



<b><u>Policy Title</u></b>	<b>NCG Group Credit Control policy</b>
<b><u>Policy Category</u></b>	Compliant
<b><u>Owner</u></b>	Financial Transactions Manager
<b><u>Group Executive Lead</u></b>	Chief Financial Officer
<b><u>Date Written</u></b>	April 2022
<b><u>Considered By</u></b>	Approved by Executive Board
<b><u>Approved By</u></b>	Executive Board
<b><u>Date Approved</u></b>	April 2022
<b><u>Equality Impact Assessment</u></b>	The implementation of this policy is not considered to have a negative impact on protected characteristics.
<b><u>Freedom of Information</u></b>	This document will be publicly available through the Groups Publication Scheme.
<b><u>Review Date</u></b>	April 2025
<b><u>Policy Summary</u></b>	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.

<b><u>Applicability of Policy</u></b>	<b><u>Consultation Undertaken</u></b>	<b><u>Applicable To</u></b>
Newcastle	Yes	Yes
Newcastle Sixth Form	Yes	Yes
Carlisle	Yes	Yes
Kidderminster	Yes	Yes
Lewisham	Yes	Yes
Southwark	Yes	Yes
West Lancashire	Yes	Yes
Professional Services	Yes	Yes

<b><u>Changes to Earlier Versions</u></b>	
<b><u>Review Date</u></b>	<b><u>Summarise Changes Made Here</u></b>
March 2022	Updated requirements for sanctions
March 2022	Added apprenticeship invoicing guidelines
March 2022	Added Payroll overpayments/Debt recovery section
March 2022	Updated credit notes/refunds methodology with further clarification on points
May 2019	Credit Control Policy not previously considered/approved by Corporation
May 2019	Addition of 3rd Party Debt Recovery Process
May 2019	Addition to cover Apprenticeship



<u>Linked Documents</u>	
<u>Document Title</u>	<u>Relevance</u>
Further Education (FE) Fees Policy	The FE Fees policies provides a framework within which NCG colleges must operate in setting FE fees. The Credit Control policy gives guidance on how payment of fees will be collected.
Higher Education (HE) Fees Policy	The HE Fees policies provides a framework within which NCG colleges must operate in setting HE fees. The Credit Control policy gives guidance on how payment of fees will be collected.
Income Request Form	The income request form relates to all non-fee related invoices and credits.
NCG Financial Regulations	<p>The Financial Regulations translate the Group's broad policies relating to financial control into practical guidance.</p> <p>Items referenced in this document:</p> <ul style="list-style-type: none"> <li>6.4 Income Associated Fees &amp; Charges</li> <li>6.6 Invoicing</li> <li>6.7 Debt Collection</li> <li>6.8 Third Party Cheques, Cash and Money Laundering</li> <li>6.9 Cash Handling.</li> </ul>



**Equality Impact Assessment**

	Judgement	Explanatory Note if required
<b>EIA 1 - Does the proposed policy/procedure align with the intention of the NCG Mission and EDIB Intent Statement in Section 2?</b>	Yes	
<b>EIA 2 - Does the proposed policy/procedure in any way impact unfairly on any protected characteristics below?</b>		
<b>Age</b>	No	
<b>Disability / Difficulty</b>	No	
<b>Gender Reassignment</b>	No	
<b>Marriage and Civil Partnership</b>	No	
<b>Race</b>	No	
<b>Religion or Belief</b>	No	
<b>Sex</b>	No	
<b>Sexual Orientation</b>	No	
<b>EIA3 - Does the proposed policy/processes contain any language/terms/references/phrasing that could cause offence to any specific groups of people or individuals?</b>	No	
<b>EIA4 - Does the policy/process discriminate or victimise any groups or individuals?</b>	No	
<b>EIA 5 - Does this policy/process positively discriminate against any group of people, or individuals?</b>	No	
<b>EIA 5 - Does this policy/process include any positive action to support underrepresented groups of people, or individuals?</b>	No	
<b>EIA 6 - How do you know that the above is correct?</b>	Policy has been through a broad range of consultation with Group exec members and all colleges.	



## 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

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).

## 3. Credit Control Policy

### 3.A Policy Statement

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

### 3.B Fees

#### 3.B.1 Overview:

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).

#### 3.B.2 Invoicing

3.B.2.1 Student fees are entered into the 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).

- 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.



- 3.B.2.2 Apprenticeship fees are entered into the student records system for invoicing by the relevant colleges.
- 3.B.2.3 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](mailto:creditcontrol@ncgrp.co.uk)) for processing as well as forwarded to the college finance team for review.
- 3.B.2.4 Fee's processed by the colleges via the Unit-e Student Record's Individualised Learner Record (ILR) module are generated by Accounts Receivable on a weekly basis, 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.

### 3.C Credit Terms

#### 3.C.1 Payment Terms

- 3.C.1.1 NCG standard payment terms are 28 days from invoice for sponsors/employers and 30 days for apprenticeships.
- 3.C.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).

#### 3.C.2 Payment Methods

- 3.C.2.1 Preferred methods of payment are:
  - Credit/Debit card.
  - Bank transfer.
  - Online payments (if available within the colleges).
  - Direct debit (DD) (where payment plans are agreed – see section D below).
- 3.C.2.2 Alternative payment methods if none of the above are possible are:
  - Cheque.
  - Cash.
  - Professional Services 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.

### 3.D Payment of Invoices

#### 3.D.1 Payment Terms

- 3.D.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.
- 3.D.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.
- 3.D.1.3 There is a 14-day cooling off period from the date the course starts before the invoice can be raised.
- 3.D.1.4 It is the responsibility of each college to ensure all loan paperwork is obtained in advance of the student loan company being invoiced.
- 3.D.1.5 An invoice must only be generated to the Student Loan Company on verification that the student loan has been approved.
- 3.D.1.6 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.
- 3.D.1.7 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.



3.D.2 Fees Table:

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 <sup>st</sup> 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 <sup>st</sup> 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



### **3.E Debt Chasing**

#### **3.E.1 Overview**

- 3.E.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.

#### **3.E.2 Method**

- 3.E.2.1 Students/ sponsors are sent monthly statements showing the balance on their account.
- 3.E.2.2 Credit Controllers are responsible for debt collection. They will chase students/sponsors by telephone, email and staged collection letters for overdue payments.
- 3.E.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.
- 3.E.2.4 Colleges will be required to contact the student during the chase process to resolve any queries and request payment.
- 3.E.2.5 Sanctions will be placed on students for non-payment of fees (see 3.E.3 below).
- 3.E.2.6 If no payment is received following the chase process referred to above, the debt may be forwarded to a debt collection agency (Refer to 4.F.2).
- 3.E.2.7 Legal proceedings may be considered if appropriate. (Refer to 4.F.2).





**3.E.3 Timings**

3.E.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
Apprenticeships	40	Refer Account to Debt Collection Agenctcs where appropriate (refer to 5.0 Below)	Group
	(-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
Students - Monthly DD / Instalments	50	Refer Account to Debt Collections Agents where appropriate (refer to E4 / E5 Below)	Group
	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><b>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</b></p>			



- 3.E.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.
- 3.E.3.3 Where the college have issued an invoice in Unit-e without adhering to the requirements detailed in 3.D.1.3 and 3.D.1.4 above, credit control will automatically sanction the student without advance notification to the college.
- FE - No Deposit (25%).
  - FE - No Direct Debit Mandate.
- 3.E.3.4 HE - Adobe Sign Direct Debit Mandate not returned within 7 (seven) days.

## 4 Apprenticeships

### 4.A 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.B Invoicing

**4.B.1** Costs / Fees eligible under ESFA funding rules must invoiced through Unit-e.

**4.B.2** Costs / Fees Not eligible under ESFA funding rules must be invoiced through eFinancials.



#### 4.C Payment

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

**4.C.1** In full and in advance or within 30 days from invoice date.

**4.C.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.C.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.C.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.D 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.E 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.



#### **4.F Debt Recovery**

**4.F.1** Alternative payment terms or instalments for overdue debts must be agreed with and approved by the Accounts Receivable team.

**4.F.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.E.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.
- Senior Finance Management.
- 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.

### 4.G Payroll Overpayments/Debt Recovery

Payroll overpayments are managed by NCG Payroll. Credit control will only action provide support on request from the payroll manager or appropriate authority from Professional Services.

- NCG payroll issue a completed Income Request Form appropriately authorised by the relevant budget holder to [creditcontrol@ncgrp.co.uk](mailto:creditcontrol@ncgrp.co.uk).
- The form must only contain the name, address, payroll (employee) number, brief description of the overpayment and the value.
- Under no circumstance should employee personnel records be attached to the Income request form or be communicated electronically or in paper format to credit control.
- Credit control will create a manual account in eFinancials
  - The employee account number will be supplied by payroll and will consist of the prefix 'PR' (Payroll) and the employee number (i.e. PR12345).
    - Credit control will allocate the employee account to the relevant college Sub Ledger in eFinancials.
      - CCS – CARLISLE
      - KMS – KIDDERMINSTER
      - LSM – LEWISHAM / SOUTHWARK
      - OSL – NEWCASTLE
      - SML – WEST LANCS.
- Credit control process the income request and submit the invoice to payroll.
- Payroll issue the invoice to the relevant employee with appropriate communication to substantiate the claim for overpayment.
- Payroll engage with the employee to obtain payment, agree repayment by instalments or by deductions to payroll.



- Credit control provide regular monthly updates on payroll payments and balances.
- Should payment not be obtained within invoice terms or agreed timescale, payroll can request intervention by credit control to escalate collection activity
  - Credit control to contact employee by phone, email and/or letter.
  - Discuss payment / agree a new payment plan.
  - Issue formal notification advising solicitors or debt recovery.
  - Proceed to litigation.
  - Write off.
  - In all instances, credit control will seek approval / guidance / authorisation from Payroll / Group prior to any action being taken.

### 5 Sanctions

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.



## 6 Credit Notes/Refunds

### 6.A Overview

- 6.A.1** An invoice may be credited/payment refunded in specific circumstances (refer to current Fees Policy).
- 6.A.2** The colleges are responsible for issuing credit notes in the Unit-e system in alignment with the relevant NCG or College Fee Policies.
- 6.A.3** Requests for manual refunds in eFinancials must be agreed by the budget holder and submitted in the appropriate manner in accordance with current requirements.
- 6.A.4** Method 6.B must be adhered to.

### 6.B Method

- 6.B.1** Credit note/refund requests for student fees are entered into the student record system by the college and communicated to Accounts Receivable who will verify the request and process the refund.
- 6.B.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.
- 6.B.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. The request must be submitted on the current Income Request form and be duly signed (wet ink) by the relevant budget holder. In the absence of a wet ink signature, the budget holder can authorise the credit note by email.
- 6.B.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.
- 6.B.5** Non-student fee related credit notes requested by the colleges to Accounts Receivable are actioned within a 72 Hour SLA providing 6.B.3 above has been satisfied and there are no concerns or queries with the content or authority.
- 6.B.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.
- 6.B.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.



## 7 Bad Debts

### 7.A Overview

**7.A.1** Provisions are made for bad/doubtful debts.

**7.A.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.

### 7.B Bad Debt Provision

**7.B.1** A bad debt provision is made where: -

Accounts Receivable believe there is a risk to collecting a debt.

- Bad debts passed to an outside Debt Collection agency are provided for.
- Bad debt is in excess of 90 days from invoice date. This attracts a provision of 50%.
- Bad debt is in excess of 365 days from invoice date. This attracts a provision of 100%.
- The bad debt provision is prepared monthly by Accounts Receivable and reviewed by Management Accounts & College Finance.

### 7.C Bad Debt Write Off

**7.C.1** A bad debt write off review is carried out quarterly to determine if any debts provided for should be written off.

**7.C.2** The authority levels for writing off bad debt are shown in the Bad Debt Write-off Approval Matrix below:

<b>Bade debt Write-off Approval</b>	
<b>Value of Bad Debt</b>	<b>Approver</b>
Up to £10,000	Senior Finance Management
£10,001-£100,000	Group CFO
£100,001 - £500,000	Group CEO
> £500,000	Corporation