



Mid Essex Anglican Academy Trust



To unlock every child's potential as a unique child of God

Respect – Forgiveness – Trust – Responsibility – Thankfulness – Justice – Humility

Debt Management Policy

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Section 1: Introduction

The Trustees have a duty to ensure that the Trust receives all the funds to which it is entitled. This policy has been created to ensure the appropriate procedures are in place to deal with debts and the recovery of assets.

It encompasses all debts owed to the Trust including, but not limited to, payments for goods, services, and school trips and dinners.

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

Section 2: The Principles

The table below sets out how bad debts are to be written off.

Value	Delegated Authority	Additional Guidance
Up to £25 single transaction	Chief Financial Officer	Write-off forms to be completed
From £26 to £250 single transaction	Headteacher/Head of School / Executive Headteacher	Write-off forms to be completed
£251 to £1,000 single transaction	CEO	Write-off forms to be completed
£1,001 to £44,999 single transaction	Trust Board	Write-off forms to be completed and advised to the Trust Board approval
Over £44,999 single transaction	ESFA Approval	1% of total annual income of £45,000 per single transaction (whichever is the smaller); or 2.5% or 5% of annual income cumulatively (see Academies Financial Handbook) subject to a maximum of £250,000

- A full record will be kept of debts owed to the Trust for 7 years. This will include all letters requesting money, reminders and invoices.
- Following legal advice, Trust may initiate legal action to recover debts.

Section 3: Roles and Responsibilities

The Trustees:

- Will prescribe and regularly review the arrangements for debt recovery.
- Must approve any legal action taken.
- When action is approved it will be recorded in the minutes of the relevant meeting.
- Will adhere to the privacy arrangements.
- May delegate its responsibilities under this policy to the Headteacher.

The Headteacher/Head of School/Executive Headteacher will ensure that:

- Letters requesting money are accurately recorded and those records maintained.
- Evidence of the steps taken by the Trust in pursuance of debt is recorded including dates and times of both letters and phone calls.
- A final reminder is sent by recorded delivery to the debtor.
- Family cases will be judged fairly and according to the circumstances of the family involved. The privacy of the family involved will be respected and only made known to those who need to know.
- The level of outstanding debt can be determined at any time.

Section 4: The Process for Pursuing Debts (except dinner money)

Step 1: Informal reminder The debtor will be informally reminded in person or by telephone/text that they owe money to the school.

Step 2: First reminder letter If the debt is not paid two weeks after an informal reminder, a formal letter will be sent to the debtor.

Step 3: Second reminder letter If the debt is not paid two weeks after a first formal reminder, a second formal letter will be sent to the debtor.

(These letters allow the debtor every opportunity to settle their debt and ensure the school can prove all reasonable steps have been taken to recover the debt should the issue proceed further.)

Step 4: Final reminder letter If no response is received following the second reminder, the school will send a letter to the debtor after a further week advising them that they will be referring the matter to their legal team to consider legal action. This letter will be sent by recorded delivery to ensure the debtor has had every chance to respond. At this point the debtor may be advised, at the discretion of the Trustees, that they will have to pay in advance for certain services in the future.

Step 5: Possible legal action After all reminder letters have been sent, the appropriate body will decide whether to take legal action against the debtor.

Section 5: Dinner Money Debts

Informal reminder	Every one to two weeks, the parents/carers will be informally reminded in person or by email that they owe dinner money to the School.
Second reminder email	If the debt remains unpaid and exceeds £20, further contact by email will be made requesting payment.
Stop letter and call	If no response is received, the parents/carers will be informed that the child/ren must be provided with a packed lunch if they owe more than £20 until the debt is repaid in full. The school will not allow the debt to build up for the parent/carer and so school dinners will not be provided until a resolution has been reached.
Final reminder letter	If no response is received, the parents/carers will be invited to a meeting with the Headteacher / Head of School to discuss the outstanding debt.

At every opportunity the school/academy will try to work with the parent/carer to find an acceptable resolution for all parties. This may include agreeing to a payment plan to assist the parent/carer in repaying their debt.

Section 6: Waiving of Debts (Bad Debts)

The waiving of debts is at the discretion of the Trustees as outlined in the Financial Regulations of the organisation. A debt may be waived when it is believed the debtor is experiencing serious financial hardship or if all reasonable avenues to recover the debt have been exhausted and it is believed it would not be cost effective to pursue the debt through legal action.