

Invoicing Guidance for the PVI sector

Free Early Education - Guide to Invoicing parents

Free early education for three and four year olds is at the heart of the Government's vision for all children to have access to high-quality early years education that helps them reach their full potential. It offers universal free provision from the 1 April, 1 September or 1 January following the child's third birthday up until they reach compulsory school age.

The Code of Practice (September 2010) states:

“Many parents choose to purchase additional hours at the same provider where they access their free entitlement. The rates which providers charge for their privately funded hours are a matter for them to decide and should not be dictated by local authorities. However, in these instances parents will be provided with a bill. Local authorities should support providers to ensure parents’ bills are set out clearly so that parents can easily recognise and understand what hours they have accessed in relation to the free entitlement and how any fees relate to additional services or hours. Local authorities should also ensure that the free entitlement is not represented to parents as a monetary subsidy but as a free part-time place.”

Free at the point of delivery

Free early education is available for all eligible children and therefore local authorities must ensure no fees or conditions of access are levied against parents accessing their free place. From parents' perspective, funding for the free early education enables their entitlement to be offered as a free place, which also means parents must not be required to pay up-front and be refunded at a later date, and if they want to access only their free place, they will be able to do so.

Charges for meals

The Code of Practice states:

*“Providers can make a reasonable charge for meals provided to children during the day. However, as local authorities are legally required to secure **free** provision, they must work with providers to ensure that they do not place any conditions of access on the entitlement including payment for meals. Local authorities should work with providers to ensure that, where children are accessing the free entitlement over the lunch period, any charge that a provider makes for lunch has been agreed with parents in advance, and that parents are given the option of providing a packed lunch if this would be more affordable.”*

Invoicing arrangements

The invoice for the free early education offer should include a clear fee structure setting out any charges for additional hours/services i.e. cost of meals. Providers must produce regular invoices to parents that set out clearly which of the hours attended have been provided free, and that this is not represented as a monetary discount or grant.

NDNA has put together a selection of sample invoice templates which demonstrate how free early education hours can be clearly displayed.

Invoicing Templates for Free Early Education

Example A: Child attending full time 10 hours per day 5 days per week at £3.50 per hour

		Hours	Cost £
A	10 hours x 5 x 50 weeks per year	2500	
B	Free entitlement hours (15 hours per week X 38 weeks of year)	570	£00.00
C	Hours Above Free Entitlement A- B	1930	
D	Hourly Rate based on actual take up		£3.50
E	Amount payable by parents/ carers for full year (C X D)		£6755
F	Additional Costs eg Lunch @ 1.20 per day = £6 per week		£300
G	Annual Total		£7055
H	Monthly amount (G/12)		£587.91
I	Weekly amount (G/ 52)		£135.67

Example B: Child attending 5 am sessions per week at £4.20 per hour

		Hours	Cost £
A	5 hours x 5 days	25	
B	Free entitlement hours (15 hours per week)	15	£00.00
C	Hours Above Free Entitlement A- B	10	
D	Hourly Rate based on actual take up		£4.20
E	Amount payable by parents/ carers per week (C X D)		£42.00

Example C: Child attending 3 full days per week (30 hours) stretched over 50 Weeks, £3.60 per hour (based on £36 per day)

		Hours	Cost £
A	3 x 10 per week =	30	
B	Free entitlement hours (stretched over 50 weeks)	11.4	£00.00
C	Hours Above Free Entitlement A- B	18.6	
D	Hourly Rate		£3.60

E	Amount payable by parents/ carers for week (C X D)		£66.96
F	Additional Costs eg Lunch @ 1.20 per day X 3 days		£3.60
G	Total (E+F)		£70.56

Example D: Child attending 2 full days 10.5 hrs) at £3.10 per hour and 1 am session 5.5 hrs at 3.64 per hour (Where a child attends at different times which incurs a different hourly rate an average hourly cost can be applied).

		Hours	Cost £
A	2 x 10.5 + 1x 5.5 per week	26.5	
B	Free entitlement hours (15 hours per week)	15	£00.00
C	Hours Above Free Entitlement A- B	11.5	
D	Hourly Rate based on actual take up $3.10 + 3.64 = 6.74 / 2 = 3.37$ (average)		£3.37
E	Amount payable by parents/ carers for week (C X D)		£38.75
F	Additional Costs eg Lunch @ 1.20 per day X 3 days		£3.60
G	Weekly Total		£42.35

Cost of additional hours above free early education on a sliding scale

Using a sliding scale as below would replace the need to average fees prices out on invoice. Clarity for parents on invoicing

Hours	Cost
1 - 5	£4.50
6-10	£4.25
11-15	£4.00
16-20	£3.75
21-25	£3.50
26-30	£3.25
31-35	£3.00

Example E: Using a sliding scale

Child attending 3 full days, 10 hours per day and 1 am session 5 hours

		Hours	Cost £
A	3 x 10+ 1x 5 per week =	35	
B	Free entitlement hours (15 hours per week)	15	£00.00
C	Hours Above Free Entitlement A- B	20	
D	Hourly Rate based on actual take up Above 15hrs		£ 3.75
E	Amount payable by parents/ carers for week (C X D)		£75.00
F	Additional Costs eg Lunch @ 1.20 per day X 4 days		£ 4.80
G	Total		£79.80
	Discount for sibling10%		£ 7.98
	Total after discount		£71.82

Example F:

Using a termly invoice

Child attending for full summer term April – August

Full free entitlement 570 hours over three terms

No. of months in term	No. of weeks in term	No. of funded weeks in term	No. of funded hours in term
5	22	13	195

Child attends only 2 sessions during the Easter break

Day	Times attended	Hours per day	FFE hours	Chargeable Hours
Monday	08:00 - 13:00	5	5	0
Tuesday	08:00 - 18:00	10	7	3
Wednesday	09:00 - 12:00	5	3	2
Thursday	09:00 - 12:00	3	0	3
Friday	09:00 - 12:00	0	0	0
Total		23	15	8

		Cost £
Funded Weeks (Term)		
FFE Hours	15 hrs x 13 wks = 195	£ 00.00
Additional Hours	8 hrs x13 wks =104 x £5.50	£572.00
Non-Funded Weeks (non term)		
Easter holidays 2 session	2 x £23.00	£ 46.00
Half term and summer holidays (1 full day per week)	7 wks x £40.00	£ 280.00
Half term and summer holidays (2 sessions per week)	7 wks x 2 x £23.00	£ 322.00
Half term and summer holidays (additional hours)	3 hrs x 7 wks x £5.50	£ 115.50
Total		£1,335.50
Monthly Amount (Total/5mths)		£ 267.10