

# Funding (Free Entitlement) Explained

**Myth: 15 or 30 hours funding is for all weeks of the year**

False - the government often advertise that funding for 15 hours for some 2 year old and all 3 and 4 years old and 30 for some 3 and 4 years old is available. What they never explain is that this is term time only i.e. for 38 weeks a year.

They also never explain that this funding starts the term after the child turns 2 or 3.

## 2 Year Funding

If you receive one or more of the following benefits, your child may be entitled to a free place:

- Income Support
- Income- based Jobseekers Allowance (JSA)
- Tax credits and have an annual income under £16,190 before tax
- The Working Tax Credit 4-week run on (the payment you get when you stop qualifying for Working Tax Credit)
- Universal Credit and have an annual household take home pay of less than £15,400
- Income-related Employment and Support Allowance (ESA)
- Support through part 6 of the Immigration and Asylum Act
- The guaranteed element of State Pension Credit

Your two year old can also have a free place if:

- they have a statement of special educational needs (SEN) or an education, health and care plan\*
- they get Disability Living Allowance\*
- they have left the care of the local authority under a special guardianship order, child arrangements order or adoption order \*
- they are looked after by a local authority\* (e.g foster care).

Once your child is eligible for a place, they stay eligible, even if your circumstances change.

They are entitled to 15 hours per week for 38 weeks or 11 hours per week for 52 weeks.

## 3 & 4 Year Funding

15 universal hours per week for 38 weeks is available to all children. An additional 15 hours is available to children who have parents that both work and earn under a specified amount. This equates to 15 or 30 hours for 38 weeks or 11 or 22 hours for 52 weeks. See <https://www.gov.uk/childcare->

[calculator?utm\\_source=childcarechoices&utm\\_medium=microsite](#) for more details and whether you are eligible. A code is given to all children whose parents meet the criteria. This code has to be re-validated every 3 months. These additional hours may be withdrawn if the parents stop meeting the criteria. A grace period is given to allow parents time to find new employment if they lose their job.

### **General**

The amount of funding we received for 2 and 3 & 4 year olds differ, with the rate being slightly higher for the 2 year olds. Neither rates equates to the fees we and many other setting charge.

2 year old funding fails to cover our fees by 18 to 42% depending on the session type with the average being 28%.

3 & 4 year funding covers even less with the loss being 41 to 81% with an average of 50%.

This inadequate funding, is why many settings are going out of business. If a setting is open for school hours just in term time, the funding will probably not cover their costs.

There are a few ways of recouping some money and these are as follows:

1. Ratios for 3 & 4 years old is 1 adult to 8 children. If you have a qualified teacher, the ratio increases to 1:13. We feel the latter is too high for the safety and well-being of the children. A 1:13 ratio may be possible if everything goes well but as soon as there is a problem, such as a child falling over in the garden and a member of staff needs to help them, then another staff member has to care for the additional 12 children and we do not consider that children can be safely cared for.
2. Charge for meals and extras. We like inclusive fees so parents know what fees they have to pay each month. Also, we strongly believe that children should have a hot cooked meal at lunchtime. We do not want parents asking if they can bring in a packed lunch to save money as this would cause cold storage issues, we would have to check all lunchboxes to ensure the contents are healthy and allergy free and we prefer all the children to eat the same meals.
3. Open for longer than a school day which allows the setting to offer fixed sessions with a number of funded hours attached to each. The non-funded period of the session is then payable.

Option 3 above is how we stay in business and we are open all year rather than just for 38 weeks. Please see our website for how your free hours can be used.

Every year the Living Wage and Minimum Wage increases. Most years the former rises by at least 30p an hour. In 2020 the rate we received for 3 & 4 year rose by 16p per hour and this was the first increase for a number of years.

Every spring, we calculate how much our salary bill is going to increase. Fees are then calculated to cover the cost. Most years we don't include other rises in the costs for food, energy bills, rates etc. We have no other option to increase our fees each year as this is the only way the business can survive.

Fizzy Fish offer a number of completely free places in each of our settings. We don't always stick to the limit and in 2019/20 I looked at the amount of money we were having to subsidise these places. It was a staggering £37,000, so this year the places will be limited and offered on a Term Time only basis.

Here at Fizzy Fish, I often hear Lou say "We might not be the cheapest but we aim to give children the high quality care that they deserve". We truly care about the children in our settings and offer many extras in the inclusive fees (meals, snacks, milk, suncream, Spanish lessons, Forest School and trips to a local Care Home once it's safe to resume these). We spend time preparing the children transitioning to school so they are *school ready* and we are prepared to consider any requests from our families.

If you have any questions about this factsheet please do not hesitate to contact us. Thank you