

# Childcare Expansion 2025: Myth-buster



## Q Will the funding rates cover my costs?

Funding rates differ from local authority to local authority to reflect local costs.

As a provider you can:

- Charge for optional additional services such as food, nappies, trips and other activities - but these charges must not be mandatory or a condition of the parent accessing a funded place. You must not charge any “top-up” fees in connection with the entitlement hours.
- Set your own policy for providing parents with alternatives to additional charges. Your policy must offer reasonable alternatives that allow parents to access the entitlement hours for free if they wish, e.g. supplying their own items.
- Offer a mix of funded and unfunded hours - though it's important to work with parents to ensure that as far as possible the pattern of the entitlement hours are convenient for parents' working hours.
- Charge parents for any additional, private paid hours.
- Set your own rates for hours outside the funded entitlement.

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By January 2026:

- Any invoices or receipts you issue to parents should be itemised showing the free entitlement hours, additional private paid hours, food charges, consumables charges and activities charges.
- Voluntary charges for additional services must be published on your website or on your local authority's Family Information Services website (LAs can exempt childminders and small providers caring for 10 or fewer children at any one time).

Source: [Childcare Choices Guidance Zone: Early years funding rates and step-by-step calculations 2025 to 2026](#); [Department for Education Statutory Guidance Early Education and Childcare \(effective from 1 April 2025\)](#)

## Q Do I need to change my business model to participate?

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You can continue operating your existing business model but you may wish to take this opportunity to review your model against the new landscape, consider the possibilities that the expansion of funded entitlements provides for your business and explore new approaches. You maintain control over:

- Your opening hours
- The number of places you offer
- Your additional services and charges
- How you structure your provision

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Source: [Early years entitlements: operational guidance, page 23](#) ; [Provider Business Planning Support](#); [Help to Grow: Management Essentials](#); [Characteristics of Effective Leadership](#); [Marketing and Promotion - Finding and Keeping Customers](#); [Recruitment and Retention Support](#); [Supporting Providers to have courageous conversations](#); [Supporting Providers to see opportunities, not challenges](#); [Early Years Toolkit](#); [Wraparound Toolkit](#)

## Q I heard childminders are not eligible to deliver the expansion of funded entitlement places. Is this correct?

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This is not true. Childminders can deliver the funded entitlements during the hours of 6am to 8pm for a maximum of 10 hours per day, on days that accommodate both the childminder and the parents' needs. Childminders are a vital component of the childcare sector, playing a pivotal role in the delivery of all funded entitlements, including the expansion. Furthermore, childminders can deliver in collaboration with other providers, such as sessional nurseries, pre-schools or playgroups.

Source: [Early years entitlements: operational guidance 2025 - 2026](#) ; [National Wraparound Childcare Programme Handbook](#); [Early Years Toolkit](#); [Wraparound Toolkit](#)

## Q Can childminders only work from their homes?

As of 1 November 2024, there is a new category of 'childminder without domestic premises', allowing childminders to operate entirely from business premises. This category of childminder will not be able to work from any home at any time, even during pick-up and drop-off time.

Existing childminders, who are described as 'childminders on domestic premises' can apply to Ofsted to provide care on non-domestic premises for some of their time. As from 1 November 2024, the government has removed the limit of up to 50% of childminder time being on non-domestic premises. However, childminders must spend some of their time on domestic premises. It is their decision how they divide their time between the settings. The time can be split hourly, daily, weekly or monthly. Existing childminders can apply to 'add' delivery of places from the new category of non-domestic premises under their existing registration.

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Source: [Early Years Department for Education Blog Post](#); [Gov.uk: Applying to work some of the time on non-domestic premises \(EYA\)](#)

## Q I'm a childminder, do I need special permission from Ofsted to offer the expanded funded entitlements?

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If you are already registered with Ofsted, you do not need additional permissions to offer the expanded funded entitlements. However, you should:

- Ensure you are meeting existing registration requirements
- Notify Ofsted of any significant changes to your provision
- Maintain your usual quality standards

Source: [Childcare on domestic premises \(Ofsted\)](#)

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**I was told I won't receive funding until after delivering the hours. Is this correct?**

The local authority should pay all providers monthly, unless they have a good reason not to do so, for example, if after consultation, the clear majority of providers opt for an alternative method of payment.

Government guidance states that ECS codes must be validated before a parent takes up a place. Therefore, the provider should accurately complete and submit headcount and other necessary data returns by the agreed date to support the local authority to make payment. The local authority should set out clearly the funding process and timings of payment in your provider agreement.

Source: [Free early years provision and childcare: model agreement](#)

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**As a childminder, will I need to purchase lots of new equipment to deliver the expanded entitlements?**

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There are no new equipment requirements. You can use your existing resources and equipment. Some areas offer business support grants, check with your local authority for local opportunities.

Source: [Becoming a childminder in England guide](#)

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**Will there be support with next year's increased staff costs?**

To reflect the additional money needed for the 30-hour expansion and ensure funding for the entitlements reflects forecasts of average earnings and inflation, and also reflects the National Living Wage announced at the 2024 Autumn Budget, the budget for childcare entitlements 2025-2026 will be over £8 billion.

At Budget in October 2024, the government announced an increase to the rate of Employer National Insurance contributions (NICs) by 1.2 percentage points, to 15%, and a reduction in the Secondary Threshold from £9,100 to £5,000 per year. Public sector employers (school-based nurseries and maintained nursery schools) will be compensated for the increase in their NICs contributions, but there will be no additional NICs funding beyond this.

The Employment Allowance is also increasing to £10,500 and expanding to all eligible employers. Early Years childcare providers are entitled to claim the Employment Allowance if they are private businesses or charities and the Department for Education expects the vast majority will be eligible to do so. Receiving over 50% of your income from government-funded childcare places won't stop you from being eligible to claim but you should check your individual circumstances against the HMRC guidance.

The government announced a £75 million Early Years Expansion Grant to support the sector to deliver the 35,000 additional staff and 70,000 places required to meet demand for September 2025.

Source: [Department for Education](#)

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**I have heard that schools receive higher funding base rates from local authorities for the expanded funded entitlements, is this true?**

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No, the funding base rate is the same. All local authorities must pay a universal hourly base rate for all their childcare providers for all the early years entitlements.

The final funding rate may vary between providers due to the use of local supplements. Funding supplements are amounts of funding paid to providers in addition to the universal hourly base rate to reflect local needs or policy objectives.

Additionally, the situation is somewhat different for maintained nursery schools (MNS). As a consequence of being constituted as schools, they are required to have a head teacher, special educational needs coordinator and at least one QTS – but without the economies of scale that a primary school would have. Because of this, local authorities with maintained nursery schools are provided with supplementary funding.

Source: [Funding of childcare providers in England \(House of Commons Library\)](#); [Early years entitlements: local authority funding operational guide 2025 to 2026](#)

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**Do I have to be rated Good by Ofsted (as a minimum) to be able to offer funded entitlements?**

Government guidance is clear that funded entitlements should be delivered in high quality settings. It's important to note that a Good or Outstanding Ofsted rating is required to offer places for the disadvantaged 2-year-old entitlement.

Local authorities do have flexibility about whether to withdraw funding depending on wider sufficiency. Providers should check with their local authority if they have any further questions.

Source: [Statutory Guidance Early Education and Childcare, Section A3, Department for Education](#)

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**Is the new funding to create or expand schools-based nurseries only for schools?**

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The School-Based Nursery Capital Grant, announced in October 2024, is funding that schools could previously apply for to transform unused space on their premises into nursery facilities. Applications for this grant closed to schools in December 2024. State-funded primary-phase schools could bid for up to £150,000, which must be used to convert surplus space so that is suitable for nursery provision. Schools could choose to operate the new nursery facilities themselves, or to lease their surplus space to a private, voluntary, or independent provider (PVI) to operate from. These partnerships can bring additional benefits such as flexibility to offer nursery provision that better meets demand.

Source: [Official guidance for schools on applying for the grant; DfE Explainer Blog](#)

### Key Takeaways

1. The expansion builds on existing frameworks
2. Current quality and safety standards remain unchanged
3. You maintain control over your business model
4. Support is available through your local authority
5. Official guidance comes from [DfE](#), [Ofsted](#), your LA and [Childcare Works](#)
6. Support is also available through [Childcare Works](#) and [the HUB](#)

### Need more information?

- Contact your local authority early years and wraparound team(s)
- Visit the [Childcare Choices](#) website
- Check the latest [Department for Education](#) guidance
- Visit the [HUB for providers](#) for resources, information and guidance relevant to you

**This factsheet was created using official sources including DfE guidance, Ofsted regulations, and verified policy documents. For the most up-to-date information, always refer to official government guidance, contact your local authority, or visit the HUB for providers by Childcare Works.**