

FEE POLICY

There are many benefits for you and your customers by having a clear written fee policy.

Details to consider including in your policies:

- Details of all charges including standard fees, administration or joining costs, any discounts available, details of when the fees are reviewed, late collection charges etc.
- Billing procedure including when invoices are issued, when payments are due and details about late or non-payment procedures and how the nursery manages bad debt (see below)
- Financial difficulties statement – some nurseries like to encourage parents to get in touch with managers if they unfortunately find themselves in financial difficulties
- Absence/Holidays – do you have holiday entitlement, or holiday payment breaks? What happens if a child is ill, can they still expect to be charged?
- Emergency closures – what if the management decides to close the nursery, for example snow days, or other emergencies. Can parents expect to be charged?
- Changes or adjustment in regular attendance – what notice period would you like?
- Free entitlement – details of the Free entitlement and how they can access it at your setting

By ensuring these are all clearly understood from the beginning, it makes it easier to enforce, improves payment collection and limits potential stressful and awkward situations between staff and customers. Ensure customers have read, understood and signed an agreement to these terms.

Fee Policy and Bad Debt management procedure guide for Early Years settings

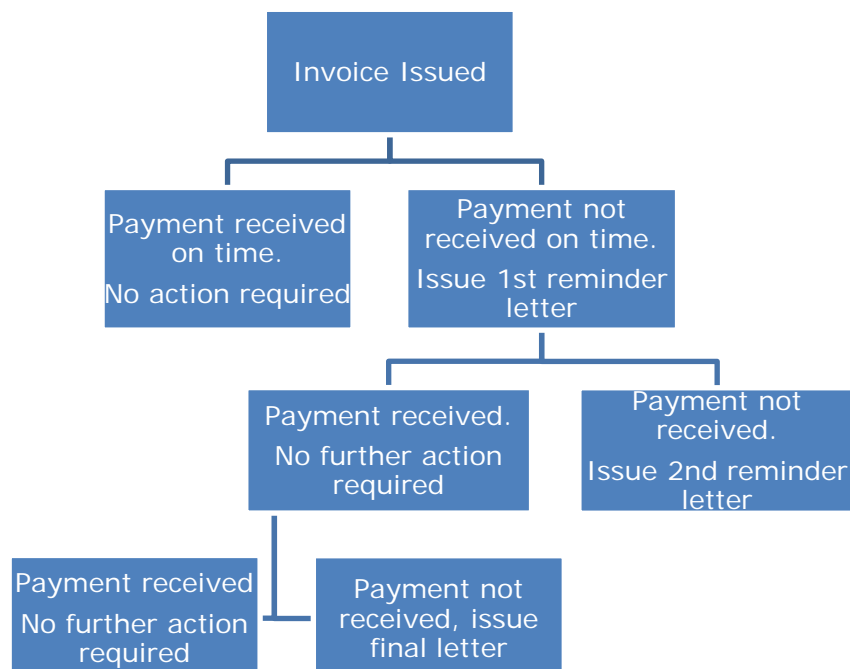
BAD DEBT (customers not paying)

Bad debt can have a critical effect on your cash flow and therefore is a risk to the sustainability of your business. As part of a fee policy, it is important to have a written procedure for recovering any unpaid fees. This again sets an expectation that your business will follow procedures to recover any unpaid fees and that not paying a bill on time is simply not acceptable.

Here is an example flow diagram of a 3-letter non-payment or late payment control process.

You may choose to have fewer than 3 letter stages and the timing between reminder letters is up to you. However, be aware that during the time between the invoice due date and the final reminder letter, a customer continuing to use your service throughout this period could be incurring more debt. The purpose of this process is to encourage prompt payment.

A detailed list of outstanding invoices should be kept and monitored at regular financial meetings.



Example 1st reminder letter

<Date>

Dear <parent>

Our records show that there is an outstanding balance of [£xx.xx] on your Nursery fee account. This is from your invoice [INVOICE NUMBER], which was due on the [DATE].

As we have not yet received payment for your child's Nursery fees, a late payment charge of [£xx.xx] has been applied to your account as per our 'Late Payment' section of our fee policy.

Please make payment for the total of [£xx.xx] in the next 7 days to avoid any further action.

If you are experiencing any difficulty paying your invoices then please let us know so we can discuss options to help you.

If you have any further questions please do not hesitate to contact me on 01234 567890.

Yours sincerely, Nursery Manager

Example 2nd reminder letter

<Date>

Dear <parent>

Further to our letter dated on [DATE], there is still an outstanding balance of [£xx.xx] on your Nursery fee account.

As per our Fee Policy we now ask that you do not bring your child in to Nursery until your outstanding balance is paid in full.

Please can you contact me on 01234 567890 to discuss your account.

Failure to do this within 7 days from the date of this letter will result in your child's place being withdrawn and your outstanding balance being passed to a debt recovery agency.

Yours sincerely, Nursery Manager

Example final reminder letter

<Date>

Dear <parent>

Further to our letters dated on [DATE] & [DATE], there is still an outstanding balance of [£xx.xx] on your Nursery fee account.

As you have not attempted to make any form of contact with us, we have no other option than to follow our Fee Policy and to remove your child's Nursery place and to refer your outstanding balance to a debt collection agency.

If you have any further questions or wish to discuss this decision, please contact me on 01234 567890.

Yours sincerely, Nursery Manager