



ASPIRATIONS

CREDIT CONTROL POLICY

Date of last review:	February 2021	Review period:	2 years
Date of next review:	February 2023	Owner:	Aspirations DF
Type of policy:	Network	LGB or Board approval:	Board

Credit Control Policy

1. Summary

1.1. All academies should take credit control seriously, and always chase debts except where hardship cases are deemed acceptable.

2. Credit Control Principles and Procedures

- 2.1. The level of funds owed to academies by other parties is not usually significant. Credit control therefore should not be a major issue for our academies. However, it is important that some basic steps are in place to further minimise the risk to the academy.
- 2.2. When entering into a contract to purchase significant goods or services with any supplier the issue of possible default should always be considered. In the education sector most companies are well known and robust (although in an economic downturn this may not always be the case). However, caution should be exercised when dealing with a new contractor. It is not usually necessary to refer to credit reference agencies, however where there is any hint of financial difficulties, evidence should be sought to remove any significant doubt about the ability of the company to provide the services contracted for. Where the contract is of a size to require a tender process, that process should include tests of credit worthiness, including three years' accounts and references. These though do not provide full assurance and should not be taken as so doing. This policy should not be seen as encouraging academies to only contract with established companies, as indeed new entrants often offer the best value, but where there is a limited track record suitable caution should be exercised. Large deposits should not be given unless absolutely required to minimise the risk of default.
- 2.3. Where the academy is providing a commercial service, such as through lettings, suitable caution needs to be exercised to minimise the risk of the other party not paying their debts. Suitable deposits should be secured, and wherever possible the academy should request the charge in advance of the date of hiring.
- 2.4. Where amounts owed are paid in arrears it is vital that invoicing happens on a timely basis, and that outstanding debts are followed up. The academy finance team should run aged debtor reports each month to ensure that no debt is forgotten. Debts should be paid on 30-day terms. Where that term is exceeded academies should follow up with the debtor. The academy should not have to resort to debt recovery agencies, so if a significant debt remains unpaid the academy should refer to the Aspirations Director of Finance to consider next steps.
- 2.5. Debts should not be written off other than in exceptional circumstances. A long outstanding debt that is deemed incapable of recovery can be written off, but any amount over £50 should only be written off with the agreement of the Aspirations DF, and where it is over £1,000 it requires DfE approval. Debt write-offs may be approved for a variety of reasons. The most common reasons include:
- Insufficient legal proof of the debt or liability for the charge;
 - The likely expense of legal actions exceeds the likely recovery;
 - The debtor cannot be traced;
 - The debtor is unable to pay;
 - The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency.

3. Pupil and Parent/Guardian Hardship

- 3.1. All Aspirations Academies Trust academies will have a significant number of students from deprived backgrounds. As a result, the academy needs to be mindful of the ability of pupils and parents to pay when planning trips or other activities that incur a charge (see the Charging and Remission Policy). Academies should have a suitable hardship fund available to ensure that no pupil is significantly disadvantaged due to their family financial circumstances.

- 3.2. Where a pupil attends the academy and is likely to be eligible for free school meals, but the process is not yet complete when they start, suitable discretion should be applied in ensuring that the child is fed for free. Where the application is subsequently denied, the academy must make a judgment call as to whether the costs of the meals so far should be charged back to the parents or guardian, but a compassionate approach should be taken in many cases. The most disadvantaged families will need similar judgments regarding the purchase of school uniform. Aspirations Academies Trust does not expect academies to apply highly robust credit control procedures to pupils and parents/guardians in sensitive cases.

4. Staff debts

- 4.1. The academy is not a bank and should not make loans to staff except in prescribed circumstances (ie season ticket loans). In the first month of joining it is acknowledged that the costs of employment for the new staff member may be high, but discretion to advance salary is limited to 50% of a month's salary in that first month only. Recovery should be over an agreed period of no longer than six months. Staff loans in any other circumstances must first be agreed with the Aspirations DF.

- 4.2. Staff who leave at short notice may have already been paid until the end of the month, or have taken more holiday than allowed, or have an agreed loan and therefore owe money to the academy. This always needs to be followed up by the academy and recoveries made from the individual. Where staff are leaving this information needs to be passed to the finance team at the academy as quickly as possible to minimise the risk of overpayment.