



# **Bad Debt Policy**

## **Adopted November 2020**

<b>Formally adopted by the Governing Body of All Angels' Federation</b>	
<b>On:</b>	<b>November 2020</b>
<b>Chair of Governors:</b>	<b>Rosemary Games</b>
<b>Review:</b>	<b>November 2021</b>



## **Bad Debt Policy**

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 - 1<sup>st</sup> reminder
- 6 weeks from date of invoice - 2<sup>nd</sup> 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 £250 to be approved by the Headteacher and reported to the next meeting of the governing body
- those exceeding £250 and up to the value of £500 to be referred to the governing body for approval, either directly or after consideration by the finance committee
- those exceeding £500 to be referred to the Head of Children's Services (Finance & ICT) (as per the Norfolk Scheme for Financing Schools)

6. The VAT element of any debt must not be written off as this contravenes HM Customs and Excise statutory requirements.