



Bad Debt and Debt Recovery Policy

for adoption by all CDAT schools

This policy is informed by the Christian values which are the basis for all of CDAT's work and any actions taken under this policy will reflect this.

'Blessed are those who act justly, who always do what is right'

Psalm 106:3

Approved by	Date	Review Schedule	Date of next review
CDAT Finance & Operations committee	September 2025	Every two years	September 2027

Contents

1. Statement of Intent
2. Legal Framework
3. Roles and Responsibilities
4. Acceptable Credit Period
5. Declaring Outstanding Debt Levels
6. Debt Recovery Procedures
7. Verbal and Written Overdue Payment Reminders
8. Failure to Respond
9. Negotiation of Debt Payment
10. Exceptional Circumstances and Remissions
11. Debt Recovery Costs
12. Monitoring and Review
13. Appendices A–C: Debtors Letters

1. Statement of Intent

In accordance with the funding agreement and Academy Trust Handbook, Chester Diocesan Academies Trust (CDAT) applies robust financial controls that align with propriety and sound financial management.

The Trustees are responsible for ensuring appropriate procedures are in place to recover outstanding debt. This policy sets out CDAT's approach to debt recovery and procedures for writing off irrecoverable debt.

This policy applies to external organisations as well as parents and carers. CDAT is committed to ensuring equal opportunities for all pupils, irrespective of financial circumstances, and will ensure that no child is discriminated against due to debt recovery processes.

While supporting families wherever possible, CDAT must ensure recovery of any outstanding debts incurred on behalf of pupils. Debts will only be written off after all reasonable recovery measures have been exhausted.

Each case will be reviewed individually to determine if it is fair and reasonable to pursue the debt.

2. Legal Framework

This policy has due regard to:

- DfE (2018) 'Charging for school activities'
- DfE (2023) 'Schemes for financing schools'
- Academy Trust Handbook (latest edition)

This policy is operated in conjunction with other relevant CDAT policies.

3. Roles and Responsibilities

Board of Trustees

- Delegates the biennial review of the policy to its Finance & Operations committee
- Monitor outstanding debts and recovery action
- Approve legal action if required
- Approve write-offs above delegated limits (with DfE approval where necessary)

Chief Financial Officer (CFO)

- Lead implementation for all third parties and schools
- Support Headteachers in parent-related debts

- Maintain records for 7 years (letters, emails, calls)
- Monitor outstanding debt levels across the Trust
- Notify the DfE of write-offs exceeding delegated limits

Headteachers

- Implement the policy in their school
- Ensure staff and families are aware of responsibilities
- Maintain privacy and consider individual circumstances
- Record and monitor debt reminders

4. Acceptable Credit Period

Where feasible, payment should be received before or at the point of service. A standard credit period of 30 days will apply unless otherwise agreed by the Board.

5. Declaring Outstanding Debt Levels

The CFO and Finance & Resources Committee will annually assess outstanding debt levels and evaluate the effectiveness of recovery processes.

6. Debt Recovery Procedures

If the credit period lapses, an official invoice will be issued. The school will log and monitor the debt process.

- Nursery/wraparound care may be suspended until repayment
- Lettings will be cancelled until payment is received
- VAT elements cannot be written off

7. Verbal and Written Overdue Payment Reminders

- **Initial Reminder:** Informal (verbal, phone, or email) – recorded
- **First Written Reminder:** Within 14 days of informal contact (Appendix A)
- **Second Written Reminder:** Within 14 days of the first (Appendix B)

8. Failure to Respond

A third and final letter (Appendix C) will be issued, notifying the debtor that the matter may be escalated to legal proceedings.

The CFO, CEO, and Trustees will decide on repayment deadlines or instalment plans if appropriate.

9. Negotiation of Debt Payment

Debt should be repaid swiftly. Instalment plans may be agreed by the Trustees based on individual circumstances.

Persistent refusal to pay without valid reason may lead to legal action.

10. Exceptional Circumstances and Remissions

Where families face financial hardship, remissions may be offered. Eligibility includes those in receipt of:

- Income Support
- Income-based JSA or ESA
- Universal Credit (with household income < £7,400)
- Child Tax Credit (without Working Tax Credit)
- Support under Immigration and Asylum Act 1999
- State Pension Credit (Guaranteed Element)

An affordable plan should be agreed where possible. In extreme hardship, the Trustees may waive the debt.

11. Debt Recovery Costs

Pursuing debts may be deemed financially unviable. In such cases:

- CFO concludes pursuit is inefficient
- CEO agrees
- Write-off is approved by Finance & Resources Committee
- Summary is retained and reported to Trustees

Write-Off Limits (DfE Delegated Authority):

- 1% of annual income or £45,000 (lower of the two) per transaction
- Up to 2.5% (if unqualified accounts not submitted in last 2 years)
- Up to 5% (if unqualified accounts submitted in last 2 years)

12. Monitoring and Review

This policy will be reviewed every two years by the CFO and the Finance & Operations committee. Next scheduled review: **September 2027**

APPENDIX A – FIRST DEBTORS LETTER

[Date]

[Debtor Name]

[Debtor Address]

Dear [Name],

Debtors Account Number: [Insert number]

Following our previous reminder, there remains an overdue balance of **£[x]**. This includes:

[Insert invoice details]

Payment within the next 14 days is requested.

If you wish to discuss the matter, please contact the Finance Office at [CDAT contact number/email].

Please note that provision may be withdrawn if payment is not received.

Yours sincerely,

[Name]

Chief Financial Officer / Headteacher

APPENDIX B – SECOND DEBTORS LETTER

[Date]

[Debtor Name]

[Debtor Address]

Dear [Name],

Despite earlier communications, an outstanding balance of **£[x]** remains on your account.

[Insert invoice details]

Please make payment within 14 days or further recovery steps may be taken, including legal action.

Contact [Finance Office number/email] with any queries.

Lettings/childcare provision may remain suspended until payment is made.

Yours sincerely,

[Name]

Chief Financial Officer / Headteacher

APPENDIX C – THIRD DEBTORS LETTER

[Date]

[Debtor Name]

[Debtor Address]

Re: Outstanding Invoice No. [insert number]

Dear [Name],

Despite repeated communications, we have not received payment of £[x]. Under DfE guidance, we cannot ignore or write off this debt.

Unless this account is settled in full by [Insert Date – one week from letter], the matter will be referred to legal advisors.

Lettings/childcare provision will remain suspended until payment is made.

Please contact the Finance Office immediately at [CDAT contact info].

Yours sincerely,

[CDAT CFO Name]

Chief Financial Officer