



DEBT MANAGEMENT POLICY

1. PURPOSE

This policy sets out the framework within which debt management will be administered within the College.

2. POLICY

Brockenhurst College is committed to reducing the probability of bad debts arising. The College will ensure that a robust debt management procedure is adhered to by all relevant staff and is applied to all student, staff and customer transactions.

3. SCOPE

This policy applies to all staff with any involvement in the raising of invoices or financial commitments. The College operates a policy whereby students and customers are required to pay for a service (including course fees) in advance of that service commencing, or at an agreed interval if authorised by the Finance team.

Students are required to pay their course fees (where applicable) at the time of registration unless agreed otherwise by the Finance team.

4. RESPONSIBILITY

The Vice Principal is responsible for managing this policy.

The Senior Leadership Team is responsible for ensuring that College management and staff adhere to the policy.

Appropriate members of the Finance team and relevant College staff are responsible for the effective operation of the policy and procedures.

5. PROCEDURES

Debt management and debt collection are two key activities that facilitate the effective recovery of debt owed to the College and reduce the probability of bad debts occurring. There are three main categories of debtors: 1) Students, 2) External customers and 3) Staff.

1) Students

Students are expected to agree to payment plans for course fees (if applicable), transport passes, resources, organised trips and other relevant services at the time of registration/enrolment or when the activity has been confirmed.

Non-payment by a student for these services should be referred to Student Services and/or the Student Finance and Welfare Coach to determine whether the student is suffering from any form of hardship and to ensure that alternative means of financial support are investigated. If hardship is the cause, then the Student Finance and Welfare Officer will review the case to ascertain a satisfactory solution which could include an option to pay by instalments or access Support Funds. If a debt has not arisen through circumstances of hardship, then the College can

pursue the debt by internal mechanisms or may consider legal proceedings. Individual circumstances will be taken into account and formally considered by SLT.

In respect of any assets loaned to a student as part of their course, e.g. laptops, where the item has not been returned on completion of the course, then an invoice representing the book value of the asset will be given to the student. If the invoice is unpaid the procedures outlined above will be followed.

Students are required to pay all outstanding debts before re-admission on to a new course.

Student debt is managed as follows: -

- a) When a student fails to pay (and has no other payment plan/agreement in place) the Finance team will contact the student to help resolve any problems or queries with regard to the debt.
- b) If no payment is received, then the College sends a 1st debt chasing letter informing them that their account is overdue.
- c) If no payment is received fifteen days after the 1st letter, a 2nd letter final demand is sent by the College.
- d) If debt still remains, seven days later, a 3rd letter is sent by the College which informs the student that the debt is being passed to a debt collection agency.

Timings on the above can be extended at the discretion of the Finance team while in conversation with the student to resolve any issues with the debt itself or ability to pay the debt.

Debt chasing letters are managed by the College Finance Department, save for International Students which are managed by the relevant College department.

During steps c) and d) the Finance Department may suggest creating a provision for the outstanding debt, with proposals sent to the Vice Principal, for approval. The relevant College department / budget holder will be appropriately informed.

At point 4, if the Finance team wishes to refer this debt to a debt collection agency they must seek approval from the Vice Principal.

2) External Customers (Non-Students)

- a) External Customers are issued with a College invoice. This invoice clearly states the date, name, address, and reference number, detail of service provided, price of service and method of payment. As standard practice all invoiced customers are given fourteen days in which to settle their debt.
- b) After thirty days, if the debt is not settled, the Finance Department sends a "Request for Payment Letter" to each debtor.
- c) After seven days, if the debt is not settled, the Finance Department sends a "final request for payment letter before legal action is taken" letter.
- d) A list of debts proposed to be sent to the third-party debt collector is compiled and sent to the Vice Principal, for approval.

During steps (b) and (c) the Finance Department will suggest creating a provision for the outstanding debt, with proposals sent to the Vice Principal, for approval.

- e) If the Vice Principal has approved the list, this is sent to the debt collector 3 weeks after "final request for payment before legal action is taken" letter has been sent.

Timings on the above can be extended at the discretion of the Finance team while in conversation with the debtor to resolve any issues with the debt itself or ability to pay the debt.

The progress of the debt recovery agency is monitored weekly by the Finance Department, and regularly reported to the Vice Principal

When the debt recovery agency recommends commencing legal action, this recommendation is forwarded to the Vice Principal for approval before legal action can begin.

Companies who fail to pay their debts will be barred for future applications to use the College facilities and services.

6. CREDIT NOTES AND REFUNDS

College departments are responsible for informing the Finance Department of all credit note and refund requests. This should be via email using the standard excel based credit note template. Clear narrative should be included indicating all relevant information i.e. if it is a full or part credit, invoice reference and the reason for the credit note / refund (amendment, overcharge, error, duplication, etc). The request will be actioned as appropriate by the Finance Department.

7. DEBT MANAGEMENT CONTROL

The Finance Department is responsible for managing debt collection and will monitor and maintain reports on the following:

- Student debt by age, value, and action taken
- Staff debt by age, value and action taken
- External customer debt by age, value and action taken
- Details of accounts being pursued through the small claims court or referred to a debt collection agency
- Report on doubtful debts considered as bad debt
- A report on proposed debt for write off and debt written off

Doubtful Debts – Once all options have been exhausted to recover outstanding debts, a report should be prepared by the Finance Department to the Vice Principal, so that decisions on action can be taken.

Debt Write Offs – Debtors to be written off will be approved by the Vice Principal and the Principal in accordance with the limits stipulated in the College Financial Regulations, as follows:

- The Vice Principal, be authorised to approve Write-Offs up to £5000.
- For Write-Offs above £5000 up to £10,000 the Principal will still be required to provide authorisation.
- From £10,000 the Resources Committee to approve write-offs with an upper limit of £25,000. Anything above that amount should be approved by the Corporation.

8. REVIEW OF POLICY

This policy should be reviewed every 3 years or sooner if changes in debt management affect it.