



# Montgomery Junior School

## **Debt Management Policy**

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## Contents

Section Title	Page No
<b>Section 1:</b> Introduction	4
<b>Section 2:</b> The Principles	4
<b>Section 3:</b> Roles and Responsibilities	4
<b>Section 4:</b> The Process for Pursuing Debts (Except Dinner Money)	5
<b>Section 5:</b> Dinner Money Debts	6
<b>Section 6:</b> Waiving of Debts (Bad Debts)	7
<b>Section 7:</b> Staff Debts	7

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## Debt Recovery Policy

### Section 1: Introduction

The Governors have a duty to ensure that Montgomery Junior School receives all the funds to which it is entitled. This policy has been created to ensure the appropriate procedures are in place to deal with debts and the recovery of assets.

It encompasses all debts owed to the School including, but not limited to, payments for goods, services, and school trips and dinners.

Parents and carers should be made aware of and given access to this policy and the School's procedures. It will be included on the School's website and made available to view at the School on request.

### Section 2: The Principles

- The School will not write off any debt which exceeds £100 except in exceptional circumstances.
- The School will not write off any debts owed by the local authority.
- A full record will be kept of debts owed to the School for 7 years. This will include all letters requesting money, reminders and invoices.
- Following legal advice, the School may initiate legal action to recover debts.

### Section 3: Roles and Responsibilities

#### The Governors:

- Will prescribe and regularly review the arrangements for debt recovery.
- Must approve any legal action taken.
- When action is approved it will be recorded in the minutes of the relevant meeting.
- Will adhere to the privacy arrangements.
- May delegate its responsibilities under this policy to the headteacher.

#### The headteacher will ensure that:

- Letters requesting money are accurately recorded and those records maintained.
- Evidence of the steps taken by the School in pursuance of debt is recorded including dates and times of both letters and phone calls.
- A final reminder is sent by recorded delivery to the debtor.
- Family cases will be judged fairly and according to the circumstances of the family involved. The privacy of the family involved will be respected and only made known to those who need to know.
- The level of outstanding debt can be determined at any time.

### **Section 4: The Process for Pursuing Debts** *(except dinner money)*

#### **Step 1: Informal reminder**

The debtor will be informally reminded in person or by telephone/text that they owe money to the school.

#### **Step 2: First reminder letter**

If the debt is not paid two weeks after an informal reminder, a formal letter will be sent to the debtor.

#### **Step 3: Second reminder letter**

If the debt is not paid two weeks after a first formal reminder, a second formal letter will be sent to the debtor.

*(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.)*

#### **Step 4: Final reminder letter**

If no response is received following the second reminder, the school will send a letter to the debtor after a further week advising them that they will be referring the matter to their legal team to consider legal action. This letter can, if deemed necessary, be sent by recorded delivery to ensure the debtor has had every chance to respond. At this point the debtor may be advised, at the discretion of the Governors that they will have to pay in advance for certain services in the future.

#### **Step 5: Possible legal action**

When all reminder letters have been sent, the appropriate body will decide whether to take legal action against the debtor.

### **Section 5: Dinner Money Debts**

#### **Informal reminder**

Once a week, the parents/carers will be informally reminded in person or by telephone/text/in writing that they owe dinner money to the School.

#### **First reminder letter**

If the debt remains unpaid, further contact will be made and followed up with a letter requesting payment.

#### **Second reminder letter**

If no response is received, the parents/carers will be informed that the child/ren must be provided with a packed lunch until the debt is repaid in full. The school will not allow the debt to build up for the parent/carer and so school dinners will not be provided until a resolution has been reached.

#### **Final reminder letter**

If no response is received, the parents/carers will be invited to a meeting with the headteacher to discuss the outstanding debt.

At every opportunity the school will try to work with the parent/carer to find an acceptable resolution for all parties. This may include agreeing to a payment plan to assist the parent/carer in repaying their debt.

### Debt warning recovery letter

If no response is received, or where we have made every reasonable effort to settle this debt owed to the school we will commence proceedings in the County Court for recovery of the sum due plus any legal costs incurred and interest without further recourse to you.

A County Court judgment for debt will affect the individual's personal credit rating. The school will commence proceedings no sooner than 7 days after the date of this letter giving the debtor a final opportunity to honour this debt.

The Governors may decide to refer the matter to the local authority to consider legal action if a substantial debt accrues.

### Section 6: Waiving of Debts (Bad Debts)

The waiving of debts is at the discretion of the Governors as outlined in the Financial Regulations of the organisation. A debt may be waived when it is believed the debtor is experiencing serious financial hardship or if all reasonable avenues to recover the debt have been exhausted and it is believed it would not be cost effective to pursue the debt through legal action.

Procedure for waiving debts/bad debts from the school's Financial Regulations.

#### Write off of Bad Debts

Value	Delegated Authority	Additional Guidance
Up to £100	School Business Manager	
Up to £1,000	Headteacher	
Up to £5000	Governing Body	
Over £5,000	Full Governing Body	Notify Local Authority

### Section 7: Staff Debts

Staff must not be in debt for any reason at any time. Staff meals should be paid promptly and in advance wherever possible.

Staff with children attending the school should not incur any debt. It is an expectation of the governing body that all staff parents make prompt payments for any services or meals provided to their child/children.

All arrears **must** be paid in full prior to leaving employment with the school.