Whilst other members of staff can recommend debts are written-off it is the CEO, Trustees or DFE that will determine the appropriate course of action. Headteachers have primary responsibility for debts owed by pupils and families. This responsibility may be delegated to other members of the school team as appropriate.

For Catering

Pupil balances are followed up by the Office Manager (Primary) or school's Operations Manager each week, involving a verbal discussion with the student/parent as required.

School meals are available to pupils at a cost, unless the child is in receipt of free school meal (FSM) entitlement.

Payment for school meals must be made in advance. The Trust does not allow any debt in relation to school meals.

Where debt exists in relation to school meals, parents and carers must provide a packed lunch until it is paid. In a case when a debt payment is not received nor a packed lunch provided, the school will phone the parent or carer to ask them to come to school with the money or provide sandwiches before lunch time.

In circumstances where a child is at school without a packed lunch and no school meal has been paid for, the school has a duty of care to provide the child with a meal to ensure their learning is not negatively impacted.

The meal provided by the school is not free and the debt will be added to the parent or carers account to be recovered.

In this situation, the choice of school meal may be limited for the child given it has not been planned for.

Community Lettings has primary responsibility for debts relating to rent of facilities. Lettings debtors are managed by the 'Lettings administrator'. Payment in advance is sought wherever possible to minimize the risk of debts.

Property Rental: The Trust CFO has primary responsibility for debts relating to rent of school property (e.g. Bungalow).

CFO

The CFO has primary responsibility for debts relating to salary (e.g. salary overpayment, recovery of staff allowances).

The date of any initial verbal reminder is recorded and communicated via email to the finance mailbox: finance@triumphlearning.org.

6. Acceptable 'Credit Period'

The Trust considers that an 'acceptable' credit period may vary between different income generating activities; for example;

- School lettings – generally paid in advance.
- School meals – generally operate a zero-debt policy with discretion of the Headteacher where appropriate.

The Trust has a default of 30 days for all external sales invoices.

7. Reporting of Outstanding Debt Levels

The CFO will ensure that the level of outstanding debt is regularly monitored. Suitable records by the Finance team will be maintained to detail individual debts and the total value of debt to the Trust in order that it can be determined at any time and reported to the Audit and Risk Committee (ARC) termly. If the Finance team feel a debt is at risk of recovery a provision will be made into the financial accounts for the full value until it can be ascertained that the debt is no longer at risk. Any debt owed to the Trust longer than 90 days will automatically be

provided against. The bad debt provision will be posted to the profit and loss statement but does not require noting on the 'Bad Debt Register' until it is determined that the debt will not be recovered and therefore the write-off procedures noted below should be followed. A formal record of any debts written off will be maintained by the Finance team and this will be retained for 6 years (see 'Record of Debts Written-Off').

8. Debt Recovery

Where payment has not been received in advance, or 'at the point of sale', the following process should be applied:

- A record of all goods and services due must be maintained detailing:
 - Type of good/services supplied;
 - Value;
 - Date(s) good/services supplied; and;
 - The identity of the 'debtor', e.g. child, parent, hirer, etc.
- A sales invoice may be issued for the full amount in order to officially create the debt in Xero. Where invoices are raised they should state the date by which payment is due date/month/year. Community lettings are invoiced for amounts due through a letting booking system.
- On occasions where a sales invoice is not appropriate (e.g. to parents/guardians for school trips) correspondence may be used as an effective method of communicating outstanding amounts. Correspondence should state the maximum period that the school regards as reasonable before payment is overdue and when payment should be received.
- The Finance team may offer debtors the opportunity to offset their debt against other funds (e.g. a catering balance held by a family, the salary of a member of staff). Any such offset must only be done with the permission of the debtor.

Initial 'Overdue Payment' Reminder

An initial reminder can be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone. The initial reminder will be carried out at School level.

First 'overdue payment' reminder letter or email

A formal reminder letter or email should be issued 2 weeks after the informal reminder. If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue. The date of the initial reminder letter should be recorded. The initial reminder and letter will be carried out at School level.

Second 'overdue payment' reminder letter or email

A second reminder letter or email will be issued 2 weeks after the first reminder letter. The date of the second reminder should be recorded. Details of all reminders, whether verbal or in writing, should be maintained. Where a reminder letter or email is issued, a copy must be retained on file. Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced. It is therefore important that at least one, but preferably two, written reminders are sent. The second reminder and letter will be carried out at School level.

Failure to Respond to Reminders/Settle a debt

If after verbal reminders and 2 reminder letters/emails, a response or payment is not received, a letter will be sent to the debtor will be issued centrally from the Trust CFO advising them that the matter may now be referred to the Trust's solicitors or Small Claims court. Subject to the circumstances, the debtor may also be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them. This decision and its basis will be recorded and reported to Trustees as required.

Negotiation of Repayment Terms

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving a first reminder. However, if they are unable to pay the Trust may reduce or cancel a debt in exceptional circumstances. A sensitive approach to debt recovery will be carried out, taking the following factors into account.

- Hardship: where paying the debt would cause financial hardship.
- Ill health: where our recovery action might cause or exacerbate ill health.
- Time: where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off.
- Cost: where the value of the debt is less than the cost of recovering it.
- Multiple debts: where someone owes more than one debt to the Trust. In this situation an attempt to agree one repayment plan to include all debts will be established. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the CFO, who will consult with staff who have knowledge of a particular situation, in order to achieve an optimum and equitable resolution. A record of all such agreements entered into will be retained. In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable. The CFO will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will, in future, be required to pay in advance.

9. Record Keeping

The Finance Department, as custodian of all debt records, is responsible for timely reporting of outstanding debtors throughout the Trust. This involves ensuring Trips reporting is up-to-date and trip leaders and the Administration team are aware of the potential for 'overdue' debtors. The aged debtor details will be stored in third-party software/s, with the balances reflected in the financial statements. Individual schools are responsible for periodically reporting the balances to the Trust and making any necessary adjustments to debtor accounts. The Trust reserves the right to modify the process as it evolves.

10. Bad debts

Where all reasonable debt recovery procedures have been followed the Trust may decide to formally write-off the debt in accordance with the delegated authorities noted above. For any balance to be written-off the detail must be recorded on the 'Record of Debt Written off Register'. The CFO is responsible for ensuring the register is maintained.