



**LCC Schools Finance
Handbook**

Section C:

Collection of
Income

March 2026

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SECTION C1: Principles of Income Collection

C1.1 General

This section sets out the core control principles for managing income in schools. It intentionally avoids system-specific instructions and focuses on what must be achieved rather than how it is performed in a given situation. It is essential to identify all possible sources of income and to control the collection of the income due via records held at the school's office. The arrangements for the collection and banking of all income due to the County Council are under the control of Financial Services.

C1.2 Cash Income and Issue of Receipts

All sources of income should be identified, receipted, safeguarded and promptly banked.

There are a number of controls that schools should have in place:

- Record income at the point of receipt using approved methods (official receipts/registers)
- Segregate duties between receipting, banking and reconciliation where practicable
- Store cash securely (locked cash box/safe) with restricted access
- Reconcile end-to-end: receipts → cash count → banked totals → ledger
- Bank intact and promptly, never make encashments or cash personal cheques from income
- Retain evidence (receipts, control sheets, approvals) per retention policies

Schools must ensure that VAT is applied correctly, this includes the consideration of VAT treatment for the type of income. Schools should obtain VAT advice from the VAT Team if unsure.

Cash sales income from all such sales should be receipted by issuing an official receipt. The Income Team can be contacted for an Excel receipt spreadsheet for an individual school. Cash deposit cards, Cheque deposit envelopes and paying in books can be requested also.

C1.3 Banking and Coding of Income

For those schools using Business World, all income should be paid into the County Fund account, fully and without delay. Income should be coded to the correct income accounts with appropriate VAT treatment. For those schools operating their own bank account, the same principles should be applied but to their own bank account.

Schools should follow a number of banking principles:

- Use approved paying-in documentation, complete clearly and keep counterfoils for cheques/cash banked

- Two-person verification of cash counts where practicable including document checks
- Do not post cash, use nearest bank/approved facility
- Stay within insurance/holding limits, increase banking frequency if needed

Schools should follow a number of coding principles:

- Code to income GL accounts only, do not net against expenditure
- Apply correct VAT indicators / categories for the activity
- Keep an audit trail linking receipt records, paying-in references and ledger postings

Managers should carry out periodic supervisory checks and evidence them with the date and their initials.

All cheques should be made payable to "LINCOLNSHIRE COUNTY COUNCIL". If cheques are made payable to a school, they may not be accepted by the bank and so this should be avoided. Cash should not be sent in the post or by courier.

Any cash should be paid in at the nearest bank or post office. A Cash deposit card is needed for banking cash at a post office. Cheques paid at a post office will need to go in a Barclays Cheque deposit envelop with a paying in slip. For County Council invoices, write the invoice number on the back of the cheque and send it to the Income Team.

Banking should be made on a regular basis, particularly to ensure that insurance levels are not exceeded.

SECTION C2: County Council Invoices

C2.1 General

Schools should raise official invoices where goods/services are supplied and payment is not taken in advance. Where practicable, schools should seek payment upfront to reduce credit risk. The County Council uses reminders and legal proceedings to collect debts, but these methods cannot be used if the school issues unofficial invoices.

Invoices must contain purchase order numbers if required, and no charges below £50 should be invoiced or processed through the accounts receivable ledger. Charges should only be invoiced if agreement is reached with payable party and a contract is held in place.

Schools should ensure customers are correctly set up, providing email address and telephone numbers, apply approved pricing/charges, include VAT where applicable and attach supporting evidence (agreements, delivery/attendance confirmations).

Schools should monitor debt promptly and escalate in line with Credit Control policy.

C2.2 Debt Write-Offs (Business World Schools)

Debt write-offs must comply with Lincolnshire County Council authorisation limits and be supported by evidence that proportionate recovery action has been attempted. Schools must consult Credit Control for amounts above local delegation limits.

Debt write-offs can only be charged to the original budget line that the invoice was raised against. Schools must maintain a complete audit trail of outstanding debt for scrutiny and reporting to Governors as required.

A Bad Debt provision will be applied for all debts in excess of 12 months old and adjustments will be made quarterly to maintain debts written off.

The table below details the debt write-off approval depending on the size of the debt.

Debt Approval Matrix					
Level of Approval	£0-£500	£500-£10,000	£10,000-£20,000	£20,000-£50,000	£50,000-£100,000
Credit Control Team Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service Spend Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service Budget Manager			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service Assistant Director					<input type="checkbox"/>
Strategic Finance Manager		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Strategic Finance Lead			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Head of Service Financial Services				<input checked="" type="checkbox"/>	<input type="checkbox"/>
Assistant Director Financial Services					<input type="checkbox"/>
<p>£100,000 + As stated within Financial Procedure Rules</p> <p>Responsibility for the write <u>off of</u> bad debts rests with Section 151 Officer, Executive Councillor or Executive as described below:</p> <p>Write <u>off of</u> debt less than £100,000 can be approved by the S151 Officer.</p> <p>Write <u>off of</u> debt between £100,000 - £500,000 must be approved by formal decision by the appropriate Executive Councillor in consultation with the S151 Officer.</p> <p>Write <u>off of</u> debt greater than £500,000 must be approved by formal decision by the Executive in consultation with the S151 Officer.</p>					

SECTION C3: Third-Party Income Collectors

C3.1 Third-Party Income Collectors

When using external platforms (e.g., online payments), schools must ensure PCI-DSS compliance, secure merchant arrangements (preferably to Lincolnshire County Council /school merchant accounts), ensure timely remittance of funds and undertake monthly reconciliation to the bank and general ledger.

Schools must notify Treasury & Investments when setting up merchant services to include retaining contracts, fee schedules and Service Level Agreements.

No direct debits may be taken from Lincolnshire County Councils main bank account, fees should be charged separately to an appropriate cost centre.

SECTION C4: Income Support and Contact Details

C4.1 Contact Details

General queries, requests, and notifications: income@lincolnshire.gov.uk

Remittance advices and payment confirmations: eremittance@lincolnshire.gov.uk

Customer amendments: armasterdata@lincolnshire.gov.uk

Postal: Lincolnshire County Council, FAO Zackary Daniel, Income Central Finance Team, County Offices, Newland, Lincoln, LN1 1YL

C4.2 Income Support

Work undertaken by the team within Financial Services (Business World Schools):

- Maintain/update Heycentric E-Return templates, Revenue Codes, Pay Points, and Lodgement areas
- Set up/cancel school voucher and online payment E>Returns
- Issue paying-in books, cash deposit cards, and Excel receipt spreadsheets
- Allocate income (including unidentified income) and handle debtor invoices, government grants, and cheque returns
- Respond to all income and remittance queries
- Approve/amend customer records (via AR Master Data Team)

C4.3 Key Processes and Reminders – Business World Schools

There are a number of key processes that Business World schools must adhere to:

- Always quote your cost centre in payment references to help the Income Team identify schools income (especially for income received online).
- Income sat on account code A90250 must be allocated accordingly via the School Voucher E-Return lodgement template in Heycentric
- For online merchant payments (e.g., Parent Pay, Wise Pay, Nexus, Arbor), income is allocated to a holding account, schools must allocate via E-Return. Enter service charges (inc. VAT) in the expenditure field and attach invoices in Business World the next working day
- For childcare vouchers/tax-free childcare, request the cost centre in the reference and forward HMRC child references to eremittance@lincolnshire.gov.uk

- Notify the Income Team of expected income and send remittance advices to eremittance@lincolnshire.gov.uk
- Send cheques for invoices to County Offices for allocation
- For requests (e.g. E-Receipt spreadsheet, paying-in book, cash deposit cards), email income@lincolnshire.gov.uk
- Voucher providers may deduct service charges and VAT. Service charges are not reclaimable. VAT must be coded correctly. Contact the Income Team if you are unsure before submitting
- Online Payment Platforms - Income from platforms such as Parent-Pay, Arbor, or Iris Parent-Mail is paid into the Council bank account. Schools must allocate this income via HeyCentric and must not route budget share income through the school fund. Further guidance on the use of School Fund is detailed in the Finance Handbook Section J

SECTION C5: Year End Income Considerations

C5.1 General

Towards the end of the financial year, it is essential that all income is correctly identified, allocated and reconciled. This supports accurate consistent financial reporting, smooth year-end closure, and reduces follow-up queries after 31st March.

For support with year end procedures please refer to the annual closure of accounts guidance.