

Hello

I wanted to draw attention to the updated guidelines set out by the DFE around the payment of additional fees which are necessary to support the viability and to meet the hourly shortfall in government funding which all early years provisions must adhere to in regard to the early years funding.

From April 1st 2025 additional payments for consumables, meals and resources will be deemed as a voluntary payment. Particularly restrictions on consumables and sundries charges means we cannot recover the essential costs for high quality provision. Parents can opt out of making this payment causing us a financial loss.

In 2006 we purchased a former day nursery. We opened the Day Nursery and Preschool, from then we have worked tirelessly, dedicating our time to giving the local children the best start in life, delivering an outstanding early years curriculum. We opened another setting in 2010. Both have thrived due to the dedication of our staff and have achieved Ofsted outstanding rating.

We employ at 40 members of staff from 18-73 years, train staff who start with no qualification to achieving their Early Years Childhood Studies degree.

The early years funding rate [REDACTED] LA pay us for 3 to 4 year olds 2025/2026 is £6.10 an hour.

Per child attending 10 hours per day the funding we receive is £61.10 Daily fees are £76.50. There is a funding shortfall of £15.40 per child per day.

20 children x £15.50 = £308.00 a day shortfall

Funding at 30 hours a week X 38 weeks.

20 children @ £15.40 a day loss x 3 days a week x 38 weeks = £34,428.00 in lost fees per year. Unsustainable.

A charge of £1.20 per hour for a funded day per child is made to make up the short fall to cover enhanced provision, consumables, breakfast, two healthy snacks, two course home cooked dinner afternoon tea extension resources, Santa visits, graduation, Easter celebrations.

Charges are shown on invoices and are not hidden but fully explained to the parent.

When this fee becomes a voluntary contribution as outlined in the government guidance we will close down and by doing so this will leave a gap of 120 child places who would receive the Working Parents Funding and the Early Years Funding.

Without sufficient funding [REDACTED] cannot afford to cover the costs of

Learning materials and educational resources

Specialist staff training

Nutritious breakfast 2 course dinner healthy snacks and afternoon tea.

Additional staffing when needed.

Enriching activities that support child development.

Adding to and replacing resources

These are not optional extras, but are not adequately covered in government funding. Therefore we will have to cut services, reduce quality or close altogether. This will impact on children, families and the early years workforce.

We have been put in an untenable situation like all private and voluntary settings throughout the country. Most of these having stated that they are seriously thinking about not signing their local council funding declaration. Six out of ten childcare providers plan to cut the number of three and four year old funded places they offer, while a quarter of providers intend to do the same for funded two year old places and only one third of providers are planning to extend the 15 hours to 30 hours.

The government are providing schools and high needs settings with over £ 930 million in the financial years 2025/2026 to support them with their increased NIC costs and minimum wage increases but not to PVI's.

The government is providing £25 million additional funding to schools with early years provision. £155 million for post-16 schools and academies and further education colleges but not to PVI's

This additional grant proves that the government realises that the funding rates are not adequate to cover these costs from 1st April 2025. The increase of support paid to state-maintained nurseries also paid outside of funding proves that funding is deliberately causing financial discrimination to private and voluntary early years settings. Not paying this grant to private and voluntary early years settings is DISCRIMINATION as we are being treated less fairly than maintained settings.

I would like to ask the question:

Why are care homes allowed to charge residents a top-ups and private day nurseries cannot do this?

Many care homes are also private independent businesses. They are allowed to negotiate funding rates with local authorities but many like private day nurseries believe those rates do not fully cover the cost of providing care. As a result, care homes are allowed to:

Refuse LA funded placements, accept placements only if a top up is paid charge privately funded residents a higher fee.

In conclusion I am asking the CMA DFE and Government

To accept that all charges are shown on parent invoices are not hidden but fully explained for the parent to read

Review and revise the funding model to reflect actual costs per child

Recognise the necessity of additional charges unless funding fully covers nursery provision per hour.

Remove the word "free" funding and "voluntary contribution"

Recognise the vital role PVI's play in shaping the next generation of the workforce.

Support us in providing a funding model that allows us to remain financially viable.

Kind regards

