

# Dedicated Schools Grant (DSG) Consultation 2025 (Early Years)

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## 1. Introduction

The Dedicated Schools Grant (DSG) is a ring-fenced grant provided by the government for the financing of schools' budgets, the provision of high needs and early years services, and the central provision of local authority responsibilities for all schools.

Early Years funding is distributed to local authorities based on an Early Years National Funding Formula (EYNFF) that consider various factors including pupil numbers and characteristics.

The Early Years Block of the DSG totals £104.497m for 2025-26, funding:

- 3- and 4-year-olds entitlements (universal)
- 3- and 4-year-olds additional entitlements (working parents)
- 2-year-old entitlements - families receiving additional support (FRAS)
- 2-year-old entitlements (working parents)
- Under 2's entitlements (working parents)
- Early Years Pupil Premium
- Disability Access Fund
- Maintained Nursery Schools' supplement

Allocations of DSG made by the Department for Education to local authorities based on the EYNFF are updated annually to reflect any increases in funding made available by the Government, as well as any new conditions or rules for allocations to schools at local authority level. So far, the DfE has not provided an indication of the level of Early Years Block DSG funding, or overall DSG funding, for 2026-27. This includes no information from the Government regarding the Early Years National Funding Formula factor rates for 2026-27.

The local authority (LA) is responsible for ensuring that DSG funds are used appropriately, including the distribution of the Early Years Block of the DSG to schools and early years providers within the allowable rules set out in DSG guidance and conditions issued by the DfE. Each local authority is required, under regulations<sup>1</sup>, to set up and maintain a Schools Forum which must be consulted on

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<sup>1</sup> [The Schools Forums \(England\) Regulations 2012 \(legislation.gov.uk\)](#)

certain funding issues including any proposed changes to the funding formulae for schools and early years providers. In addition, local authorities are also required to consult with schools and early years providers for any changes to the funding formulae.

To enable decisions to be made in accordance with statutory requirements, the LA needs to be able to have discussions at the November and January Schools Forum meetings, informed by consultation responses from relevant sectors and so we need to go ahead with the consultation despite the lack of updated 2026-27 early years funding information from Government. We hope that the Government will have published the relevant information to support financial planning at those points in time so that we can combine it with the responses to this consultation to make informed decisions.

Therefore, the LA, Norfolk County Council, will review the outcome of the consultation responses and prepare relevant inputs for Schools Forum Members ahead of the November meeting, where recommendations and decisions will be sought, as appropriate for the individual elements.

Ultimately, the LA is the decision-maker for the final local funding formulae (though Schools Forum Members do have some related decision-making powers, e.g. approval of the retention of funding by LA for central EY services)<sup>2</sup>. The feedback received from schools and early years providers through the consultation informs the views and recommendations from Schools Forum Members, and so are an important part of the decision-making process.

Final recommendations for the local funding formula for 2026-27 will be presented to Norfolk County Council's Cabinet in January for their recommendation which will then be taken to the Full Council in February 2026 for a final decision.

This timeline means that schools, early years providers and settings will be informed of their final budgets by 28<sup>th</sup> February.

## **2. Strategic Context**

The Early Years DSG funding consultation for 2025–26 is taking place during a period of significant national reform and local ambition. It is shaped by the expansion of national entitlements, the evolving needs of Norfolk's youngest children, and the county's commitment to improving outcomes for all. There is evidence that the expansion of early years funded entitlements to younger children from working families has changed the early years childcare market and the choices families are making. Although many families and children are benefitting from the expanded entitlements, there has been a reduction in take up of 2-year-old from families who are receiving additional support.

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<sup>2</sup>Source: [Schools forums powers and responsibilities.pdf](#)

## 2.1. Expansion of Early Years Funded Entitlements

At the 2023 Spring Budget it was announced that the early education and childcare entitlements would be expanded to children aged 9 months and older over. Two phases of this expansion have already happened:

- Since April 2024, eligible working parents of 2-year-olds have been able to access up to 15 hours of free early education and care per week (over 38 weeks a year).
- Since September 2024, this has been extended to eligible working parents of children aged from 9 months and above.

From September 2025, the final stage of the rollout has occurred, meaning that the government offer is now:

- **15 hours per week** for:
  - Families of **2-year-olds** who are receiving additional support (formerly known as the 2-year-old disadvantaged entitlement)
  - Universal entitlement for all 3- and 4-year-olds
- **30 hours per week** for:
  - Eligible working parents of children aged **9 months to 4 years** (including the universal 15 hours for all 3- and 4-year-olds)

These hours are usually spread over **38 weeks** (term time), but some settings offer “stretched” funding across the whole year.

This expansion presents both opportunities and challenges. Whilst the DfE reported that over 530,000 children nationally are now benefitting from funded places, in Norfolk (like other local authority areas) there has been a decline in 2 year-old children from families receiving additional support taking up provision.

The reasons for the decline in take up are likely to be a mixture of

- Availability of provision – particularly where there are workforce recruitment and retention challenges or limited provider availability.
- Awareness or understanding amongst families of eligibility criteria and complex processes to obtain eligibility codes.
- An increase in parental perception of the purpose of early childcare being to facilitate families working, rather than an educational and developmental benefit to children.

Norfolk’s response to these changes is rooted in its broader strategic aims:

- To improve outcomes for all children, especially those from disadvantaged backgrounds.
- To ensure inclusive, high-quality accessible provision across the county.
- To align funding decisions with the principles of co-production, transparency, and sustainability.

## **2.2. Best Start in Life Strategy**

The government recently published the Best Start in Life strategy which focusses on ensuring that every child has the opportunity to access high-quality, inclusive early years education and support, regardless of background or additional needs. There is a renewed commitment to reduce inequalities, particularly for children living in deprived areas or those with emerging special educational needs and disabilities (SEND).

Key actions include

- Streamlining access to services for families
- Enhancing practitioner training in identification and support for SEND
- Integrating funding streams such as the Early Years Pupil Premium and Special Educational Needs Inclusion Fund to maximise impact.

The strategy also prioritises close monitoring of outcomes to ensure interventions are making a measurable difference, with a clear focus on narrowing gaps in development and school readiness between disadvantaged and non-disadvantaged children.

The Government have made a clear commitment to consult on changes to the national funding formula during 2026.

## **2.3. National Special Educational Needs Reforms**

The whole education sector (and wider system) awaits the national SEN reforms announcements. These are now expected this autumn and will hopefully provide clarity on future SEN provision expectations and funding for early years education.

## **2.4. Summary**

As detailed above, we continue to await Government announcements on 2026-27 funding at the time of publication. The combination of the change and uncertainties detailed complicate local planning for providers and settings as well as for the local authority.

Despite this, Norfolk is committed to progressing its local agenda. Last year, the [Early Years Consultative Group](#) and [Schools Forum](#) endorsed a pragmatic approach—maintaining the current early years funding formula for 2025–26 to ensure stability, while preparing for a full review ahead of 2026–27.

Because the DfE have not yet provided the provisional allocations for 2026-27, this consultation is focussed upon seeking the views and input from providers and settings as to how we can continue our deliver inclusive, high-quality early years provision and to support Families who are Receiving Additional Support (FRAS, formerly known as disadvantaged families) to be able to access their entitlements.

Providers and settings are invited to engage fully with the consultation process. Responses will be considered by Norfolk’s Early Years Consultative Group, Schools Forum and the Local Authority.

### 3. Approach to Consultation

This consultation is taking place from 3<sup>rd</sup> – 24<sup>th</sup> October via online survey.

The primary audience for this consultation is schools and early years providers **receiving funding for Early Years entitlements, given the focus of the survey** questions relating to early years 2-year-old take-up.

#### 3.1. Consultation Documentation

Published alongside this document is:

- an online survey to be completed with your responses (each setting should be represented by only one response).

Please do take the opportunity to read all of this information prior to submitting any responses to ensure that you are fully informed and aware of the work underway in Norfolk, the proposals related to funding and the engagement that is sought.

#### 3.2. Briefing and Engagement Sessions

During the consultation period, we are holding briefing and engagement sessions (online) intended to support you to understand the contents of the consultation, how you can be a part of it and to support you to be able to respond effectively to the consultation.

We would encourage all to also respond via the consultation survey at <https://www.smartsurvey.co.uk/s/DSG-Consultation-Early-Years-2025/>

You can find details of the consultation dates and times below, along with booking or joining links.

Date	Time	Venue	Link
Tues 14 <sup>th</sup> October	7–8 pm	MS-Teams meeting	<a href="#">Book on the Portal now using course code P153</a>
Weds 15 <sup>th</sup> Oct	10-11 am	MS-Teams meeting	<a href="#">Book on the Portal now using course code P154</a>

As the consultation period goes on, we will publish responses to questions that arise during any of the consultation events alongside the consultation materials that we have published at [Dedicated Schools Grant \(DSG\) consultation - Norfolk Schools and Learning Providers - Norfolk County Council](#).

The events are all listed here: [Schools, Colleges and Settings Key Events Calendar - Norfolk Schools and Learning Providers - Norfolk County Council](#).

We will also cover the EY consultation as part of the [mainstream schools briefing and engagement sessions](#) for those settings that are part of a school to mitigate the need for schools to attend more than one session. However, the primary focus of those sessions will be mainstream school funding and so early years only providers may prefer to attend the EY consultation sessions.

## 4. Summary of Areas for Consultation

The areas for consultation are:

- Improving take-up of entitlements for Families Receiving Additional Support (FRAS).
- Training and professional development opportunities in relation to supporting children from FRAS or with additional needs.

## 5. Early Years Funding Formula

### 5.1 Setting the scene

The current funded entitlements for 2-, 3- and 4-year-olds is financed by the Early Years Block of the Dedicated Schools Grant (DSG).

- The DSG is paid to Local Authorities based on an hourly base rate calculated using the Early Years National Funding Formula (EYNFF).
- Local authorities are then required to follow the School and Early Years Finance (England) Regulations 2022 to determine their own local formula to pay providers for funded hours claimed on behalf of families.

The Spring Budget 2023 announced a range of measures to support early education and help parents with childcare so they can return to work more easily. The expansion has progressed since April 2024, with the final roll out since September 2026 when children of eligible working parents in England are entitled to up to 30 hours of funded early education from the age of 9 months. This is in addition to funded early education entitlements of 15 hours for 2-year-olds from families in receipt of additional support and a universal offer for all 3-and-4-year-olds.

Early years providers submit claims to the local authority each term in relation to the eligible children attending their provision for their funded hours. The providers are paid for the funded hours on the basis of the locally agreed Early Years funding formula, which is set each year, including a base hourly rate dependent upon the age of the child plus supplements or top-ups in certain circumstances.

The number of hours that the local authority receives funding for is based upon census data from providers is used to calculate the funding provided to local authorities via the Early Years Block of the DSG.

- Historically, this data was collected annually in January, with the DSG funding to LAs updated (though there is no mid-year change to the formula for distribution to EY providers as a result).
- The Government would use the previous year's census data for an initial allocation (then used by the local authority to set the local formula for the year) and the allocation of funding to the local authority would then be updated after the financial year (April to March) has ended once the in-year census data was known. This makes it very hard to align the funding received by the local authority with the funding provided to early years providers, which can lead to significant under- or over-spends.
- Long standing entitlements have continued to be funded based upon annual census, but new entitlements have been funded on termly censuses as they have been introduced.
- The Government have announced that from 2026-27, all entitlements will be funded to the LA based upon termly counts, which is expected to better match the funding allocations to LAs with the provider claims funded.

## **5.2 National Requirements of Local Formula**

The local Early Years funding formula is required to have a number of elements:

- Hourly base rate for each age group
- Deprivation supplement: For eligible 3-and-4-year-olds
- SEN Inclusion Fund: For children with low and emerging SEN

Additionally, the formula can include a deprivation supplement for children aged 9 months to 2-years-old and supplements relation to quality and flexibility for all age groups.

There are additional funding streams for:

- Early Years Pupil Premium (EYPP): For eligible families.
- Disability Access Fund (DAF): For children with disabilities.
- Maintained Nursery School (MNS) Supplementary Funding: To support maintained nursery schools.

Allocations for EYPP and DAF are received via the Early Years Block for allocation to providers at set rates, and as such, are not included as part of the locally determined funding formula.

The Early Education and Childcare Statutory Guidance for Local Authorities requires local authorities to establish an Early Years SEN Inclusion Fund for all children eligible for entitlements who have low and emerging SEND (Special Educational Needs and Disabilities).

- The main purpose of this fund is to help providers implement strategies that support children's learning and development. National guidance says that LAs should focus the fund on children with "lower level or emerging SEND."

- By law, all providers must have systems in place to support children with SEN and/or disabilities. These systems should include a clear approach to identifying and responding to SEND.
- When a setting identifies a child with SEND, it must work in partnership with parents and carers to provide any support that the child needs.
- Most children with additional or special educational needs and/or disabilities do not require special resources or extra staffing to be successfully included in early years settings; indeed, most settings are able to meet the additional needs of their children very well.
- Work is ongoing to produce more guidance for providers regarding what provision should be available for all children.
- However, some children with more complex needs may benefit from enhanced provision or additional resources for a certain period.

Children with significant medical or complex needs may be eligible for additional funding from the High Needs Block of the Dedicated Schools Grant. This is a separate funding source managed by local authorities.

Each year, Schools Forum must agree any proposed central spend that the Local Authority can retain to provide a contribution to the costs incurred to fulfil statutory duties<sup>3</sup>:

- For 2025-26, at least 96% of the funding received for each age group must be passed through to providers (includes base rate, lump sum for maintained nursery schools, contingency funding, and SENIF).
- The DfE has announced this pass-through rate will increase to 97% for the 2026-2027 period.
- Compliance of the pass-through requirement monitored by DfE<sup>4</sup>

### **5.3 Norfolk's Current Formula**

The current local formula (2025-26) has an hourly base rate with a combination of the mandatory deprivation supplement and SEN inclusion fund (SENIF), with the local authority retaining 4% for centrally incurred costs.

Therefore, from 1 April 2025 the formula is based on a common base rate for all children within each age category, and a deprivation supplement.

- Base rate per hour for under 2s funding - £10.01
- Base Rate Per hour for 2-year-old funding - £7.36
- Base Rate Per hour for 3- and 4-year-old funding - £5.28

Plus, where criteria are met –

- A deprivation supplement (mandatory) of £0.21 for children living in the 0-20% most deprived parts of the county using the IDACI index.

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<sup>3</sup> Section 2 of the Childcare Act 2016 and sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006

<sup>4</sup> Via the early years proforma in the annual section 251 budget return.

In addition, eligible children will receive these additional funding streams:

- Early Years Pupil Premium (EYPP) - £1.00 per funded universal hour (national rate)
- Disability Access Fund (DAF) - £938.00 annual lump sum (national rate)
- Special Educational Needs Inclusion Fund (low and emerging)
  - 3- and 4-year-olds – Up to £1.50 per funded hour
  - 2-year-olds – Up to £1.30 per funded hour
  - Under 2-year-olds – up to £1.10 per funded hour
- Children with complex Special Educational Needs and Disabilities
  - 3- and 4-year-olds – £6.50 per funded hour
  - 2-year-olds - £4.80 per funded hour
  - Under 2-year-olds - £2.50 per funded hour

Any child who receives a medical or complex need award is funded through from the early years complex need budget within the High Needs Block (HNB) from the third consecutive claim period, as well as children with an agreed EHCP.

The Local Authority last consulted on changes to the formula with Norfolk's Early Years providers via an online survey in Autumn 2023. Feedback from the consultation was brought back to the November 2023 Schools Forum meeting for further consideration and recommendation and resulted in the ending of the quality and flexibility supplements. No changes were made to the 2025-2026 formula, with the exception of the continued roll out of the phased, national changes.

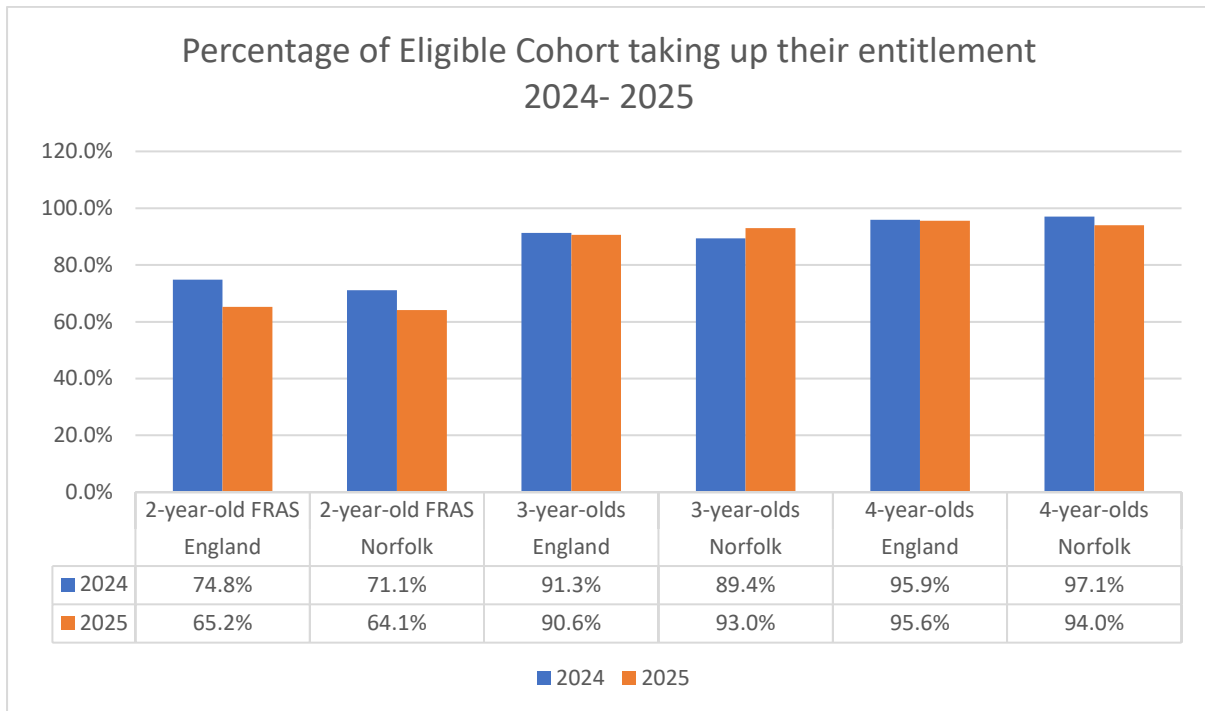
#### **5.4 Consultation on Norfolk's Local Formula**

The expansion of the early education entitlement has required providers and the local authority to accommodate a wider age range of children and, therefore, a greater number of children as part of Norfolk's early education offer. Alongside this, the landscape of take up across our communities has evolved as the expansion of the early education entitlements has rolled out.

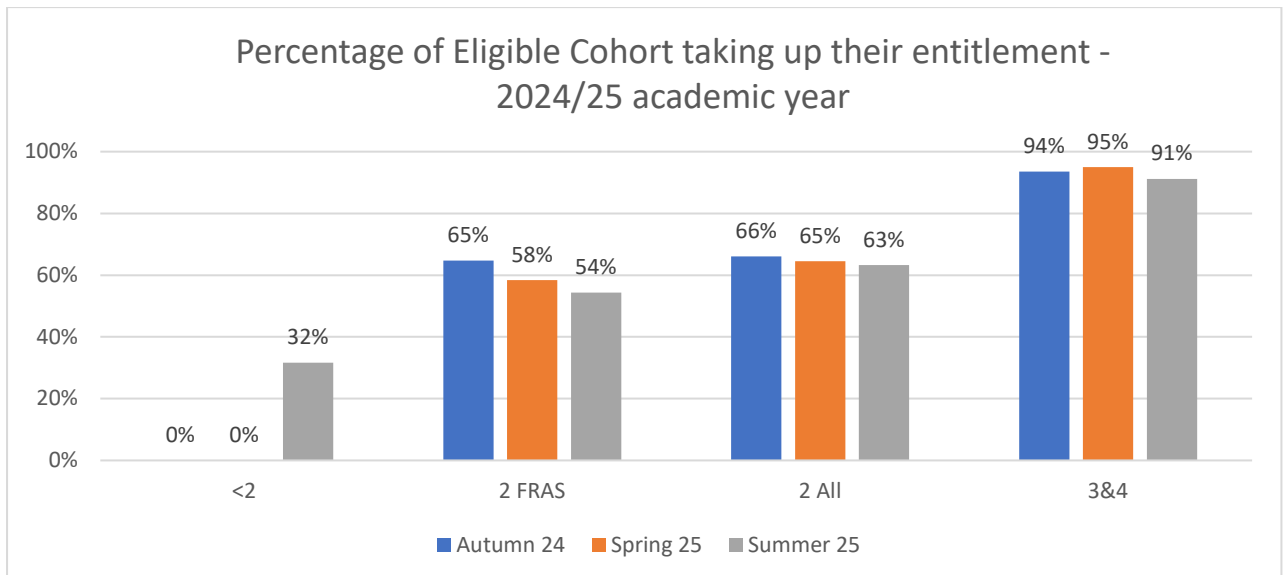
- This has seen a decrease in the number of 2-year-olds eligible for the families receiving additional support (FRAS) entitlement taking up a place.
- As working families are now able to access funded hours for two-year-olds and children under two, more places are being allocated to these younger age groups.
- This shift may be reducing the number of available places for this group of two-year-olds, which in turn impacts take up rates.
- Additionally, the funding rates for under 2s is significantly more than for 2-year-olds. In a climate that remains financially challenging to the early years sector, this additional funding may be influencing the allocation of 2-year-old places.

Nationally, take-up rates for the 2-year-old FRAS entitlement had been increasing in recent years, from a low point of 61.8% of eligible children in 2021, to 74.8% in 2024.

DfE published data for 2025 shows a decline to 65.2% nationally, and 64.1% in Norfolk.



Local data indicates that take-up rates for the 2-year-old FRAS entitlement have fallen further in the summer term.



Several additional factors can impact whether families choose—or are able—to access their entitlement, but we need to ensure that those families that wish to access provision are able to do so.

LAs across the country use varying models of delivery of the inclusion fund. Some are part funded via EY funding block and part high needs block. Most local authorities offer banded /levelled funding matched to children’s needs. This is currently the case in Norfolk.

We need to meet need at the earliest opportunity, and we want to ensure Norfolk monitors the impact and outcomes of SENIF for our young children with SEND as well as ensuring that children with complex needs can access the right support at the right time. However, the entitlement expansion provides similar challenges for children with SEN in terms of meeting the needs of a wider age range and greater numbers of children.

Recent national and local reviews **have highlighted areas where our funding arrangements could be strengthened to deliver better outcomes for 2-year-olds eligible for the FRAS entitlement and those with SEN.** Feedback from providers and parents has provided evidence of the challenges faced by settings in supporting two-year-olds eligible for the FRAS entitlement and ensuring fair and effective use of the SEN Inclusion Fund.

Children who are eligible for entitlements such as the FRAS (Families Receiving Additional Support) or those with Special Educational Needs and Disabilities (SEND) face additional barriers. For these children, access to quality early years settings is even more critical.

## **5.5 Feedback from Early Years Consultative Group**

In accordance with statutory requirements, the Local Authority must consult Norfolk's Early Years providers if changes to current funding arrangements are proposed. The Early Years Consultative group were invited to comment on the consultation process and survey questions.

Possible survey questions shared with the Consultative Group included:

- Should the funding rate for eligible children from families receiving additional support (FRAS) be increased? Are there other actions that might encourage more disadvantaged families to access funded places, or early years providers to offer more places to these families?
- Does the Special Educational Needs Inclusion Fund provide adequate support for meeting the needs of children?
- Should the level or scope of SENIF funding be changed? If so, how?

However, there was concern about proposing changes to the formula at this time. The group suggested a period of stability and focusing on the expansion of entitlement, which is being fully implemented this term. They also indicated that holding a formal consultation this term alongside a planned national consultation next year may be counterproductive.

Nonetheless, the group recognised the importance of seeking sector feedback, especially regarding the take-up of 2-year-old places, including those entitled to the FRAS element and recommended that a survey of all providers is conducted this term to seek views on how 2-year-old take up can be improved. The survey questions have amended for this focus.

## Consultation survey questions:

1. In your view, are there currently sufficient places in your area for:
  - Children under 2 from working families
  - 2-year-old children from working families
  - 2-year-old children from families in receipt of additional support
  - 3-and-4-year-old early education
2. What barriers do you believe prevent families eligible for the Families Receiving Additional Support (FRAS) entitlement from accessing early years provision for 2-year-olds?
3. What additional support or resources would help your setting offer more places to children for families receiving additional support?
4. Are there particular outreach strategies or partnerships with local organisations that have been effective in engaging families who are eligible for the FRAS entitlement?
5. In what further ways might the Local Authority collaborate with providers and other partners to help families better understand their entitlements, the benefits of early education to their child's learning and development, and the support that may be available to them?
6. What role could financial incentives or adjustments to funding rates play in your ability to offer more places to eligible 2-year-olds from families in receipt of additional support?
7. Can you share examples of successful strategies or approaches you have used to boost take-up among families receiving additional support?
8. Are there training or professional development opportunities that would enable your staff to better support children from disadvantaged backgrounds or those with additional needs?