**Early Years**

**Payment and charging policy for childminders**

**Business Bites - Payment and charging policy essentials**

A payment policy lets your customers know what you expect of them and what they can expect of you. A well-crafted policy will prevent customers from being surprised about their financial obligation when they receive your services. It will also give your company some legal protection should a customer fail to pay what you are entitled to collect.

You should tailor your policy to your company making sure to address as a minimum the following elements:

* How often and when do you normally invoice – weekly, monthly? What period does it cover and what day do you issue invoices – e.g., 28th monthly covering period from and to
* When is payment due – e.g., 7 working days from date of invoice or should they pay on receipt of invoice?
* How do they pay? Cash (not recommended), standing order/direct debit, debit card? It is recommended that you set up an easy and straightforward way of receiving payments. This will help you to manage your cashflow more effectively and avoid late payments
* Arrangements for holiday periods e.g., place retainer of 50%
* Registration fees – are they a one-off charge to cover administration and reserve place? Or are they reimbursed against first invoice, or credited once final payment is received?
* What is your policy on non-payment of fees/charges e.g., process, timescales and what is the outcome of non-payment?
* Any discounts available e.g., for second or subsequent children
* **Children accessing funded places** - ensure your policy meets the requirements with the Provider Funding Agreement for example making it clear what the funded hours are at no charge, additional hours, and no artificial breaks. Further information can be found via the website <https://www.coventry.gov.uk/early-years-childcare/early-years-pvi-providers-2-3-4-year-old-early-education-funding>

**Make sure that every customer reads, understands and signs the policy to say that they agree to the terms within it.**

**To think about …**

* If anyone exceeds the payment terms (that should be clearly laid out in the policy) think about how you are going deal with it. Review each case individually – there may be problems that you can help with by agreeing reasonable payment terms with parents
* You could offer discounts for prompt payment but make sure that this is costed into your budget and cashflow forecast
* Imposing penalties for late payment – be clear about what the timescales are and how much they will have to pay and when.
* Parents may often delay payment – this may be a danger sign so be aware
* Sending parents reminder (e.g., via text) just before payments are due

**Everyday credit control …**

* Invoice promptly and try to make it on the same date so that parents know when to expect it
* Set aside a regular time weekly/fortnightly to check and chase outstanding debts
* Use phone or text to contact late payers asking for the reason for the delay and when you might expect payment
* Acknowledge part-payments and remind when next payment is due
* Keep records of all conversations and agreements
* Be consistent in the application of your policy and process

**Keeping regular checks and balances**

Good credit control should be part of a well-organised bookkeeping and accounts process for your small business. Whatever system you use should help you to run your business efficiently and help save time.

HMRC have provided a list of recommended cloud software packages for small businesses [here](https://www.gov.uk/government/publications/record-keeping-and-simpler-income-tax-applicationssoftware/simple-record-keeping-applications-commercial-software-suppliers)