

Early Years Funding 2026-27

The extension to the new funding entitlements for Early Years that were introduced in 2024-25 have now been fully implemented, with full roll out from September 2025.

The percentage increases to the hourly rates have been passported to the rates paid locally to providers, except for 3- and 4-year-olds.

The following principles have been used in setting the 2026-27 funding rates locally: -

- passport the percentage increase in hourly rates received in the settlement to providers
(note this has not been applied to 3- and 4-year-olds as explained below)
- meet the government requirements re passporting 97% to providers
- fund the Early learning for 2-year-old's (previously FRAS) and working parents with deprivation supplement equally.

3- and 4-year-old and Early learning for 2-year-old's (previously FRAS) have historically been funded on an annual count basis, from 2026-27 this will move to a termly funding count for all funding streams. This will improve projections and monitoring going forward however it is recognised by DfE that the move to a termly funding approach for all entitlements will affect local authorities' budget setting and management throughout the 2026–27 financial year. To support this transition, an adjustment to the 2026–27 3- and 4-year-old funding rates has been applied at a national level, with the aim to reflect termly variation from the outset in DSG indicative allocations.

The hourly rate for 3- and four-year-old has increased by 8.5% to support the transition, the rate locally has been set at a 5.1% increase in line with other entitlement funding streams and the difference will be held in contingency to manage variations during the year.

The census dates will be early in the term, therefore provision from the contingency will also be required for in-term starters.

2026-27 Early Years Hourly Rates

Following the principles above the hourly rates have been calculated at the maximum possible value to meet the regulations and to utilise all the funding available.

The proposed hourly rates for 2026-27 are set out in the Appendix, alongside the comparison to 2025-26.

Maintained Nursery Schools

In addition to the hourly rates, maintained nursery schools are also allocated an additional grant, the Maintained Nursery Schools Grant (MNS grant).

Bolton has 2 nursery schools, Grosvenor, and The Orchards. The allocation received from the Government is based on an hourly rate of £ 5.47 must be passed on in full.

SEN Inclusion Fund (SENIF)

The SENIF budget for 2026-27 has been increased by £68,300 (5%).

The proposed SENIF fund for 2025-26 is £1,434,800.

Centrally Retained Funding

The expenditure retained by the Local authority is used to fund the administration of the entitlements, such as eligibility checking and systems, and contributes to a range of support to providers to improve early years outcomes through improving quality.

A regulatory requirement within the early years reforms is to passport 97% of funding to providers, i.e., a maximum retention of 3% for central functions. This applies to each funding stream individually, although for 3- and 4-year-old funding 15 and 30 hours are treated as one calculation.

The Central Expenditure budget for 2026-27 has been increased by £157,100 (10%), the percentage is a higher % increase overall as it reflects the full year effect increase in entitlements.

The proposed Central Expenditure is £1,691,400

Early Years Entitlement Funding Rates				
Rates per Hour	2025-26	2026-27	Increase	
			£	%
3 & 4 Universal				
Base	£ 5.23	£ 5.50	£ 0.27	5.1%
Deprivation	£ 0.40	£ 0.42	£ 0.02	5.1%
Quality	£ 0.23	£ 0.24	£ 0.01	5.1%
3 & 4 Working				
Base	£ 5.23	£ 5.50	£ 0.27	5.1%
Deprivation	£ 0.40	£ 0.42	£ 0.02	5.1%
Quality	£ 0.23	£ 0.24	£ 0.01	5.1%
2 YO - Early Learning for 2's (Previously FRAS)				
Base	£ 7.81	£ 8.21	£ 0.40	5.1%
2 YO Working				
Base	£ 7.59	£ 7.98	£ 0.39	5.1%
Deprivation	£ 0.22	£ 0.23	£ 0.01	5.1%
Under 2				
Base	£ 10.64	£ 11.17	£ 0.53	5.0%
Deprivation	£ 0.30	£ 0.31	£ 0.01	5.0%
EYPP				
3 & 4	£ 1.00	£ 1.15	£ 0.15	15.0%
2 year old	£ 1.00	£ 1.15	£ 0.15	15.0%
Under 2	£ 1.00	£ 1.15	£ 0.15	15.0%
DAF (per year)				
3 & 4	£ 938	£ 975	£ 37	3.9%
2 year old	£ 938	£ 975	£ 37	3.9%
Under 2	£ 938	£ 975	£ 37	3.9%