



Debt Management Policy

March 2020

1. Introduction

This policy is a statement of the aims, principles and strategies for the management of debts owed to the school.

2. Rationale, objectives and principles

As a school, we have a responsibility to ensure that parents and carers do not build up debts that they cannot pay back to school. Any money owed to school has an impact on the budget and may affect the resources we can provide to all children. We hope that parents understand this and will make every effort to avoid owing money to the school.

The school will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off or passed on to small claims court after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

The school's debt recovery policy will observe the relevant financial regulations and any other legal requirements.

3. Approaches

3.1 Payment collection and reminders

Income due will be collected before or at the time the relevant service is provided.

Approaches may differ between the type of debts we are chasing – we chase both School Dinners and Out of School Club debts. There is a considerable difference between the sums of money we chase between the two debts, therefore we treat each debt slightly differently.

School Dinner debts will be recorded and non-payment will be followed up by issuing reminders as outlined below:

- Text sent on a Monday for anyone over £4
- A reminder is sent on Thursdays for debts that increase above £10.
- This is then repeated a week later on the Thursday as debts now are above £20.
- Once the debt is above £24 (the equivalent of two week unpaid dinners) a text is sent asking for the full balance to be paid or to bring a packed lunch the following day.
- If the next day a packed lunch is not brought and balance remains unpaid, we will contact the debtor by phone to request payment.
- If this action does not result in payment the day after and the child still doesn't bring a packed lunch, the child will have bread, fruit and milk for lunch.

Out of School Club debts will be recorded and non-payment will be followed up by issuing reminders as outlined below (see Appendix 1 for table):



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- Emails are sent containing the contracted amount (plus any additional sessions for the previous month) by the 15th of the month prior to the contracted service being provided. The email will contain a payment date of the 1st of the month that the service is being provided.
- If payments are not received by the payment date, we will send a text message reminding of the outstanding debt amount the day after the payment date.
- One week later, if the balance still remains, a phone call will be made stating that payment must now be made.
- On the 15th of the month the service is provided (the day the invoice would be going out for the next month), if the balance is still outstanding Out of School Club provision will cease until the debt is paid and account is up to date.
- Any debts carried into the Summer holidays must be paid before provision can be confirmed for September.

Debt Chasing

After all reminders, where a debt is still outstanding, the debt will be referred to the Headteacher, who will speak to the parent to arrange a plan to be put together to try and recover the outstanding amounts. Legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to Small Claims Court where appropriate.

Debts may be presented at Governors if the Headteacher feels everything has been done to recover the debts and the outstanding amounts require writing off.

The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.

3.2 Negotiation of repayment terms

If people are unable to pay, the School may reduce or cancel a debt in certain circumstances. If the last child associated to the parent with the debt has left the school, the governing body has given the headteacher permission to write off debts up to the amount of £20. All debts above £20 need to be referred to the governing body for decisions about whether to write off or take to small claims court.

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the headteacher for debts less than £200 and at the discretion of the Governing Body for debts above this.

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 Head teacher / Governing Body 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.

This decision and its basis will be recorded and reported to the Governing Body. Payment plans may be established for parents

4. Monitoring and Evaluation

The policy will be monitored through the financial management of the School Business Manager and through external audit.



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6. Review

The policy will be formally reviewed in March 2023 if not deemed necessary before.

Approved by Full Governing Body on:



Appendix 1 - OOSC Payment Guidelines					
Timeline	Month Prior to Service being Provided	Payment Date	First Reminder	Second Reminder	Month service is being provided
Date	15th	1st	2nd	7th	15th
Action	Email sent with contracted total (plus any additional days from last month)	Balance should now be paid	Send text reminder saying must be paid ASAP	Phone call to say that debt remains outstanding and service will cease on the 15th if balance is not paid	Phone call to confirm Out of School Club service has ceased
Detail	Includes payment date of 1st of month	Check bank	Check bank	Check bank	Cancel service and contract - begin debt recovery procedures and offer place to any parents on waiting list
Risk	None		Service being provided without payment - maximum 2 weeks + any outstanding additional from previous month		
Timescale	Full Calendar Month to pay Outstanding Bills				