Finance Policies

Bad Debt Policy

Reviewed by	School Finance Manager
Meeting Approval date	FGB 8 July 2024
Filed in Sharepoint site	Yes
Posted on school website	No
Next review due July 2025	

1 Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. Where this is not possible, an invoice will be raised for immediate payment.

2 All debts will be recorded, and non-payment will be followed up by issuing reminders as outlined below. Where a service is being provided, this will cease immediately, and the debtor will be informed of this in writing. The service will not be reinstated until the debt is cleared and payment of future services is made in advance.

- 3 weeks from date of invoice 1st reminder
- 6 weeks from date of invoice 2nd reminder
- 9 weeks from date of invoice final reminder

The final reminder will be sent by recorded delivery and threatens legal action if the account is not settled within 14 days.

3 After 14 days, where a debt is still outstanding, legal action will be considered and the debtor will be informed of this in writing. The debt may be referred to the County Legal Services, where appropriate.

4 Legal action will not be taken for debts under £50.

5 If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with the following procedures:

- Those up to the value of £100 to be approved by the Headteacher and reported to the next meeting of the Governing Body
- Those exceeding £100 and up to the value of £500 to be referred to the Governing Body
- Those exceeding £500 to be referred to the Finance Business Partner (Children's Services) as per Norfolk's Scheme for Financing Schools.

6 VAT bad debt relief is available where the customer (debtor) has not paid by 6 months of the later of the due date or date of supply. As long as the school has accounted for and paid the VAT over to HMRC but has not received the money from the customer after these timescales, bad debt relief can be claimed with regards to the VAT.

Please contact the VAT team for further guidance on tax@norfolk.gov.uk