



Finance & Planning

Credit Policy

NEWCASTLE UNIVERSITY

Credit Policy Document

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1. Introduction

Income to the University comes from four main sources;

- Commercial debtors/NHS Trusts.
- Research.
- Tuition Fees.
- Accommodation charges.

Each type of income is collected in a different way and the Credit Policy of the University is separated into four sections to reflect this.

The future of the University is increasingly dependent on income generated externally by research projects, overseas student's tuition fees and other income generated by Schools/Services. It is therefore imperative that income collection is dealt with in a sensitive and positive manner in order to encourage and develop links and trade with outside agencies. This approach will aid the pursuit of objectives as outlined in the Business Plan and the strategies concerning increased income.

It is further recognised that the University has links in the community that can be nurtured by encouraging good public relations. These principles are integral to the Business Plan and therefore to the Credit Policy.

Effective credit control leads to improved cash flow, a healthy balance sheet and efficient management of funds. It is important that all employees of the University recognise this fact and co-operate fully with the Finance Office Income Section in the collection of revenue to the University. In return, the Income Section is committed to work closely with Units to maximise collections.

2.General Information

This information is applicable to all income sources.

2.1 Invoicing

Invoices should normally be raised on SAP for all expected streams of income unless otherwise expressly agreed by the Income Section Manager.

2.2 Invoice Amounts

An invoice will not be pursued and therefore should not be raised for less than £50.00. If the charge is for less than £50.00 the 'cash sales' procedure should be used and payments secured in advance. Details of the cash sales procedure can be found on the University web site: http://www.ncl.ac.uk/iss/sap/training/files/guides/sales/sd_ext_sales_and_report.pdf

An alternative to this is the webstore. For more information please visit the WebStore at WebStore.ncl.ac.uk to have a look at our current products or for additional queries, please contact webstorehelp@ncl.ac.uk

Outstanding balances on accounts will not be pursued for less than £10; similarly refunds will not be made (unless specifically requested) for less than £10.

There will be occasions as part of the overall credit control process, when it is necessary to use a collection agency or to take legal action via the County Court. The customer account will be blocked for use until the account has been cleared.

2.3 Collection Agencies

A number of collection agencies for use will be approved by the Income Section Manager.

Once a debt has been passed to an agency, or is with the County Court, Units must not enter into negotiations with the debtor.

Units will be charged with any recovery costs and with any bad debts, unless alternative arrangements have been made with the Executive Director of Finance.

2.4 Legal Proceedings

In limited circumstances it may be necessary to instigate legal proceedings for the recovery of debt. The Income Section Manager will take responsibility for all cases referred to the County Court.

Fixed court costs will be borne by the Unit on issue of the summons. The costs will be paid by the defendant if the claim is successful and the Unit reimbursed.

The Unit must co-operate fully with the Income Section Manager and the County Court's timetable e.g. providing information, contracts, statements etc.

The Income Section Manager will advise the Unit at all stages of proceedings and will advise on enforcement after Judgment has been obtained.

The customer account will be blocked for use by all Units until the account has been cleared.

3. Commercial Debtors

All credit sales invoices require the existence of a valid Management Information System customer record. In the Finance & Planning:

- The Credit Control Team Sales-Master@ncl.ac.uk is responsible for creating and amending all Management Information System master records for customers and sales materials. Instructions for Units requesting new customer accounts and materials are provided at <http://nufin.ncl.ac.uk>. This process will normally be completed within 24 hours of the request if all required information is provided.

3.1 Credit Checking Procedure

The University needs to encourage business but at the same time maintain an accurate and up to date database of customers, whilst identifying consistent bad payers and potential bad debtors.

For new customers, a credit check will be required if the initial order is over £5,000 and the customer is not public sector¹ or a blue chip company². The Credit Control Section in the Finance & Planning will carry out the credit assessment and relay the outcome to the originator of the request. Additional safeguards should be considered when the credit assessment identifies significant risk or where the business relates to new or emerging markets (e.g. payment in advance and monthly credit terms). The Credit Control Team will periodically review customers, using the above criteria. They will also investigate companies which change their payment patterns. If an invoice is to be raised which causes the credit limit to be exceeded a warning will be flagged. The Credit Control Section must be contacted when this occurs. The overall objective of the University is to limit the risk of a defaulting customer and not to hinder sales by Units.

When a customer does not conform to the University's credit terms; the University may cease trading with the customer by closing this account.

3.2 Payment Terms

Standard University Payment terms for invoices are 30 days. There will be exceptions allowed of 60 and 120 days depending on the customer profile but only at the discretion of Finance & Planning and have to be agreed in advance.

3.3 Payments in foreign currency

Where an invoice has been raised in a foreign currency and payment is received in Sterling, any exchange difference may be posted to the Unit responsible for raising the invoice depending on the amount and circumstances of the transaction. This decision will be the responsibility of the Income Section Manager.

Where an invoice has been raised in sterling and payment is received in foreign currency, any exchange difference may be posted to the Unit responsible for raising the invoice depending on the amount and circumstances of the transaction. This decision will be the responsibility of the Income Section Manager.

¹ Examples of a public sector organisation would include: Government Depts, The NHS (including Health Authorities, NHS trusts, Local Govt, Police Authorities and Fire Authorities.

² Definition of a blue chip company - Nationalised undertakings, national or international companies of the highest standard. Most of these will be public companies whose annual reports are available free and on whom frequent press comment and information appear

3.4 Dunning Procedure³

The dunning of customers will be the sole responsibility of the General Credit Control Team within Finance & Planning and will be carried out on an invoice by invoice basis. Dunning will consist of letters, e mails and phone calls as appropriate for the customer.

The General Credit Control Team will send Units a request for authorisation to take further action approximately 7 days after sending the final notice to the customer. The request must be completed and signed by an authorised signatory and returned to the General Credit Control Team in the Income Section within ten working days.

4. Research (General and EU) Credit Policy.

All Research Invoices posted to a Research Account may only be raised by a member of Contract Financial Management (CFM).

There are three categories of invoices to be considered for credit control purposes;

1. Research general invoices and pre-finance invoices for EU debt
2. EU interim invoices
3. EU retention invoices

All credit sales invoices require the existence of a valid Management Information System customer record. In the Finance & Planning:

- The Credit Control Team Sales-Master@ncl.ac.uk is responsible for creating and amending all Management Information System master records for customers and sales materials. Instructions for users requesting new customer accounts and materials are provided at <http://nufin.ncl.ac.uk>. This process will be completed within 24 hours of the request.

4.1 Credit Checking

For new customers, a credit check will be required if the initial order is over £5,000 and the customer is not public sector or a Blue Chip Company. The Credit Control Section in Finance & Planning will assess the credit check and:

- If the company is high risk they will inform Grants and Contracts and CFM.
- If there is little to no risk and/or the value of the order is not significant, no further action will be recommended.

The Credit Control Team will periodically review customers, using the above criteria. They will also investigate companies which change their payment patterns.

When a customer does not conform to the University's credit terms; the University may cease trading with the customer by closing this account.

4.2 Dunning Procedure

The dunning of customers will be the sole responsibility of the Research and General Credit Control Team within Finance & Planning and will be carried out on an invoice by invoice basis.

³ To Dun (definition) – to persistently demand payment for debts.

Dunning will consist of letters, e mails and phone calls as appropriate for the invoice type and payment terms.

4.3 Payment Terms

Invoices will be raised by CFM. Standard University payment terms are 30 days. There will be exceptions allowed of 60 and 120 and 180 days depending on the contact and/or purchase order. Wherever possible a purchase order should be obtained prior to raising the first invoice. Collection of monies outstanding will be the sole responsibility of the Research and General Credit Control Team in the Income Section who will take ownership of the debt from the date that the payment term expires.

5. Tuition Fees Credit Control

Tuition fees will normally be charged for a full academic year. Tuition fees are composite fees and include matriculation, registration, tuition (or supervision), library, examination, re examination and graduation fees.

5.1 Payment Terms

5.1.1 International Undergraduate and ALL Postgraduate students

- Tuition fees that are paid in full at registration attract a discount of 2%.
- If tuition fees are not paid in full then two instalments are offered. The first is due at registration and the second on the 31st January. An e mail will normally be sent to students reminding them of the payment date at least two weeks before the instalment date.
- Special arrangements can be agreed for registration pending payment. These special arrangements to be authorised by the Income Section Manager on a case by case basis and will not normally exceed one month.

5.1.2 Undergraduates and PGCE students (UK/EU)

- Three instalments are offered with the dates 26th November, 31st January and 30th April or the nearest working day
- The preferred method of payment is direct debit.
- For all instalments due, an e mail will normally be sent to students reminding them of the payment date at least two weeks before the instalment date.

5.2 Sponsors/Embassies

Invoices are raised with 30 days payment terms. No discounts or instalments are offered to sponsored students. Should a sponsor/Embassy default on payment of tuition fees, the responsibility for payment of the fees will revert to the student.

5.2 Summary of Procedures as per University Regulations (All students)⁴

Fees and other charges shall be paid at the times prescribed by the University. It is a condition of registration that the student has made adequate arrangements for the payment of tuition fees and for maintenance during the period of study at the University.

Students who are supported by grant awarding bodies or other sponsors, or are deferring tuition fees by means of a fee loan from the Student Loans Company (SLC), shall provide the necessary information for the University to secure payment from the body concerned. Other students will be classified as self-supporting and will be responsible for the payment of their own fees.

Home and EU undergraduate students are not required to pay their tuition fees whilst they are studying. Instead, students may choose, if they wish, to defer the payment of all or part of their fees until after they have graduated. In order to defer the payment of fees (in full or in part), students must take out a fee loan through the SLC. The SLC then pays the tuition fee to the University on behalf of the student. *If a student has previously studied at undergraduate degree level they may not qualify for an SLC loan and should contact the SLC for further information.* Home and EU undergraduate students who chose not to defer their tuition fees will be invoiced for payment in three instalments.

⁴ University general regulations can be found at <http://www.ncl.ac.uk/regulations/university.regs/generalregs.pdf>. The regulations may be amended from time to time.

Students who do not pay by the due dates may be liable to an administration charge as detailed in the Fees Schedule (http://www.ncl.ac.uk/internal/planning/funding/funding_index.htm) Details of payment options are available from Finance & Planning.

Where there are any delays in the payments of tuition fees (or other charges relating to academic study at the University), whether by students themselves, a grant awarding body or other sponsor, and where those students cannot show reasonable cause and give a satisfactory assurance as to payment, the Academic Registrar or nominee may determine an appropriate sanction. Sanctions may include:

- suspension of the student's Information Systems and Services (ISS) account, and thus access to University controlled facilities such as ISS clusters and the Library;
- denial of the opportunity to sit University examinations or to have assignments assessed;
- denial of access to other University facilities, or such sanctions as may be approved from time to time by the Academic Registrar;
- exclusion from further study in the University. In special circumstances a student so excluded may be readmitted to the University on the authority of the Academic Registrar on payment of all outstanding fees and debts to the University together with an administration charge (currently set at £25).

Any students who owe tuition fees will not be allowed to re register at the start of the next academic year. A notification will be sent to students to inform them of the situation.

If a student completes the course or withdraws from the course and owes tuition fees, the debt will be referred to an external collection agency. No degree, diploma or other qualification shall be conferred upon students who have not fulfilled their financial obligations to the University.

5.3 Correspondence with students

All correspondence with students will encourage them to seek help should they be facing financial difficulties. Advice may be sought from Student Financial Support, particularly in relation to the hardship funds it administers, and free and independent advice is available from the Student Advice Centre in the Union Building. The website can be accessed at: <http://www.nusu.co.uk/sac/> It is recognised that students are facing increasing financial burdens as they pass through the Higher Education system and seeking advice at an early stage before problems escalate improves the chances of finding a solution.

5.4 Charging Policy for Students Withdrawing from the University or Suspending Studies During the Academic Year

Any refund of tuition fees and/or reduction in fee liability is at the discretion of Newcastle University.

In all cases any other tuition fee debts owing to the University will be subtracted from any refund of fees.

The University will apply the following rules when calculating the fee liability for students who are withdrawing from the University or suspending studies.

5.41 Home and EU Undergraduate students

The amount of tuition fees the student will be liable to pay will depend on the term in which they withdraw or suspend. If the Student withdraws or suspends:

- From week 3 of Term 1 they will be charged 25% of the total academic year's fee.
- Anytime during Term 2 they will be charged 50% of the total academic year's fee.
- Anytime during Term 3 they will be charged 100% of the total academic year's fee.

5.42 Overseas Undergraduates and All (Home, EU and Overseas) Postgraduate students

When withdrawing, students will be charged pro rata based on the number of weeks in attendance. Where payment has been made, refunds will be given calculated on the same basis.

- For overseas undergraduates the charges will be pro rata over 30 weeks.
- For all postgraduate students (Home, EU and Overseas) the charges will be pro rata over 41 or 42 weeks (depending on how the University Calendar falls).
- Charges will not be levied for students who withdraw in registration week. The Income Section Manager may use discretion based on individual circumstances.

When suspending studies, students may be charged on a term by term basis.

5.5 Refunds

Refunds should not be made to students who owe rent or tuition fees and will only be made in accordance with Finance & Planning policies with regard to refunds of overpayments.

Refunds will be returned via the same method as the original transaction. The University does not take any responsibility for payments made by a third party.

5.6 Maintenance and Studentship Payments

The University may reclaim any payments made to students should they withdraw from study during the academic year that payment has been made in.

6. Accommodation Service Credit Control

There are two groups of accommodation debtors;

1. Students
2. Ex-students/visitors/members of staff

6.1 Payment Terms

- ◆ Students can choose to pay the full year by cash, cheque and debit/ credit card. For those students paying the full charge within seven days of the commencement of the tenancy, a 2% discount on the full charge will be allowed.
- ◆ Students can choose to pay termly by cash, cheque or debit/ credit card or direct debit on instalments. Direct Debit payment and debit/credit card payment to be actively promoted over other methods.

6.2 Sanctions for Non Payment of Accommodation Charges

Students

Students in arrears 14 days after due date will be charged £25 for debts over £50.

Students who continue to be in arrears may lead to referral to an external debt collection agency and in limited circumstances, a request to vacate the property.

Students with accommodation debt on their account at the time of Registration are not to be allocated University accommodation and will be subject to an interview with Accommodation Office staff to agree a repayment plan. Defaulters will be referred to a debt agency and if necessary, court action.

Visitors/ ex students

Visitors and ex-students in arrears 14 days after the due date will be charged £25 for debts over £50.

Continued non payment of arrears may lead to referral to an external debt collection agency and in limited circumstances, a request to vacate the property.

After completion of the letter cycle a decision will be made as to whether to instruct the customer to vacate the accommodation. These customers may be served notice to leave University owned accommodation. This penalty will be used in very limited circumstances. No customers will be allowed a second year in University accommodation if there is outstanding rent.

6.3 Correspondence with students

All correspondence with students will encourage them to seek help should they be facing financial difficulties. Assistance with re scheduling of debt is available from the Accommodation Service. Advice may also be sought from Student Wellbeing Service, particularly in relation to the hardship funds it administers, and free and independent advice is available from the Student Advice Centre in the Union Building. The website can be accessed at <http://www.ncl.ac.uk/students/wellbeing/finance/advice>

It is recognised that students are facing increasing financial burdens as they pass through the Higher Education system and seeking advice at an early stage before problems escalate improves the chances of finding a solution.

These procedures should be followed in conjunction with terms of the contract.

Students may re negotiate their payment terms at any time with the Accommodation Service.

6.4 Refunds

Refunds should not be made to students who owe rent or tuition fees. The only exception to this is damage deposits.

6.5 Procedure for Students Who Have Left the University

Students that leave Newcastle University with Accommodation charge arrears will be treated differently to current students.

Students that leave during the academic year will have their accounts referred to the General Credit Control section. The first letter to the student will outline the debt, future possible procedures and warning of the last chance for contact. This letter will also quote additional fees that may be incurred in the recovery process.

If no contact is made within seven days the ex student will be contacted by telephone or e mail in a final attempt to recover the debt.

The Credit Control supervisor will then make the decision to refer the debt to an external collection agency.

6.6 Terms and Conditions of Contract

All details in respect of tenancy conditions, fees and charges and early termination charges can be found on the University website.