



FEE DEBTORS POLICY

This policy was adopted on:	1st September 2019
The policy was last reviewed on:	9th March 2021
Person/Body reviewing:	Finance Committee
Date of next review:	1st November 2021

Fee Debtors Policy

1. INTRODUCTION

This policy covers the collection, arrears, non-payment and debt recovery of fees. The collection of fees is vital to the financial wellbeing of King's and it is important to have procedures in place to deal with collection.

This policy describes King's expectations and provides guidance regarding the management of debts owed to the school to ensure that potential debtors are aware of the school's debt management policy and of the actions it will take.

King's terms and conditions related to the collection of fees and fees arrears are clearly laid down in the Standard Terms and Conditions attached to the parent contract.

King's shall make available a range of facilities for payment of fees, on the understanding that such facilities are intended only to assist parents/guardians in paying their accounts as they fall due.

King's anticipates that parents/guardians do not expect financial assistance from the school as this transfers an additional financial burden to other members of the community, impacting on the level at which fees must be set. However King's will remain sensitive to the personal financial circumstances of families in the school community. In cases of hardship, ultimately the Principal or Bursar may negotiate terms for payment where it is considered in the interests of both parties.

2. PAYMENT OF FEES AND EXTRAS

Each invoice must be paid on or before the first day of term. In practice, with the exception of those on monthly Direct Debit payments or other payment plans, most parents/guardians will have paid their fees within the first week. However, there will be a minority who will require constant and sustained chasing.

2.1 Responsibility for Payment

The responsibility for payment of debts in relation to school fees and incidental charges shall be attributed to the person(s) who signed the acceptance form and indicated therefore their acceptance of responsibility for payment. This responsibility shall hold unless and until one or more signatories to the enrolment notify the Principal, Headmaster or

Headmistress in writing of their intention to withdraw the pupil. Fees and/or fees in lieu of notice will then be due as per the Terms and Conditions.

2.2 Payment of fees by a third party

An agreement with a third party to pay the fees or any other sum due to the School does not release parents/guardians from any liability under these standard terms and conditions unless an express release has been given in writing signed by the Principal or Bursar. At the time of acceptance a letter will be given outlining any third party arrangements. King's reserves the right to refuse a payment from a third party. All such payments received are accepted in good faith.

2.3 Instalment Arrangements

For each academic year an agreement by the School to accept payment of fees by standing order or direct debit or any other arrangement for payment of fees by instalments will be put in place, where applicable. On ceasing such an agreement, the full amount of fees due shall become payable forthwith as a debt.

2.4 Late Payment

The right is reserved to make late payment charges composed of simple interest calculated on a daily basis at 5% per annum over base rate from the first day of each term. To these charges will be added all administration and legal costs in relation to any sums that are unpaid by the due date. It is agreed that the amount of all late payment charges should reflect the commercial rates that would be applied by a financial institution in a case of unauthorised and unsecured borrowing. Such charges will be recoverable by legal action if necessary.

Cheques delivered at any time after the first day of term will be presented immediately and will not be considered as payment until cleared. Any sum tendered that is less than the sum due and owing may in any event be accepted by the School on account only.

These conditions are intended to protect those parents/guardians who pay fees on time and to safeguard the School against consequences of the defaults of others.

3. METHODS OF PAYING SCHOOL FEES

The School facilitates the following methods of paying School fees:

3.1 Cheque

Cheque or Bankers Draft Payment made payable to King's Rochester.

3.2 Fees in Advance

Fees in Advance can be accepted and a discount rate can be offered that is calculated by the Bursar. However, the School will continue to review fees on an annual basis and pass on any increases to advance fee payers. Therefore fees will not be 'fixed' by paying in advance.

3.2 Direct Debit

Payment via our direct debit scheme. This sees the annual fees split over 10 direct debit payments commencing on or around 3rd September and running through to on our around 3rd June. Any 'extras' invoiced will collected 3 times during an academic year. All Direct Debit arrangements are subject to prior agreement with our Fees Administrator.

3.3 Standing Order

Standing order arrangements are to be agreed in advance with the Fees Administrator.

3.4 Credit Card

Credit card payment can be made (AMEX cards are not accepted).

3.5 Cash Payments

As part of a risk-based approach to the receipt of funds, all parents are encouraged to pay school fees via the methods stated in 3.1 to 3.4 above. For anti-money laundering reasons, the payment of school fees in cash is not acceptable.

4. METHODS OF CREDIT CONTROL

This process is to provide the Fees Administrator and Bursar with direction and support when dealing with debtors. It is also important that deadlines are set and adhered to so that the defaulting parent/guardian is left in no doubt about their obligations and that the School intends to see that obligation discharged.

4.1 Invoicing Process

Tuition fees and extras will be charged at the beginning of each term requesting prompt payment.

Prior to the beginning of each academic year, the Fees Administrator will ensure that every parent/guardian who wishes to pay their fees by direct debit returns their signed mandate, a copy of which will be filed securely.

The Fees Administrator will monitor the accounts on a regular basis to ascertain whether there are any parents/guardians who will require chasing. Referrals to the Bursar will be made where necessary.

4.2 Overdue Payments

King's has a responsibility to its parents/guardians, employees and as a part of a Charitable Trust, to act at all times with financial propriety and to ensure the long-term financial position of the school.

For fees that are not paid within 10 working days of the due date (for those on a direct debit or standing order arrangement, the 10 working days will be counted from the pre-arranged due date). a duplicate invoice or account statement will be distributed by the Fees Administrator to inform parents/guardians of any outstanding fee amount.

Where accounts are not paid fully within a further 5 working days of the due date and no agreed payment plan is in place, the parents/guardians will initially be contacted by telephone or email to request arrangements be made for payment. Any arrangements agreed are to be recorded by the Fees Administrator and confirmed by email.

Each case will be approached sensitively to ensure confidentiality is maintained at all times.

For families experiencing financial difficulties, alternative arrangements may be considered at this stage such as:

- Payments in instalments (direct debit payment is preferred);
- Another method of payment over the academic year;
- Deferred payment.

Any arrangements made will be confirmed in writing by the Fees Administrator.

4.3 Outstanding Debt

If after a further 5 working days the matter remains unresolved or the agreed payment arrangements are not adhered to, a graduated response through requested meetings to exclusion of the child, referral to the School's credit management agent and court proceedings will be followed.

A follow up phone call is to be made to discuss the current situation and a confirmation of the discussion sent via email.

If no further payments are received as agreed, then the next stage is to refer the case to the Bursar on or around the end of the first half of the term. At any point from this stage onwards the School may appoint the services of an external credit management agent to act as its representative.

Parents would be notified that they are to be contacted by the appointed organisation. The external credit management agent's own internal procedures will then apply going forwards. Parents will be advised that the collection agency will add charges as per the original Parent Contract

Should the school continue to manage the account, the Bursar will arrange a meeting or phone conversation with the parents/guardians, the aim of this meeting is to draw up and agree a payment plan for regular instalments to be received throughout the remaining academic year. The results following the phone call and/or meeting are to be recorded and put in writing to the family.

Any action taken by the School must be constant, sustained and consistent.

4.4 Penalties and Inducements

In addition, offering either penalties or inducements may be employed to ensure that parents/guardians pay on time; thereby, avoiding drastic measures such as exclusion and court proceedings.

Interest can also be applied on the overdue balance from this point. A warning letter will be issued advising that late payment charges composed of simple interest calculated on a daily basis at 5% per annum over base rate from the first day of each term will be applied. To these charges will be added all administration and legal costs in relation to any sums that are unpaid by the due date. After a further 14 days, if no payment has been received then the interest will be added to the account and the parents/guardians advised by email.

Where an account has a significant overdue balance, pupils of that family may be precluded from participation in the higher cost excursions and trips otherwise available to those pupils. If pupils are involved in private music or ballet tuition, consideration of future involvement will be reviewed.

4.5 Exclusions Policy

It is generally expected that firm actions are required if the fees remain unpaid for more than two terms and/or the parent/guardian has avoided contact with the school.

The usual practice for when fees have not been paid for a second term is that a letter warning of an impending exclusion will be sent to parents/guardians by the Bursar before the end of term. The letter will advise that pupils will not be allowed to return at the start of the next term unless the outstanding balance or agreed partial payment against and agreed payment plan has been received by King's.

If it becomes apparent towards the end of the school holiday period that there is a need for exclusion then only the Principal, as delegated by the Governors, has the authority to exclude a pupil.

A debtor does not have the right of appeal if a pupil is excluded for non-payment of school fees as this is a contractual obligation on behalf of the debtor and the debt will still be due and collected.

A pupil may be excluded from the School at any time when fees are unpaid and will be deemed withdrawn without notice 28 days after exclusion (then a term's fees, including lunches, in lieu of notice will be payable).

4.6 Debt Recovery

The School will attempt to put an acceptable payment plan in place. If the outstanding debt position is not resolved despite every effort by the School, the Fees Administrator is to send a final letter advising parents/guardians of the intention to commence steps which may include legal proceedings, referral to a debt collection agent and/or cancellation of enrolment. King's will contact the debt recovery agent or solicitor to put any arrangements in place.

Ultimately, referral to legal proceedings to recover the debt along with exclusion may be that the only practical outcome. The Principal and Bursar are authorised, at their absolute discretion, to take any action they consider appropriate in order to enforce payment of debts owed to the school.

Clearly, it is hoped that the outstanding amount is actually cleared at the earliest possible stage therefore negating the need to progress to the next step. Meticulous record keeping is essential and, at each stage, copies of letters and emails are kept on a debtors file and notes recorded of any phone calls that may have occurred.

There may be circumstances where it may not be in anyone's interest to allow a debt to accumulate with no immediate hope of recovery. In these circumstances it may be appropriate to place a voluntary 'charge' with interest on the parent's/guardians property, if possible. That way the child can continue at School and the debt will eventually be paid sooner or later, but this could only be utilised in exceptional circumstances.

4.7 Leaving King's

Once a pupil has left King's any outstanding balance on the account will be referred to an external credit management agent who will act as the School's representative.

Parents will be notified by the School that they are to be contacted by the appointed organisation. The external credit management agent's own internal procedures will then

apply going forwards. Parents will be advised that the collection agency will add charges as per the original Parent Contract.

5. CONSUMER CREDIT ACT

The school has structured its direct debit payment arrangements over 10 months in order to make use of the relevant exemption under the Consumer Credit Act (as 'credit brokerage' would not be applied). This requires that interest or other charges cannot be added to the repayment instalments under the deferred payment arrangement (if this agreement is broken, default charges can be applied). If we were to increase the monthly payments to 12, a credit license would be required.

6. FINANCIAL ASSISTANCE

Notwithstanding the above procedure, it may become evident that within the late payers there are parents/guardians with genuine financial difficulties. Where there is a proven genuine need the award of a reduced fee will be considered as appropriate.

Bursaries are essentially charitable grants and Governors have a duty to ensure that charitable funds are directed appropriately and reviewed annually in conjunction with the overall public benefit strategy.

Every bursary is subject to an Income Assessment process along with high standards of behaviour, attendance and work. The terms of a bursary will set out in a Bursary offer letter to parents/guardians.

King's acknowledges that it is difficult for the Bursar to determine the real capacity of individuals to pay and supports the assistance from third parties where appropriate.

7. REPORTING & WRITE-OFF PROCEDURE

7.1 Reporting

The Bursar is responsible for reporting information regarding late payers to the Executive Board and the Governing Body. Specifically a termly report detailing all debtor amounts outstanding and a commentary of how the outstanding debts have progressed to date.

7.2 Action Taken

The Executive Board may choose to make recommendations about the next steps regarding the outstanding debt if the above Fee Debtor process appears not to have worked effectively.

7.3 Write-Off Limits and Procedure

Bad and doubtful debts will be reviewed as necessary by the Executive Board, the Finance Committee and be reported to the Governing Body.

The Executive Board will recommend to the Finance Committee prior to year-end any outstanding irrecoverable amounts that are proposed to be written off. The Finance Committee will review and have final approval.

8. CONCLUSION

This policy aims to provide credit control procedures, backed by a policy of exclusion, to manage and reduce occurrence and problems of outstanding debt. It is therefore crucial that this policy and procedures are adhered to and regular updates are provided to the Executive Board and Governing Body on the management of debts.