



# King's Schools

## TAUNTON

### Debt Recovery Policy – Information for Fee Payers

#### Responsibility

**Individual:** Director of Finance and Operations

#### Review

**Last review date:** July 2021

**Next review date:** July 2022

**King's Schools Taunton (KST) takes its duty to protect the interests of the pupils and the charity extremely seriously. Working, where possible, with fee-payers, KST has robust procedures in place to support current parents in serious and unexpected financial difficulties and to obtain payment from those able but not willing to find a way to make payment.**

**Continued failure to pay fees/extras is unacceptable to the School because:**

- 1. The fees are properly due to KST under the Terms and Conditions to which parents/guardians agreed when the pupil started: payment of the fees is their principal obligation in return for which KST agreed to provide educational services to your child. As such, payment of the fees is core to the 'deal' struck when parents/guardians chose an independent education for their child.**
- 2. Non-payment is very unfair to the vast majority of parents who do pay the fees on time.**
- 3. KST are under a duty to protect and safeguard the financial interests of the Schools, including by taking all necessary steps to recover fees from parents in default.**
- 4. KST Terms and Conditions are based on a template in wide use by independent schools in the UK and are constantly updated, including to ensure fairness and enforceability in relation to the small minority of parents who fail to pay.**

## 1. Introduction

This policy sets out the procedures to be followed for credit control and recovering outstanding fees.

## 2. Terms and Conditions

This Policy must be read in conjunction with the latest Terms and Conditions for King's School – particularly Section I.

Payment of Fees - Paragraph 90 states:

*The Parents jointly and severally agree to pay the Fees applicable to each Term in each School year directly to the School. Except where a separate agreement has been made between the Parents and the School for the deferment of payment of Fees, Fees for each Term are due and payable as cleared funds **before the commencement of the School term to which they relate**. If an item on the bill is under query, the balance of the bill must be paid.*

Interest – Paragraph 97 states:

*...simple interest may be charged on a day-to-day basis on Fees which are unpaid.*

Part payment – Paragraph 98 states:

*Any sum tendered that is less than the sum due and owing may be accepted by the School on account only. Late payment charges will be applied to any unpaid balance of Fees...*

Appropriation – Paragraph 99 states:

*Save where the Parents expressly state the contrary, the School shall allocate payments made to the earliest balance on the Fees account. The Parents agree that a payment made in respect of one child may be appropriated by the School to the unpaid account of any other child of those Parents.*

Once outstanding balances are paid, monies will then be allocated to extras from the previous term, then to Day/Boarding fees. Any payment to in-advance-extras – such as for the equestrian centre – will be allocated as above so will go to supporting essential education for the child before supporting the 'extra' activity.

## 3. Invoicing and Monitoring

The Finance Manager and the Fees Administrator are responsible for ensuring that all pupils in school are properly billed.

The Fees Administrator is responsible for credit control and liaison with parents in terms of late payments. The Director of Finance and Operations (DFO) provides support as required.

The Fees Administrator Reports on debtors on a weekly basis to the DFO during term time. The DFO reports on individual debtors to the Governors' Finance and Estate Committee including school Heads on a termly basis.

#### 4. Debt Collection

Unless an agreement has been confirmed in writing by KST before or during the process, or the DFO/Fees Administrator are made aware of extraordinary pastoral circumstances that impact on payment such as the death of a parent (but not separation/divorce), the KST Finance Team will use set-down procedures as a guide.

**The School will do its very best to support those fee payers where it is made aware of extraordinary pastoral circumstances.**

#### 5. Letters

As part of the procedures, the Fees Administrator may write to debtors. These letters will include:

- Amount Outstanding
- Reference back to any relevant previous communications
- Invoice date and number
- Clear statement of what action will follow if debt remain unpaid – the second letter will include referral to the DFO who will consult with the Head and relevant pastoral team in the school prior to an exclusion letter
- Statement asking for their clear payment proposal

The DFO's letter is the most serious step and includes exclusion if monies owed are not paid and the process that will follow if not paid. King's, whilst concerned at having to adopt this approach, accepts that in circumstances where the parents are not eligible for hardship / bursary support and the fees remain unpaid, it may be unlikely that the matter will be resolved without the threat of contract cancellation and/or the commencement of formal debt collection proceedings.

#### 6. Credit (instalments)

King's does not have permission from the FCA to enter into regulated credit agreements. The school should, therefore, not extend credit to a parent in financial difficulties, including allowing a parent time to pay overdue fees beyond the term in which fees apply.<sup>1</sup>

#### 7. Formal Steps to recover debt

When a dialogue with parents does not result in the outstanding fees being paid and, if deemed appropriate by the DFO, the school will take formal steps to recover the debt owed. However exceptional it may be for the school to issue formal court proceedings to recover unpaid school fees, the school will need to have undertaken pre-action protocol for debt claims for Court proceedings to be commenced. The School will seek guidance from/pass on the requirement to a third party debt collection agency/lawyers ensuring it complies with legal guidance.<sup>2</sup>

---

<sup>1</sup> Further details can be found in the ISBA document: How to Deal with Parents who are in Financial Difficulties

<sup>2</sup> Farrer and Co LLP - Pursuing parents for unpaid school fees and Debt Collection Protocol Checklist (ISBA)



## 8. Summary

The chasing of debt is a very difficult and frequently upsetting process for the school staff as well as the debtor. The school wishes to avoid this and support parents to ensure fees are paid. Parents should at all times ensure the school is informed at the earliest opportunity of any financial reason some or all the fees cannot be paid in a timely manner; it is only in this way that the school can explore some options with the parents(s). Sadly, where fees/extras remain unpaid, the school must take robust measures to support the sustainability of King's and the educational and pastoral provision to all our pupils.