



Queen Victoria School Debt Management Policy

Introduction

1. Queen Victoria School (QVS) is fully funded for tuition and boarding by the Ministry of Defence (MOD) and, as such, is a Publicly Funded school. It sends out invoices to generate income from the following sources:

- School Bills (the Parental Charge¹).
- Lettings income from hirers of school premises.
- Music fee income from parents of students taking private music lessons.
- Other occasional miscellaneous school income e.g. educational visits, school trips and extra-curricular activities.

2. The MOD and the Board of Her Majesty's Commissioners (HMC) for the Government of QVS, is responsible for ensuring that procedures are in place for the recovery of outstanding debt. This policy sets in place the procedures to be followed in order to ensure the invoice is paid and, if a debt is outstanding, how debt recovery will be implemented.

3. Any money owed to the QVS has an impact on the budget and may affect the resources which can be provided to all students, thus disadvantaging other families. The school will therefore take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will only be written off after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

4. This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.

Policy Context

5. QVS will follow the standard MOD policy and procedures with regard to debt recovery. However, with specific regard to school bills (and, specifically, the Parental Charge), QVS recognises the Constitution and Royal Warrant under which Queen

¹In 1975 Lord Mackay advised that, based on an interpretation of the School's 1905 Constitution, the MOD could only charge parents for clothing and haircuts. Later discussions, dating back to 1999, extended the Parental Charge to cover the cost of Laundry and Dry Cleaning; Tailoring; Shoe Repairs and Transport Hire.

Victoria School operates. Paragraph 16 to the Schedule of the 2006 Royal Warrant states:

“...It is a fundamental principle that no eligible pupil, except those in the 7th category of paragraph 14², is to be denied a place in the School as a result of the parents’ inability to meet such charges as may from time to time be laid down. This Committee [the Waivers Committee] shall also meet as often as required, but at least once a year, to examine and decide on any relief, either in whole or in part, from any such charges.”

General Debt Management Requirements

6. The QVS debt recovery policy will observe the relevant MOD financial regulations and guidance and, in the case of the Parental Charge, the specific requirements of the Royal Warrant (see Para 5 above) and any other legal requirements. In particular:

- a. HMC Waivers Committee has the authority to waive debts relating to the Parental Charge, based on evidence of inability to pay.
- b. Write-off authority of Public Funds rests with the MOD. Where HMC Waivers Committee decides to offer relief to the Parental Charge, in part or in full, under the terms of the Royal Warrant, any recommendation to take write-off action will be submitted to the MOD Directorate Children and Young People (DCYP) for approval and action.
- c. A formal record of any debts written off will be retained for seven (7) years.
- d. Any debts which QVS has not been able to collect (notwithstanding those where a decision to write-off the debt is demonstrably a reasonable and appropriate course of action) will be referred to MOD Legal Services and/or the relevant Service personnel authority to recover the debt.
- e. In general, payment for all goods and services supplied by QVS should be collected within 30 days from date the invoice (see Para 7 for specific guidance regarding school bills).
- f. The procedures to secure the collection of all debts are outlined below at Paras 10 & 11, and will be followed by all School staff.

Acceptable Settlement Period for School Bills/Parental Charge

7. With regard to school bills, all invoices are to be settled within two weeks of receipt or on the first day of term (whichever is later), after which debt recovery

² “In selection of pupils for admission, preference in general shall be given: 1st To Orphans; 2nd To those whose fathers and mothers have been killed in action or died in service; 3rd To those who have lost either a father or a mother but whose other parent is still serving; 4th To other eligible compassionate cases; 5th To those whose fathers or mothers are still serving and liable for foreign service; 6th To other eligible children; 7th To any other children that may become eligible.”

procedures will be applied (see Para 11), if there is no prior agreement of a repayment plan (see Paras 19-21).

Reporting of Outstanding Debt Levels and Waivers

8. The School Business Manager (SBM) will ensure that the level of outstanding debt is known or can be determined at any time. The HMC General Purposes Committee (GPC) will review the level of outstanding debts every term to determine whether this level is acceptable, convening a Waivers Committee as necessary (in relation to school bills only), but at least once a year to examine and decide on any relief.

9. Any HMC waiver of school bills will be notified to DCYP for write-off action, as necessary (see Para 6b, above).

Debt Recovery Procedures

10. Standard MOD policy and processes will be followed for non-School Bill debts.

11. Where payment of the school bill/Parental Charge has not been received, in accordance with Para 7, above, the following steps will be taken:

Step 1: Informal 'overdue payment' reminder from the Deputy Resources Manager (DRM) or his/her staff.

- a. An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off their child), by telephone, e-mail or personal letter.
- b. A record of all communications will be kept in a debtors file.

Step 2: Formal 'overdue payment' reminder letter from the School Business Manager (SBM) or Resources Manager (RM)

- a. A formal reminder letter will be issued after **10 working days** has passed since the informal reminder discussed/sent.
- b. Copies of all correspondence will be kept in a debtors file.

Step 3: Final 'overdue payment' formal reminder from the Head of QVS

- a. If no response is received, or agreement reached, within **10 working days** of the last reminder, the debt will be referred to the Head who will write to the debtor personally, copied to the Military Chain of Command for those still serving. This letter will also serve as **Notice of Intention** of further action to follow.
- b. The debtor may be invited to meet the SBM, the Head or a member of HMC to discuss how the debt will be settled.
- c. Copies of correspondence will be kept in a debtors file.

Notice of Intention

12. If no response is received from the Head's letter within **10 working days** the matter will be referred to MOD Legal Services for further action. For those still serving we reserve the right to access JPA records and investigate recovery procedures in conjunction with the relevant Service personnel authorities.

Failure to Respond to Reminders / Settle a Debt and sanctions

13. Standard MOD policy and processes will be followed for non-School Bill debts.

14. **For School Bill debts**, QVS will make every effort to work with parents to prevent debts mounting. The debtor will be advised that, in line with QVS policy, where debt is outstanding at this stage, the pupil against whom the debt has been accrued - and any siblings at the school – will be allowed to participate **only** in **free** extra-curricular activities and visits until the debt is settled.

15. The debtor may be advised that he/she will be required to pay in advance, or agree to a payment plan (see Paras 19-21).

16. Subsequent siblings who apply for admission will be considered as per the normal entry requirements; however, extra due diligence will be made by QVS of ability to successfully meet the Parental Charge.

Ultimate Sanction

17. If inability to pay cannot satisfactorily be demonstrated (see Para 21, below) this may result in the child(ren) being removed from QVS.

18. This decision, and its basis, will be recorded and reported to HMC and MOD.

Negotiation of Repayment Terms

19. Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue payment' reminder. If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the SBM. A record of all such agreements entered into will be retained. In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment. The settlement period should be the shortest that is judged reasonable, and normally before the pupil leaves QVS and/or before the parent/guardian leaves the Armed Forces.

20. The SBM and/or Head QVS will decide whether any debtor, who has been granted extended settlement terms, will be offered any further 'credit' or will, in future, be required to pay in advance. This decision and its basis will be recorded and reported to HMC.

21. Where individuals are genuinely unable to pay, the School, through the HMC Waivers Committee, may, in certain circumstances, reduce or waive a debt (based on

evidence of inability to pay). A sensitive approach to debt recovery will be carried out, taking the following factors into account (**which must be demonstrated**).

- **Hardship** – where paying the debt would cause significant financial hardship.
- **Ill health** – where the recovery action might cause further ill health.
- **Time** – where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off.
- **Cost** – where the value of the debt is less than the cost of recovering it.

Methods of Payment

22. **Serving personnel** are encouraged to settle the agreed amount in full or by instalments direct from salary; Standing Order; or Direct Debit.

23. **Parents or Guardians who have left the Armed Forces** are encouraged to settle the agreed amount in full or by instalments by Standing Order or Direct Debit.

24. Alternative payment methods, such as voucher schemes, are continually investigated and should be discussed with the Deputy Resources Manager in the first instance.

Counselling Services & Support

25. There are a number of Service charities that may be able to provide financial assistance, counselling and debt management advice. They may be contacted through Unit Welfare Officers and the Soldiers, Sailors, Airmen's Families Association (SSAFA). Service charities include:

- Royal Caledonian Educational Trust
- RN and RM Benevolent Trust
- RN and RM Children's Fund
- Army Benevolent Fund
- RAF Benevolent Fund

26. All debts should normally be repaid prior to the pupil leaving QVS.

27. **This policy will be reviewed after three years, in Jan 20.**