

Fee income and payment policy and procedures

Purpose

To clarify the rules and the procedures around all aspects of fee income requested and received by Ambitious about Autism (AAA) and the Ambitious about Autism Schools Trusts (AaAST), including fees for pupils at TreeHouse School and The Rise School, and fees for learners at Ambitious College. This policy includes:

1. Fee review process
2. Placement contracts
3. The amount to be billed
4. The billing process
5. The debt collection process

Scope

This policy must be followed by all who are involved in requesting fee invoices to be raised, all those involved in processing the invoices, those involved in ensuring that amounts owed are collected, those involved in obtaining contracts for placement and those involved in the fee review process.

This policy should be read in conjunction with the following policies:

- Admissions, Charging & Remissions Policy (Ambitious College, Treehouse School & The Rise School)
- Privately Funded Placement Policy

Responsibility

Operational staff are responsible for ensuring that invoice requests are made to the finance team on a timely basis, that invoices are submitted and for obtaining contacts for placements. For AAA and AaAST responsibility lies with the respective Business Managers.

The Finance Team has a responsibility for raising invoices in accordance with the instructions received from the Business Managers. The finance team is also responsible for ensuring that funds are received on time and chasing payment where this isn't the case.

Executive Leadership Team (ELT) are responsible for reviewing the financial level of fees to be charged and proposing the fee levels to FRC.

Finance and Resources Committee (FRC) has responsibility for scrutinising the fees to be charged for the education services and for approval by the respective Board.

AAA and AaAST Boards approve the fees to be charged for the education services.

The Director of Service Development supported by the Business Manager is responsible for any changes in the level of fees charged being advised to the placing authorities and any subsequent negotiations. They are also responsible for following up any disputes around any payment issues that need to be resolved with commissioners rather than finance staff.

Director of Finance and Planning (or Head of Finance where delegated) is responsible for approving all invoices and credit notes.

Heads of School and College are to inform their Business Manager of any increase or reduction in the services provided for a pupil / learner, or a pupil / learner leaving the Schools or Colleges.

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Policy

Determining of Fee Levels and Fee Review process

Fees charged by AaA and AaAST are reviewed annually; changes to the fee levels are reviewed by ELT and recommended to FRC for scrutiny. FRC scrutinises the information and forwards to the Board for approval. When approved, placing authorities are informed of the fee levels via letter and where appropriate negotiations take place with the placing authorities.

Rebates

Rebates can be applied to fees charged to local authorities if it is felt this is required as part of the negotiation process. Rebates should only be negotiated with authorities by the Executive Principal or Director of Service Development. Exceptional rebates or refunds relating to an individual pupil / learner can be approved by the Executive Principal. Any broader rebates must first be reviewed and approved by the Director of Finance and Planning. They must then be approved by the CEO if up to a value of £50k, or FRC if over £50k and outside of the rebate allowance provided for in the finance model.

Placement Agreement and Contracts

AaA and AaAST uses the National Schools and Colleges contract for placements made by Local Authorities at TreeHouse School, The Rise School and Ambitious College. Where the placing authority wishes to vary the contract this can be done if agreed by both parties, and detailed in Schedule 6 of the National Contract. Where this has not taken place, and no agreement is in place once a placement has started, the standard terms and conditions of the National Schools and Colleges Contract as issued by AaA and AaAST will apply until such time as further agreement is reached, and the agreed fees will apply.

This policy will be confirmed with the Local Authority in writing. A variation to contract can only be approved by the Executive Principal, as it may have wider implications.

For each placement a Schedule 2 Individual Placement Agreement (IPA) will be signed by both parties and the contract should be in place before the placement commences.

Where a placement is funded from a private source then a Private Placement Contract is used (subject to any relevant legal advice being obtained) and the AAA Policy for a Privately Funded Placement at TreeHouse or Ambitious College will be followed.

Timing of invoices and payments

Invoices are issued for each school term (Autumn, Spring and Summer) and unless otherwise agreed, the due date for fees to be paid is the first day of the pupil / learner starting at The Rise / TreeHouse School / Ambitious College and the first day of each subsequent term.

Invoices for fee income therefore need to be raised and issued 30 days before the start of the following term. Appendix 1 has a schedule of the key dates relating to sales invoices. This schedule is updated each year.

Where payments are delayed, AAA and AaAST reserve the right to apply late payment fees at the discretion of the Director of Finance and Planning (see the section below on unpaid fees for the full details).

Invoice amounts

Invoice amounts are calculated using up to three elements:

- Placement fees
- Enhanced support
- Education & Skills Funding Agency (ESFA) deductions

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Placement fee: The standard placement fees for primary, secondary, post-16 and college places are agreed annually by the FRC and Board so that fee letters can be issued to Local Authorities by the end of March.

Enhanced support:

Due to changes in needs and circumstances, and / or to ensure the safety of our staff and learners, occasionally we may re-assess the needs of a student during their placement. The placing authority will be informed by the Business Manager and the assessment will be carried out in conjunction with Local Authority staff wherever possible. This can result in more or less staffing and other support being required by students. AAA and AaAST will never take such a decision for financial reasons. Wherever possible, such changes will be agreed prior to their implementation, unless it is determined that for safety reasons they should be implemented sooner.

Where the assessment determines that a greater level of support is needed, the placing authority will be informed of the rationale and any resulting changes to the cost of the placement. Due to the fact that additional staffing would only be put in place to ensure learner / pupil and staff safety, an emergency annual review will take place should the placing authority not agree to the change, which could result in the temporary suspension of the placement until such time as agreement is reached. The terms of the National Schools and Colleges contract would continue to apply during this period.

When requested, the Business Managers will provide the details of costs to the Head of School or College to be provided to the Local Authority. Local Authority approval in writing is required. When approved the Business Manager will amend the invoicing sheet, notify the Finance Department. For a new student, the admission process identifies the level of any enhanced support required and the associated costs are detailed in the offer letter to the Local Authority.

Enhanced Support Costs: Comprising the additional staff costs incurred for a pupil/learner requiring higher than the fixed level of support. The costs charged will include on-costs, including an overhead management charge. Enhanced fees are charged where a student requires more than the standard level of service and are agreed with a Local Authority as part of the admissions process, annual review or emergency review.

Education Skills & Funding Agency (ESFA) deductions: Deductions are applied to the school/college invoices in accordance with government guidance about funding arrangements (see: <https://www.gov.uk/government/publications/high-needs-funding-arrangements-2020-to-2021> and <https://www.gov.uk/government/publications/funding-rates-and-formula>).

For schools

ESFA deductions are applied to school invoices at £10,000 per pupil for a set number of pupils (the pupils whose invoices receive this £10,000 deduction are decided based on those who were admitted to the school first). ESFA income is then received to offset these reductions.

For colleges

For college income there are 2 elements to the ESFA Funding that need to be taken into account when invoicing:

- Element 1 – up to £5,000 for each eligible learner who has registered with the college by February for a minimum number of planned learning hours, and where that learner is funded by their Local Authority. The amount to be received of up to £5,000 is determined by the number of planned learning hours (calculated on a pro rata basis).
- Element 2 - £6,000 for each eligible learner who has registered with the college by February for a minimum number of planned learning hours, and where that learner is funded by their Local Authority. The amount to be received of up to £6,000 is determined by the number of planned learning hours (calculated on a pro rata basis).

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- This is applied to the learners whose funding was agreed first at the start of each academic year.
- The ESFA contract is on an academic year basis (August to July).

Timing of funding: Element 1 funding is discounted from invoices for eligible learners in the current academic year. However, the income from the ESFA for this funding is paid a year in arrears. Therefore, where the college is growing, Ambitious about Autism effectively funds the ESFA discount.

Invoices for other services

The fees will be due in accordance with the contract or agreement made with the organisation to which the service is being provided. It is standard for an organisation to have 30 days to pay an invoice unless agreed otherwise.

Unpaid fees

Fees that have not been paid by the due date specified on the invoice will be chased by the finance team and we reserve the right to apply charges for late fees.

The National Schools and Colleges Contract contains the provision that:

- *The Provider shall have the right to make late payment charges in line with current legislation when payment is not made within 30 days of invoice receipt (para 3.2.2).*
- Consequently AaA and AaAST reserve the right to apply the provisions of the Late Payments Commercial Debt Act 1998 (subsequently amended) and charges interest at the current rate (the rate is currently 8.75% according to www.late-payment-law.co.uk) on amounts received after the due date, together with compensation with collecting late payment (between £40 and £100 according to the amount due). This applies to all services provided by AaA and AaAST.

Issues with invoices

To avoid invoice rejection, all invoices will be issued quoting a purchase order number where possible. In the instance of an invoice being incorrect, a credit note will be issued with approval of the Director of Finance and Planning.

Procedures

Agreeing and communicating fees annually

- The standard fees are proposed by ELT, reviewed by FRC and approved by the Board by March.
- The Director of Service Development issues letters to Local Authorities by the end of March informing them of the fees and rationale. This letter is sent to a named contact by registered post.
- Review and planning meeting with Deputy CEO, Executive Principal, Director of Service Development, and the Business Managers to identify which Local Authorities to meet with and who will be responsible for meeting each of the Local Authorities. The Director of Service Development leads this meeting.
- Meetings are held with key local Authorities and groups of Local Authorities as appropriate and agreed by the Director of Education Services.
- The Business Managers will hold on sharepoint a database of the meetings, outcomes and actions.
- Any actions and outcomes from the meetings must be updated to the sharepoint database and/or advised to the Business Managers.

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- Negotiations¹ regarding fees and the reasons for any fee uplift are completed prior to the start of the academic year to avoid delay in payment of the invoices.

Agreeing a fee with a Local Authority

- The school/college admissions process identifies the level of support that a pupil/learner requires. The admissions panel offers the Local Authority a fee based on the agreed level of support required and the Local Authority confirms their acceptance of the fees and the place.
- Where a fee is agreed, the Business Managers emails (and posts a hardcopy when requested by the Local Authority) of a National Contract to the Local Authority² requesting that the contract is signed and returned to AaA or AaAST either before the start date or within 40 working days, whichever is sooner). See Appendix 2 for an example of the email wording to be sent with the contract).
- Contracts that are not signed and returned are chased by the Business Manager. The Business Managers will continue to chase for a signed contract to be returned until it is received.
- When chasing the signed contract the Business Managers will send a final email and letter advising the Local Authority that, if a reply is not received by four weeks after the start of term, or four weeks after the start of the placement, whichever is later, then it will be deemed that the Local Authority has agreed to the terms and conditions. Therefore an implied contract will be in place. See Appendix 3 for an example of the email wording to be sent to chase the contract. The email including any tracking notifications, will be retained with a copy of the issued contract as the implied contract.
- Either the payment of an invoice or a pupil/learner commencing implies that a contract which has not been signed and returned by the Local Authority, has been accepted by the Local Authority.
- All contracts, whether signed by the Local Authority or not, are held electronically by the Business Managers
- All physical contracts received prior to March 2020 held by the finance team will be archived. From March 2020 all contracts have been and will continue to be stored electronically by the Admissions team.
- The documenting of sending and receiving contracts for School placements is held on SIMS.

The documenting of sending and receiving contracts for College placements is held in the Excel spreadsheet used to produce the contracts. This is to be migrated onto a College Management Information System (MIS).

Contact information

Records are kept by the Finance Team of Local Authority contacts in regard to obtaining purchase orders, invoicing and finance functions. The records are updated by the Finance Team and the Business Managers for new and updated information.

Records are kept for parental/carer contact information on the School/College database:

- SIMS for TreeHouse School and The Rise School
- Databridge for Ambitious College

Finance holds the list of invoice contacts and these are updated by the Business Manager each term or when an invoice is issued.

Fee Changes negotiation and dispute resolution.

¹ Negotiation is a term used in the National Schools and Colleges contract.

² The contract is sent to the named education contact and to the commissioner for the Local Authority.

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The Provider must inform the Local Authority with at least three months notice of a change of fees (Clause 3.2.5.2 of the National Contract) and the Local Authority shall acknowledge notification of any proposed fee increase within 30 days of receipt of such notification (Clause 3.2.5.3).

Where agreement cannot be reached as to a variation of the Fees resulting in any variation the conditions, Section 12 (Resolution of Disputes between Parties) will be applied

Section 12 states:

- Parties will use best endeavours to settle the dispute by negotiation. Discussions will take place between the representatives of The Authority and the Provider.
- If no resolution either Party may request the other to participate in a meeting of their respective senior managers, in order to discuss the dispute and to agree a strategy to resolve it.
- If not resolved by negotiations within 20 Working Days the Parties shall, before resorting to arbitration proceedings, attempt to resolve the dispute by mediation in accordance with the Centre for Dispute Resolution (CEDR) Model Mediation Procedure.
- If the Parties fail to resolve their dispute by mediation, then either Party may serve notice on the other to require the dispute to be referred to arbitration in accordance with the Arbitration Acts 1950 and 1996.

Clause and Section references detailed above are to the National Schools and Colleges Contract 2013.

Fees for Free School Meals (FSM)

In accordance with the Conditions of Grant issued by the Department for Education, where a pupil is eligible for FSM the parent must make a declaration. This is applicable to School pupils only.

The School Office processes the application, ensuring the eligibility is confirmed by the Local Authority. When eligibility is confirmed, the SIMS database is updated and the Business Manager informed.

The Business Managers updates the fee schedule and arranges for the Local Authority to be invoiced for FSM. Please note that FSM are only invoiced where the pupil takes a school meal. Where a parent notifies the School Office that they are no longer eligible for FSM, then the school database is updated and the Business Managers notified so that adjustments can be made to the amounts invoiced.

Pupil Premium Grant (PPG)

For The Rise School and TreeHouse School, PPG is received direct from the ESFA over the academic year.

Pupils/Learners leaving Education Services

If a pupil or learner is confirmed as leaving mid year, then the Head of School/Head of College must inform the Business Manager immediately, confirming the pupil/learner name and the date of leaving.

The Business Manager will refer to the contract for that pupil/learner to confirm the amount to be charged for that pupil/learner.

The Business Manager will calculate the additional fees to be charged or credit note to be issued, then inform the Finance Team. Any credit notes will be authorised by the Director of Finance and Planning.

Preparing the termly fee invoice schedule for the school and college

- The Business Managers prepares the fee schedule for the school and college in accordance with the annual timetable (see Appendix 1) so that invoices can be issued 30 days in advance of the new term.
- For each pupil or learner, the Business Managers calculate the amount due in line with the policy above.

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- The schedule includes, for each pupil or learner, a PO number if required by the Local Authority.
- To ensure the accuracy and completeness of the income fee schedule, the Financial Controller prepares a second schedule that compares the invoice amount for each pupil / learner to the invoice amount for the previous term (an analytical review). Variances are investigated to ensure that the invoice calculation is correct and information for the differences is detailed on the fee schedule.
- This schedule is approved by the Head of Finance / Director of Finance and Planning prior to the invoices being raised (3 working days in advance of the deadline for the invoices to be issued) and informs the finance team that invoices are ready to be raised.
- The authorised schedule is saved in a shared folder to which the finance team can have access.

Issuing invoices

- The finance department creates invoices within 3 days of receiving the final schedule.
- All invoices are stored electronically so that the Business Managers can access them.
- The fee schedule is updated to detail the invoice number for each pupil/learner.
- The Financial Controller checks the invoice amounts to the schedule before authorising that the invoices are sent out.
- The Financial Accountant sends all invoices by email and will immediately commence chasing for payment once these become overdue.

Raising invoice requests – other

- To instruct the finance team to create an invoice for the Schools or Colleges outside of the above process, an invoice request must be made via the ad hoc spreadsheet by the Business Manager. Details of the value of the invoice, the pupil / learner it relates to and description are provided, and an email is sent to the Finance team, relevant Head of School / College and Director of Finance and Planning requesting the invoice is raised.
- The finance team issues the invoice within 3 working days of the request being received.
- The schedule is updated to detail the invoice number for each pupil/learner.

Correcting issues with invoices

- Issues with invoices will either be identified by the Business Managers and communicated to the Finance team, or the finance team may identify an issue.
- In order to issue a credit note, there has to have been a discussion between the Finance team and the Business Managers with agreement about how to resolve the issue.
- The Finance team is notified that a credit note is to be issued.
- The Director of Finance and Planning will authorise all credit notes.

Chasing debt

- The finance team runs monthly aged debt reports as part of the month end process and identifies outstanding debt that needs to be chased.
- As soon as a payment is overdue, the Financial Accountant calls the debtor to understand the cause for the delayed payment and agrees with the debtor how the problem can be resolved.
- The Director of Finance and Planning is informed of any problematic debt (where there is not a valid reason for non-payment) to identify whether a late payment fee should be charged.
- Where a late payment fee is to be charged, an invoice request form will be completed and a subsequent invoice raised.

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- If the debt still hasn't been received by the date agreed on the phone call or after 30 days, then a letter requesting payment will be sent to the debtor from the Director of Finance and Planning. See Appendix 5 for the template letter to chase the debt.
- Problematic school and college debt may be referred from the Director of Finance and Planning to the Director of Service Development where the resolution of the issue sits with the Commissioners rather than the Finance Team.
- The Director of Service Development will present debt reports to Commissioners as part of their meetings with Local Authorities.
- Bad debt write-offs are not common practice and only allowed in exceptional circumstances. They must be approved by the Director of Finance and Planning. Bad-debt write must be approved in line with the Financial Standing Orders policy.

Ensuring accurate accounting for fee income

- The finance team completes a monthly reconciliation of the debtor control account in line with the month end timetable.
- At year end the school and college business partners identify any fee income received before the financial year end that relates to the next financial year and raises an income deferral. The income deferral is calculated on a weekly basis deferring income based on the weeks that the school or college is open.

Records

- Copies of invoices will be held on PS Financials for 6 years
- Contracts for individual pupils / learners are held in softcopy and hardcopy format and will remain on file for 6 years.
- Contracts for Local Authorities will remain on file for 6 years following the last placement of a pupil or learner by the Local Authority.

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Appendix 1: Schedule of when school and college invoices need to be sent to Local Authorities

Summer Term 2019/20 and Autumn / Spring Term 2020/21 – Invoicing timetable

Task	Who	Summer term 2020/21	Autumn term 2021/22	Spring term 2021/22
'Kick off' meeting (to go through the process, discuss learnings from the last time and address any concerns)	Financial Controller / Business Manager / Financial Accountant	12 Feb	5 July	1 Nov
First draft of the fee income schedule is produced (with POs and the PO end date) with an Analytical Review	Business Manager	26 Feb	15 July	9 Nov
Review of the schedule and analytical review	Financial Controller	1 Mar	16 July	10 Nov
Final schedule produced and saved on the shared folder	Business Manager	1 Mar	21 July	12 Nov
Invoices prepared	Finance Apprentice / Financial Accountant	8 March	28 July	19 Nov
Invoices authorised before issuing and checks carried out for completeness (ie. that all invoices have been raised in accordance with the schedule)	Financial Accountant / Financial Controller	11 March	30 Jul	25 Nov
Final approval	Head of Finance / Financial Controller	11 March	2 Aug	26 Nov
Invoices (for school) that can be emailed, are email across	Finance Apprentice / Financial Accountant	20 March (dated 21 March)	6 Aug (dated 8 August)	3 Dec (dated 5 Dec)
Invoices are due for Treehouse School (start of a new term)	N/A	19 April	6 Sept	3 Jan
Invoices (for college) that can be emailed, are email across		20 March (dated 21 March)	6 Aug (dated 8 August)	3 Dec (dated 5 Dec)
Invoices are due for Ambitious College	N/A	19 April	6 Sept	3 Jan

Appendix 2: Example email to issue a contract

Dear XXX

Please find attached the National Schools and Colleges Contract Schedule 2 for NAME. Contracts should be in place prior to the start of a placement therefore please sign and return the attached document to myself by the DATE (PRIOR TO START DATE OR 40 DAYS WHICHEVER IS SOONER). A hardcopy contract is available on request.

The transition is due to commence on the START DATE and a nominated person at the School/College will be in touch to confirm the transition plan.

Please note that the invoices for this academic year will be issued as follows:

Placement full year fees £XX,XXX.

Charged equally one third each term at £XX,XXX

Term 1 DATE to DATE (X weeks of X week term)

£XX,XXX Fee (term from DATE)

(£XX,XXX) less ESFA funding

£XX,XXX Element 3 Top up due from the Local Authority.

Term 2 DATE to DATE (X weeks of X week term)

£XX,XXX Fee (term from DATE)

(£XX,XXX) less ESFA funding

£XX,XXX Element 3 Top up due from the Local Authority.

Term 3 DATE to DATE (X weeks of X week term)

£XX,XXX Fee (term from DATE)

(£XX,XXX) less ESFA funding

£XX,XXX Element 3 Top up due from the Local Authority.

Please can you provide a purchase order number, if you require this to be quoted on the invoices.

I look forward to receiving the signed contract. If the contract is not signed and returned by the start date of the pupil/learner commencing it will be deemed that the Local Authority have agreed to the terms and conditions of the attached contract and therefore an implied contract will be in place.

Kind regards

Appendix 3: Example final email to chase a contract

Dear XXX

The National Schools and Colleges Contract Schedule 2 for NAME was issued to you on DATE.

Contracts should be in place prior to the start of a placement, therefore we had requested the contract be signed and returned to myself by the DATE.

Ambitious About Autism / Ambitious about Autism Schools Trust has not received the signed contract for NAME. As stated in my previous email if the contract is not signed and returned by the start date of START DATE, then by the pupil/learner commencing it will be deemed that the Local Authority have agreed to the terms and conditions of the issued contract and therefore an implied contract will be in place.

I look forward to receiving the signed contract at your earliest opportunity.

Kind regards

Appendix 4 : Template letter for chasing debt

FAO
Debtor's address
.....
.....

Direct Dial:

Email:.....

Our ref:.....

[Date]

By post [only/and by email]:

Dear Sirs

Claim for unpaid invoices

We write with reference to the following unpaid invoices ("the Invoices").

- Invoice number xxx dated xxxxx in the sum of xxxxxxxx
- Invoice number xxx dated xxxxx in the sum of xxxxxxxx

The Invoices relate to outstanding fees for the individuals and periods shown on the face of each invoice. The total amount outstanding is **£xxx**.

The Invoices are payable on the date stated on their face. With the exception of invoice number xxx (which is payable on or before xxx), they are now overdue for payment. This is unacceptable and leaves us no option but to consider commencing court proceedings to recover the outstanding amount.

In order to allow you a final opportunity to make payment of the amount due, we will delay commencing proceedings for 7 days from the date of this letter. Provided the outstanding amount of £xxx is settled in full within that 7 day period i.e. on or before [**due date**] 2016, no further action will be taken. Otherwise, we reserve the right to commence court proceedings without further reference to you.

Our bank account details for payment are set out below:

Natwest Bank
Sort code: 60-14-37
Account no: 58545263

If it is necessary for our client to institute proceedings, it reserves the right to claim interest on the full amount outstanding in accordance with the Late Payment of Commercial Debts (Interest) Act 1998.

Yours faithfully