



Debt Recovery Policy

Responsible Committee	CLPT Finance & Operations Committee
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Policy Owner	Kate Hillman, CFO

This document has been created to support the mission, values and beliefs of the Creative Learning Partnership Trust:

Our mission.

Creating
transformational
educative opportunities;
promoting **social justice**;
unlocking individual
freedom



Our values.

Integrity

Courage to do the right thing, taking time to care.

Speaking and acting truthfully, fairly and upholding universal, moral principles.



Collaboration.

Working together, enabling each other.

Working with others to achieve strategic direction and to develop mutual trust and respect.



Dedication.

Committed to supporting and improving.

Showing commitment to and responsibility for strategies and goals.



Kindness.

Thinking of others and acting with compassion.

Demonstrating intentional actions to show care, respect and empathy to others.



Innovation.

Using expertise and research to transform.

Taking a proactive approach to problem solving, showing creativity, forward thinking and adaptability.



Understanding.

Openness, listening and valuing one another.

Actively listening to others to gauge the perspectives and needs of others within relevant context.



C

CREATIVE.

Creativity is at the heart of how we achieve exceptional educational outcomes. It drives innovation and empowers us to transform new and original ideas into reality, enriching the learning experience for every child.

L

LEARNING.

Learning is at the core of all we do. We are relentless in our commitment to ensuring that every child within our care achieves outcomes that truly reflect their potential and aspirations.

P

PARTNERSHIP.

Collaboration and **partnership** are key to continuous improvement. By working together, we create an inclusive, supportive, and responsive **organisation** that listens and learns from all voices.

T

TRUST.

Trust is the foundation of our culture. It permeates every aspect of our schools and **organisation**, creating confidence, integrity, and building strong relationships across our entire community.

1. Introduction

1.1 The Creative Learning Partnership Trust (CLPT) has a duty to ensure the Trust receives all the funds to which it is entitled. This policy ensures the appropriate procedures are in place to deal with debts and the recovery of assets. It encompasses all debts owed to the Trust including, but not limited to, payments for goods, services, school trips, paid for childcare and school meal payments. It also covers overpayments of salary.

2. Limits for writing off debts

2.1 The Department for Education (DfE) requires the Trust obtain prior approval for the writing off of debts or losses that are over £250,000 or 1% of total annual income, whichever is smaller, cumulatively, 2.5% of total annual income in any financial year per category of transaction. Total annual income is defined as grant income as disclosed in the trust's last audited accounts.

The DfE stipulates that the Trust should always pursue recovery of amounts owed to it, irrespective of how they came to be made. Should it be considered that a debt of this size should be written off, the Chief Financial Officer (CFO) and Accounting Officer will be responsible for gaining the necessary clearances from the DfE.

2.2 CLPT's financial scheme of delegation requires that the writing-off of amounts over £2,500 are approved by the Board of Trustees. Amounts under that level require approval by the Accounting Officer. Such approval will only be given after a recommendation by both the Local Governing Board and the CFO.

3. Debt Recovery Process

3.1 In practice there will be both practical and legal limits as to how cases should be handled and there are some debts where the effort to recover will be judged to outweigh the reward. Electronic records should be kept of all contact made and letters sent by the Bursar/ Office Manager. These should be kept for 7 years.

3.2 The recovery process is:

Informal reminder: The debtor will be informally reminded, in person or by telephone, that they owe money to the school.

Initial reminder letter: If the debt is yet to be paid two weeks after an informal reminder, a formal letter will be sent to the debtor as detailed in Appendix 1. If the debt results in any sanctions, such as pupils having to be given packed lunches until meal costs are settled or being unable to attend nursery/ care club/ a school trip, insert details in the letter.

Invitation to Meeting: If the debt hasn't been paid by the date stipulated in the initial reminder letter then contact is to be made with the debtor to invite them to a meeting with the Headteacher or Bursar.

At this meeting, you should express empathy, and focus on helping the parent pay the debt. The reasons for debt are likely to be sensitive issues, so be as tactful and supportive as possible.

If the issue relates to financial hardship, give the parent information about local bodies that can help to relieve financial burdens, such as:

- Local charities (e.g. food banks)
- Local religious organisations
- National debt charities (e.g. StepChange)

If by the end of the meeting you haven't reached a satisfactory result, or if the parent refuses to attend the meeting, consider sending them the final reminder letter. These letters allow the debtor every opportunity to settle their debt and ensure the school can prove all reasonable steps have been taken to recover the debt should the issue proceed further.

Final reminder letter: If no response is received following the initial reminder/ invitation to a meeting after a further 2 weeks, the school will send a letter (Appendix 2) to the debtor advising them that they will be considering legal action. This letter will be sent by recorded delivery to ensure the debtor has had every chance to respond.

Possible legal action: The Executive Head/ Headteacher will consult with the CFO to decide whether to take legal action against the debtor using the Trust's legal advisors. The first stage will likely be a solicitor's letter followed by consideration of action through the small claims court.

4. Financial Processes

- 4.1** All debts should be recorded in the finance system via a sales invoice or Arbor/ Famly if it relates to childcare or school meals. Finance staff in school should contact the central team to ensure this invoice is properly raised.
- 4.2** School staff should note that the raising of a sales invoice crystallises the income in the school's accounts. Should the invoice prove to be irrecoverable, the writing off of the debt will reduce the income of the school accordingly. Care should be taken that when income is received against a debt that has been invoiced, that it is posted as a sales receipt and not a nominal receipt, as this will overstate the income in the accounts.
- 4.3** The Aged Debt reports (from PSF/ Arbor/ Famly) should be reviewed at the end of each month and signed by the Executive Head/ Headteacher to ensure that appropriate action is being taken.
- 4.4** Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue reminder'.
- 4.5** If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Executive Head/ Headteacher. A letter will be issued to the debtor confirming the agreed terms. The settlement period should be the shortest that is judged reasonable.
- 4.6** The Executive Head / Headteacher should decide whether any debtor who has been granted extended settlement terms will be offered any further 'credit' or should be required to pay in advance for future services.
- 4.7** Where the school incurs material additional costs in recovering a debt then such costs should be recovered from the debtor. The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.
- 4.8** Where the family owing a debt has more than one pupil being educated in the Trust then paid for services may be withdrawn from all pupils until the debt is paid.
- 4.9** Where remittances are not cleared ("bounced" cheques) the school should contact the debtor in order to recover the debt.

5. Specific Debts

Dinner Money for pupil meals

Dinner money should generally be paid in advance. It is suggested that debts of more than a week should not be allowed to be built up, but each school will need to consider its own procedures as to whether a meal is provided to a child where significant debts have been accumulated. Such decisions will consider the age of the child and known family circumstances.

Where a family is known to have financial difficulties then a recommendation for the registration for free school meals should be pursued, with the school offering assistance if required.

Legally there is no requirement to provide a meal if payment is not forthcoming.

Trips and Educational Visits

For educational visits (part of the curriculum) it is not legally permissible to prevent a pupil from going on the visit if a voluntary contribution has not been made. Therefore, any unpaid contributions to educational visits cannot be treated as requiring debt recovery and must not be invoiced.

For Optional Extra trips (e.g. not part of the curriculum) payment should be required before the pupil attends the trip.

Childcare

Many of our schools provide paid-for childcare (nursery, before and after school clubs, holiday clubs). Payment should be required in advance of the service being provided or by the end of the month in which childcare is received, to avoid debts occurring. If payment is not forthcoming the recovery process needs to be followed and services withdrawn if necessary.

Music Lessons

Music lessons should be paid for in advance. The school is often committed to making payment for the lessons for the full year and it is strongly suggested that the commitment from the parent matches the commitment to the supplier and such commitment should be made in writing.

Lettings

Lettings should be billed monthly and access withheld for further use of the facilities once a debt has been outstanding for 4 weeks or more, unless the alternative arrangements are specified in the letting agreement.

Staff debts

Overpayments of salaries will normally be recovered through the payroll.

If the member of staff has left the employment of the Trust and owes a debt this should be pursued by letter. Any debts older than 30 days should be invoiced and pursued in the normal way.

Staff should not be allowed to incur debts for incidental items such as for school lunches.

Losses due to fraud or theft

Losses due to fraud or theft should always be recovered in full. The police will be involved in such cases.

6. Remissions

6.1 Where there is a genuine difficulty in making payment, parents should in the first instance be encouraged to register for free school meals if eligible as this will also release an income stream to the school. Schools are able to use income for deprivation, including but not limited to pupil premium, to support pupils whose parents would otherwise not be able to afford access to school trips, childcare, music lessons or other school activities.

6.2 The schools' Charging and Remission Policies aim to ensure that all are treated fairly.

Appendix 1

Initial parental debt letter

Use this letter if parents who are in debt don't make payments after an initial conversation and agreement has been reached.

[Insert school name, address
and/or logo here]

[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]. Alternatively, we can set up a weekly/monthly payment plan to pay the debt off in installments of [insert amount per week or month]. To do this, please contact the school office.

[If the debt results in any sanctions, such as pupils having to be given packed lunches until meal costs are settled or being unable to attend a school trip, insert details of this here.]

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 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 2

Final parental debt letter

Only use this letter as a last resort and after you've met with parents and sent them an initial letter explaining your expectations, or if they are refusing to meet with you.

[Insert school name, address
and/or logo here]

[Insert date]

Dear [name of parent],

I am writing to you following [insert dates of any letters sent or meetings had concerning the debt].

Your outstanding debt is [insert amount]. As we have not received payment from you to settle this cost, I have no option but to refer this outstanding debt to our advisers to see what legal action we can pursue to recover it.

We will continue to offer support where practical. If you would like to hear more about the support available or meet again to discuss options, I would be more than happy to do so. You can contact the school at [insert contact details].

We will contact you in due course over the action we will take, which could include making a claim in the small claims court.

To prevent this, please contact the school office immediately to discuss steps you can take to repay the debt.

Yours sincerely,

[Insert name]

