



Department
for Education

Early Years Financial Incentives 25-26

**Toolkit for providers and LAs
participating in the programme**

July 2025

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Summary

This toolkit from the Department for Education (DfE) has been produced to support local authorities (LAs) and early years (EY) providers who are taking part in the Early Years Financial Incentives Programme (EYFI). The toolkit is non-statutory.

DfE reserves the right to change the information contained in this toolkit and updates will be provided as and when necessary.

Who this publication is for

The toolkit is primarily for those EY providers and LAs in England who are participating in EYFI, as well as those individuals who will be able to claim a financial incentive.

It may also be of interest to LAs and Early Years providers not involved in the programme this year.

Main points

Financial Incentive (FI) payments are available in 38 local authorities (LAs) from July 2025 to help increase recruitment in early years' settings and support the sector through the childcare expansion in September 2025 and beyond. This document provides more information about the programme.

Contact us

If you have any queries about the programme, the main email inbox is EY.Financial-Incentives@education.gov.uk. This should be used for all queries relating to the operation of the programme.

If you would like to email queries about the financial incentives policy, please contact us at ey-recruitment.retention@education.gov.uk.

How to navigate this toolkit

The toolkit is split into 3 sections:

- **Section one: Information for providers.** This section has information to help providers understand who is eligible for incentives, how the online portal works and how to claim incentives.
- **Section two: Information for LAs.** This section has information for LAs, including which LAs are included in the programme and the expectations of LAs.
- **Section three: background information.** This section has more general information about the programme.

Glossary of terms

Eligible LAs: The list of LAs where financial incentives can be offered. To be eligible to receive an incentive, an employee must be employed at an eligible provider located in one of these LAs.

Eligible EY staff: Eligible EY staff are those who are starting work on a permanent basis in an LA taking part in the programme, and who are joining an EY provider required by section 40(2) Childcare Act 2006 to implement the early years foundation stage - other than a reception class or childminder. They must also be new or returning to the profession after 6 months, and must spend at least 70% of their time working directly with children.

Eligible provider: An eligible provider is an organisation located in an LA participating in the programme which is required by section 40(2) Childcare Act 2006 to implement the early years foundation stage - other a reception class or childminder.

White list: The white list contains the contact details for all of the providers who are eligible to offer financial incentives. It is provided to DfE by LAs and uploaded to the online portal. Only providers on the white list are able to access the online portal and make a claim. Each provider can have a maximum of 2 named contacts on the white list.

Online portal: The online portal is where providers can start a claim when an eligible worker has started their role. It is also the site that employees will need to visit to confirm basic data and add their bank account details.

Section One – Information for providers

- EY providers are key to the success of the programme.
- Once they have recruited an eligible new starter, and that individual is in post, the provider will access DfE's online portal and start the claim on their behalf. This should take less than 5 minutes.
- After 6 months the provider will confirm that the new starter is still in post, and at this point DfE will pay the incentive directly into their bank account.

Expression of interest

The online portal for claims will not open until early-mid September 2025. To allow providers to reserve incentives for new starters before it opens a short expression of interest form will be live from 30 July 2025. DfE will email providers who have reserved an incentive when the portal opens to remind them to submit a claim.

Whilst use of the expression of interest is not mandatory, it is encouraged to ensure effective running of the scheme and timely payments.

The expression of interest form will close when the online portal opens as it will no longer be required.

How to use the online portal

The portal has been developed and built by DfE and is designed to be quick and easy to use. It can only be accessed by providers on DfE's 'white list' and they are the only ones who will be able to start a claim¹. The link to the online portal will be sent to providers on the day the portal opens and will remain live until the day that it closes.

After a provider has recruited an eligible new employee, the provider will need to start a claim on the employee's behalf via the online portal. The person who does this will need to be one of the named contacts on the white list. When this stage is complete, the employee will receive an email inviting to add additional information (like their bank account details) to complete the claim.

¹ LAs provide DfE with a list of their providers and this then becomes the white list. Any provider within an eligible LA but not on the white list (for example because they have recently opened) should contact their LA. The LA will then contact DfE and have the new provider added so that they make claims.

There are clear instructions on each page to help guide users through the application process.

When a provider has completed the claim, they will be sent an email with a reference number on. They need to keep this number as without it, it won't be possible for them or the new starter to access the online portal.

Online login

After the provider has completed their part of the claim, the employee will receive an email inviting them to complete the claim and provide further details. They'll need to create a GOV.UK One Login account if they do not already have one. This is so that we can verify their identity. We'll help them create a GOV.UK One Login account as part of the process.

What the provider will need before starting a claim

Prior to starting a claim there are a few steps that the provider can take to make the process easier:

- Have the provider's Employer PAYE reference number to hand
- Have basic information about the employee to hand such as their name, start date and email address
- Be ready to answer questions confirming that the employee is eligible to receive an incentive.

What the employee will need before completing their section of the claim

When the provider has initiated the claim and inputted basic information about the employee, an email will be sent to the employee with a link for them to add some extra details. Prior to completing this process there are a few steps the employee can take to make the process easier:

- Have the reference number that was sent to them in the invite email,
- Ensure they have a One Login account as this will be required to access the system (if they haven't the portal will guide them through the process),
- Be ready to confirm the basic information that has been inputted by the provider, and
- Have bank account and NI details to hand.

Any queries about the online portal should be sent to EY.Financial-Incentives@education.gov.uk

The payment of the incentives to eligible employees

Eligible new starters will receive up to £1000 after tax and NI. Tax and NI will be paid by DfE. Incentives should be paid directly into their back account after they have been in post for 6 months.

The employee must complete 6 months in their role to receive the payment. DfE will contact the employer by email before that point to check that the employee is still in post.

If the employee leaves the nursery before they have completed 6 months, the employer must tell DfE. They can do this by emailing EY.Financial-Incentives@education.gov.uk.

Time limits

All eligible employees must have been appointed after 15 July 2025 and before 01 March 2026. Any employee appointed after 01 March 2026 will not be eligible to receive an incentive.

The online portal will close on 15 March 2026. It will not be possible to submit claims after this date. This means that if a claim has not been submitted by the provider by 15 March 2026 it will not be possible to pay the incentive to the new employee.

Eligible individuals

Eligible individuals are those who are

- applying for their permanent first role at an early years provider required by section 40(2) of the Childcare Act 2006 to implement the early years foundation stage - other than a reception class or childminder, or returning after a break of at least six months,
and
- have secured a role which involves directly working with children for at least 70% of the time,
and
- are employed by a provider taking part in the programme, which is located in an LA taking part in the programme.

Working directly with children can involve any of the following:

- working in the room with children — this can include playrooms, base rooms and classrooms,
- guiding, supporting and interacting with children in their learning and development,

- giving hands-on care, including health and hygiene.

70% or more time applies to all part and full-time roles. The employee does not need to work a minimum number of contracted hours to be eligible.

Returners are defined as those who left the profession at least 6 months before they started their new role. Anyone who left a permanent role in the profession less than 6 months before they started their new role will not be eligible for an incentive.

If the new employee has worked in an early years setting in the 6 months before starting their current role, they can receive an incentive if their work was:

- voluntary or unpaid
- casual and temporary

Casual or temporary work could include:

- zero-hour contracts
- guaranteed minimum hour contracts
- self-employed or freelance contracts
- fixed term contracts (FTCs)
- agency work and apprenticeship roles

Apprenticeships

Apprentices cannot receive a payment - even if they're on a permanent contract -during their apprenticeship.

They can receive a payment when they move from being an apprentice to an employee. To do this, they must have passed their apprenticeship and been taken on in a permanent role.

Temporary and part time workers

Those on **temporary contracts** are not eligible to receive an incentive. They are only available for those recruited on a permanent basis.

The incentive is not paid on a pro rata basis. This means that **part-time workers** are eligible for 100% of the payment, regardless of the numbers of hours they work. More information about pay and bonuses for part time workers can be found at this link [Part-time workers' rights - GOV.UK \(www.gov.uk\)](https://www.gov.uk/part-time-workers-rights).

Universal Credit

If the person receiving an incentive is in **receipt of Universal Credit (UC)**, the amount of UC they receive will depend on how much they earn each month. UC payments reduce as wages go up, and increase again if the individual stops working or their wages go down.

If the employee earns over a certain amount each month then their UC will stop until they fall below the threshold again. More information can be found at this link [Universal Credit and earnings - GOV.UK](#)

Student loans

If the person receiving the incentive is **currently repaying a student loan**, a deduction towards it may come out of their £1000 payment.

If they **have a student loan but are not currently repaying it** and their payment takes them over the amount they must earn to start paying back a student loan, a deduction may go towards repaying it.²

If their income for the financial year is below a certain level they may be able to claim the student loan payment back. More information can be found here [Repaying your student loan - Getting a refund](#).

Text for job adverts

Providers can include the below text on job adverts to advertise the £1000 payment to applicants.

“Successful applicants will receive a £1000 payment after they have been in the role for 6 months. To be eligible for a payment, you must either:

- *not have worked in a nursery before,*
- *have worked in a nursery before but not in the last 6 months,*
- *have worked in a nursery in the last 6 months but on a temporary contract”*

² Read more about [when they would start paying back a student loan](#) and [what they'll pay](#).

Section Two – Information for LAs

- LAs have a light touch role in the delivery of the EYFI programme.
- Their only formal role is to provide DfE with an up-to-date list of eligible providers on a template provided by DfE. This will then be uploaded to DfE's online portal and is called the 'white list'. Only providers on the white list can apply for an incentive. It is therefore very important that all eligible providers are included. The white list can be updated if new providers are set up, existing providers close or if the named contact for a provider changes. Each provider can have a maximum of 2 named contacts on the white list. Only named contacts will be able to log on and submit claims.
- LAs may also want to use their networks to promote the incentives so that more people find out about them and are attracted to join the EY workforce.

Eligible LAs

Targeting decisions have been based on the very latest information we have showing where workforce sufficiency risks ahead of September's expansion are most acute. This includes intelligence from the regular conversations that we have with LAs and data estimating workforce need.

There are 38 LAs participating in this round:

- Bedford
- Birmingham
- Bolton
- Bournemouth, Christchurch and Poole
- Calderdale
- Cornwall
- County Durham
- Cumberland
- Darlington
- Derbyshire
- Devon
- Dorset
- Dudley
- East Sussex
- Essex
- Gateshead
- Hampshire

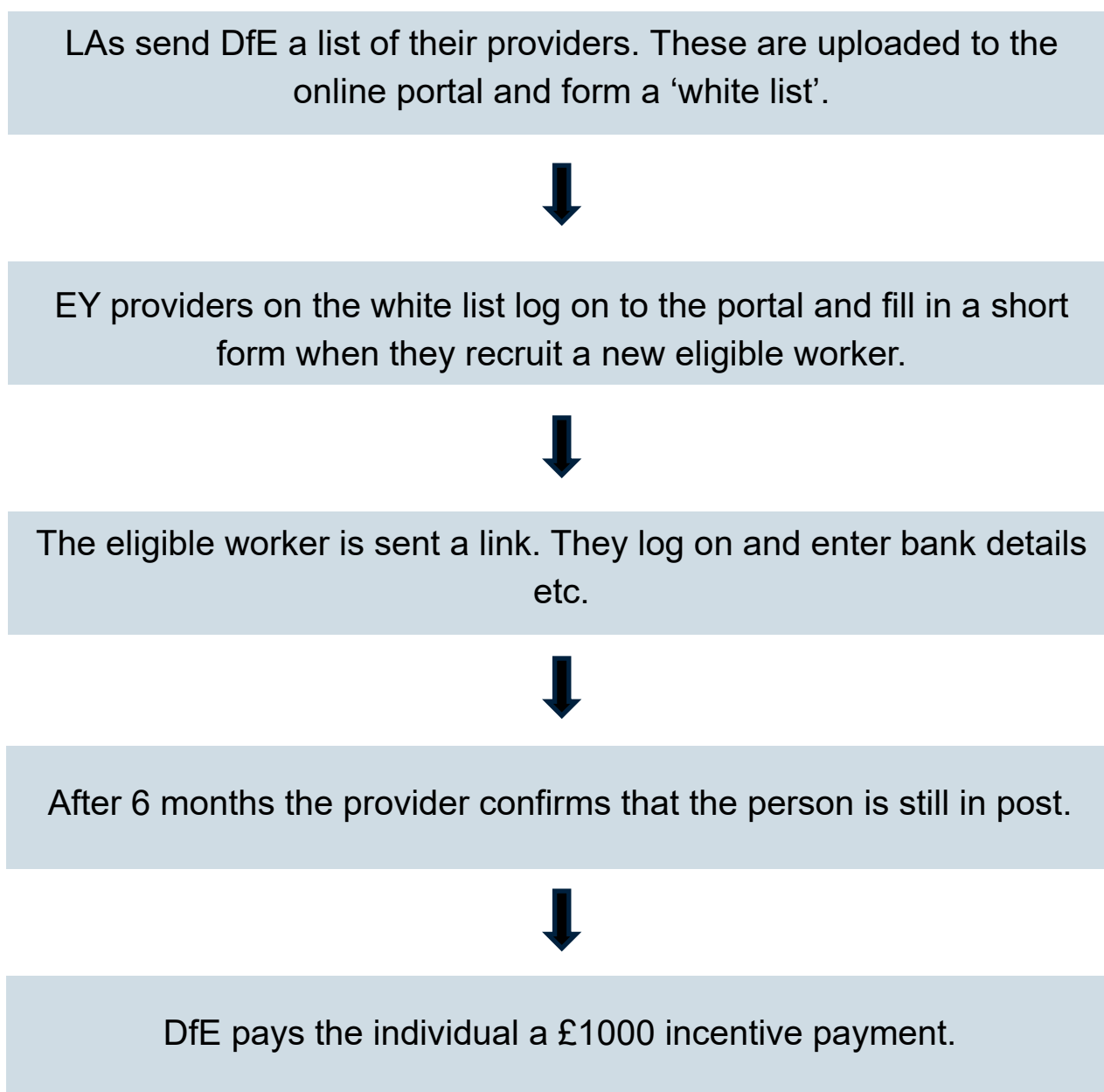
- Kent
- Kingston Upon Hull, City of
- Leeds
- Newcastle upon Tyne
- Norfolk
- North Tyneside
- Nottingham
- Nottinghamshire
- Oxfordshire
- Rochdale
- Sheffield
- Suffolk
- Sunderland
- Swindon
- Telford and the Wrekin
- Thurrock
- Torbay
- Trafford
- Warwickshire
- West Northamptonshire
- Westmorland and Furness

Section three – Background information

Overview of the process

The diagram below contains an overview of the process which is followed when the portal goes live in September. Until that point providers can reserve an incentive using our expression of interest process.

Figure 1 - FI end to end process



Key dates for the Programme

Figure 2 - Key dates

Date	Activity
7 July 2025	LAs send provider lists to DfE to be uploaded to the white list.
w/c 14 July 2025	Initial comms to providers telling them about the programme.
15 July 2025	FI recipients must have started on or after this date to qualify.
30 July 2025	<ul style="list-style-type: none"> • DfE send an email to all providers on the whitelist telling them the expression of interest has opened. • Incentives can be reserved.
Early- mid September 2025	<ul style="list-style-type: none"> • Online portal launches and first incentives can be claimed. All providers are emailed a link to the online portal. • Providers who reserved an incentive via the EOI are contacted to remind them to submit a claim. EOI closes
15 March 2026 (or when incentives run out – whichever is sooner)	The final date that people can be recruited to be eligible for an incentive. Anyone recruited after 15 March is not eligible to receive an incentive.
31 March 2026 (or when incentives run out – whichever is sooner)	<ul style="list-style-type: none"> • Final date that a provider can submit a claim for an eligible employee. • Online portal closes.
15 January 2026	6 months from the day new starters must have started to be eligible - first date that claims can be paid.

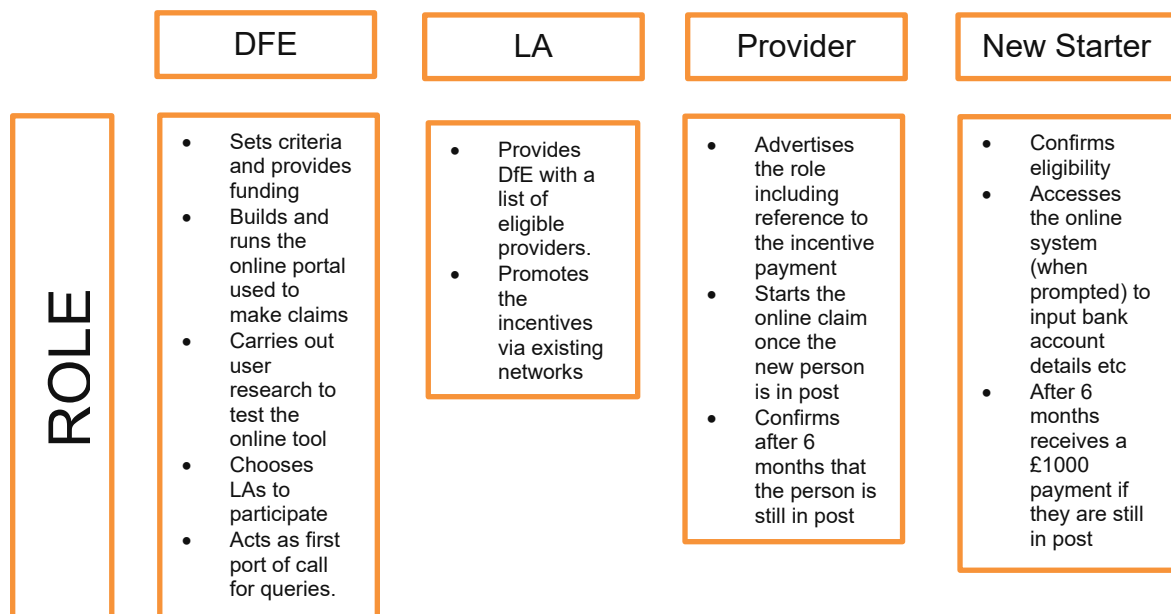
Number of incentives

Incentives are offered on a first come first served basis. There is a finite number of incentives. DfE will advise providers when the numbers are running low so that they can prioritise starting claims for those who have just started in role with them.

Delivery of the Programme – roles

Whilst not exhaustive, the diagram below gives a little more information about the roles of each of main actors who are necessary to make the programme as effective as possible.

Figure 3 - Roles



DfE

DfE is responsible for setting the criteria for the programme, choosing the LAs to take part and providing support and guidance for providers who are making claims on behalf of their new starters.

DfE will also provide the funding for the incentives.

The LA

LAs will need to provide DfE with a list of eligible providers. This will then be uploaded to our online portal and is called the 'white list'. Only providers on the white list can apply for an incentive. It is therefore very important that all providers are included. The white list can be updated if new providers are set up or existing providers close.

LAs may also want use their networks to promote the incentives so that more people are attracted to work in EY settings.

The Provider

EY providers are key to the success of the programme.

When they advertise for new staff they may include in the job advert reference to the fact that the new starter may be eligible for an incentive.

Once the new starter is in post the provider will access DfE's online portal and start the claim on behalf of the new starter. This should take less than 5 minutes. They may also provide support for the new starter when they access the online portal to enter their details (for example their bank details).

After 6 months they will then confirm that the person is still in post so that they can be paid the incentive.

New Starters

'The new starter' is the person who will receive the incentive when they are successfully employed by a provider and have been in post for 6 months.

The new starter is responsible for confirming to the provider that they are eligible for the payment (for example, that they have not been working in a nursery or pre-school in the last 6 months) and for providing certain details (like bank account details) to DfE via the online portal.

Flyer to hand to those applying for roles with an incentive attached

On the next page there is a leaflet which providers can give to people considering applying for a role which has an incentive attached to it.



Department
for Education

Early years financial incentive payment – information for potential new starters

If you're offered a permanent role at a nursery participating in this scheme, you may be able to receive a £1000 payment.

If you're eligible, you'll receive the £1000 payment when you have been in the role for 6 months.

Am I eligible for a payment?

You're eligible for a payment if:

- you have applied for and been offered a role at a participating nursery
- you have not worked in a permanent role in a nursery in the last 6 months
- the role you've applied for is a permanent contract
- you'll spend most of the time (70% or more) in this role working directly with children

You do not need to have any early years qualifications or have worked in a nursery before.

You cannot receive the payment if you:

- have worked in a permanent role in a nursery in the last 6 months
- would not be spending most of your time (70% or more) working directly with children in the role you've applied for

How does it work?

If you're offered the job and accept it, your new employer will start a claim on your behalf when you start in your new role. You'll then receive an email inviting you to complete the claim on an online portal.

You'll need to create a GOV.UK One Login account if you do not already have one. This is so that we can check your identity. The Department for Education can help you create an account when you complete your claim on the website.

When The Department for Education has verified your identity, you will be asked for a few details including your bank account details.

You'll receive the payment after you've been in the role for 6 months. If you leave your role before 6 months you can't receive a payment.

How will I be paid?

The Department for Education will pay the money directly into your bank account. This will happen after you have been in the role for 6 months.

The Department for Education will pay the Income Tax and National Insurance on your payment.

If you claim Universal Credit, the £1000 payment may affect the amount of Universal Credit you receive. It may also affect any student loan repayments you're making.



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