



Debt Management Policy

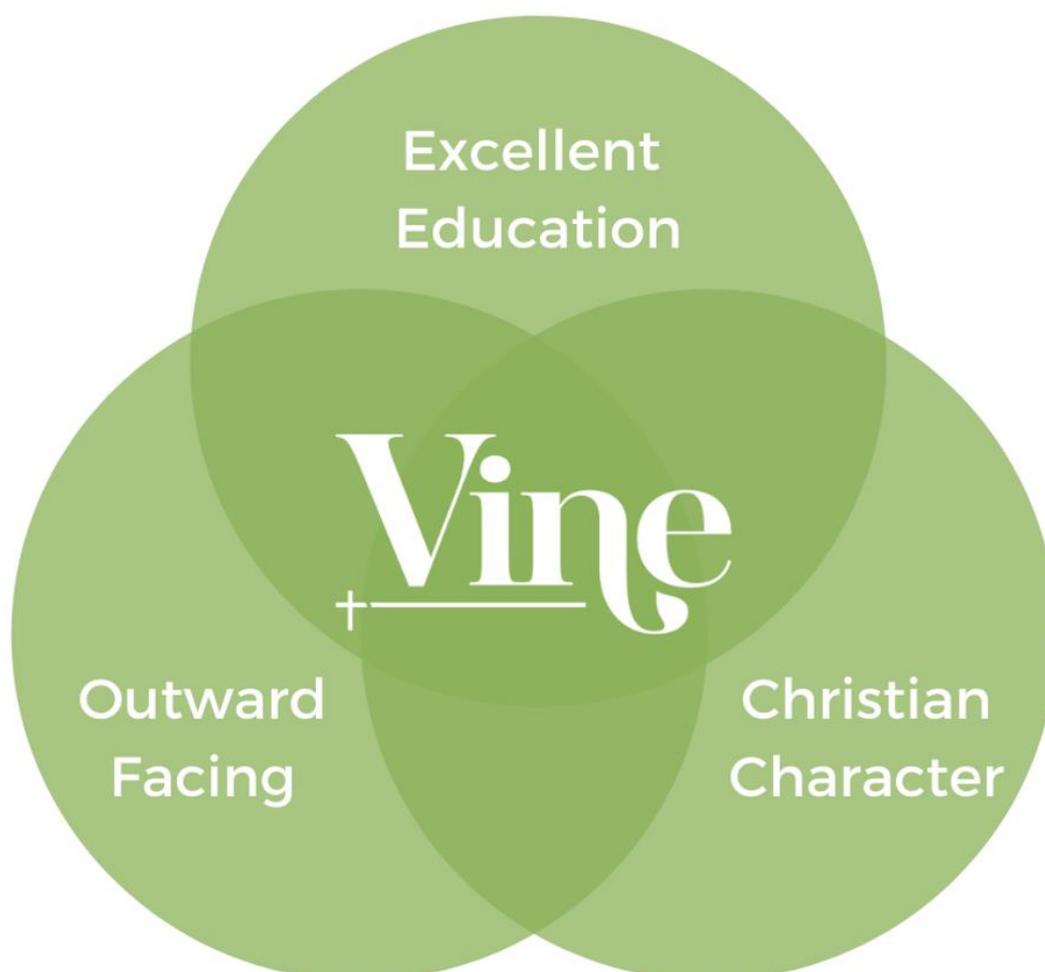
**"I am the vine; you are the branches.
If you remain in me and I in you, you will bear much fruit"
(John 15:5)**

This is a mandatory policy for all Vine schools that has been noted and implemented with no amendments by this school.

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Vision & Values

V Valuing every person
I Inspiring great teaching
N Nurturing academic excellence and Christian Character
E Excelling, unlocking great potential



Changes to previous edition

Page	Section	Details
6, 8, 10	3.1, 4.5.1, 4.5.2, 5.5.1, 5.5.2	Name change from Director of Finance to Director of Finance and Operations
6, 8	3.2, 4.4.3	Name change from Local Governing Body to Local Schools Board

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1. Introduction

This document sets out the Diocese of Chelmsford Vine Schools Trusts approach to debt management. The policy has been created to ensure that appropriate procedures are in place to deal with debts and the recovery of assets, it encompasses all debts owed to the Trust and its Academy's including, but not limited to payments for goods, services, school trips, clubs and school meals.

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

2. The Principles

2.1 Christian character and values

- 2.1.1 Vine academy's, with a historic Christian character, policies and practice will develop Christian character and reflect the Christian principles and values of the school community. The rights and responsibilities of each person, both as an individual and as a member of the community, will support a policy which reflects Christian character and values. Staff will provide excellent role models.

2.2 Writing Off Debt

- 2.2.1 The Vine and its academy's will not write off any debt which exceeds £100 except in exceptional circumstances.
- 2.2.2 The Vine and its academy's will not write off any debts owed by the local authority or other educational establishment(s).

2.3 Records

- 2.3.1 A full record will be kept of debts owed to Vine academy's and the Trust, for a period of seven years. This will include all letters and electronic communication(s) requesting money, reminders and invoices.

2.4 Legal Advice

- 2.4.1 Following legal advice, Vine academy's and/or the Trust may initiate legal action to recover debts.

3. Roles and Responsibilities

3.1 Executive Officers (Chief Executive Officer or Director of Finance and Operations)

- 3.1.1 Will prescribe and regularly review the arrangements for debt recovery in conjunction with advice provided by internal and external auditors.
- 3.1.2 Must approve any proposed legal action.

3.2 Local Schools Board/Body

- 3.2.1 Will regularly monitor the level of debt at each academy over which responsibility exists.
- 3.2.2 When legal action is approved it will be recorded in the minutes of the relevant meeting.
- 3.2.3 Will adhere to privacy arrangements.

- 3.2.4 May consider whether services must be paid for in advance where previous debt management procedures have had to be instigated (Section 4.4 refers)
- 3.2.5 May delegate its responsibilities under this policy to the Executive Headteacher / Headteacher.

3.3 Executive Headteacher/Headteacher

- 3.3.1 Will ensure that letters and/or electronic communication(s) requesting money are accurately recorded and those records are maintained.
- 3.3.2 Will ensure that evidence of steps taken by the Academy or Trust in pursuance of debt is recorded including dates and times of letters, electronic communication(s), phone calls and other verbal discussions
- 3.3.3 Will ensure that a final reminder is sent by recorded delivery to the debtor
- 3.3.4 Will ensure that family cases are judged fairly and according to the circumstances of the family involved. Furthermore, will support parents and carers to identify eligibility for financial aid and provide assistance in completing any application forms if necessary. The privacy of the family involved will be respected and only made known to those directly involved.
- 3.3.5 Will ensure that the level of outstanding debt can be determined at any time.
- 3.3.6 May delegate operational responsibility under this policy to designated employees.

4. The Process for Pursuing Debts (*except dinner money*)

This process generally applies to services provided where an invoice has been raised, with payment terms attached. Where a payment is due on the day a service has been provided then the procedures for dinner money debt should be followed.

4.1 Step 1: Informal Reminder

- 4.1.1 The debtor will be informally reminded in person or by telephone/text/e-mail that they owe money to the Academy/Trust, on the first working day after payment has become overdue.
- 4.1.2 Whilst additional informal reminders may be made the date of progression to Step 2 will be determined by the date of the first informal reminder (section 4.1.1).

4.2 Step 2: First reminder letter

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

4.3 Step 3: Second reminder letter

- 4.3.1 If the debt is not paid two weeks after a first formal reminder, a second formal letter will be sent to the debtor.
- 4.3.2 The second reminder letter should provide the debtor every opportunity to settle their debt within seven days and may suggest the debtor contacts the Academy to request an alternative repayment schedule for consideration.
- 4.3.3 This Step ensures the Academy/Trust can prove all reasonable steps have been taken to recover the debt should the issue proceed further.

4.4 Step 4: Final reminder letter

- 4.4.1 If the debt has not been repaid, or a suitable/realistic repayment proposal agreed, within seven

- days of the second reminder, the Academy/Trust will send a letter to the debtor advising them that the matter will be referred to the Trust's legal team to consider legal action.
- 4.4.2 The final reminder will be sent by recorded delivery to ensure the debtor has had every chance to respond.
- 4.4.3 At this point the debtor may be advised, at the discretion of the Local Schools Board that they will have to pay in advance for certain services in the future.
- 4.4.4 Alternative repayment proposals must:
- 4.4.4.1 Include the amount of the debt, the revised term, the frequency or repayments and amount of repayments.
 - 4.4.4.2 Be agreed by all parties in writing.
 - 4.4.4.3 Failure to comply with an alternative repayment schedule will result in immediate escalation to Step 5. And possible legal action considered.
 - 4.4.4.4 The debtor will acknowledge that during the term of the agreed repayment schedule they will not incur any additional debt(s) with the Academy/Trust.
 - 4.4.4.4.1 Failure to comply with 4.4.4.4 will place the agreed alternative repayment schedule into default and immediate escalation to Step 5 (Section 4.5) and legal action considered.

4.5 Step 5: Possible Legal Action

- 4.5.1 After all reminder letters have been sent, the Executive Headteacher/Headteacher will refer the matter to the Director of Finance and Operations who in consultation with the Chief Executive Officer will determine the appropriate course of action, which may include legal action against the debtor.
- 4.5.2 The Executive Headteacher/Headteacher is responsible for ensuring that all evidence in connection with the debt recovery to date is lodged with the Director of Finance and Operations.
- 4.5.3 If legal action is to be taken, instruction will be made by the Vine Central Team.

5. Dinner Money Debts

School dinners should be paid for in advance or on the day that a meal is taken

5.1 Step 1: Reminder

- 5.1.1 The parent/carer will be reminded daily in person/telephone or by text/e-mail (i.e. cashless catering solution) that they owe dinner money to the Academy/Trust, following the day payment has become due.

5.2 Step 2: First reminder letter/e-mail

- 5.2.1 If the dinner money debt accumulates beyond the value of three meals, further contact by telephone/text/e-mail will be made and followed up with a letter/e-mail requesting payment within seven days, the letter will refer to;
- 5.2.1.1 The amount currently owed.
 - 5.2.1.2 The dates and nature (i.e. e-mail, phone text etc.) of contacts made or attempted.

- 5.2.1.3 The date that full repayment is to be made by.
- 5.2.1.4 Notify parents that failure to repay dinner money debt may result in them having to provide a packed lunch for their child/ren until the dinner money debt is repaid in full.

5.3 Step 3: Second reminder letter/e-mail

- 5.3.1 If no satisfactory response is received to Step 2, the parent/carers will be informed that the child/ren **must** be provided with a home packed lunch until the dinner money debt is repaid in full.
- 5.3.2 The second reminder letter/e-mail should provide the parent/carer every opportunity to settle their debt within seven days and must include
 - 5.3.2.1 The amount currently owed,
 - 5.3.2.2 The date contact has been made and or attempted
 - 5.3.2.3 The date repayment must be made by,it may also;
 - 5.3.2.4 Suggest the parent/carer requests an alternative repayment schedule for consideration.
 - 5.3.2.5 Invite the parent/carer to discuss possible support in cases of financial hardship i.e. Free School Meals application(s).
 - 5.3.2.6 Provide a named contact or contacts at the Academy with whom the parent/carer can discuss the matter in confidence with.
- 5.3.3 The Academy will not allow the debt to build up for the parent/carer and hot school dinners will not be provided until a resolution has been reached.

5.4 Step 4: Final reminder letter

- 5.4.1 If the debt has not been repaid, or a suitable/realistic repayment proposal agreed, within seven days of the second reminder, the Academy/Trust will send a letter to the parent/carer advising them that the matter will be referred to the Trust's legal team to consider legal action.
- 5.4.2 The final reminder will be sent by recorded delivery to ensure the parent/carer has had every chance to respond.
- 5.4.3 Alternative repayment proposals should:
 - 5.4.3.1 Include the amount of the dinner money debt, agree the term of repayment, the frequency of repayments and amount of the repayments.
 - 5.4.3.2 Must be agreed by all parties in writing.
 - 5.4.3.3 Failure to comply with an alternative repayment schedule will result in immediate escalation to Step 5. And possible legal action.
 - 5.4.3.4 The debtor will acknowledge that during the term of the agreed repayment schedule they will not incur any additional debt(s) with the Academy/Trust.
 - 5.4.3.4.1 Failure to comply with 5.4.3.4 will place the agreed alternative repayment schedule into default and immediate escalation to Step 5 (Section 5.5) and legal action considered.

5.5 Step 5: Possible Legal Action

- 5.5.1 After all reminder letters have been sent, the Executive Headteacher/Headteacher will refer the

matter to the Director of Finance and Operations who in consultation with the Chief Executive Officer will determine the appropriate course of action, which may include legal action against the parent/carer.

- 5.5.2 The Executive Headteacher/Headteacher is responsible for ensuring that all evidence in connection with the debt recovery to date is lodged with the Director of Finance and Operations.
- 5.5.3 If legal action is to be taken, instruction will be made by the Vine Central Team.

6. Waiving of Debts (Bad Debts)

- 6.1 The Vine Trust and its Academy's will pursue all debts.
- 6.2 A bad debt may be waived when it is believed that the debtor is experiencing serious financial hardship or if all reasonable avenues to recover the debt have been exhausted and it is believed that it would not be cost effective to pursue the debt through legal action.
- 6.3 The procedure for writing off of exceptional bad debts is contained within the Financial Regulations, section 3.0.

7. Review

- 7.1 The policy will be reviewed annually or sooner if warranted by internal or external events or changes. The Board of Trustees must approve all changes.