

Debt Management Policy

Status:	Awaiting FGB approval
Statutory policy?	No
Purpose:	To comply with the Scheme for Financing Schools, Section 2 Financial Controls To comply with the Schools' Financial Regulations and Standing Orders, Section 5 Financial Controls To ensure public funds are utilised efficiently
Consultation:	Resources Committee
Links with other policies:	Charging and Remissions Policy Financial Risk Assessment Policy
Monitoring and evaluation:	Examination of financial records for each activity for which a voluntary/non-voluntary contribution is required Reduction of the level of debt supported from public funds
Date established by Governing Body:	Autumn 2014
Date of full implementation:	January 2015
Date of this review:	Summer 2015
Date of next review:	Summer 2017

RESOURCES COMMITTEE

Debt Management Policy

Introduction

In the past, the school has absorbed the non-payment of voluntary and non-voluntary contributions, using its delegated school budget. However, the level of non-payment is having a detrimental consequence on the school's finances, and the need to ensure public funds are managed and utilised efficiently requires the school to take all reasonable measures to control the debts owed to it.

All trips and activities arranged by the school are to enhance the children's learning experience; however, without sufficient contribution from parents, these trips and activities will be put into jeopardy.

The government is clear in its guidance to schools should insufficient contributions be received from parents; the activity should be cancelled. This is not something the school has put into practice before, but, unless the activity is self-funding, cancellation is a decision that will need to be made.

Voluntary Contributions

If an activity occurs during the course of the school day, whether on the school premises or elsewhere, the school can ask parents for a *voluntary* contribution towards the cost of providing those activities. In the context of residential trips, this will also include the cost of transport if that transport is undertaken during the course of the school day.

To ensure that parents are aware of the voluntary nature of the contribution being requested, the school will only invoice parents for non-voluntary contributions. Requests for voluntary contributions will be in the form of a letter, inviting parents to make a voluntary contribution towards the costs of providing the event, trip or activity.

Reminder letters will be issued should the voluntary contributions towards the event, trip or activity not cover the cost of provision. Should the voluntary contributions not meet the full cost of providing that activity, a decision to cancel will be made and parents will be notified of that decision.

If there is a cancellation charge, refunds will be processed after deducting that charge.

If an activity goes ahead, children of parents who are unable, or unwilling, to provide a voluntary contribution will not be excluded from that activity.

Non-Voluntary Contributions

School Lunches

The school is under no obligation to pay for school lunches requested by parents. All non-payment of requested meals is a debt to the school and should be paid by the parent, not from public funds.

In order to keep the cost of lunches as affordable as possible, the school meal provider does not administer the collection of school lunch payments. That burden falls to the school and it administers this without charge. Therefore, it is imperative that the simplest and most efficient procedures are in place for the invoicing, collection, and debt management of dinner money.

The current practice for invoicing parents is that, at the start of each half-term, an invoice for that half-term's lunches is issued. The expectation is that all meals will be paid in advance; therefore, payment should be made within the first week of term.

If payments are not received, the following practice will be followed:

- 1) If payment has not been received within the 1st week of the half-term, a reminder invoice will be sent.
- 2) If payment has not been received within the 2nd week, a letter from the headteacher with a further reminder invoice will be sent to parents. The letter will offer the commencement of a payment plan.
- 3) If payment has not been received within the 3rd week, the school will telephone the parent to arrange an appointment with the headteacher to discuss the outstanding debt.
- 4) If payment has not been received within the 4th week, the parent will be advised to provide a packed lunch for their child from the start of the 5th week.
- 5) If the debt reaches or exceeds £50, the Resources Committee will be informed.

Secondary School References

Parents frequently request a secondary school reference. The school is happy to oblige and will submit a report upon receipt of the £35.00 fee. If payment has not been received, no report can be sent.

School Residential Trips and Activities Outside School Hours

Residential school trips have voluntary elements (ie, parents can choose to support the cost of providing the activity) and non-voluntary elements (ie, parents are responsible for paying the actual cost of providing the activity). The non-voluntary costs relating to residential trips are board and lodgings and, as such, are to be paid by parents (unless they are in receipt of certain benefits) and not from public funds.

The school will ensure that the invoice for all residential trips clearly identifies the voluntary and non-voluntary elements of the cost of providing the trip.

To ensure that those parents exempt from paying the board and lodgings element do not receive an invoice requesting payment, they must inform the school, and provide evidence, if they are in receipt of any of the following benefits:

- Income Support (IS)
- Income-based Jobseekers Allowance (IBJSA)
- support under part VI of the Immigration and Asylum Act 1999
- Child Tax Credit, provided that Working Tax Credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed £15,575 (financial year 2008-09)
- the guarantee element of State Pension Credit
- income related employment and support allowance that was introduced on 27 October 2008

If no such evidence is provided, the invoice will include the board and lodgings element.

Because penalties for cancellation will be incurred should an activity be cancelled, the decision to cancel a residential trip needs to be made at least 6 months before the trip is due to take place. This means that at least 85% of the payments due must be paid 6 months prior to the trip's commencement date.

If cancellation is the only option available to the school, all cancellation penalties will be taken from the payments already received, and the residual balance will be refunded to parents.

To ensure all contributions are received 6 months before the commencement of a residential trip, the following procedure will be put into practice:

- 1) A letter notifying parents of the intended trip will be sent. This will include details about the trip, including the activities to be undertaken; the costs associated with the trip; and a consent form, which will act as an agreement that the cost of the trip will be paid by the parent.
NB: This will be the opportunity to advise the school if you are exempt from board and lodging charges.
- 2) Following the letter, the school will send an itemised invoice to parents to inform them of the voluntary and non-voluntary elements of providing the trip and its activities. Payment amounts and their due dates will be included in the invoice. 35% of the cost of the trip will be required as the initial deposit; 25% as the second payment; and 25% as the third payment. All these payments must be received 6 months prior to the start of the trip.
- 3) If any of the 3 payments have not been paid by their due dates, the parent will be invited to a meeting with the headteacher to discuss the matter and, if necessary, a payment plan will be put in place.
- 4) Insufficient contributions for the trip will mean the trip is likely to be cancelled. Parents will be informed of the decision. Refunds will be made after the deduction of any cancellation charges levied.

Reporting

The headteacher will ensure that debt levels are monitored regularly.

Records of individual debts will be maintained and no debt should be allowed to exceed £50. All debts over £50 will be reported to the Resources Committee.

The Resources Committee will review outstanding debts termly, and determine whether further action to recover the debt is required.