The Local Authority (LA) has a duty under the Childcare Act 2006 and Statutory Guidance to ensure parent/carers are receiving an Early Education place completely free.

To support the LA to meet this duty and become an Approved Provider, providers opting to offer the Early Education funding will be required to accept the Terms and Condition of the Funding Agreement, together with submitting documentation including a sample invoice detailing how parent/carers are charged if they access an early education entitlement.

These documents are compliance checked prior to a provider being Approved.



**Your Sample Invoice**

The invoice sample submitted for a compliance check must be complete with all details to demonstrate how the fees and funded entitlement will be presented to a family.

The details **must include** the early education entitlement hours, additional non-funded (private) hours and chargeable extras.

Whilst it is acceptable to issue handwritten invoices, it is good practice that invoices are in a typed format. Invoices should include the following information as a minimum –

* the word “INVOICE” on the document
* an invoice number (which is a unique reference number)
* the date of the invoice
* your business name, address, Ofsted / Agency number and any contact details
* the name and address of the parent/carer being invoiced
* a clear description of what you are charging for
* period childcare relates to
* type of childcare (eg. nursery, after-school, breakfast club, wraparound)
* child’s name
* number of contracted hours
* number of free hours deducted
* additional services received
* hourly / sessional rates
* the total amount to be paid

The Statutory Guidance states that invoices and receipts should include the provider’s full details so that they can be identified as coming from a specific provider.

If the business is a registered limited company, the following must also be included –

* the registration number
* the registered office

Other information may include –

* payment details (terms, bank account details, method of payment and due date)
* notes

Providing these details on your invoice will also help families needing to evidence childcare costs for the purpose of Universal Credit Childcare.

More information about invoicing and taking payment from customers can be found on the [GOV.UK website](https://www.gov.uk/invoicing-and-taking-payment-from-customers/invoices-what-they-must-include).

**An invoice is not –**

* **A Receipt**

This is an acknowledgement of payment and is issued when an invoice has been paid or other income has been received, eg. voluntary contribution, fundraising event

* **A Remittance**

This is a document / slip used by a parent/carer to inform the provider that their invoice has been paid

* **A Record of Attendance**

This is a register which records the attendance of children at each session

* **A Statement**

This is a document listing all invoices which have not been issued to a customer and have not been paid

**Record Keeping**

Providers are reminded that all businesses should keep complete and accurate records for tax purposes, the collation of financial statements, reports and where applicable to enable Committee members to make sound financial decisions.

The records would include –

* details of sales and income received
* details of purchases and expenses
* details for payroll

These records would be evidenced by supporting documents such as invoices, receipts, and time sheets. All supporting documents should be kept in a secure environment and retained per your document retention policy.

Please note for tax purposes inadequate record keeping or records being destroyed prior to the requirements of HMRC may result in a penalty. Providers that complete personal or business returns for HMRC should seek advice directly from them at <http://www.hmrc.gov.uk/>.

**Funding Records**

The LA is required to ensure that the funding is used properly, and funding has been claimed appropriately.

Each claim period the LA (Early Years Finance Team) will check that submitted claims -

* have met the national parameters
* do not exceed the annual maximum available
* do not significantly exceed the recommended or stretched hour maximums

The team may request a parent/carer claim form where claims are –

* 6 weeks or less between attendance dates
* 28 days or less
* 60 hours or less

If necessary, the Local Authority will instigate an investigation or audit to ensure its responsibilities under the statutory guidance for Early Education funding are met. As a mandatory document to claim funding, the parent/carer claim forms will be required as evidence in an investigation or audit, together with registers.

The Early Years Finance team will also complete random spot checks to ensure parent/carer claim forms are in place and have been signed and completed in full.

**Local Authority Funding Agreement**

A copy of an invoice is required as part of the agreement compliance checks. Early education invoices issued to families must be clear, transparent, and itemised. The document must allow families to see directly or easily calculate that they have received their child’s funded place (hours) completely free of charge and chargeable extras are listed.

When submitting your sample invoice where possible please redact one that has been recently issued to a family where they have received the early education entitlement, non-funded additional hours and chargeable extras.

Many providers have invested in software products to support the administration of issuing invoices. These invoices must also comply with the requirements.

**Invoice Template**

From January 2026, itemised invoices must be in place to allow families to see that they have received their child’s entitlement hours completely free of charge and the optional chargeable extras are broken down.

Invoices must be itemised as follows:

* Funded Hours
* Private Paid Hours (Non-Funded Hours)
* Food Consumables
* Non-Food Consumables
* Optional Activities and Services

Any chargeable extras must be defined as stated in the statutory guidance to avoid confusion.

The Department for Education has provided a [template for chargeable extras](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F67bde447b0d253f92e213c74%2FChargeable_extras_.docx&wdOrigin=BROWSELINK) as a guide.

The LA does not expect providers to list every item that is supplied or break down the cost beyond this itemised list on the invoice. However, providers **must** provide a list of activities, services and consumables that form part of the chargeable extra within their Charging Policy, so that families can make an informed decision about the additional fees before signing a contract.

**Billing Arrangement**

The regularity of invoices being issued and payment terms are a providers business decision.

The LA would recommend the following –

* Payment in advance
* Regularity – (weekly / monthly / termly) based on admin resource and cashflow

**Sample Invoice**

Below is a template of how fees **could be** presented.

|  |  |  |
| --- | --- | --- |
| Blue room for kids | | |
| **Example Nursery County Hall Martineau Lane**  **Norwich Norfolk NR1 2DL**  01603 222300  [earlyyearsfinance@norfolk.gov.uk](mailto:earlyyearsfinance@norfolk.gov.uk) | | |
| **INVOICE** | **Invoice No.:**  **Date:** | 100  15 August-25 |

|  |  |
| --- | --- |
| **To:** | Mrs A Smith  2 White Lane, Trowse, Norwich NR1 6GH |

|  |  |
| --- | --- |
| **For:** | George Smith |

|  |  |
| --- | --- |
| **Period:** | 01/09/25 to 30/09/25 |

|  |  |  |
| --- | --- | --- |
|  | **Attendance Funded To Pay**  w/c 1 Sept 2025 10 hours 10 hours 0 hours  w/c 8 Sept 2025 25 hours 15 hours 10 hours  w/c 15 Sept 2025 25 hours 15 hours 10 hours  w/c 22 Sept 2025 25 hours 15 hours 10 hours  w/c 29 Sept 2025 10 hours 10 hours 0 hours | |
| **Funded Hours:**  **Non-Funded Hours:**  **Chargeable Extras:**  Food Consumables  Non-Food Consumables  Optional Activities | 65 hours @ £0.00 per hour  30 hours @ £4.00 per hours (Rate per session: £20.00)  19 sessions @ £10.00  19 sessions @ £10.00  2 sessions @ £5.00 | **To Pay**  £0.00  £120.00  £190.00  £190.00  £10.00 |
|  | **TOTAL** | **£510.00** |
| **Payment Terms:** Monthly  **Due By:** 31 August 2025  **Method:** Online Banking/ Tax-Free Childcare / Universal Credit Childcare  **Bank Account Details:** (name)Example Nursery (sort code) 11-11-11 (account no.) 12341234 | | |
| **Notes:**  **If you have any queries concerning your fees, please speak to the Childcare Manager**  Total funded hours funded by Local Authority for Autumn claim period: **210**  Total funded hours remaining: **145**  The nursery will be on closed 24 October 2025. | | |