



Consultation with Dorset early years providers – Part 2

Funding Decisions for the 2026-27 financial year

Early SEND Support Funding
Funding Rates for 2026-27

Launch date: Monday 5 January 2026
Respond by: Thursday 8 January 2026 (12:00)

CONTENTS –	Page
1. INTRODUCTION	3
About this document	3
How to respond	3
Deadline	3
Making enquiries	3
Publication of results	3
2.THIS CONSULTATION	4
Why are we consulting you?	4
Information published by the DFE	4
Current Dorset funding arrangements	
Feedback from the 2026-27 consultation part 1	5
3.CONSULTATION INFORMATION AND QUESTIONS	7
Early SEND Support Funding	7
3 and 4-year-old supplements	8
Deprivation Supplement	7
Low Income Supplement	7
2026-27 funding options for consultation	9
Next Steps	10

1. INTRODUCTION

About this document

This document is for all Dorset early years providers, the document:

- explains why this consultation is taking place
- provides detail on the consultation questions
- seeks your views

How to respond

To help us analyse your responses efficiently, please use the online system. If for any reason you are unable to, please contact the Early Education Funding Team for a word document version of the form and return it by email to: earlyeducationfunding@dorsetcouncil.gov.uk.

Deadline

This consultation closes at 12 noon on Thursday 8 January 2026.

Please accept our apologies for this very short consultation. We have to publish Schools' Forum papers on Friday 9 January 2026 and need the results of the consultation to complete the papers.

Making enquiries

If your enquiry is about the content of this consultation, please contact Vanessa Eddey vanessa.eddey@dorsetcouncil.gov.uk 01305 224562.

Consultation Webinar

We will hold a webinar on Tuesday 6 January 2026 6.30-7.30pm to talk through early education funding proposals for 2026-27 and answer questions. The Teams link to the meeting was sent on Thursday 18th December, but we will send it again nearer the time.

Publication of results

An analysis of your responses to both consultations will be published with the Schools' Forum papers on Friday 9 January 2026. This will enable Schools' Forum members to reflect upon what you have said before they make decisions at their meeting on Friday 16 January 2026.

2. ABOUT THIS CONSULTATION

Why are we consulting you?

The Early Years National Funding Formula (EYNFF) for 3 and 4-year-olds was introduced in April 2017. Each year the Government publishes guidance setting out the overall framework, funding rates and expectations on local authorities in implementing the EYNFF. Three government funded entitlements are available:

a. 3 and 4-year-old entitlements

- universal 15 hours entitlement
- additional 15 hours entitlement for eligible working parents

b. 2-year-old entitlements

- 15 hours entitlement for eligible families receiving additional support (FRAS). This entitlement was previously referred to as the '2-year-old disadvantaged entitlement'
- 30 hours entitlement for eligible working parents

c. Under 2s entitlement

- 30 hours entitlement for eligible working parents

Local authorities are required to consult with early years providers on annual changes to their local formula. The results of this funding consultation will be discussed at the Dorset Schools Forum on Friday 16 January 2026.

Information published by the DfE

Information on funding rates was published by the DfE on 17 December 2025. To determine 2026-27 rates, the DfE have applied the following factors:

- An inflationary increase to reflect sector specific costs, using forecast Average Earning Growth, Consumer Prices Index and the 2026 National Living Wage;
- A further increase to reflect workforce costs the sector has faced since April 2025;
- Funding in respect of the 2025-26 Early Years National Teachers Pay Grant, which has been rolled into the rates for each age group;

	2025-26	2026-27	Difference	% Difference	Rate with termly funding adjustment
3- & 4-year-old rate	£5.71	£6.01	£0.30	5.3%	£6.20
2-year-old rate	£7.72	£8.08	£0.36	4.7%	
Under 2s rate	£10.44	£10.91	£0.47	4.5%	
Early Years Pupil Premium	£1.00	£1.15	£0.15	15%	
Disability Access Fund	£938	£975	£37.00	3.9%	

The minimum pass-through rate has changed from 96% to 97% from 1 April 2026 and it is now mandatory for LAs to issue funding statements by 28 February 2026.

The DfE is moving to a permanent termly census for all entitlements for 2026-27, rather than the annual spring census. The funding will now be allocated according to the termly pattern of 13 weeks in the summer, 14 weeks in the autumn and 11 weeks in the spring (total 38 weeks). Formerly, the annual census was used to allocate funding in twelfths, e.g., 5/12ths and 7/12ths. An adjustment has been applied to the 3- and 4-year-old rates to support the transition to a termly approach and allow LAs to set a contingency fund to manage any drops in funding. Nationally, 3- and 4-year-old allocations are expected to drop by 2.94%.

In Dorset, the 3- and 4-year-old rate increase is £0.30 per hour for 2026-27, which is a 5.3% increase compared to 2025-26. In addition, the DfE have allocated an additional £0.19 towards the termly funding adjustment (as explained in the paragraph above). LAs can use this as a contingency budget, to compensate for any changes to funding with the move from annual to termly census collection. If the whole amount is not needed for contingency some can be added to the 3- and 4-year-old rate, and this is something we plan to do in Dorset.

Current Dorset Funding arrangements (2025-26)

	3- & 4-year-old	2-year-old (working and FRAS)	Under 2s
Base rate	£5.45 per hour	£7.43 per hour	£10.05 per hour
Supplement Deprivation - based on the Income Deprivation Affecting Children Index (IDACI) (if applicable) Deprivation Band 1 (20% - 24.99%) Deprivation Band 2 (25% - 29.99%) Deprivation Band 3 (30% +)	£0.14 per hour £0.26 per hour £0.39 per hour	N/A	N/A
Supplement Low Income – based on EY entitlement income in the previous calendar year between £2,730 - £13,230 £13,231 - £21,000	£0.84 per hour £0.42 per hour	N/A	N/A
Pupil Premium (if applicable)	£1.00 per hour	£1.00 per hour	£1.00 per hour
Disability Access Fund (if applicable)	£938 per child	£938 per child	£938 per hour

Feedback from the first part of the 2026-27 consultation

We received 39 responses to the consultation that closed on 19 December 2025:

Childminders	13
Group settings	26
Total	39

Full details of the consultation responses and comments will be published in the Schools Forum paper going to the meeting on 16 January 2026.

3- & 4-year-old funding Supplements feedback

What is your preferred option for the deprivation supplement?	Number of responses
Option 1 - keep the existing rates per hour and IDACI range	9
Option 2 - keep the existing IDACI ranges with an inflationary increase of 1p or 2p per hour	16
Option 3 - keep the existing rates per hour with a lower band 1 IDACI score	1
Option 4 - lower band 1 IDACI score with an inflationary increase of 1p or 2p per hour	13

Due to the mixed response, we will show three options in this consultation:

1. No change to the deprivation supplement
2. Apply an inflationary increase to the rates
3. Apply an inflation increase to the rates and lower the qualifying IDACI band to 16% (currently 20%).

What is your preferred option for the low income supplement?	Number of responses
Option 1 - keep the existing supplement rates and income thresholds	13
Option 2 - don't have a low income supplement	12
Option 3 - increase the income thresholds by 25%	9
Option 4 - increase the income thresholds by 50%	5

We will show two options in this consultation as there was not a clear steer to stop the low-income supplement. The two options are:

1. Stop the low-income supplement
2. Increase the income thresholds by 25%

Again, feedback was mixed. Some responses supported the continuation of the low-income supplement to encourage settings to take 3- and 4-year-old children. Some responses supported the removal of the low-income supplement so that the base rate can be increased for all settings.

Central Retention feedback

Do you agree with the increase in central retention to £1,211,845?	Number of responses
Yes	14
No	9
Don't know	16

The proposed central retention of £1,211,845 – an increase of £37,577 on last years budget of £1,174,268 - will be included in all scenarios. The 3.2% increase covers the nationally agreed pay rise in 2024-25. Central retention will be 2.43% of the 2026-27 early years entitlements budget of £50,555,910. The new pass-through rate is 97%, which is applied in total by many LAs. Dorset Council appreciates the necessity of passing through as much funding as possible and has kept the increase to a minimum and 0.57% under the allowed maximum.

3. CONSULTATION INFORMATION AND QUESTIONS

Special Educational Needs Inclusion Fund (SENIF)

Early SEND support funding

Early SEND support funding in Dorset is for settings with children who:

- Have special educational needs or disabilities and are not yet in school
- Do not have an Education Health Care Plan (EHCP) in place

Early SEND support is to ensure the inclusion of all children not yet attending school with emerging and additional needs. Early SEND Support funding is where we make payments directly to a nursery, pre-school, or childminder to help them meet the needs of children with SEND in their childcare setting. It is a first step of support and intervention. It is hoped that with this additional support, children may not need an Education, Health and Care Plan (EHCP) and it will afford additional time for intervention and create clarity if an Education Health Care Needs Assessment needs to start at a later stage.

Children do not need to be accessing their early years entitlements to be eligible. More information can be found here [Early SEND Support funding | Dorset Nexus](#)

Early SEND support funding can also be known as special educational needs inclusion fund (SENIF) DfE rules state that all local authorities are required to have a SENIF for all children eligible for the entitlements and who have SEN, regardless of the number of hours taken. These funds are intended to support local authorities to work with providers to recognise and support the low-level and emerging needs of individual children with SEN who are taking up the entitlements. These funds also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014.

Children with an Education, Health & Care Plan are funded from the High Needs Block of the Dedicated Schools Grant.

The maximum amount of funding awarded per term is £850.00 and the digital application form requires details of how you want to spend the funding including costs against each area of support you want to apply for. These areas are: resources; specialist training; adaptations to the environment; staff time to cover meetings; adult support. When applying for adult support, if the child attends less than 15 hours a week then the amount awarded will be pro-rata based on the child's attendance hours per week.

In 2025-26, £250,000 was contributed towards Early SEND support funding from Early Education Funding. Due to the increasing number of claims on the fund, we are consulting on an increase of £50,000 to increase the Early SEND support funding budget to £300,000. The contribution from each funding stream is shown below.

Funding	Funding 2026-27	SENIF	SENIF as a % of funding
3- and 4-year-old	£20,091,658	£120,854	0.24%
2-year-old FRAS	£1,983,954	£11,934	0.02%
2-year-old working	£12,462,018	£74,961	0.15%
Under 2 working	£15,336,310	£92,251	0.18%
Total	£50,555,910	£300,000	0.60%

We plan to have a consultation on early years SEND funding in 2026 once the DfE publish the white paper and we've had time to work through plans. If you have any comments to help us plan this consultation, please let us know in consultation question 5.

Consultation

Survey Questions

Early SEND support funding Question

Please note that the question numbers start at number 4, to match the response form.

4. Do you agree with the increase of the early SEND support budget by £50,000 from £250,000 to £300,000?
5. Do you have any comments about early SEND support funding? Any information will help towards the consultation we plan to run in 2026.

3 and 4-year-old supplements background information

Funding supplements are amounts of funding paid to providers in addition to the universal hourly base rate to reflect local needs or policy objectives. Local authorities may apply a supplement to the base rate for any of the entitlements. When using supplements, local authorities should adhere to the following principles:

- the use of supplements should be transparent and fair and should be open to all providers that meet the eligibility criteria
- for the 3 and 4-year-old entitlements, local authorities should not distinguish between the universal 15 hours entitlement and the additional 15 hours for eligible working parents; any supplement should apply equally to both entitlements

The current Dorset local formula includes two supplements for 3- and 4-year-olds:

- Deprivation is a mandatory supplement and uses the Income Deprivation Affecting Children Index (IDACI) score for a provider, which is based on the aggregated postcodes of all the children that attended the setting in the previous calendar year. There are three Bands:

Band 1 – IDACI score between 20% to 24.99% - £0.14 per hour

Band 2 – IDACI score between 25% to 29.99% - £0.26 per hour

Band 3 – IDACI score between 30% to 100% - £0.39 per hour

- Low Income (formerly known as Small Setting) is an optional supplement to encourage our smallest settings to take funded 3- and 4-year-old children and is based on the income from funded entitlements in the last calendar year. There are two rates:

Income between £2,730 - £13,230 - £0.84

Income between £13,231 - £21,000 - £0.42

In 2025-26 there were no changes to the deprivation supplement. Consultation feedback indicated that the increase in pupil premium in 2025-26 provided sufficient funding in respect of deprivation. The low-income supplement had a 2p increase on both levels and an inflationary increase to the income bands.

2026-27 Funding Options for consultation

All options are based around variations with 3- & 4-year-old rates and supplements and include the following base rates for other funding streams:

- 2-year-old FRAS and working – increase base rate from £7.43 to £7.77 (4.58% increase)
- Under 2s – increase base rate from £10.05 to £10.49 (4.38% increase)

The following table shows seven options for 3- and 4-year-old funding, based on feedback in the first consultation on the deprivation and low-income supplements. If a change increases the cost of a supplement, there is a reduction in the base rate.

You will need to choose one of the seven options:

Option	Deprivation Supplement	Low Income Supplement	3- & 4-year-old base rate
1	No change	No change	£5.94 per hour
2	Increase deprivation rates and keep the bands the same: Band 1 - £0.14 to £0.15 Band 2 - £0.26 to £0.27 Band 3 - £0.39 to £0.41	No change	£5.94 per hour
3	Increase deprivation rates and lower Band 1: Band 1 - £0.14 to £0.15 Band 2 - £0.26 to £0.27 Band 3 - £0.39 to £0.41 and lower deprivation Band 1 to 16% (reduced from 20%)	No change	£5.91 per hour
4	No change	Stop paying the low-income supplement	£5.95 per hour
5	No change	Increase qualifying low-income bands by 25%	£5.94 per hour
6	Increase deprivation rates and lower Band 1: Band 1 - £0.14 to £0.15 Band 2 - £0.26 to £0.27 Band 3 - £0.39 to £0.41 and lower deprivation Band 1 to 16% (reduced from 20%)	Increase qualifying low-income bands by 25%	£5.91 per hour
7	Increase deprivation rates and Lower Band 1: Band 1 - £0.14 to £0.15 Band 2 - £0.26 to £0.27 Band 3 - £0.39 to £0.41 and lower deprivation Band 1 to 16% (reduced from 20%)	Stop paying the low-income supplement	£5.92 per hour

Background information on the seven options

Options 1 and 2 have the same base rate as the cost of increasing deprivation rates is affordable without lowering the base rate. It is achieved by a small reduction in the contingency budget. Option 1 is for information and any votes for Options 1 and 2 will be combined.

Option 3 lowers deprivation Band 1 from 20% to 16% (using the Income Deprivation Affecting Children Index, known as IDACI). This makes the deprivation supplement available to 49 settings. Without lowering the bands, the deprivation supplement is available to 21 settings

Number of settings receiving supplement	IDACI Band 1 remaining at 20%	IDACI Band 1 lowering to 16%
Day Nursery	1	13
Preschool / playgroups	8	17
Childminder	11	16
School based setting	1	3
Total	21	49

Option 4 removes the low-income supplement. Whilst this adds money to the base rate, it potentially has implications for settings that currently receive the low-income supplement and their ability to carry on taking 3- and 4-year-olds.

Option 5 keeps the low-income supplement and increases the qualifying income bands by 25%.

Option 6 is a combination of Options 3 and 5.

Option 7 is a combination of Options 3 and 4.

Consultation

Survey Questions

3- and 4-year-old Deprivation Supplement Consultation Question

Please note that the question numbers start at number 4, to match the response form.

6. Please choose your preferred option in respect of funding rates.
7. Do you have any comments on the 2026-27 funding rates?

Next Steps

Please respond to the consultation and get in touch if you have any questions. Contact details are at the front of the consultation.

We will hold a webinar on Tuesday 6 January 2026 at 6.30pm. Please check you emails for the link to the Teams meeting

We will be submitting a paper to the Dorset Schools Forum, which will be published a week before the meeting. This will have full details of the consultation survey results.

Once the consultation closes on Thursday 8 January 2026 at 12 noon, we will collate the final results and present them to the Schools Forum Meeting on 16 January 2026 as an update.

Final rates will be published as soon as possible and no later than 28 February 2026.