

Guidance for applying additional charges for funded children

The rules on charging additional fees for children accessing the early years entitlements are set out in:

- Paragraphs A1.30 to A1.40 of the Statutory Guidance for Early Education and Childcare (April 2024)
- Section 16 of the Provider Agreement 2024

1. Additional fees for additional costs

- 1.1. Funding for the early years entitlements covers the cost of providing the entitlement hours only.
- 1.2. Funding for the early years entitlements does not cover the costs of meals, other consumables, additional hours, or additional activities. For example:
 - 1.2.1. meals and snacks
 - 1.2.2. consumables, such as nappies, wipes, sun cream & seasonal/festive craft activities
 - 1.2.3. services such as trips, forest schools and specialist tuition.
- 1.3. Parents should expect to pay additional fees to cover costs of meals, other consumables, additional hours, or activities
- 1.4. Additional fees must be based on additional costs incurred.
- 1.5. Additional fees must not be used to top up the difference between the rate you want to charge and the funding rate the council pays you
- 1.6. The funding rate you receive for a child does not change the cost of meals, consumables, additional services or additional hours.
- 1.7. As per A1.34 of the statutory guidance, additional fees must be consistent across all funded children in your setting.
- 1.8. Additional fees must therefore be the same for all funded children with the same additional costs, regardless of their age or the funding you receive from the council.
 - 1.8.1. For exceptions to this rule see Section 3 below

2. Additional charges policy

- 2.1. Additional charges must be published in your policies so that parents understand where additional charges will apply.
- 2.2. You must be open and transparent with parents regarding why additional charges are required, making it clear that:
 - 2.2.1. Government funding only covers the cost of the childcare hours.
 - 2.2.2. Additional fees are charged to cover additional costs.
and explaining:
 - 2.2.3. The impact of not charging additional fees would have on your childcare offer.
 - 2.2.4. When additional fees will be charged and how much they are

Note: Do not refer to the additional fee as a sustainability fee, it is an additional fee to cover additional costs

- 2.3. 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 early years entitlements such as meals, other consumables, and activities.'
- 2.4. If you choose to list chargeable consumables and activities in your policy, it is worth stating that the list is 'not exhaustive'.

3. Additional fees must be optional

- 3.1. Additional fees should not be included in the hourly rate, as this would be considered a 'top up' fee.
- 3.2. You do not need to advertise the additional fee as optional, however, your funding policy must include options for alternatives to additional charges.
- 3.3. Options may include:
 - 3.3.1. parents providing their own meals and consumables
 - 3.3.2. reducing additional fees
 - 3.3.3. waiving additional fees
- 3.4. Options must not include:
 - 3.4.1. removing or limiting access to the early years entitlements
 - 3.4.2. requiring the parent to collect their child or pay for lunch breaks or other artificial breaks in funded hours for parents unwilling or unable to pay

4. Targeted two-year-olds

- 4.1. Be aware of the impact of additional charges on Targeted 2-year-old children and the most disadvantaged families who may struggle to cover additional costs.
- 4.2. Pacey suggests 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.'

5. Parent Contracts

- 5.1. Parents must agree to any additional fees before their child takes up a place in your setting
- 5.2. Include additional fees and any relevant terms and conditions of your funding policy in your contract.

Note: This includes children not yet eligible for the free entitlements. You must not introduce 'new' terms and conditions when children become eligible for funding.

- 5.3. New additional charges cannot be introduced without parental agreement. Non-agreement to new additional charges is not a valid reason for terminating a contract.
- 5.4. Please contact the Early Years Team for advice and support if you are considering introducing additional charges.