

FREE EARLY EDUCATION ENTITLEMENT SCHEME

CHARGING GUIDANCE FOR PROVIDERS

LEICESTERSHIRE COUNTY COUNCIL

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Introduction

1. This note is intended to help registered childcare providers (*including Nurseries, Pre-School Playgroups, Childminders and Out of School providers*) to deliver the Free Early Education Entitlement Scheme (the “FEEE Scheme”).
2. Specifically, this advice note explains how providers, delivering the FEEE Scheme, should approach the issue of charging. The note draws upon the contents of, *inter alia*, relevant materials (*including Statutory Guidance, Operational Guidance and Model Agreement Guidance*) referred to in Appendix 1.

Context

3. The Free Early Education Entitlement is a central government scheme which is funded via local authorities.
4. Under the Childcare Act 2006 and Childcare Act 2016, English local authorities have a statutory duty to secure early years provision free of charge.
5. The FEEE Scheme provides up to 15 or 30 hours per week of free childcare for children from the age of 9 months old (*subject to eligibility criteria*) until they reach compulsory school age.
6. The FEEE Scheme is important for many reasons: -
 - a. Early education benefits children’s social, physical and mental development. Evidence suggests that the scheme leads to more positive outcomes for children from both disadvantaged and non-disadvantaged families. Comparative evidence demonstrates that children who attend some formal early education before primary school are on average, a year ahead of their peers.¹
 - b. The Scheme also offers wider benefits to society. It can enable parents who would otherwise struggle with the cost of childcare to continue working. *In that sense the scheme is in the nature of an investment by government in children and families for their benefit and the benefit of wider society.*
 - c. Providers can also benefit because the state funds the costs of large amounts of nursery hours and many families, attracted by the Scheme, also purchase hours on a privately paying basis on top of the funded FEEE hours.
7. It is vitally important that parents retain confidence in the FEEE Scheme. Accordingly, it is important that providers are clear and transparent in their charging arrangements (*particularly related to the cost of private nursery hours*).
8. That said, it is not the Council’s desire to create bureaucratic hurdles for providers. The Council wishes to see a flourishing local market for childcare provision, and it wishes to maintain strong and constructive relationships with providers.
9. Part of this relationship involves sharing best practice and supporting continuous professional development.
10. In drafting this guidance, the Council has paid specific attention to the requirement contained at section A4.19 of the Statutory Guidance (*which requires the Council to limit its requirements to those measures that are necessary to achieve certain stated objectives²*).

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf

² Which include that: - ensure that providers are treated in an equitable way; ensure any process to ensure the proper use of public funding does not place undue administrative burdens on providers.

FEEE Hours

11. The FEEE Scheme is intended to be genuinely free to families of qualifying children. No other fees are to be charged by providers as a condition of children accessing their place. A1.41 of the Early Education and Childcare Statutory Guidance confirms that: -

A1.41 Local authorities must take all steps available to ensure that the free entitlements are available free of charge and therefore that providers do not charge parents for the following in connection with the entitlement hours:

- *Top-up fees (any difference between a provider's normal charge to parents and the funding they receive from the local authority to deliver free places)*
- *the supply of or use of any materials, including, but not limited to, craft materials, crayons, paper, books, instruments, toys, or other equipment or learning resources that are necessary for the effective delivery of childcare*
- *business running costs, including, but not limited to, rent, staff wages, cleaning materials, insurance, or utility bills such as energy, gas or water*
- *registration fees as a condition of taking up a child's free entitlement place*
- *non-refundable deposits as a condition of taking up a child's entitlement place*
- *general charges, including but not limited to, non-itemised enrichment charges, sustainability charges, business continuity charges, additional charges, enhanced ratios, hourly rates, or any other supplementary charges on top of the free hours*
- *any additional fees that are not specifically identified and itemised as being for chargeable extras as described in A1.33.*

The definition of "topping-up" is 'an amount added to something in order to raise it to or maintain it at a desired level.' Please see an example of "topping up" below, which is prohibited by the Statutory Guidance:

A child attends a setting on a full-time basis accessing 50 hours per week. Of these 50 hours, 30 hours of FEEE are being claimed, therefore the parent has 20 non-funded hours to pay for plus any food costs or consumables. The provider deducts the 30 hours FEEE funding that the local authority provides from their full-time session cost and charges the parent the remaining balance, that equates to their daily rate. The provider therefore receives back the full cost of their advertised session from both the local authority and the parent. This explanation 1) assigns a monetary value to the FEEE hours and 2) is a top-up.

The Statutory Guidance does not state that providers charging for non-funded hours and food, or consumables cannot exceed their advertised session rates. It does however, clearly state that providers need to be clear and transparent for parents and carers on their charges for additional hours or services, and that these should be itemised and shown on their invoices.

Stretched Entitlement

12. Providers may choose to offer a 'stretched entitlement' which allows parents to take up patterns of hours which stretch their child's entitlement by taking fewer hours per week over more weeks in the year.

13. A qualifying child can still only access the same number of funded hours, but these can be taken over more funded weeks. For example, 1,140 hours taken over 48 weeks equates to 23.75 hours per week.

Accessible blocks of care.

14. Section A1.43 of the Early Education and Childcare Statutory Guidance requires that children should be able to take up their free hours as part of continuous provision and providers should avoid artificial breaks in the day wherever possible. For example, the lunch time hour / session should form part of the free provision where the child is attending a morning and afternoon session.

Consistency

15. Parents must be able to opt out of paying for chargeable extras and the associated consumable or activity for their child. For activities and extra services, providers should be made aware that participation in any optional extra activity should be on the basis of parental choice and a willingness to meet the charges. Children who do not participate in optional activities should continue to receive provision that complies with the EYFS.

Additional / Private Hours

16. Leicestershire County Council has no wish to restrict the amount of private nursery hours sold to parents. Additional hours are essentially a matter between parents and providers. Providers can charge parents for any additional, private paid hours according to their usual terms and conditions provided taking up those private paid hours is not a condition of accessing a free place.
17. The Statutory Guidance advises Councils that they should intervene if a provider seeks to make additional hours, optional services or optional consumables a mandatory condition of taking up a free place.³
18. The Council does not seek to control what hourly rate private nursery care should be set at. The Council recognises that the costs of nursery care can vary from provider to provider.

Consumables

19. The Government funding is intended to deliver 15 or 30 hours a week of free, high quality, flexible childcare. The 15 or 30 hours must be able to be accessed free of charge to parents. There must not be any mandatory charges for parents in relation to the free hours. It is not intended to cover the costs of meals, ~~or~~ other consumables, additional hours or additional services.
20. Providers are therefore entitled to charge for meals and snacks as part of a free entitlement place and they can also charge for consumables such as nappies or sun cream, and for extra optional activities, such as trips, events, celebrations and specialist tuition, as well as other activities not directly related or necessary for the effective delivery of the Early Years Foundation Stage (EYFS) statutory framework, but these charges must be voluntary for the parent. Providers need to be mindful of the impact of additional charges on parents, especially the most disadvantaged.
21. Parents must be able to opt out of paying for chargeable extras and the associated consumable or activity for their child. For activities and extra services, providers should be made aware that participation in any optional extra activity should be on the basis of parental choice and a willingness to meet the charges. In these circumstances, providers should ensure that children who do not participate in optional activities continue to receive provision that complies with the EYFS.

³ A1.39

22. Providers who choose to offer the free entitlements, are responsible for setting their own policy on providing parents with options for alternatives to additional charges. This policy must offer reasonable alternatives that allow parents to access the entitlement for free, including allowing parents to supply their own, or waiving the cost of these items.

Provision of Advance Information

23. Providers are free to set their own criteria for the admission of children, providing they comply with all relevant legislation in respect of equalities and non-discrimination.
24. Parents should be given advance information about the arrangements for FEEE hours and any private hours and additional costs. The costs of chargeable extras should be published on provider websites or, where they do not have any website, on local authority Family Information Services. These should be clear, up-to-date and easily accessible to parents, to enable parents to make an informed choice of provider. They should set out, for each setting, the amounts charged for all the chargeable extras listed, as well as the pattern of hours that parents can take the entitlements.
25. The Council is itself expected to maintain a register of providers' information under regulations⁴. Before entering into a contractual relationship, the Council would expect registered providers to provide similar information to Parents via the Parental Statement of Undertaking and a contract for any additional hours taken.
26. In order that parents can make informed choices, providers should seek to make the following information available to parents: -

Provider details	<ul style="list-style-type: none"> I. the registered person's name; II. the business name, if any, under which the childcare is provided by the registered person; III. the address of the relevant premises, except where the relevant premises are the home of any child to whom childcare is being provided by the registered person; IV. the address of the registered person, if different from the address of the relevant premises; V. any telephone number or email address of the registered person or the relevant premises;
About the provider	<ul style="list-style-type: none"> VI. The type of the childcare provided, and the SEND support available; VII. The number and ages of children to whom childcare is provided; VIII. Details of the most recent Ofsted inspection (if any);
Accessibility	<ul style="list-style-type: none"> IX. Details of the days and times that the Provider offers their free FEEE' places; X. Qualifying parents should be informed of their entitlement of 570 or 1,140 hours of funded provision in a year and that they can take up as much or as little as they wish. XI. Providers should make it known that the Early Years Pupil Premium (EYPP) provides additional funding to providers to support disadvantaged two, three- and four year-olds in early years settings.

⁴ Childcare Act 2006 (Provision of Information to Parents) (England) Regulations 2007/3490

Charging	<p>I. Qualifying parents should be made aware that, if their funded child exceeds their maximum funded entitlement, they will be subject to charges as per the terms and conditions of their contract and as long as it had been agreed beforehand.</p> <p>II. Parents should be notified in advance of the cost of private nursery care. Information should be presented in such a way that a parent can calculate both in advance and with reasonable certainty, what would be the actual cost of a given pattern of use.</p> <p>Accordingly, if for example, a working parent wanted to take up their funded FEEE hours and purchase 9 private hours per week then the disclosed information should enable the parent to understand that they will be liable for 9 hours of private nursery care and what the actual total cost to them would be.</p> <p>III. Any additional charges made to parents / carers of funded children should be itemised in the terms and conditions of the contract with parents.</p> <p>IV. The provider should also provide details of any deposits required and when they will be returned.</p>
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Charging

27. Invoices and receipts are required to be clear, transparent and itemised allowing parents to see that they have received their child's free entitlement completely free of charge and understand fees paid for additional hours or services.⁵ The Council would expect that invoices would comply with the following requirements: -

FEEE Provision	<p>I. Invoices and statements should identify the number of FEEE hours received by the child in a particular time period (<i>e.g. monthly</i>).</p> <p>II. The invoice should identify that the FEEE hours have been received completely free of charge.</p> <p>III. No monetary value should be applied to the FEEE hours as this is a matter between the provider and the Council.</p> <p>IV. Funding should not be described as a subsidy.</p>
Privately funded elements.	<p>V. <i>Where parents are to be charged for the services they receive, the levied charges should only relate to the following elements: -</i></p> <p style="margin-left: 40px;">a. <i>Additional private paid hours purchased</i></p> <p style="margin-left: 40px;">b. <i>Food charges</i></p> <p style="margin-left: 40px;">c. <i>Non-food consumables charges</i></p> <p style="margin-left: 40px;">d. <i>Activities charges</i></p> <p>VI. The Council encourages simplicity in charging. This assists with clarity and transparency. <i>The charges (excluding VAT) should be itemised and structured in such a way that a parent can quickly and easily understand how the cost has been calculated (e.g. 25 additional hours in July @ £6.50 per hour = £162.50).</i></p>

⁵ A1.36

	<p>VII. <i>The rates claimed should be consistent with the advance charging information disclosed to the parent at the time of contract.</i></p> <p>VIII. <i>Parents must be able to opt out of paying for chargeable extras and the associated consumable or activity for their child. For activities and extra services, providers should be made aware that participation in any optional extra activity should be on the basis of parental choice and a willingness to meet the charges.</i></p>
Additional Information	<p>IX. Invoices and receipts should include the provider's full details so that they can be identified as coming from a specific provider. This will include the business name, address and contact details.</p>

Deposits

28. The Statutory Guidance states that providers cannot charge a non-refundable deposit as a condition of taking up a child's entitlement place. It is therefore permissible to charge a reasonable refundable deposit in relation to the entitlement hours, that must be paid back to parents within a reasonable period after taking up their place but can be retained if the child does not take up the place without sufficient notice to give providers certainty that a parent will take up the place.

Enforcement of Requirements

29. The Council wishes to have a positive working relationship with providers. However, the Council takes a failure to comply with the Statutory Guidance seriously. A serious or repeated failure to comply with the Statutory Guidance may cause the Council to remove Free Early Education Funding from a provider and require a provider to reapply.
30. This point is made at Section 9 of the Council's Policy for the Removal of Free Early Education Funding (FEEE) 'Failure to administer the FEEE in line with the guidance': -
*"Failure to administer and implement the FEEE funding in line with statutory and local guidance, may result in removal or withholding the funding. Providers will need to demonstrate that they are administering the funding appropriately to have their funding reinstated. Please see the links at the bottom of this policy document for details of statutory and local guidance."*⁶

Compliance and Spot Checks

31. The Council does not intend to implement a compliance regime which is disproportionate or are unnecessarily burdensome to providers. Nevertheless, the Council reserves the right to make visits to private, voluntary and independent providers to verify compliance with the Statutory Guidance and terms of the providers' agreement.

Complaints

32. The Provider should ensure they have a complaints procedure in place that is published and accessible for parents who are not satisfied their child has received their free entitlement in the correct way. Providers should keep a log of complaints including any complaints related to alleged over charging. Providers should provide a copy of the complaints log and related materials to Council' officers upon request.

⁶ [Removal-of-fee-funding-policy](https://www.gov.uk/government/publications/early-education-and-childcare)
<https://www.gov.uk/government/publications/early-education-and-childcare>

Guidance and Support

33. Further guidance and support can be obtained by contacting: - FEEE@leics.gov.uk or by calling 0116 305 5788.

Appendix 1

Resources

[Childcare Act 2006 \(Provision of Information to Parents\) \(England\) Regulations 2007/3490](#) (GOV.UK)

[Early Education and childcare Statutory guidance for local authorities](#) (GOV.UK)

[Early Years Entitlements: Local Authority Funding Operational Guide: 2025 to 2026](#) (GOV.UK)

[Free childcare entitlements and model agreement guidance](#) (GOV.UK)

[SEND Code of Practice](#) (GOV.UK)

[Equality Act 2010](#) (GOV.UK)