

Funding Policy

Purpose

Little Dragon's Day Nursery is committed to delivering the government's early education and childcare entitlements fairly, transparently and completely free of charge at the point of delivery. This policy sets out which entitlements are available, how we deliver funded hours, what we can and cannot charge for, and how parents can access their child's full entitlement. It applies to all children accessing government-funded early education at the nursery and to all staff involved in administering funded places.

Legislation and Guidance

- Childcare Act 2006 (sections 6, 7, 7A, 9A, 12 and 13)
- Childcare Act 2016
- The Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2014
- The Childcare (Free of Charge for Working Parents) (England) Regulations 2022
- The School and Early Years Finance (England) Regulations
- Early education and childcare: statutory guidance for local authorities (valid from 1 April 2026)
- Early years entitlements: local authority funding operational guide 2026 to 2027
- EYFS Statutory Framework
- Equality Act 2010
- Data Protection Act 2018 and UK General Data Protection Regulation (UK GDPR)
- Our local authority provider agreement and funding conditions

Scope

This policy covers all early education entitlements delivered at the nursery: Early Learning for 2-year-olds, the universal entitlement for 3- and 4-year-olds, and the working parent entitlements for children aged from 9 months. It also covers the additional funding streams we administer on behalf of eligible children, namely the Early Years Pupil Premium, the Disability Access Fund and the Special Educational Needs Inclusion Fund.

Nursery Education Funding is government-funded childcare support offered for a minimum of 38 weeks of the year. It can be delivered in full over 38 weeks or stretched over additional weeks, up to a maximum of 52 weeks. No single funded session may exceed 10 hours.

Funding Available

Entitlement	38-week offering	Eligibility
Early Learning for 2-year-olds	15 hours	Families meeting the additional support criteria set out below
Universal entitlement, 3 to 4 years	15 hours	All parents
Working parent entitlement, from 9 months to 4 years	30 hours	Eligible working families with a valid HMRC eligibility code

Where a child qualifies for both Early Learning for 2-year-olds and the working parent entitlement, the first 15 hours are funded under Early Learning for 2-year-olds and the remaining 15 hours under the working parent entitlement, giving a total of 30 hours.

When a Funded Place Starts

A child becomes eligible from the start of the term following the date they reach the qualifying age and, where applicable, their parent meets the eligibility criteria.

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If your child reaches the qualifying age between:	They can take up their place from:
1 April and 31 August	1 September, until they reach statutory school age
1 September and 31 December	1 January, until they reach statutory school age
1 January and 31 March	1 April, until they reach statutory school age

The qualifying age is 9 months for the working parent entitlement, the second birthday for Early Learning for 2-year-olds, and the third birthday for the universal entitlement. Statutory school age is the beginning of the term following a child's fifth birthday.

Where a child starts their funded place part-way through the year, the number of funded hours is pro-rated to reflect the portion of the year remaining.

Eligibility for Early Learning for 2-year-olds

This entitlement was previously known as the disadvantaged 2-year-old entitlement, or funding for 2-year-olds from families receiving additional support. A 2-year-old is eligible if any one of the following applies:

- The parent receives Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, the guaranteed element of State Pension Credit, or support under Part 6 of the Immigration and Asylum Act 1999
- The parent receives Universal Credit and has an annual net earned income not exceeding £15,400
- The child has an Education, Health and Care (EHC) plan
- The child is entitled to Disability Living Allowance
- The child is looked after by a local authority in England or Wales
- The child has left care through an adoption order, special guardianship order or child arrangements order
- The parents have no recourse to public funds and their income is below the specified thresholds

Eligibility for this entitlement is checked by the local authority, not by HMRC.

Eligibility for the Working Parent Entitlements

Each parent, or the single parent in a lone parent household, must expect to earn at least the equivalent of 16 hours a week at the national minimum wage over the coming quarter, and neither parent may have an adjusted net income above £100,000. Parents on maternity, paternity or shared parental leave, or in receipt of certain statutory sick or carer's payments, are treated as meeting the income requirement for specified periods. Parents who are newly self-employed are not required to meet the income test during their start-up period.

Parents apply through the government's online Childcare Service and eligibility is determined by HMRC. Foster carers are the exception: they apply directly to their responsible local authority, which must also be satisfied that paid work outside the fostering role is consistent with the child's care plan.

If a parent disagrees with an HMRC eligibility decision, HMRC operates a review and appeals process. Foster carers should raise concerns through their social worker or the local authority complaints process.

Eligibility Codes and Reconfirmation

We must verify a valid eligibility code before a child can take up a working parent entitlement place. Parents are responsible for reconfirming their details through their childcare account every three months.

Codes must be valid on the following dates in order for a place to be taken up in the following term:

- **31 March** — to take up a place from 1 April
- **31 August** — to take up a place from 1 September
- **31 December** — to take up a place from 1 January

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This is the most common reason families lose a term of funding, so we ask parents to reconfirm in good time and to send us their code as soon as it is issued. A code that expires after the deadline but before term starts does not affect a place that has already been secured.

The Grace Period

If a parent stops meeting the eligibility criteria at reconfirmation, their child can usually continue in their funded place for a limited grace period. The end date is determined by when the code became invalid:

Date the eligibility code becomes invalid	Grace period ends
1 January to 10 February	31 March
11 February to 31 March	31 August
1 April to 26 May	31 August
27 May to 31 August	31 December
1 September to 21 October	31 December
22 October to 31 December	31 March

We will notify parents as soon as we are made aware that they have entered a grace period, and aim to do so within five working days. Children cannot start a new working parent entitlement place during a grace period. Once the grace period ends, 3- and 4-year-olds can continue to take up the universal 15 hours, and we will support families to check whether their 2-year-old qualifies for Early Learning for 2-year-olds.

Our Approach to Funding

The government funds 15 or 30 hours a week over 38 weeks of the year. This equates to:

- **570 hours** per year for the 15-hour entitlements
- **1,140 hours** per year for the 30-hour entitlement

We operate 51 weeks a year and stretch funding across the full year. Stretching does not reduce the total annual entitlement, but it does reduce the number of funded hours in each week. Over 51 weeks this works out at:

- **11.18 hours per week** for a 570-hour entitlement
- **22.35 hours per week** for a 1,140-hour entitlement

We refer to these in our Schedule of Fees as the "15 offer" and the "30 offer". The number of funded hours applied to each day varies by attendance pattern, and the exact hours for every pattern we operate are set out in the Schedule of Fees. We will confirm in writing how many funded hours your child receives per day and per week before their place begins.

Funded hours cannot be compressed. A parent cannot take more than 15 or 30 hours a week over fewer than 38 weeks of the year.

Patterns of Hours We Offer

Like all providers, we choose which patterns of funded hours we are able to offer, and a funded entitlement does not guarantee a place at any particular setting or in any particular pattern. Our current position is:

- The 30-hour working parent entitlement is offered as a stretched model over 51 weeks only.
- We offer a limited number of term-time only (38-week) places, and these are available with 15 funded hours per week only. We do not currently operate a 30-hour term-time pattern.

If you need a pattern we do not offer, you remain entitled to your child's full funded hours elsewhere. We will support you to contact the local authority Family Information Service, which can help you find a provider that offers it. Sessions can fill up quickly, so we encourage early applications.

How We Deliver Funded Hours

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We deliver funded hours in line with the following standards:

- No funded session is longer than 10 hours
- Funded hours are not delivered before 6am or after 8pm
- Funded hours are delivered in continuous blocks, with no artificial breaks. We do not split funded hours around a chargeable session
- Funded hours are only delivered on days your child is booked to attend
- Children may split their entitlement across up to two settings in a single day

Termly Funding Allocations

Our local authority calculates funding on a termly basis, which means the number of funded hours available varies from term to term. The number of funded hours your child receives will also depend on which term they first start claiming funding, and how many terms remain in that academic year. The Termly Funding Allocations tables in our Schedule of Fees illustrate how we receive and allocate these hours.

Charging: Our Commitment

Your child's funded hours are free. There are no mandatory charges of any kind attached to them. Government funding is not intended to cover meals, certain consumables, optional activities or additional hours, and we may charge for those things, but only where you have chosen to buy them, and never as a condition of accessing a funded place.

All children accessing funded hours at our nursery receive the same quality of care and the same access to provision, regardless of whether their family has chosen to pay for any optional extras. No child is excluded from any part of our EYFS provision because their family has opted out of a charge.

What We Can Charge For

We may charge, on a voluntary basis, for the following:

Consumables used by the child — nappies, wipes, nappy sacks, nappy creams, cotton wool and sun cream.

Meals and snacks — breakfast, morning snack, two-course hot lunch, afternoon snack, two-course tea, and food provided for celebrations.

Optional extra activities — enrichment sessions such as Forest School, Music and Movement, yoga and specialist visitors; trips out; seasonal events; and gifts for occasions such as Mother's Day, Father's Day, Easter and Christmas. These are additions to our core provision, not part of it.

Additional private paid hours — any hours attended beyond the funded entitlement, charged according to our usual terms. Buying additional hours is never a condition of accessing a funded place.

Every chargeable extra is itemised, priced and published. Nothing is charged on a general or bundled basis without a breakdown.

What We Do Not Charge For

We do not, in connection with funded hours, charge for any of the following:

- Top-up fees, meaning any difference between our usual fee and the funding we receive from the local authority
- Materials, equipment or learning resources necessary for effective delivery of the EYFS, including craft materials, paper, crayons, books, toys, instruments, cooking ingredients used in planned activities, science and discovery resources, gardening and growing resources, and resources for festivals and celebrations
- Business running costs, including rent, staff wages, insurance, utilities, cleaning materials, tissues, face cloths and waste disposal
- Non-refundable registration fees, deposits or retainer fees as a condition of taking up a funded place
- Additional support costs for children with special educational needs and disabilities

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- Sustainability charges, business continuity charges, enhanced ratio charges, non-itemised enrichment charges or any other supplementary charge on top of the funded hours

Where we take a deposit in connection with a funded place, it is refundable and is returned or credited by the end of the first month of attendance. We may retain it only if the place is not taken up.

Opting Out and Alternatives

You may opt out of any or all chargeable extras, at any point, without giving a reason and without any effect on your child's place or their experience at nursery. Where you opt out, we will offer a reasonable alternative:

- You may supply your own nappies, wipes, creams, sun cream and other personal consumables
- You may provide a packed lunch and your own snacks, and we will store and serve them appropriately
- Where an optional activity is running, your child will take part in an equivalent EYFS activity with their key person and peers, and will not be separated from the group
- Where a family would face hardship, we will waive the cost rather than have a child go without. Please speak to the Nursery Manager in confidence

We are mindful of the impact of charges on families, particularly those on the lowest incomes, and we will always look for a solution that keeps a child fully included.

Transparency of Charges

To help parents make an informed choice of provider and understand that funded hours are free:

- We publish the cost of every chargeable extra on our website, together with the patterns of hours in which the entitlements can be taken, using the Department for Education's Chargeable Extras template
- We publish our admissions criteria and our alternatives to charges alongside them
- We keep this information current and review it whenever our fees change

Every invoice and receipt we issue is itemised and breaks charges down separately into:

- Funded entitlement hours (shown at no cost)
- Additional private paid hours
- Food charges
- Non-food consumables charges
- Activities charges

Invoices carry our full nursery details so they can be clearly identified.

Flexible Packages

For parents who do wish to purchase extras, we offer two ways of doing so. Both are entirely optional, and either can be declined in favour of funded hours alone.

Enhanced All-In Package — bundles all extended hours attended outside the funded hours within a 10-hour day, together with meals, consumables and activities, into a single monthly rate. The underlying itemised costs are still shown on your invoice.

Build Your Own Package — using the tables in our Schedule of Fees, choose your session times and add only the extras you want. This gives full control over costs.

Pricing and Billing Model

The nursery operates 51 weeks a year. We invoice calendar monthly in advance for the booked sessions falling within each month. Funded hours are delivered only on days your child is booked to attend and are shown on every invoice at no cost. If you are not eligible for funding, please speak to us about private fees, which are available at competitive daily rates.

Parental Declaration

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Before your child first takes up a funded place, we will complete a parental declaration with you. This records your child's funded hours, the pattern of hours to be taken each week, and any optional charges you have chosen to opt into. We will review this with you regularly, and whenever your pattern of attendance or your choices about extras change, so that it stays accurate.

Attendance and Responsible Use of Funds

Government funding must be used as intended, and we are required to claim only for hours a child actually takes up. We will not withdraw funding, or pass any charge to you, because of short-term absences such as illness, a late arrival, an early collection or a family emergency.

Where a pattern of attendance persistently and substantially differs from the hours agreed in your parental declaration, or where absence is prolonged, we will contact you to discuss it and, where appropriate, agree a revised declaration that reflects the hours your child actually attends. Our aim is to make sure the funded hours you are entitled to are hours your child can genuinely use. Any change is agreed with you in advance and recorded in writing.

Additional Funding and Inclusion

We are responsible for identifying children who may qualify for the following, and we actively promote them to families:

Early Years Pupil Premium (EYPP) — additional funding to support the quality of early education for eligible children, paid on the first 15 hours only, at a minimum of £1.15 per hour up to 570 hours a year.

Disability Access Fund (DAF) — available where a child is in receipt of Disability Living Allowance and is taking up any part of an entitlement. It is paid as an annual lump sum of at least £975 and is not pro-rated according to hours taken. Where a child attends more than one setting, parents nominate which setting receives it.

Special Educational Needs Inclusion Fund (SENIF) — local authority funding to support children with emerging or lower-level special educational needs.

We will speak with all parents of children taking up an entitlement to establish whether they may be eligible, and will support applications. Please tell us if your circumstances change.

Claiming Process

To claim Nursery Education Funding at our nursery you must:

- Provide a valid eligibility code and your child's details for verification, where the working parent entitlement applies
- Complete our Funding Parental Agreement and the Local Authority Parental Declaration Form
- Reconfirm your eligibility code every three months and tell us promptly of any change
- Tell us if your child also attends another setting, so that hours are claimed correctly

Please refer to our Admissions and Waiting List Policy for guidance on how places are allocated.

Data Protection

To claim funding we share your child's details, your eligibility code and the hours claimed with the local authority and, through them, the Department for Education. We process this information under our legal obligation to administer the entitlements, in accordance with the UK GDPR and the Data Protection Act 2018. Full details are in our Privacy Notice and Data Protection and Confidentiality Policy.

Complaints

If you are unhappy with any aspect of how your child's funded place has been delivered, or with any charge we have made, please raise it with the Nursery Manager first so we can put it right. You also have the right to contact the local authority directly if you are not satisfied that your child has received their funded place,

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or with the way it has been provided. Our Complaints Policy sets out the full process and the relevant contact details.

Responsibilities

The Directors are responsible for setting fees and for compliance with funding conditions. The Nursery Manager is responsible for implementation, for verifying eligibility codes, for completing and reviewing parental declarations, and for ensuring published charges and invoices remain compliant. All staff are responsible for ensuring that every child receives the same quality of provision regardless of what their family has chosen to pay for.

Final Notes

Once your child is eligible for funding, we will support you in accessing the pattern that best suits your family. The nursery reserves the right to revise its packages in line with government guidance and funding changes, and will give reasonable notice of any change. We aim to be fully transparent, fair and flexible while supporting high-quality childcare for every family.

This policy was adopted on	Signed on behalf of the nursery	Date for review
September 2026	Kate McLeod	August 2027