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Contact: Early Years Funding Team
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Dear Colleague,

Important Reminder – Statutory Compliance: Charging and Transparency Requirements for Funded Early Years Places

The Competition and Markets Authority recently announced that it has launched a market study of the early years education and childcare services in England to assess whether the sector is working well for families, providers, and the wider economy. This study has been launched at the request of the Department for Education (DfE) as a result of Government concerns that some parents still face challenges to accessing high-quality childcare and early education. It is against this background that I am writing to remind all funded early years providers of their legal responsibilities to comply with the DfE Early Education and Childcare Statutory Guidance (2026) when delivering government-funded childcare places in North Yorkshire for eligible families with children from 9 months to 5 years old.

Compliance with the DfE Statutory Guidance and Financial Assurance

As the value of early years funded entitlement payments have significantly increased for both the local authority and providers, there is an increased need for strong financial controls, accurate record keeping and robust counter-fraud measures. Local authorities and providers are operating under greater financial assurance requirements and increased DfE scrutiny to ensure public funds are used appropriately.

Providers must be able to demonstrate that every funded hour claimed is supported by valid eligibility evidence, parental agreement, and attendance records. Strong controls not only protect public funds but also safeguard providers from recovery of funding, audit challenge, and reputational damage.

Providers must follow the DfE statutory guidance and comply with the terms of the North Yorkshire Council (NYC) Early Years Funding Agreement. This is a **mandatory requirement** and is a condition of receiving Government funding.

Charging and Transparency

I want to draw your particular attention to the Charging and Transparency section of the DfE Statutory Guidance and your responsibilities under the NYC Early Years Funding Agreement.

Providers must ensure that all information provided to parents is clear, accurate, and easy to understand. Parents must be able to clearly see:

- What hours are funded
- What, if any, additional voluntary or optional charges apply
- No mandatory charges being required to be paid as a condition of them accessing their funded entitlement hours.

Providers must:

- Offer flexibility where possible and not make funded places difficult to access or impose a minimum attendance requirement to access funded places.
- Not charge a non-refundable deposit or non-refundable registration fee as a condition for a parent to access a funded place.
- Not charge mandatory top-up fees
- Not require parents to pay for meals, consumables, or activities as a condition of taking up a funded place
- Offer a reasonable and workable alternative for parents wishing to provide their own meals and consumables
- Only make a voluntary or optional charge for the items specifically detailed in the DfE Early Education and Childcare Statutory Guidance. No charges must be made for general business operational costs.

These expectations form part of your contractual obligations under the North Yorkshire Council Early Years Funding Agreement.

The DfE Early Education and Childcare Statutory can be found at: [Early education and childcare - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/612222/EECGuidance.pdf)

Action Required

If you have not already done so, please review your current offer and all information shared with parents (including your website, parent agreements and offer / policy documents) to make sure:

- You are fully compliant with the DfE Statutory Guidance and NYC Early Years Funding Agreement
- Your offer is clear and easy for parents to understand
- There is no misleading, unclear, or contradictory information about charges
- There is no inferred or implied obligation for parents to pay additional charges

Non-Compliance and Enforcement

Where providers do not meet these requirements, North Yorkshire Council will act in line with the Early Years Funding Agreement. This may include:

- Suspending monthly early years funding payments
- Recovering early years funding where claims are not compliant
- Withdrawal of the early years funding agreement

Thank you for your cooperation in ensuring that funded early education is compliant, accessible, fair, and transparent for all families.

If you need further support and advice, please contact the Early Years Funding Team (e-mail: eyft@northyorks.gov.uk)

Yours sincerely

A handwritten signature in blue ink, appearing to read "H. Emmett", with a long horizontal flourish extending to the right.

Howard Emmett
Assistant Director - Resources