



# **The Edith Borthwick School**

## **Debt Management Policy**

<b>Date Staff Consulted</b>	<b>N/A</b>
<b>Lead Governor</b>	<b>Stephanie Taylor</b>
<b>Date approved by Governing Body</b>	<b>25 March 2024</b>
<b>Next review date</b>	<b>Summer 2026</b>

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## **Section 1: Introduction**

The Governors have a duty to ensure that the 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 £500 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 will 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** After 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 that they owe dinner money to the school.

**First reminder Letter** If the debt remains unpaid, further contact by text or telephone 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 if they owe two weeks' dinner money 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.

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

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.

## **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.

The write-off of debts owed to the school, can be requested by the Finance Officer and approved by the School Business Manager up to a value of £50, and by the Headteacher up to a value of £250. A sequence of smaller write offs, all within the above limits, to cover a larger write off is not permitted.

Authority to write off debts above this value up to a maximum of £500 must be referred to the Governors and be formally recorded in the minutes of the relevant meeting.

Write-offs exceeding £500 must be reported to the Local Authority's Business Partner.

Write-offs exceeding £10,000 must be formally reported to the Local Authority's Business Partner for reporting to the relevant Cabinet member.