

## Childminders and late payments

Late payments cause damage to your business – even if you don't go into banking arrears because you are well organised and have money in reserve 'just in case', late payments strain relationships between childminders and parents and childminders and their families - and can damage outcomes for children if notice is given as a result of late payment of fees.

The most important ways to protect your business from late payments are to –

- Take a deposit before the child starts in your care and hold it in your bank account (a separate account is often used) until the last week / month of the contract when it is either retained against the last invoice or repaid to parents;  
Note - make sure the deposit you hold covers a week / month of payment (depending on your payment terms). If children's hours / days change you might need to change the amount of deposit you hold;
- Request payment in advance and make it clear in your terms and conditions that no payment = no childcare once the deposit has been used up – until a new deposit has been paid and arrears have been cleared;
- Sign contracts and give parents a fees policy before the child starts in the provision – a clearly written contract should state payment expectations – how much you charge and the payment due date. A contract is a legally enforceable agreement and you will be able to use it in court should you need to reclaim fees from a parent;  
Note – it is essential that you have a well written, robust fees policy which is shared with parents before care starts and which states exactly what will happen in the event of late payment of fees;
- Provide parents a copy with your terms and conditions which clearly state that (as one of the terms and conditions) if parents do not pay your invoice, you reserve the right to immediately terminate care and seek legal advice;
- Sit down with parents and explain your contract, fees policy and terms and conditions verbally before they sign. Make sure they understand their responsibilities to pay you promptly in advance for care they have booked for their child – and in arrears for overtime and extra agreed expenses;
- Give parents a clearly written or typed weekly or monthly invoice (payment terms to be agreed on the contract) that repeats your payment terms and notes when payment must be made.

If parents do not pay within the terms and conditions of your business, they are breaking the terms and conditions of the contract they signed with you. A late payment penalty can then be charged IF it has been agreed by parents before care starts. It is important that you follow your own terms and conditions and charge a pre-agreed amount for a pre-agreed timescale after which time childcare is withdrawn and you seek legal advice.

## **Chasing late fees**

You also need to think about how you will chase late fees. It is generally accepted that texts and Facebook messages are not professional when dealing with money (unless this is the only way of contacting parents). The professional way of managing late payments is to write a letter to parents which states the following –

Your address

The date of the letter

Dear parent(s)

Further to my invoice of \*date\* I note that payment of £xx has not been received. I have attached a copy of your invoice for your reference.

As stated in my terms and conditions, I charge a late payment fee of £xx per day and if full fees are not received with xx days\* of the date of your invoice, I will have no alternative but to terminate care.

\*Note – a week, 2 weeks or a month is normally an acceptable period of time to wait for payment before legal advice is taken. You need to agree this with parents before care starts.

Therefore, a late payment penalty of £xx per day will be added to your invoice, to a maximum of £xx, after which your contract will be terminated on \*date\*.

Please contact me urgently to discuss this situation. Thank you.

Your name.

## **Further advice can be sought from –**

Your insurance company – all childminder insurance companies have free legal help lines.

Free guide advising what to do if you are not paid –

<http://www.childmindinghelp.co.uk/freeresources/Free%20downloads/nonpayingparents.html>.

There is a free contract, fees policy and terms and conditions here for all childminders (you will need your free member log in details) –

<http://www.childcare.co.uk/information/childminder-plus>.