Fees Policy



**References**

**Early Years Foundation Stage** (DfE, Sept 2017)

<https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/596629/EYFS_STATUTORY_FRAMEWORK_2017.pdf>.

Statutory information has been taken from the following source – [www.foundationyears.org.uk](http://www.foundationyears.org.uk).Information sourced from the Department for Education has been reproduced as per the Open Government Licence for Public Sector Information, which can be viewed on the following website – <http://www.nationalarchives.gov.uk/doc/open-government-licence>.

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**HMRC website** - <https://www.gov.uk/topic/business-tax/self-employed>.

**General Data Protection Regulation** (GDPR, May 2018) detailed on the ICO website - <https://ico.org.uk>.

Advice should be sought from the ICO helpline if any details remain unclear – 0303 123 1113 (local rate call).

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**Introduction**

It is not a requirement of the EYFS or Childcare Register to have a Fees Policy – however, established providers will tell you that they would not work without one!

A Fees Policy protects you and your business from non-paying parents be setting out exactly when you expect to be paid, what you expect to be paid for and what will happen if you are not paid.

You should read this Fees Policy alongside the Information Guide ‘Debt Management’ from Childcare.co.uk here –

[https://www.childcare.co.uk/information/provider-plus](https://www.childcare.co.uk/information/childminder-plus)

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**Contents**

* **Guide to writing a Fees Policy** - you will notice that the Fees Policy follows the same layout as the contract. This will make it easier for you when you are working through the contract and the Fees Policy and explaining fees to parents.
* **Updated information re forced closure –** **04.2020**
* **Sample Fees Policy** – You need to work through the sample Fees Policy, section by section, using the guidance notes on pages 1 - 8. Make sure you understand every section - ask if you are unsure.

We have used *italics* to indicate the sections that will need changing to show YOUR fees.

If you are using the Word version of this document (for [www.childcare.co.uk](http://www.childcare.co.uk) gold members) you can remove the italics by highlighting the text and clicking the ‘I’ button in your Microsoft Word ‘home’ menu.

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**Fees Policy – guide to writing**

It is important that you write a robust Fees Policy and read through it, section-by-section, with parents so they are absolutely clear, in the initial stages of your contract, about your fee terms and conditions. This will prevent uncertainty in the future, especially if there is a contract or fees dispute.

Most providers set aside a half hour appointment, preferably without children so everyone can concentrate. Use the time to go carefully through the contract, Fees Policy and other required documentation.

**Opening statement -** you are self-employed (as a childminder) or a small business (as a nursery) and you need to set your own fees. It is important that parents read through your Fees Policy very carefully and understand exactly what is expected of them.

If fees are not paid you are within your rights to immediately terminate care and take legal action against parents to recover fees (if you have not taken a deposit to cover this possibility).

Remind parents that legal action might affect their credit rating in the future.

You should use your Fees Policy to talk about the following –

* **Retainers**, **deposits** and **settling-in arrangements** – please see ‘Contracts, Retainer, Deposit & Settling-In’ for more information.
* **Registration fee** - some providers charge a registration fee to cover paperwork and initial information sharing and some don’t - it’s up to you as you are self-employed. If you do charge a registration fee, you must state this clearly in your policy, including the fact that it is non-refundable and should be paid by cash / cheque etc depending on how you accept payment.
* **Settling in sessions -** most providers offer 2 x 1 hour free settling sessions to see how the child settles. These sessions are an important part of a child’s transition into your care. You might want to tell parents that if they would like to book further settling in sessions these will be charged at your normal hourly rate and you expect them to be paid in advance.

To keep your options open you might also state that you reserve the right to ask parents to bring their child for further short settling in sessions if the child does not seem to be settling well.

**Retainers…** A retainer may be charged if a childcare place is immediately available but the child’s parent does not want to take the place until sometime in the future when they are ready. Retainers are for the provider to keep **unless** the place is not available when the parent wants it, in which case the retainer must be repaid in full.

You cannot charge a retainer for an unborn baby. 

**Deposits…** The parent and provider decide when a place is available / required and the parent pays a one-off payment to hold the place open until then. The payment might be a week or month fees. If the contract is changed and a deposit is held, it should be adjusted to ensure you have fees in your bank account in case of non-payment.

The deposit can be repaid to the parent out of the first month’s fees BUT it is often held by the provider until the end of the contracted period. If the place becomes unavailable or the terms of the contract are changed, the provider must refund the full deposit. If the parent decides they don’t want the place, the provider keeps the money.

It is good practice to put deposits in a separate bank account so they are not spent because it can cause hardship if a contract ends suddenly and parents want their deposit back, especially if the deposit held is for a lot of money.

**Settling-in agreements**

A 2 - 4 week settling-in period is recommended. This allows you to find out more about the child and their family –

* Are they proving to be reliable?
* Do they pay your fees on time?
* Do they arrive and leave on time?
* Can you work with them?
* Is the child settling in well or are there problems that need to be resolved?

You should state that you reserve the right to extend the settling-in period if the child is, for example, not settling.

You can use other documentation such as your Welcome Booklet to discuss details about meal times, overtime, holidays, other payments etc. This will help keep the Contract documents shorter and more manageable.

Sample retainer – deposit and settling-in agreements to follow…

**Updated information – 04.2020**

**Making changes to Contracts and Fees Policies for ‘force majeure’ incidents**

A lot of providers have been asking recently about the option revise their Contracts and Fees Policies to include a clause requiring parents to pay if they are closed down in exceptional circumstances, such as by the government, as is happening at the moment.

Contracts and Fees Policies do not typically include an exceptional circumstances clause which requires parents to pay for childcare in the event of, for example, government closing down childcare settings. Why would they? This situation has never happened before and it wasn’t something we could ever anticipate happening.

As a general rule, events like war, riots and global pandemics are considered to be ‘force majeure’ events which means that the normal contract is invalid and legal advice states that changing the contract / Fees Policy wording to include a new clause about ‘force majeure’ events would not be legally enforceable in the courts.

However, if you do want to add something to your contracts, bearing in mind it’s not legally enforceable (and may be considered by some to be morally wrong), the following wording might be used –

‘The parent agrees and accepts that this Contract and attached Fees Policy will not be voided by riots, civil unrest or commotion, pandemic, social “lockdown” or strike action.  In these circumstances, the childminder reserves the right to charge the parent a retainer, in the form of a reduced amount of ....% of their normal weekly / monthly fee for the duration of the closure. If parents do not pay the retainer fee, please bear in mind that your child’s space may not be available on your return.’

In my opinion, a conversation with parents would be better than a legally unenforceable clause in a contract / policy – ask parents if they are in a secure enough financial position to support you with paying a retainer while you are closed and respect their reply. At the same time, I recommend taking steps to ensure you have some money in savings, in case of exceptional circumstances in the future.

Deposit Record

Child’s name - Date of birth -

**Deposit**

A deposit of £ has been paid to secure a future place for -

The place is anticipated to be available from w/c -

When the place has been accepted by parents, the deposit will be returned to parents on the first invoice.

Parent/s signature – Date –

Provider signature – Date –

Settling-in Agreement

Free setting in sessions are offered as follows –

A settling-in period of: 3 sessions are offered with using them once weekly.

During this period the contract may be immediately terminated by parents or provider without prejudice.

The provider reserves the right to extend the settling in period if this is felt to be in the best interests of the child.

Parent/s signature – Date –

Provider signature – Date –

**Working out your fees**

The following advice has been written after consultation with early years providers throughout the country. It is recommended that you check local prices before setting your rates to make sure you are competitive while not undercutting your local colleagues –

**Hourly fee** - most providers offer an hourly fee - sometimes with a minimum number of hours a day. If, for example, a parent asks you to provide ½ hour care for their 5 year old in a morning, taking the child to school and providing toast and a drink... would you be prepared to do it for them? You need to anticipate this sort of request and include the information in your policies.

Do you intend charging by the hour or the half hour? Providers do different things - some always round charges up to the next hour - others allow 10 or 15 minutes leeway before charging a full hour.

**Daily fee** - what hours do you think make up a ‘day’? 8am to 6pm is the normal 10 hour working day for most providers but you might want offer different hours.

**Weekly fee -** some providers offer a slightly reduced rate for a weekly fee. For example, 5 x 8am - 6pm days might be, for example, a £30 day rate but a £140 weekly rate. You need to think about whether this is something you want to offer.

**Reduction for siblings** - some providers offer a reduced rate for siblings. We have not included it on this contract but there is space for you to hand write it in.

**Your hourly / daily rate**

Explain to parents exactly how you calculate your fees so there are no misunderstandings. Here is some suggested wording if you round up fees by the half hour **–**

*Fees are rounded up to the ½ hour. For example, if a child is booked to attend from 9 am to 5.30 pm, 8 ½ hours will be charged; if a child is booked to attend from 9 am to 5.30 pm but the parent arrives at 5 pm, 9 ½ hours will be charged; if a child is booked to attend from 9 am to 5.30 pm but the parent arrives between 5.30 pm and 6 pm, 9 ½ hours will have been charged in advance and ½ hour will be invoiced at the booked or non-booked overtime rate, at the end of the month for payment by the end of the first week of the following month (see notes about overtime).*

The Attendance Register\*, which must be completed at the beginning and end of each session, will show the exact time each child arrives and leaves the premises and can be consulted at any mutually agreed time in case of a query over hours. Advise parents that if they would prefer to fill in the register at the beginning and end of their child’s sessions they need to let you know.

\*Please see ‘Attendance Register’ guide for more information.

**Additional charges**

Again, this information has been provided by providers throughout the country. You might find that some of the suggestions are not appropriate for your area of the country - for example, my parents (in the north of England) will not and have never been expected to, pay for my holidays but I know southern providers who charge families for 52 weeks a year!

This section of your Fees Policy should follow the layout of your contract, so that you can work through it with parents and you don’t miss anything important –

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| **Provider holiday** £ - not normally charged; some providers take up to 2 or 4 weeks unpaid holiday a year (for example - between Christmas and New Year, a week at Easter and another in the summer) but if parents take further time outside these weeks they are charged half or full fee; some providers close for 1 or 2 weeks over Christmas and do not charge; some providers charge half fee for all holidays (provider and parent); some providers charge full fee x 52 weeks a year regardless of holidays (provider illness refunded). |
| **Provider illness** £ - not normally charged.  You might state in your policies that you will let parents know as soon as possible and practical and that you will try to help them find alternative care if you are ill. However, make sure you do not make any guarantees because colleagues might not have any spaces. |
| **Provider occasional days off** £ - not normally charged. |

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| **Early arrival / late collection** – must be charged at a ‘reasonable amount’.  Colleagues shared the following costs - £1.50 / 15 minutes; £2.50 / 15 minutes; hourly rate per half hour; hourly rate per 15 mins; time and ½ per 15 mins; double time for every minute; £5 late fee plus one-hour fee; unsociable hours rate of £xx per hour once parent is xx minutes late; first 5 minutes allowed then £x per 15 minutes.  Check local rates for appropriate fees. |
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| **Child / family holiday** £ - normally charged either full or half fee; some providers allow families to take 2 or 4 weeks unpaid holiday a year and charge if more are taken.  Remind parents that if they book a space and you are able to offer their child that space, then it will be included on your invoice.  Parents should also be advised about any notice period for letting you know about holidays - and you need to let them know what will happen if they do not tell you of their holiday within the notice period. Do you want this information in writing or is verbal acceptable?  You might ask parents to give as much notice as possible of family holidays and days off. You might also state that if 2 / 4 weeks’ notice of holidays is given they will not be charged. You should check what your local provider colleagues do in these circumstances.  This is something which must be carefully negotiated with parents and might be a ‘deal breaker’ for some parents and lose business, especially if other providers in your local area do not charge, so you should think it through carefully. |
| **Child / family illness** £ - normally charged full fee.  You might have an illness / sickness policy to share with parents or you might include this information in your health and safety policy (which is one of the required policies). Remind parents that they must not ask you to make doorstep decisions about the health of their child and whether they can attend.  Carefully consider when you exclude a child. For example, do you charge if you exclude for head lice? What about if a child has a lot of medical appointments because they are disabled? |
| **Parent occasional days off** £ - normally charged full fee. |
| **Bank Holidays** £ - most providers do not want to work Bank Holidays so do not charge; some providers charge full or half fee if the Bank Holiday falls on a contracted day - but remember that you should then be prepared to work; others only charge if worked at full fee or time and a half - check local rates.  If you do charge for bank holidays, consider what you will do for Christmas and New Years Day because these are statutory holidays but are probably part of your annual holidays - will you still charge? Would you be happy to work if asked? |
| **Booked overtime** £ - most providers charge a normal rate unless it is unsociable hours.  Some providers ask for a notice period for booked overtime - 24 hours is usual. |
| **Non-booked overtime** £ - most providers charge a premium rate after 10 or 15 minutes.  Remind parents thatbooked overtime is not always available as you are legally required work within Ofsted ratios and that you are required to inform Ofsted and your insurance company if non-booked overtime takes you over your ratios. Think about when you will invoice for overtime - on the next bill or some providers state that non-booked overtime must be paid in cash on the day. |
| You might suggest parents consider possible late collections when booking contracted hours, so that non-booked overtime / late fees are not incurred. Remind parents that it is important they let you know if they are going to be late, so you can reassure their child.  If you ask for a notice period of 24 or 48 hours for booked overtime, then you can state that if the notice period is not given as advised, your non-booked overtime fee is payable. |
| **Provider training days** x …… days @ £ - some providers charge full or half fee for up to 4 / 5 training days a year. This seems to be more common in the south of England. I know my northern parents would laugh at me if I suggested they paid me not to work! |
| **Holding / wrap around care fee** while child attends nursery or pre-school £ - most providers charge full or half fee while a child is in another setting (not full time school) to keep the child’s place open. This does not apply once the child starts full time, 10 sessions a week school because they are then ‘rising 5’ and their space can be filled by another early years child.  Consider when you charge from and to when billing wrap around care. For example, you might charge from when you pick up the child or from when you leave the house. |
| **Collection / drop off fee** *-* some providers charge per trip and others charge their normal hourly rate. Note that you cannot invoice a parent for petrol / diesel because that would make you a taxi.  **Payment in case of forced closure -** the following wording has been suggested. Please not it is not legally binding but may provide you with some protection if parents choose not to pay for their child’s space during a mandatory close-down –  ‘The parent agrees and accepts that this Contract and attached Fees Policy will not be voided by riots, civil unrest or commotion, pandemic, social “lockdown” or strike action.  In these circumstances, the childminder reserves the right to charge the parent a retainer, in the form of a reduced amount of ....% of their normal weekly / monthly fee for the duration of the closure. If parents do not pay the retainer fee, please bear in mind that your child’s space may not be available on your return.’ |

**Outings** - where possible you should agree to discuss outings with parents in advance - especially if they are going to cost parents money. Other things to consider -

* Do you want to ask parents for extra money for outings? What about expensive outings in the summer holidays? How much of your own money are you prepared to spend if you take children to toddler groups every day?
* Will you charge for special outings, but not routine ones?
* If you decide to charge parents for outings, - what if one family refuses to pay? Will you still take the child on the outing? What about planned follow-up activities - how will you handle those sensitively if the child has been excluded? Remember if you do not take the child with you, then you are effectively withdrawing care for the day so will not be able to charge.
* Some families cannot afford to pay extra for outings for their child without a lot of notice.
* When do you want parents to pay for outings (if you charge extra)? For example, some providers state that outings will be billed at the end of the month for payment with the invoice.

**Food provision** - providers organise their food provision in different ways -

* Provider supplies all meals, drinks and treats included in fees.
* Parent - packed lunch requested (advice about appropriate contents given).
* Parent - all food chargeable per meal per child.
* Bit of both - snacks and drinks free - lunch and dinner charged.

**Funded sessions –** if you are registered with your Local Authority to provide the 15 hours funding for 2 year olds or the 15 / 30 hours funding for 3 and 4 year olds you will need to discuss how this works in detail with parents. You must have written information about any extra fees you will charge. You need to think about –

Local Authority payment shortfall

* Charging for food
* Charging for outings
* Charging for or asking parents to provide extras such as nappies and baby wipes
* Charging an ‘on call’ fee if you cannot fill your space while the child is at another setting.

Most providers have a separate written ‘Funded Fees Policy’ for this.

**Part-time care -** you should normally aim to be flexible and offer part-time care, however in order to deliver the Early Years Foundation Stage (EYFS) you might state that you require payment for a minimum of so many hours per child per session.

Some providers ask for payment for 2 hours per session - others for 8 or 10 hours a week.

**Extra expenses -** where possible, extra expenses should be agreed in advance, however this is not always possible. Sundry expenses might include ice creams, sun cream if not supplied by parents on a hot day, emergency supplies of nappies or baby food etc.

State when you will invoice for extra expenses and when you expect your invoice to be paid.

**Term time only** - will you charge a ‘holding fee’ to parents (teachers often want term time only care) during the holidays to keep the space open? Some providers care for children of teachersand know that teachers are paid pro-rata through the year... will the teacher be happy to pay to keep their child’s space open through the holidays or will they want to send their child - what will that do to your ratios if you run a holiday club or have extra children through the school holidays?

Another consideration for term time only contracts - what if school is closed for teacher training / inset or snow days? What will you charge under these circumstances?

**Holiday provision only** – when children are in school and you offer holiday provision only, a term-time holding fee is not normally charged.

**Averaging fees** - do you offer to average fees out over the year or is this a service parents want you to offer? What happens if the child’s days / hours change or if they leave mid-year? How will you make sure you have secured your income?

**Rates when a child is at school** - normally providers do not charge a holding fee once a child is ‘rising 5’ - in full time reception class at school.

**The last section of your Fees Policy**

This section should cover other fees information you have not talked about elsewhere including -

**Paying fees** - you need to let parents know when your fees are invoiced. Here is some suggested wording - ‘Fees are billed at the end of the month payable on the first week of the following month or at the end of each week, payable the Monday of the following week. Fees cover all contracted hours for the following month and are normally payable in advance. If you are happy to give them the option, some parents might prefer to pay weekly in advance.’

Remind parents at this point in the policy that the hours charged are the hours held by you for their child’s sole use. Contracted hours are payable regardless of late arrivals, early collections, illness, occasional days off etc (see notes about booking holiday).

**Payment options** - state payment options. Do you accept Bank transfer (BACS), cash, vouchers or a combination of these methods? Are you happy to accept cheques - which might bounce?

Remind parents that you cannot refund voucher payments because of tax implications - if an overpayment occurs they will need to adjust the amount they pay you. Advise parents that they are responsible for paying you - not tax credits and not voucher companies. If tax credits, Tax Free Childcare or voucher payments are late, you expect to be paid from the parents own account.

**Payment date** - state exactly when you expect to be paid - weekly / monthly / in advance / in arrears. We strongly recommend that you request to be paid in advance.

**Unpaid fees -** either those paid in advance for contracted hours or those billed at the end of the month for payment with the invoice will be charged at a late payment rate of £xx per working day, to a maximum of £xx. A lot of providers give some leeway for parents - a late payment rate of £5 per day to a maximum of, say 5 days (or £25) after which the contract is terminated. Your insurance company will tell you that late fees must be ‘reasonable’.

You shouldreserve the right to suspend and / or terminate the contract with immediate effect and to seek legal advice if fees remain unpaid.

**Contract termination** – state that all fees must be paid in full before the contract is terminated. Contract termination must be in writing giving xx weeks’ notice - some providers ask for 2 weeks’ notice - some 4 weeks and others 28 days. Many providers state that the termination period does not include holiday days / weeks.

The termination period is chargeable at the normal rate. If any fees are outstanding, including any fees in lieu of notice, remind parents that they will be acting in breach of contract. In such an instance you should reserve the right to seek legal advice. Advise parents that if any of the contractual agreements are broken the contract may be terminated immediately.

If you intend charging and retaining a deposit, you will need to talk about how the deposit will be used as payment towards the child’s final fees - minus any overtime or other charges which will be invoiced.

If parents refuse to put it in writing it is recommended that you write a letter and send it to them with proof of posting, confirming last working day and any unpaid fees.

**Fees review -** fees are normally reviewed annually either all at the same time (choose a month) or a year after writing the contract. Any increases will then be applied to the next monthly invoice. Parents are normally given notice of at least a month of any intention to raise fees, so they have sufficient time to inform Tax Credits and update bank transfer or voucher arrangements.

**Help with fees –** give parents advice abouttax credits / Universal Credit – they might pay a percentage of childcare costs, depending on joint family income. Some families are also eligible to apply for Tax Free Childcare including self-employed families – from early 2017.

More advice can be found here - <https://www.gov.uk/help-with-childcare-costs/approved-childcare>.

If parents need help with claiming Tax Credits or other benefits (letters writing, confirmations of invoices / amounts charged etc), they should let you know. inform them that they are responsible for paying you – not the Govt.

Information about Tax Free Childcare here –

<https://www.gov.uk/government/news/tax-free-childcare-10-things-parents-should-know>.

**Problems paying fees** - ask parents to let you know as quickly as possible if they are having problems paying their child’s fees. Explain that you would much rather work with them to resolve the issues than have to cause a child upset and trauma by terminating their contract.

**Useful information to include**

Remind parents that booked sessions are reserved for their child’s sole use. This means that you are unable to care for another child on the days and sessions that a child is due to attend. This also means that you charge full fees if the child is dropped off late or collected early... and you do not swap days or hours around... you charge full fees for all booked sessions and overtime if extra sessions are required. Make it clear that you will always invoice parents for booked sessions unless you are ill / on holiday and unable to provide a service.

**If you change your mind -** parents need to let you know as soon as possible if they change their mind about their child’s care so you can make plans and support the child with the transition. It is good practice to build a 2 or 4 week settling in period into contracts and to work through exactly what happens to any money paid up front if parents or you terminate the contract early. You also need to be absolutely clear about what they will pay you if they terminate their child’s care so there are no misunderstandings later.

Terms & Conditions - guidance

It is not a requirement of the EYFS or Childcare Register to have Terms and Conditions.

However, it is generally considered important to include a ‘Terms and Conditions’ document with your Fees Policy. Your Terms and Conditions should be personal to you and the ways you work. You need to be clear with parents - failure to comply with any of your Terms and Conditions may lead to immediate termination of the Contract. If you state this, then you will be able to follow up on any statements you make such as ‘if you do not pay me I will end the Contract’ without worrying that you are breaking the law.

Immediate Contract termination reasons often include -

* + Non-compliance with policies and procedures eg regularly bringing a sick child
  + Non-payment of fees\*
  + Child behaviour which does not improve after consistent support from parents and provider
  + Parent behaviour which is not conducive to a safe working environment
  + Non-compliance with the Contract.

This list is not exhaustive.

\***Note** – you will find a comprehensive guide to debt collection on the Childcare.co.uk website here –

[http://www.childcare.co.uk/information/provider-plus](http://www.childcare.co.uk/information/childminder-plus).

Think about what you want to cover in your Terms and Conditions carefully and try not to duplicate information you have written elsewhere unless you think it is very important that the information is repeated eg you might want to emphasise as part of your Terms and Conditions that non-payment of fees is a reason for immediate termination of Contract, even though that information is already included in your Fees Policy.

**Note** - we have given you an option of how many days before terminating a Contract for a child who does not attend. This is because some children might be on a flexible Contract and 5 non-attendance days might stretch over a long period. You need to protect your income and be able to advertise your spaces quickly in this type of circumstance.

We have given you tick boxes for notice period because we know that all providers have different notice periods.

Here is a sample Terms and Conditions - you can use it ‘as is’ or you can write your own, using this as a guide...