



# Nursery Charging & Debt Policy

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# Charging Policy for Childcare Settings

## PRINCIPLES

In addition to the 15 or 30 hours of free early learning sessions you may also have the option to purchase additional hours at £5 per hour. Please speak to the Nursery Manager to arrange this.

Childcare should be paid for in advance to secure the child's place and allow for staff planning in accordance with OFSTED regulations. Invoices will be issued 14 days prior to the start of each half term and can either be paid in full through sQuid or weekly, as agreed with the Nursery Manager. If you have any queries regarding payments then please speak to the School Office.

Any account falling into arrears will trigger the following procedure:

- If an account falls into arrears a reminder invoice will be issued to bring account up to date within seven days.
- If this fails a letter will be issued informing that if account is not paid in full by month ending the account arrears will be passed to the School Business Manager and the child will only be able to access the funded nursery hours – no additional hours will be provided.
- Any child leaving the setting must settle any outstanding debt with the school, failing to do so will mean the debt information is passed on to the new setting.

If you have an agreement to pay for additional hours but wish to stop these then half a term's notice must be given. All holidays and sickness absence are still charged at the full rate.

We hope that parents understand the importance of regular fee payments as late fees can result in difficulty in paying the many overheads incurred by us as a nursery/school.

## **LATE COLLECTION POLICY AND PROCEDURES**

This policy is for the protection of children who have been left at the Nursery over the agreed collection time or once the nursery has closed.

The Nursery has a duty of care to children and parents to ensure that collection of very young children is made at the agreed time or within normal nursery opening hours. Late collection causes additional overheads and costs for the school and potentially unnecessary distress to a child.

Children remaining in our care after the agreed collection time or after normal opening hours must be supervised by a minimum of two members of staff, one of whom must be qualified.

We appreciate that sometimes there may be circumstances beyond your control affecting the prompt collection of your child. If you know you are going to be late collecting the child in our care please call at the earliest opportunity and discuss with the nursery teacher the arrangements for the collection. Please note that a late stay fee will still be chargeable if applicable, unless agreed otherwise, for example in exceptional circumstances.

## PROCEDURE

<b>Time limits</b>	<b>Parents Responsibility</b>	<b>School Action</b>	<b>Charge</b>
<b>Up to 5 minutes</b>	<b>Nursery Manager and staff team to be made aware of the situation as soon as possible.</b>	<b>No late fee is charged - unless this becomes a regular occurrence (four occasions).</b>	<b>£ 0</b>
<b>5 – 15 minutes</b>	<b>Nursery Manager and staff team to be made aware of the situation as soon as possible.</b>	<b>If no communication has been received parents or carers will be contacted; a record will be kept of the late collection. On the fourth and any subsequent incident of late stay fee will be payable.</b>	<b>£1 per child.</b>
<b>15-30 minutes</b>	<b>Nursery Manager and staff team to be made aware of the situation as soon as possible.</b>	<b>The Nursery Manager will contact the first emergency contact on your child’s contact card. Please note this will not happen if the manager has been successful in contacting the parent/carer due to collect the child.</b>	<b>£2 per child.</b>
<b>30-40 minutes</b>	<b>Nursery Manager and staff team to be made aware of the situation as soon as possible.</b>	<b>The Nursery Manager will call the second emergency contact on your child’s contact card. Please note this will only happen if the manager was unable to contact the first emergency contact and the parent/carer has not contacted the Nursery.</b>	<b>£3 per child</b>

## **ESCALATION**

### **If your child(ren) remains uncollected 40 minutes over the set time:**

The Nursery Manager will contact the local authority's Children's Social Care or the police for advice on their next course of action. This will only happen if none of the child's emergency numbers have made contact with the nursery. Please note that late stay fees will be collected and charged at a level relative to the circumstances and lateness.

Late fees will be added to your child's account and collected with the next fee invoice.

Unreasonable and / or persistent lateness may regrettably result in the nursery terminating your booking.

Please note that if the manager/deputy manager sees fit she/he may contact the local authority's Children's Social Care earlier than it states in the set procedures for advice if necessary.

# Debt Collection for Childcare Settings

Collecting Childcare fees can be a difficult and sensitive issue for providers. In the event of non-payment, excluding a child can be a challenging, emotional step to take, with providers being all too aware of the potential impact on the children affected. What needs to remain paramount, however, is the sustainability of the setting and its ability to provide a high quality service. This information sheet will help provide tips on how to prevent a spiralling debt situation occurring in your setting. In many cases, clear policies and good communication with families can largely prevent debts arising or reaching unmanageable levels.

## Understanding Why Debt Can Occur

Understanding how families find themselves in debt with fees can help providers develop effective policies and strategies. There are usually 3 main triggers which can create a debt situation. These are:

1. **Changing circumstances (divorce, redundancy, bereavement etc)**
2. **Poor money management**
3. **Spending behaviour**

Debt can slowly build up over time, or occur suddenly, for instance in the case of redundancy or illness. Debt can have a major personal impact, affecting relationships within and outside the family. Sometimes individuals keep the debt a secret from their partner or other family members, hoping it will resolve itself, or through not wanting to cause anguish to others. Childcare providers might discover this when approaching a parent who is not aware of financial problems of their partner, resulting, for instance, in bounced cheques.

In the case of families owing money to various businesses, they often expect a more understanding and lenient approach from a childcare provider, than for example, a commercial moneylender. Therefore childcare fees can be last on the list for families to commit funds to.

Understanding triggers of debt and its impact can help providers develop ways to work effectively with families. This benefits both the sustainability of the childcare setting and the family's own financial planning.

Whilst providers can be understanding in terms of personal debt, priority must be given to the sustainability of the childcare setting and its ability to provide high quality childcare. Encouraging a 'payment on time' culture when a child takes up a place in a setting is essential.

## Creating and Encouraging a 'Payment On Time' culture

Providers can help parents manage their payments in very simple ways.

## **A simple and clear payment structure with clear policies and procedures**

The first step in avoiding debt owed by families is to provide a clear and concise fee structure and policy. ***Also refer to Charging Policy.***

Fees must be set based on realistic occupancy forecasts and sound business planning.

***When a parent/carer signs a contract before a child takes up a place in a setting, there should be a paragraph in the contract which says the parent/carer agrees to pay fees on time.*** This combined with a clear Payment of Fees Policy can be a powerful way to prevent and/or minimise debt. A sample Payment of Fees policy is included at the end of this information sheet.

## **Effective invoicing systems and methods of payment**

It is essential to ask for childcare fees in advance, ideally a month, but otherwise two weeks. That gives time for any late payments to be addressed. When a payment is late it must be addressed immediately.

### **Highlighting fees are late**

Life today is often hectic and parents/carers often can overlook the fact that a payment is late, the following tips may help to highlight this:

1. Talking face to face diplomatically as soon as late payment arises is the best way to tackle what can sometimes be a difficult issue for both provider and customer.
2. Mark reminder invoices with a fluorescent debt sticker to highlight that payment is late.
3. Use a different coloured paper to print reminder invoices.

## **Advice about support with childcare costs, and sources of help with money management**

Publicising the variety of help that is available to support childcare costs by the use of posters, newsletters and leaflets will help inform parents/ carers.

Free information can be downloaded from the following website:

[www.gov.uk/help-with-childcare-costs](http://www.gov.uk/help-with-childcare-costs)

## **Debt Recovery**

If the unfortunate situation arises when a debt is not paid and all the stages of the fee payment policy have been addressed, a Debt Collection Agency can be used. When considering using a debt collection agency first make sure that they are members of the Credit Services Association (CSA). You can then be certain that you will be in control and your good reputation maintained. Members of the CSA adhere to a strict code of conduct with specific procedures and rules. Debt Collection Agencies work by engaging the person who owes the money (the debtor), they do not confront them. It is this collaborative approach that reaps better results and maintains the creditor/debtor relationship for the future. Unlike any other industry Debt Collection Agencies are only paid on results, so make sure you understand what you will owe them if a successful recovery of debt occurs. It is also worth considering that people who owe money expect to be chased by the organisation they owe money to. Human nature being what it is however, responds much quicker once a third party becomes involved. Somehow the debt then is seen as being much more 'serious' and the requirement to pay more 'urgent'. Using a Debt Collection Agency is a last resort but an important one to ensure a setting remains sustainable. Implementing a 'payment on time' culture with parents/carers as described in this information sheet will help to avoid a debt collection situation.

## Nursery Late Fees Letter

[to all parents]

Dear Parents and Carers,

I enclose a copy of our new 'Late Collection' policy for nursery.

We understand that sometimes, due to circumstances beyond their control, parents are late to collect their children. We would also, however, like parents to understand that late collection comes with a direct cost to the school – we may have to extend staff hours to ensure that children are cared for safely and legally, disrupt lunch breaks and/or cleaning schedules, and /or pay overtime for support staff.

Currently, late collection can cost the nursery up to £50 per week, which adds up to a significant cost over the course of a year – money that could otherwise be spent on resources for the Nursery. As a result, we have decided to implement a system of charging for late collection when it becomes a regular occurrence.

Fees will be termly as follows:

- Up to 5 minutes late – no charge.
- 5-15 minutes late – parents will have 3 'free passes', and then will be charged a £1 fee for each late collection.
- 15-30 minutes late - £2 fee
- 30-40 minutes late - £3 fee
- Over 40 minutes late and no contact from parents/carers - £3 fee and social care will be contacted.

**We appreciate that sometimes there may be circumstances beyond parent / carer control affecting the prompt collection of your child. If you know you are going to be late collecting a child in our care please call at the earliest opportunity and discuss with the nursery teacher the arrangements for the collection. In any exceptional circumstances, the late fee will not be charged.**

We hope that you understand the reasons behind the introduction of this policy, and will support the nursery and the school in ensuring that the limited funds that we have are used in the best possible way for the care and education of the children in the nursery.

Many thanks,

The Nursery Team

## **Reminder Letter 1**

Address

Date

Dear [insert name],

I enclose a copy of invoice number(s) xxxx which is/are overdue for payment.

The total amount outstanding is £

If you feel there is a discrepancy on the invoice please contact me as soon as possible by telephoning (0114) 2554619 otherwise I look forward to receiving your payment by return.

Yours faithfully,

Your Name

Your Job Title

## **Reminder Letter 2**

Address

Date

Dear [insert name],

Invoice Number (s) xxxxxxxxxxxxxxxx

Overdue Amount £xxxx

Despite my previous reminder the above debt is still outstanding. Please note that unless payment is received by [insert date (suggest 7 days)] I will have no alternative but to consider whether the nursery can continue to offer the additional hours to your child(ren).

Please arrange immediate payment and inform the Nursery/School Office once this has been paid.

Yours faithfully,

Your Name

Your Job Title

### Reminder Letter 3

Address

Date

Dear [insert name],

Invoice Number (s) or child(ren) name xxxxxxxxxxxxxxxx

Overdue Amount £xxxx

Despite my previous reminder the above invoice is still outstanding.

We have limited reserves and rely on prompt payment of invoices to ensure we can pay staff wages and provide the resources the children need and enjoy.

It is with regret that unless payment is received by [insert date (suggest 7 days)] we will not be able to offer your child(ren) the additional nursery hours from [insert date].

Please contact the Nursery Manager and / or myself to arrange a payment plan to clear the outstanding debt.

Yours faithfully,

Your Name

Your Job Title