

Luton Council Provider Agreement January 2026

Appendix 1

Funding FAQs

Author: Beverley Hales Early Years and Childcare Provision Manager

Contact: 01582 548048

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Early years funding

Please note that these FAQs should be read alongside the full Luton Provider Agreement.

What is early years funding?

The government provides the following early years funded entitlements:

- 15 hours entitlement for the most disadvantaged two year olds (families receiving additional support)
- 15 hours entitlement for parents of three and four year olds (the universal entitlement)
- 30 hours entitlement for eligible working parents of nine month to four year olds

All entitlements are paid for 38 weeks of the year, term time only.

How much am I paid for providing early years funded childcare

From April 2026 the rates will be:

- hourly rate for 3 and 4 year olds - £5.94
- hourly rate for Early learning for 2 year olds - £8.74
- hourly rate for working parents of two year olds - £8.56
- hourly rate for working parents of 9 month to two year olds - £11.88

Do I need to meet criteria to become an early years provider?

If you are a new provider registered with Ofsted, but have not yet been inspected, you will be able to take funded children after you register your interest with Luton Council. Your eligibility to continue to deliver funded places depends on your first full Ofsted inspection judgement meeting the expected standards.

Luton Council will fund places at a childminder registered with an agency judged 'effective' or until the agency's first full Ofsted inspection judgement is published.

What do I need to do to deliver early years funding?

To offer funding you must:

- be registered with the Secretary of State, Ofsted or a childminding agency
- agree to comply with the current Luton Provider Agreement
- be aware that Luton Council may complete regular credit checks on the setting and/or registered person

- be aware that the funding is claimed via an online portal; therefore, access to a tablet or private computer is required
- be aware that you will need to use Egress switch, the secure email solution that the council uses for email communication for personal and sensitive information <https://switch.egress.com/ui/registration/accountcreate.aspx>

How do I register?

Please register your interest by emailing nursery.headcount@luton.gov.uk. You will then receive an email with the relevant documents along with a copy of the Luton Council Provider Agreement.

The Provider Agreement will need to be signed, returned and accepted by Luton Council before you can start to deliver funded early years places.

How many weeks does Luton Council fund per year?

Term time only, which equals to 38 weeks per year and is split over three terms:

- **summer** 13 weeks
- **autumn** 14 weeks
- **spring** 11 weeks

How is the funding calculated?

Providers are paid monthly and payment dates will be in the first week of each month but may sometimes change due to bank holidays and payment processes.

Please note that Luton Council reserves the right to pay funding in arrears should there be concerns about the setting's sustainability.

The timetable will split the percentage equally amongst the number of months in that term, with the first two or three months' payments being based on the estimate figures and the remaining month/s on the actual numbers on the headcount and any mid-term changes.

Summer

Based on estimates: April (20 per cent), May (20 per cent) and June (20 per cent)

Based on actual: July (20 per cent) and August (20 per cent)

Autumn

Based on estimates: September (25 per cent) and October (25 per cent)

Based on actual: November (25 per cent) and December (25 per cent)

Spring

Based on estimates: January (33 per cent) and February (33 per cent)

Based on actual: March (34 per cent)

It is essential that providers submit actual headcount returns via the EYES Establishment Portal by the required deadlines.

When can a 2-year-old receiving additional support access their funded entitlement?
Eligible 2-year-olds can be funded from the term after their second birthday or from the date of their eligible application, whichever is later.

When can a 3 or 4-year-old access their universal (15 hours) funded entitlement?
All 3 and 4-year old children can claim funding from the term after their third birthday.

When can a child access their working parent entitlement?
For working entitlement funding (30 hours funding), the funding starts from the term after the child turns the required age or when their parents receive their eligibility code from HMRC, whichever is later (subject to termly deadlines).

At which age is the child no longer eligible for early years funding?
Once the child has reached compulsory school age (the term following their fifth birthday) or once they have taken a place in a reception class in a school.

How long do I need to retain early years documentation?
You are required to retain paperwork for the current financial year plus six previous years. Also, please consider the requirements of your liability insurance as well as the above.

Are providers allowed to charge a 'top-up fee'?
No, providers are not allowed to charge parents the difference between the hourly rate funded by the local authority and the amount they usually charge per hour.

Can funding be backdated?
No, you need to ensure you claim all the funding within the correct term as Luton Council cannot back date funding to previous terms once they are closed.

I have accepted a child after headcount date; do I receive funding?
Funding can be claimed as long as the child does not start in the last two weeks of term and a minimum one month's notice has been provided to the previous setting - please contact nursery.headcount@luton.gov.uk

Funding cannot be claimed if the child has attended a school based nursery or maintained nursery as the term's funding will already have been allocated.

A child is leaving my setting to start at another early years provision, will their funding be reclaimed?

Yes, any unused funding will be reclaimed by Luton Council after the one month notice period.

I have opened part way through the term; do I receive funding for the full term?

No, you will receive funding for the number of weeks open, the number of children on roll and their funded hours.

How many times a year will a provider have to verify a parents' 30 hour eligibility code?

The eligibility code only needs to be verified by the provider once, when the parent initially comes into the setting and presents the code. After this, it is the parents' responsibility to re-validate their code with HMRC when they are notified via emails/texts from HMRC and inform providers immediately of the outcome.

Providers should regularly check to support parents to keep their code eligible and notify them if they fall into their grace period. Luton Council provides information on the portal for providers to support their families and check if any codes are due for renewal.

Are children eligible to start with a new provider in their grace period?

No, parents cannot start their children at a new setting within their grace period, but they are able to continue in their place with their current provider until the end of the grace period.

Can providers share funding?

Parents may split their funding between multiple providers, though no more than two sites in one day and it must not exceed the entitlement.

It is the parents' responsibility to clearly indicate details of all providers on the Parental Declaration Form and specify where they want the hours to be claimed. However, continuity of care is important for the child, therefore consideration should be given to the impact that multiple providers may have on a child's learning, development and wellbeing.

Can a parent stretch the funding over more than 38 weeks?

Yes, parents can agree with their provider to take fewer hours over more weeks, for example 11.4 hours over 50 weeks (universal entitlement) or 22.8 hours over 50 weeks (extended 30 hour entitlement). Invoices must clearly show how the entitlement is being delivered as claims may be audited at any time.

What is Early Years Pupil Premium (EYPP)?

[EYPP](#) is an additional £1.15 (from April 2026) per hour of universal funding to support eligible children's early education. If a child is eligible, the childcare provider or school that the child attends can receive EYPP to help support and improve the child's individual learning.

Providers must enter the child's carer's details including date of birth and NI number to allow EYPP eligibility to be checked on the portal and obtain consent from the parents.

If a child may qualify on non-economic criteria, please contact fis@luton.gov.uk for assistance.

What is Disability access fund (DAF)?

If you provide a funded place for a child who receives [disability living allowance \(DLA\)](#), your setting may be eligible to receive [disability access funding](#), which is £975 (from April 2025) per child per year.

Can a child receive funding whilst waiting to start school?

No, once a child is on the register for a school, even if only part time or waiting for a staggered start, they cannot use early years funding.

Who should I contact with any queries?

Please email all queries to nursery.headcount@luton.gov.uk