

Guidance for applying additional charges for funded children.

Government funding for the early years entitlements for 3 and 4-year-olds is intended to cover the cost to deliver 15 or 30 hours of free, high quality, flexible childcare. It is not intended to cover the costs of meals, other consumables, additional hours, or activities.

Optional additional charges can be charged to cover these costs and parents should therefore 'expect to pay' for these.

Providers must include additional charges in their published policies so that parents understand where additional charges will apply. Providers should be open and transparent with parents regarding why additional charges are required, making it clear that government funding only covers basic running costs and optional additional charges are requested to make sure your setting is sustainable and can remain open.

Key points to consider:

- There is no definitive list of what can be included under additional charges, but could include meals, trips, wipes, sunscreen, extra classes, groups or activities, nappies, suncream, Forest Schools, or seasonal/festive craft activities, etc.
 - You are not required to provide a definitive list. It is acceptable to say, 'Additional charges cover all costs not included in the cost to deliver the free entitlements such as meals, other consumables and activities.'
 - If you choose to list chargeable consumables and activities, it's worth stating that the list is 'not exhaustive'.
- **Additional fees must be 'optional'** and should not be included in the hourly rate, as this would be considered a 'top up' fee.
- Providers must have a funding policy that covers additional charges and sets out how the provider will respond if a parent is unable or unwilling to pay optional additional charges. This policy should include alternative options such as:
 - providing their own meals and consumables
 - reducing or waiving costs
 - details of when additional charges will apply

This policy should not:

- remove or limit access to the free entitlements
- introduce artificial breaks in the day for parents unwilling or unable to pay
- The setting's funding policy must be published and made available to parents so that parents understand which hours/sessions can be taken as free provision and where additional charges will apply.
- Providers should give special consideration if applying additional charges to 2-year-old funded children and the most disadvantaged families who may struggle to cover additional costs. Pacey suggest adding a covering statement to your funding policy - such as 'If you experience difficulties meeting the cost of additional services, please discuss this with us.'
- Parents must have agreed to the fees and the terms and conditions of your funding policy and should be included in your contract. Note that this includes where children are not yet able to access the free entitlements, as you must not introduce 'new' terms and conditions when younger children become eligible for funding.
- Please contact the Early Years Team for advice and support if you are considering introducing additional charges.