

<u>Policy Title</u>	NCG Group Credit Control policy
<u>Policy Category</u>	<i>Compliant</i>
<u>Owner</u>	<i>Financial Transactions Manager</i>
<u>Group Executive Lead</u>	<i>Deputy CFO</i>
<u>Date Written</u>	April 2021
<u>Considered By</u>	Approved by Executive Board annually
<u>Approved By</u>	Executive Board
<u>Date Approved</u>	June 2021
<u>Equality Impact Assessment</u>	The implementation of this policy is not considered to have a negative impact on protected characteristics
<u>Freedom of Information</u>	This document will be publicly available through the Groups Publication Scheme.
<u>Review Date</u>	April 2022
<u>Policy Summary</u>	Credit Control policy for 2020-21. The policy sets out guidance on payment methods, payment terms and debt chase process in relation to student fees, apprenticeship fees and non-fee related income. It is applicable to all colleges within NCG.

<u>Applicability of Policy</u>	Consultation Undertaken	Applicable To
<u>Newcastle</u>	Yes	Yes
<u>Newcastle 6th Form</u>	No	No
<u>Carlisle</u>	Yes	Yes
<u>Kidderminster</u>	Yes	Yes
<u>Lewisham</u>	Yes	Yes
<u>Southwark</u>	Yes	Yes
<u>West Lancashire</u>	Yes	Yes
<u>Professional Services</u>	Yes	Yes
Changes to Earlier Versions		
Previous Approval Date	Below are main changes made in this version	
May 2019	Credit Control Policy not previously considered/approved by Corporation	
May 2019	Addition of 3 rd Party Debt Recovery Process	
May 2019	Addition to cover Apprenticeship	
Linked Documents		
Document Title	Relevance	
<i>FE / HE Fees Policy</i>	<i>The FE & HE Fees policies provides a framework within which NCG colleges must operate in setting FE / HE fees. The Credit Control policy gives guidance on how payment of fees will be collected.</i>	
<i>Income Request Form</i>	<i>The income request form relates to all non-fee related invoices and credits</i>	
<i>NCG Financial Regulations</i>	<i>The Financial Regulations translate the Group's broad policies relating to financial control into practical guidance</i>	

NCG Credit Control Policy 2021-22

1. Purpose

The purpose of the policy is to set out guidance on payment methods and credit terms that can be offered and the debt chase process to be followed.

2. Scope

This policy relates to payment of FE, HE and apprenticeship fees and any non-fee related invoices. It covers payment methods, payment terms and implications/actions re non-payment.

3. Credit Control Policy

A. Policy Statement

A1.0 NCG will set a credit control policy that minimises financial risk to the Group and is reasonable to students/sponsors.

B. Fees

B1.0 Overview

1.1 The NCG Fees policy provides a framework for the colleges to follow in setting colleges fee policies in advance of each academic year (refer to current Fees Policy)

B2.0 Invoicing

2.1 Student fees are entered into the Colleges' student records system by the colleges. It is the responsibility of the colleges to ensure data processed is accurate and all relevant details are captured on enrolment, including name, address and contact details. A signed learner/sponsor agreement must be obtained/retained, along with a signed direct debit mandate (if applicable - see payment terms section D below)

2.2 Invoices for student fees are issued to the payer either

- Student
- Sponsor/ Employer
- Student Loan Company (invoice not physically generated)

There is a 14-day cooling off period from the date the course starts before the invoice is raised.

- 2.3 Apprenticeship fees are entered into the Unit-e student records system for invoicing by the relevant colleges.
- 2.4 For non-fee related income, the relevant department / college should complete the standard NCG income request form stating the college and transaction type (debit or credit). The form must be approved by the relevant budget holder and on completion, the form and approval should then be emailed to Accounts Receivable (creditcontrol@ncgrp.co.uk) for processing.
- 2.5 Invoices are generated by Accounts Receivable on a weekly basis from the Unit-e student records system, or for non-Unit-e invoices, from eFinancials as requested by the colleges. Accounts Receivable operate a 72 Hour turnaround to generate non-Unit-e invoices.

C. Credit Terms

C1.0 Payment Terms

- 1.1 NCG standard payment terms are 28 days from invoice for sponsors/employers (30 days for apprenticeships).
- 1.2 Student's must pay for fees on enrolment or provide evidence they have a student loan prior to enrolment. Instalments (payment plan) can be offered on enrolment to students for fees in certain circumstances (see section D below).

C2.0 Payment Methods

2.1 Preferred methods of payment are:-

- Credit/Debit card
- Bank transfer
- Online payments (if available within the colleges)
- Direct debit (where payment plans are agreed – see section D below)

2.2 Alternative payment methods if none of the above are possible are-

- Cheque
- Cash
- Group Finance must approve any proposed cash receipt greater than £2500 in advance.
- In accordance with Anti Money Laundering guidance, cash receipts above £7500, either individually or multiple receipts from one payer, will not be accepted.

D. Payment of Invoices

D1.0 Payment Terms

- 1.1 Payment should be made within NCG credit terms and by one of the acceptable methods (see section C above). Alternative payment terms are shown below.
- 1.2 If student fees are being paid by a student loan, evidence that a loan has been obtained must be provided on enrolment, otherwise the fees must be set up to be invoiced to the student.
- 1.3 There is a 14-day cooling off period from the date the course starts before the invoice can be raised.
 It is the responsibility of each college to ensure all loan paperwork is obtained in advance of the student loan company being invoiced
 An invoice must only be generated to the Student Loan Company on verification that the students loan has been approved.
 Unless NCG receive formal / tangible notification that the student loan has been approved, the student must remain at pre-enrolled stage or, accept responsibility for their Fees in accordance with matrix detailed below.
 If the student subsequently obtains a student loan, any fees paid by the student that are covered by the loan shall be repaid to the student less a £25.00 administration fee.
 See Table Below:

Fee/Charge	Payer	Payment Method	Payment Terms (if alternative to standard payment terms)
HE Fees	Student	Non DD/DD	On enrolment, or 7 max monthly DD instalments starting 1 st of month after enrolment and must be fully paid 30 days prior to the course completion date in the current academic year
HE Fees	Sponsor/employer	Non DD	28 days
HE Fees	Student Loan Co	BACS	25% Oct, 25% Feb, 50% May
FE Fees	Student	Non DD/DD	<£200 payable on enrolment. >£200 on enrolment, Alternatively, 25% on enrolment, followed by a max of 3 monthly DD instalments starting 1 st of month after enrolment and must be fully paid 30 days prior to the course completion date in the current academic year
FE Fees	Sponsor/employer	Non DD	28 days
FE Fees	Student Loan Co	BACS	Monthly over length of course
International	Student	Non DD/DD	On enrolment, or 50% min on enrolment, followed by a max of 3 monthly DD instalments drawn on a UK bank account
International	Sponsor/employer	Non DD	28 days
Apprenticeships	Sponsor/employer	Non DD	Invoice - 30 days
		DD Monthly	One twelfth of the total cost. Payment taken on the 1st of the month following the apprentices start date and then on the 1st of each consecutive month.
		DD Quarterly	One quarter of the total cost. Payment taken on the 1st of the month following the apprentices start date and then on the 1st of each subsequent quarter period.
Non Fee income	Student	Non DD	In advance of service
Non Fee income	Sponsor/employer	Non DD	28 days

E. Debt Chasing

E1.0 Overview

- 1.1 Where fees have not been paid in accordance with the Credit terms set out in section C/D above, the Accounts Receivable team will chase for the outstanding debt.

E2.0 Method

- 2.1 Students/sponsors are sent monthly statements showing the balance on their account
- 2.2. Credit Controllers are allocated specific ledgers. They will chase students/sponsors by telephone, email and staged collection letters for overdue payments.
- 2.3 The staged collection letters are issued when payments are not made, increasing in severity depending on lateness of payment and the number of instalments unpaid.
- 2.4 Colleges will be required to contact the student during the chase process to resolve any queries and request payment.
- 2.5 Sanctions will be placed on students for non-payment of fees (see below).
- 2.6 If no payment is received following the chase process referred to above, the debt may be forwarded to a debt collection agency (See 5.2)
- 2.7 Legal proceedings may be considered if appropriate. (See 5.2)

E3.0 Timings

- 3.1 Students/sponsors will be chased for overdue debt/missed instalment payments as per table below:

Payment Terms	No. Days Overdue	Action	Owner
Employers - 28 Day Payment Terms (Unit-e)	Monthly	Monthly statements	Group
Sponsors - 30 Day Payment Terms (Unit-e)			
Trade Invoices - 28 Day Payment Terms (eFin)			
Employers, Sponsors & Trade	-14	Courtesy Call / email	Group
	1	Chase Call / e mail	Group
	10	Letter 1 + chase call / email	Group
	20	Letter 2 + chase call / email	Group
	30	Discuss with College	Group
	30	Apply sanctions (see below)	Group
	40	Refer Account to Debt Collection Agencts where appropriate (refer to 5.0 Below)	Group
Apprenticeships	(-14 to 30)	As Per Employers, Sponsors & Trade above	Group
	30	Advise College Business Development Manager	Group
	40	Accounts Receivable Request Approval for Sanctions to Principal via Business Development Manager	College / Group
	40	Formal Notice from College to Client of Sanctions	College / Group
	50	Refer Account to Debt Collections Agents where appropriate (refer to E4 / E5 Below)	Group
Students - Monthly DD / Instalments	Monthly	Monthly statements	Group
	Failed DD or Instalment	Chase call (pay instalment by card) advise college	College / Group
	10 Days After Non-Payment / Contact	Letter 1 + chase call + advise college	College / Group
	10	Contact student	College
	20	Letter 2 + chase call / advise college	College / Group
	20	Contact student	College
	30	Advise College Sanctions to be Imposed	Group
	30	Apply Sanctions	College
	40	Refer Account to Debct Collection Agents where appropriate (refer to E5 Below)	Group
<p>Students – Awaiting Student Loan confirmation – if not submitted within 14 day cooling off period, will be required to pay full balance immediately or set up a direct debit and will be collected as per above</p>			

3.2 Accounts Receivable are responsible for applying sanctions to the student record in Unit-e but only after consultation with the relevant college finance team / department. The college will be responsible for ensuring the students access pass to the college is restricted or removed throughout the term of the sanctions, the college must not reactivate the students pass without approval from the Accounts Receivable team.

E4.0 Apprenticeships

4.1 Fees and Employer Co-Investment

The payment schedule must be agreed prior to the start of the apprenticeship and outlined in the employer agreement between the employer and provider.

Under no circumstance must an annual invoice be issued to any client when the client wishes to pay either quarterly or monthly as this would subject the invoice to the NCG bad debt provision over 3, 6 and 12 months.

4.2 Invoicing

- 4.2.1 Costs / Fees eligible under ESFA funding rules must be invoiced through Unit-e
- 4.2.2 Costs / Fees Not eligible under ESFA funding rules must be invoiced through eFinancials.

4.3 Payment

Direct debit can only be arranged for Employer Contributions of £200 or more

- 4.3.1 In full and in advance or within 30 days from invoice date.
- 4.3.2 Monthly - One twelfth of the total cost (**Payment by Direct Debit**)
Payment taken on the 1st of the month following the apprentices start date and then on the 1st of each consecutive month.
Apprenticeship Service - This applies to Levy employers only. Please ensure to add student to the Apprenticeship Service. Our UKPRN is 10004599.
- 4.3.3 Quarterly - One quarter of the total cost (**Payment by Direct Debit**)
Payment taken on the 1st of the month following the apprentices start date and then on the 1st of each subsequent quarter period.
- 4.3.4 Regardless of whether an invoice has been issued by the college, the Direct Debit will be claimed for the duration of the contract. It is the responsibility of the college to ensure SLA contracts are billed within scope and on time thereby ensuring that should the invoice be missed or issued late the payment will be on time)

4.4 Payment Record

The college apprenticeship teams must check whether payment is collected and, if so, recorded in the ILR Payment record field every 3 months as a minimum.

Where payments have not been received within 3 months, the employer must be contacted and withdrawal considered.

Where payments have not been received for 6 months, the student must be withdrawn.

4.5 Withdrawals

Where there has been no contact with a student for 12 weeks, the student must be withdrawn back to the last date when learning can be evidenced (e.g. a review meeting.)

Where a withdrawal has been notified by the student or the employer, the withdrawal must be actioned in the month of notification, back to the last date that learning can be evidenced.

E5.0 Debt Recovery

- 5.1 Alternative payment terms or instalments for overdue debts must be agreed with and approved by the Accounts Receivable team.
- 5.2 NCG reserve the right to employ the services of an outside collection agent for the escalation of debt recovery and / or litigation.
Prior to any debt being passed to an outside collection agency, the debt must have progressed through the collection stages as detailed in 3.1 above.

Accounts Receivable fully evaluates any debt to be escalated to the outside collection agency prior to issue. This includes, though not limited to:

Student (Fees) – Debt Recovery

- That there is a signed and dated Learner Agreement in accordance with the debt being claimed
- That there is evidence that the student has been in attendance in accordance with the debt balance being claimed
- Non-payment has been advised to and discussed with, the relevant college finance & administration department / team
- That the debt is accurate and in line with any credit notes or payments and that any known disputes have been addressed and any decision having been clearly communicated to the student
- Approval has been obtained in writing (normally via email) from the relevant college finance director / management team.

Students (Fees) – Litigation

Should the debt still remain unpaid and litigation is suggested by the outside collection agents, the decision to proceed will be taken only after discussions with and agreement from the following:

- Accounts Receivable Team Leader
- Financial Transactions Manager
- Deputy CFO
- Local College Finance Lead

Non- Fee Related Debt

- That there is acceptance of contract
- Non-payment has been advised to and discussed with, the relevant college finance / budget holder.

- That the debt is accurate and in line with any credit notes or payments and that any known disputes have been addressed and clearly communicated to the debtor client.
- Approval has been obtained in writing (normally via email) from the relevant budget holder.

E6.0 Sanctions

6.1 Sanctions will be applied to a student or apprentice if payment is not made following the chase process above, in the form of, but not limited to:

- Access to IT system blocked
- Access to Library blocked
- Access to Building blocked
- Exclusion from class
- Apprentice removed as apprentice
- Removal of service
- Unable to sit exams
- Unable to graduate
- Enrolment not permitted on any further course until all outstanding fees settled

F. Credit Notes/Refunds

F1.0 Overview

- 1.1 An invoice may be credited/payment refunded in specific circumstances (refer to current Fees Policy)
- 1.2 All requests for refunds must be agreed by the budget holder and submitted in the appropriate manner in accordance with current requirements
- 1.3 Method F2.0 must be adhered to

F2.0 Method

- 2.1 Credit note/refund requests for student fees are entered into the Colleges' student record system by the college and communicated to Accounts Receivable who will verify the request and process the refund.
- 2.2 Credit note/refund requests for Apprenticeship fees are entered into the student records system by the college and communicated to Accounts Receivable who will verify the request and process the refund.
- 2.3 Non-student fee credit note/refund requests are issued by the college and sent to Accounts Receivable who will verify the request and process the refund.

- 2.4 Credit notes are *printed*, either digitally (PDF) or paper format, by Accounts Receivable on a daily / weekly basis from either Unit-e the student records system eFinancials.
- 2.5 Non-fee related credit notes (eFinancials) requested by the colleges to Accounts Receivable are actioned within a 72 Hour SLA.
- 2.6 Student Fee Refunds are processed by Accounts Receivables on a weekly basis throughout the first three months of the current academic year (Sep, Oct & Nov). From Dec through to the conclusion of the academic year, refunds are processed once per month. Refunds classified as urgent can however still be processed weekly on an ad-hoc case-by-case basis
- 2.7 Where a student withdraws part way through a course, it is the colleges responsibility to raise any appropriate credit note/refund request as per above.

G. Bad Debts

G1.0 Overview

- 1.1 Provisions are made for bad/doubtful debts.
- 1.2 Once all debt chase procedures have been exhausted (including legal proceedings if appropriate), a debt will be written off, in accordance with the Financial Regulations Policy

G2.0 Bad Debt Provision

- 2.1 A bad debt provision is made:-
 - Where Accounts Receivable believe there is a risk to collecting a debt. All debts that have been passed to the Debt Collection agency are provided for
 - Debt is in excess of 90 days from invoice date attracts a provision of 50%
 - Debt is in excess of 365 days from invoice date attracts a provision of 100%
 - The bad debt provision is prepared monthly by Accounts Receivable and reviewed by Management Accounts & College Finance.

G3.0 Bad Debt Write Off

- 3.1 A bad debt write off review is carried out quarterly to determine if any debts provided for should be written off.
- 3.2 The authority levels for writing off bad debt are shown in the Bad Debt Write-off Approval Matrix below:

Bad Debt Write-off Approval	
Value of Bad Debt	Approver
Up to £10,000	Deputy CFO
£10,001 - £100,000	Group CFO
£100,001 - £500,000	Group CEO
> £500,000	Corporation

H. NCG Financial Regulations

H1.0 Overview

1.1.1 The Financial Regulations translate the Group's broad policies relating to financial control into practical guidance. They are subordinate to the Corporation's Instrument and Articles of Government and to any restrictions contained within the Group's Financial Memorandum with the ESFA and the Funding Agencies' Audit Code of Practice. Compliance is compulsory for all colleagues. Financial Policies and Procedures set out how these regulations must be implemented

H1.2 Financial Regulations Directly Linked to the NCG Credit Control Policy

- 1 6.4 Income Associated Fees & Charges
- 2 6.6 Invoicing
- 3 6.7 Debt Collection
- 4 6.8 Third Party Cheques, Cash and Money Laundering
- 5 6.9 Cash Handling