



Haverling

LONDON BOROUGH

SCHOOLS FUNDING FORUM AGENDA

| | | |
|----------------|-------------------------------------|---|
| 8.00 am | Thursday 8 February 2024 | TEAMS MEETING Meeting ID: 324 829 015 883 Passcode: 4A5Ey9 |
|----------------|-------------------------------------|---|

Members 17: Quorum: 7

MEMBERSHIP:

Representative Groups

LA Maintained School Representatives:

Head Teachers (6): Emma Allen, Special
Margy Bushell, Primary
Kirsten Cooper, Primary
Georgina Delmonte, Primary
Hayley Durrant, Primary
David Unwin-Bailey, Primary

Governors (2): Bernard Gilley, Primary
Dave Waters, Primary

**Academy
Representatives:**

Primary (2): Steve Bowers
Kate Ridley-Moy

Secondary (3) Simon London
Keith Williams
Denise Broom
Vacancy x3

Special (1) Gary Pocock

AP Academy (1) Ray Lawrence

**Non-School
Representatives:** **Error! No document variable supplied.**

**Early Years PVI Sector
(1)** Mark Halls

Post 16 Vacancy

Decision Board Vacancy

Trade Unions (2): John Delaney/John McGill, Teachers
Peter Liddle, UNISON

**For information about the meeting please contact:
Hany Moussa
Hany.moussa@haverling.gov.uk**

AGENDA ITEMS

1 TO AGREE THE NOTES OF THE MEETING HELD ON... (Pages 1 - 8)

The notes are attached at Appendix A.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

3 MATTERS ARISING

4 EARLY YEARS FUNDING 2024 25 (Pages 9 - 29)

5 NEXT MEETINGS

The next meetings have been arranged as follows:

2013

May – Thursday 23rd

July – Thursday 11th

All meetings to be held at CEME at 8.30am.

6 ANY OTHER BUSINESS

**Zena Smith
Democratic and Election Services Manager**

Agenda Item 1

MINUTES OF A MEETING OF THE SCHOOLS FUNDING FORUM

Thursday 11th January 2024 (8.00 – 8.41am)

Present:

Representative Groups

LA Maintained School Representatives:

Primary: Kirsten Cooper (KC) (Chair)
Georgina Delmonte (GD)
Hayley Durrant* (HD)
Hayley McClenaghan (HMcC)
Pav Sharma (PS)
Russell Abrahall (RA)

Special: Emma Allen (EA)
Andy Smith* (AS)

Academy Representatives:

Primary: Chris Hobson (CH)

Secondary Denise Broom (DB)
David Turrell (DT) (Vice Chair)

Alternative Provision: Tony Machin* (TM)

Non-School Representatives:

Early Years PVI Sector: Emma Reynolds (ER)

Trade Unions: Peter Liddle (PL) (Support staff union representative)

Non Members in attendance:

| | |
|--------------------------|--|
| Angela Adams (AA) | Clerk, HGS |
| Katherine Heffernan (KH) | Head of Finance (Business Partnering) |
| Trevor Cook (TC) | Assistant Director of Education |
| Hany Moussa (HM) | Principal Education Finance Officer |
| Jacqueline Treacy (JT) | Senior Inspector (Schools Causing Concern) |

**for part of the meeting*

1. APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

All were welcomed to the meeting.

Forum members noted that Katherine Heffernan would now be replacing Nick Carter at the Schools Funding Forum Meetings.

Apologies were received from Neil Frost, Chris Speller, David Unwin-Bailey and John Delaney. Forum colleagues noted that Pav Sharma was attending as a substitute for Chris Speller and Russell Abrahall was attending as a substitute for David Unwin-Bailey.

2. TO AGREE THE MINUTES OF THE MEETING HELD ON 30th NOVEMBER 2023.

The minutes of the meeting held on 30th November 2023 were agreed as a correct and accurate record.

3. MATTERS ARISING

There were no matters arising that were not included elsewhere on the agenda.

4. SCHOOLS FUNDING FORMULA 2024-25

Forum members were asked to agree that

- (i) Havering adopts the national funding formula rates for the funding of schools and academies in financial year 2024-25 with a minimum funding guarantee of 0.50% per pupil and a gains cap of 2.50%.**
- (ii) £1,188,080 (0.50%) of the DSG Schools Block is transferred to the DSG High Needs Block**
- (iii) £146,444 of the DSG Schools Block is used to support Pupil Growth and Falling rolls in addition to the £2,065,774 funding received for this**

Forum members were advised that the information previously shared had been updated following confirmation of the revised DSG block allocations from the DfE which was received in December 2023. The allocations were in line with expectations.

Following confirmation of the DSG settlement in late December 2023, the school funding allocations for 2024-25 were re-calculated using the October 2023 data released by the DfE in line with option A of the funding consultation. Following the calculation and the additional funding made available following the DfE's update, there was £102,102 remaining.

The proposal was for a revision to the cap, to increase from 2.4% to 2.5%, and a reduction to the Growth from £500k to £146k.

The proposal was as follows:

- 0.50% (£1,188,080) was transferred from the Schools Block to the High Needs Block
- The Minimum Funding Guarantee set at 0.50%
- A gains cap of 2.50% to be applied

- The reduced figure of £146,444 transferred to the Pupil Growth and Falling Rolls Fund

No questions were raised.

The Forum **agreed** that:

- (i) the Minimum Funding Guarantee is set at 0.5%, a gains cap of 2.5% is set and the continuation of following the NFF funding rates for funding schools and academies in financial year 2024-25
- (ii) £1,188,080 of the DSG Schools Block transferred to the DSG High Needs Block
- (iii) £146,444 is moved from the Schools Block to support pupil growth and falling rolls

As one primary representative was still to arrive, it was agreed to defer agenda item 5 until they arrived and moved to agenda item 6.

6. TREATMENT OF MAINSTREAM SCHOOLS ADDITIONAL GRANT 2024-25, TEACHERS PAY ADDITIONAL GRANT AND PUPIL PREMIUM 2024-25.

Forum members were asked to note

- (i) the treatment of the Mainstream Schools Additional Grant in 2024-25**
- (ii) the funding rates for the Teachers' Pay Additional Grant 2024-25**
- (iii) the funding rates for the Pupil Premium for 2024-25**

For the 2024 -25 financial year it was noted that the Mainstream Schools Additional Grant (MSAG) would be included in the National Funding Formula (NFF) and would not be paid separately to schools.

The Teachers' Pay Additional Grant would be paid separately for 2024-25 but would be included in the NFF for 2025-26.

Pupil premium funding rates will increase by around 15% for 2024-25.

There were no questions raised.

The Forum **noted** the report.

H Durrant joined the meeting at this point.

7. HIGH NEEDS FUNDING 2024-25

Forum members were asked to note the Dedicated Schools Grant – High Needs Block Formula allocation for the financial year 2024-25.

Forum members noted that the high needs funding would increase for 2024-25 but a projected cumulative deficit of £16M in the high needs block at the end of 2023-24 needed to be considered.

The Forum **noted** the report.

Forum members then returned to agenda item 5

5. DE-DELEGATION OF FUNDING FOR CENTRAL SERVICES 2024-25

LA maintained primary and special school representatives were asked to agree the de-delegation of funding for:

Core school improvement activities

Following the previous Forum, representatives were asked to consult their cluster groups. It was noted at the cluster groups that there had been a lot of discussion around the support provided and whether or not it was value for money, however one cluster advised that they felt they got value for money.

Eligible forum members voted as follows:

- 6 agreed
- 1 against
- 0 abstained

Applicable forum members **agree** the de-delegation of funding for core school improvement activities.

8. CENTRAL SCHOOLS SERVICES BLOCK 2024-25

Forum members were asked to note the funding received and agree the additional sum in the final allocation that would be held as a contingency.

Forum members were advised that the DfE published their figures in December 2023 and there had been a difference of £31,358 when compared to the provisional agreed distribution figures from September 2023.

Forum members were asked to agree that this additional sum be earmarked to pay any increases in the copyright licence fees that were still to be confirmed by the DfE, with any balance remaining after this would be held as a contingency.

Andy Smith joined the meeting at this point

Forum members **agreed** the proposed use of the additional sum.

9. DELIVERING BETTER VALUE IN HIGH NEEDS

Forum members were asked to note the update on the Dedicated Schools Grant (DSG) management plan.

TC advised that the Local Authority had to update and agree the DSG management plan, which was then submitted the DfE Board for consideration as part of the process to apply for the £1m grant.

TC advised that the funding for the project had been agreed and the projected demand and costs established but the gap had widened. TC further advised that Havering was not the only borough in this position, it was a national issue that would need a national response from the DfE.

Initially the grant had had to have been spent by March 2025 but due to the delays in

awarding the grant, money could now be spent beyond March 2025.

There would be in school review work but a lot of mitigation had been delayed due to feedback from the DfE.

KC and HM were thanked for their work on this programme. Further updates would follow.

No questions were raised.

The Forum **noted** the report.

10. EARLY YEARS FUNDING

Forum members were asked to note

(i) the indicative funding allocations for 2024-25

(ii) the process and timeline for determining funding rates for 2024-25

Forum members noted that:

- For 2024-25, the expanded childcare offer added £9.7m to Early Years funding
- 95% of the funding would be allocated to providers
- Rates were set by central government but each of the entitlements needed to be calculated separately, including the under 2's, to ensure the appropriate level of funding was received
- Early years funding would be discussed further at the working group (EYPRG) for providers
- A consultation would be issued after discussion with the EYPRG, with the results discussed at the EYPRG meeting due to be held on 6th February. The recommendations following engagement with the EYPRG will be proposed at the Schools Funding Forum meeting on 8th February 2024, whereby representatives will review and ratify the recommended rates and budgets for 2024-25.

ER stated that the funding was not sustainable. There was an expansion in provision and capital funding was going to schools and not other provisions. In response it was noted that there was DfE capital allocation, however it was specifically for the schools' wraparound care for primary school children. There may be an additional Early Years Capital Grant in the future.

EYPRG would be meeting the following week and the draft consultation document would be shared with them but it was noted that any increases in funding needed to be sustainable.

The Teachers' pay and pension grant was to be reviewed as part of the funding cycle for 2024-25, however additional funding had been received in 2023-24. Therefore, the continuation of the quality supplement is to be included as part of the proposals in the consultation. This is line to reflect the DfE's recommendations.

The Forum **noted** the report.

12. ANY OTHER BUSINESS

Due to the High Needs Task and Finish Group completing the process of reviewing and agreeing the funding arrangements for the High Needs Block at the last meeting held on 30th November 2023, members were advised of the outcome of the working group's proposals for 2024-25.

Representatives were advised on the agreed rates that the High Needs Task and Finish Group agreed for high needs funding for schools in financial year 2024-25 as follows:

- (i) The hourly rate payable for support associated with EHCPs is increased from £16.50 to £17.00.
- (ii) The funding for EHCPs is paid to schools after the first 9.0 hours of support rather than after the first 9.3 hours.
- (iii) The Early Years overall funding rate for a child with Complex Needs/EHCP increases from £16.50 to £17.00, in line with the increase in the mainstream school rate.
- (iv) The Inclusion Supplement (Headroom) is calculated using a formula that references a school's Notional SEN budget.
- (v) The pupil top-up funding for ARPs is increased from £11,860 to £12,194.
- (vi) The pupil top-up funding rate for the Pupil Referral Unit is increased from £13,888 to £14,283.
- (vii) The pupil top-up rate for Independent provision (The Bridge) is increased from £9,152 to £9,427.
- (viii) The matrix bands for pupil top-up rate for Special schools is increased by £334 per place.

The supplementary document would be circulated after the meeting.

ACTION: HM

The Task and Finish Group were thanked for their input into this. The group had also put forward some further recommendations which had been taken to the Board.

11. NEXT MEETINGS

Forum members noted the dates of the upcoming meetings.

8 February 2024
13 June 2024

Meetings to start at 8.00 a.m. at CEME room 233 or 235.

Meeting closed at 8:41am.



Schools Funding Forum 8th February 2024

ITEM 4

Subject Heading:

Early Years Funding 2024-25

Report Author:

**Hany Moussa – Principal Education
Finance Officer**

Eligibility to vote:

**All school and academy members and
the PVI representative**

SUMMARY

This report provides details of the consultation with early years providers on funding for financial year 2024-25, the outcome of which will be reported at the meeting.

RECOMMENDATIONS

The Schools Funding Forum agrees funding rates for 2024-25. Recommended rates will be determined following the closure of the funding consultation with providers. To be agreed:

1. The base hourly rate for:
 - a. 9 months to two year olds (under twos) entitlement
 - b. two year olds – working parents' entitlement
 - c. two year olds – disadvantaged families' entitlement
 - d. three/four year olds (universal and extended) entitlement
2. The level of a quality supplement to allocate funds to schools replacing the teachers' pay and pension grants (TPPG).
3. Whether deprivation rates of funding continue to be aligned with the rates that are used for schools in the National Funding Formula.
4. The level of the SEN Inclusion Fund (SENIF) to support providers.
5. The level of the centrally retained budget for LA support and commissioning.

6. That the use of any underspend in the Early Years Block continues to be discussed with the Early Years Provider Reference Group before any proposals are brought to the Schools Funding Forum and before any decisions are made on its use.
7. Whether the LA to review the timetable for the budget cycle for setting Early Years funding rates for future years.

REPORT DETAIL

Background

Early Years education is funded through the Early Years Block of the Dedicated Schools Grant (DSG). The DfE announcement of funding rates and indicative allocations for 2024-25 was issued to local authorities on 19th December 2023, along with the final allocations for the other DSG blocks.

For 2024-25, there will be five entitlements that are to be funded during the course of the year, and the DfE have provided the indicative allocations to reflect that. The entitlements are:

New Entitlements

- 1) 15 hours for 9 months to 2 year olds (Under Twos) from September 2024
- 2) 15 hours for 2 year olds of working parents from April 2024

Existing Entitlements

- 3) 15 hours for 2 year olds from disadvantaged families
- 4) 15 hours for all 3/4 year olds (universal offer) and
- 5) 15 hours for 3/ 4 year olds of working parents

The Under Twos and 2 year olds working parents entitlements are new for 2024-25 and Havering’s LA level hourly rate is £12.11 and £8.90 respectively.

For the two existing entitlements, the 2024-25 LA level hourly rate for the 2 year old (disadvantaged families) and 3/4 year old are £8.90 and £6.16 respectively.

Rates payable to the Local Authority in 2023-24 and 2024-25 are shown in the table below:

| | 9 months to 2 year olds (Under Twos) | 2 year olds (working parents) | 2 year olds (disadvantaged families) | 3/4 year olds (universal and extended) |
|----------------|--------------------------------------|-------------------------------|--------------------------------------|--|
| 2023-24 | n/a | n/a | £6.52 | £5.72 |
| 2024-25 | £12.11 | £8.90 | £8.90 | £6.16 |
| Change | £12.11 | £8.90 | £2.38 | £0.44 |

The year on year change is broken down as follows:

| | 9 months to 2 year olds (Under Twos) | 2 year olds (working parents) | 2 year olds (disadvantaged families) | 3/4 year olds (universal and extended) |
|---------------------------|--------------------------------------|-------------------------------|--------------------------------------|--|
| New Entitlement | £12.11 | £8.90 | | |
| EYSG increase | | | £2.12 | £0.19 |
| TPAG/TPPG increase | | | | £0.07 |
| NLW increase | | | £0.26 | £0.18 |

It is important to note that all early years providers, both those in the private, voluntary and independent sector and schools, continue to face considerable cost pressures. The most significant pressure is staffing. The National Living Wage (NLW) rose by 6.6% in 2022, 9.7% in 2023 and is set to rise by a further 9.8% in April 2024 with the age lowered from 23 to 21 years olds being eligible for this level, whilst pay for most support staff in schools rose by 9.8% in 2022-23 and 9.4% in the current financial year.

The cost of living crisis is continuing with interest rates at their highest point since early 2008, high energy costs and food costs due to inflation and global events.

Against this background, a rise of just 3.0% in the funding rate received from central government is extremely disappointing and Havering along with its partners and other Local Authorities will continue to lobby for alternative and fairer funding settlement than the current arrangements. Havering continues to be underfunded by the central government's formula for education and central core services. The local authority will continue to make representations to the Department for Education and the appropriate authorities, on the level of funding for early years at every opportunity.

Funding Consultation

The Schools Funding Forum was advised on 11th January 2024 of the budget cycle process for Early Years. Thereafter, the Local Authority produced proposals for the 2024-25 expansion of the entitlement. The proposals that were reviewed were the rates for providers and other Early Years budgetary requirements, for SENIF and Central Retention.

The proposals were discussed with the Early Years Provider Reference Group (EYPRG) on the 18th and 23rd January 2024 and the consultation reflects the feedback from the group, as well as other stakeholders.

The consultation was held on-line with details sent to all private, voluntary and independent early years providers, and to schools with nurseries. The contents of the consultation are shown at Appendix A.

The consultation ran until 2nd February 2024, so was still open when this agenda item was prepared. The intention is for the outcome of the consultation to be shared with EYPRG at the scheduled meeting on Tuesday 6th February 2024, due to be held before the full School Funding Forum meeting. The proposed funding rates following discussion at the EYPRG meeting, will then forwarded to members of the Schools Funding Forum for discussion and approval at this meeting.



**Consultation with Early Years
Providers on
Funding for Financial Year
2024-25**

Introduction

This consultation document proposes options for the allocation of funding to early years providers for the financial year 2024-25. Providers are asked to consider the proposals and respond back to the Local Authority for further consideration by the Early Years Provider Reference Group (EYPRG) and Schools Funding Forum.

Process

The consultation period will run from Thursday 25th January to Friday 2nd February 2024.

A summary of responses to the consultation will be reported to EYPRG and the Schools Funding Forum in week commencing 5th February 2024 and final decisions taken by the Local Authority before funding statements are issued for the 2024-25 financial year.

Responding to the Consultation

The online link to consultation is sent to all private, voluntary and independent early years providers and head teachers of schools with nurseries.

You can contribute your views to the consultation in the online link below:

<https://consultation.havering.gov.uk/education/def8a268>

If you require clarification on any point please email:

Education Finance at: education.finance@havering.gov.uk

Referenced DfE document links:

<https://www.gov.uk/government/news/funding-plan-revealed-for-free-childcare-from-nine-months-old>

<https://www.gov.uk/government/publications/early-education-entitlements-and-funding>

<https://www.gov.uk/government/publications/early-years-foundation-stage-framework--2>

<https://www.gov.uk/government/publications/early-years-funding-2024-to-2025>

Early Years Funding 2024-25

1. Early Years Funding 2024-25

Early Years education is funded through the Early Years Block of the Dedicated Schools Grant (DSG). The DfE funding rates and indicative allocations for 2024-25 was issued to local authorities on 19th December 2023, along with the final allocations for the other DSG blocks.

As part of the Spring Budget 2023, for the existing entitlements, there was a national increase of £204 million from this September 2023 via the Early Years Supplementary Grant (EYFSG), and a further £288 million in financial year 2024-25 via the Early Years Block. This is in addition to the an additional £4.1 billion anticipated to be provided by 2027 to 2028, to fund 30 hours of free childcare as part of the expansion of the entitlement.

For 2024-25, there will be four entitlements that are to be funded during the course of the year, and the DfE have provided the indicative allocations to reflect that. The entitlements are:

- 1) 9 months to 2 year olds (Under Twos)
- 2) 2 year olds (working parents)
- 3) 2 year olds (disadvantaged families)
- 4) 3/4 year olds (universal and extended)

The Under Twos and 2 year olds working parents entitlements are new for 2024-25 and Havering's hourly rate is £12.11 and £8.90 respectively.

For the existing entitlement for the 2 year old (disadvantaged families), this has increased by 36.5% in comparison to the rate as at the start of the financial year 2023-24, which is an increase of £2.38 in comparison to the 2023-24 rate. The increase is composed of the previous year's EYSG of £2.12, therefore the increase is 26p in comparison to the overall 2023-24 2 year old funding received (inclusive of EYSG), a 3.0% increase which is to support the National Living Wage (NLW) increases.

For the existing entitlement for the 3/4 year old, this has increased by 7.7% in comparison to the rate as at the start of the financial year 2023-24, which is an increase of 44p in comparison to the 2023-24 rate. The increase is composed of the previous year's EYSG of 19p, Teachers Pay Additional Grant (TPAG/TPPG) of 7p, therefore the increase is 18p in comparison to the overall 2023-24 3/4 year old funding received (inclusive of EYSG and TPPG), a 3.0% increase which is to support the National Living Wage (NLW) increases.

Rates payable to the Local Authority in 2023-24 and 2024-25 are shown in the table below:

| | 9 months to 2 year olds (Under Twos) | 2 year olds (working parents) | 2 year olds (disadvantaged families) | 3/4 year olds (universal and extended) |
|-----------------|--------------------------------------|-------------------------------|--------------------------------------|--|
| 2023-24 | n/a | n/a | £6.52 | £5.72 ⁽ⁱⁱ⁾ |
| 2024-25 | £12.11 | £8.90 | £8.90 ⁽ⁱ⁾ | £6.16 ⁽ⁱⁱⁱ⁾ |
| Increase | £12.11 | £8.90 | £2.38 ⁽ⁱ⁾ | £0.44 ⁽ⁱⁱⁱ⁾ |

- (i) Please note that the 2 year old rate for 2024-25 includes £2.12 for the Early Years Supplementary Grant (EYSG) previously paid for all Early Years funding claims. The additional funding for 2 year old is therefore 26p.
- (ii) Please note that the 3/4 year old rate for 2023-24 includes 7p for the Teachers Pension and Pay Grants (TPPG 2022-23) previously paid exclusively for mainstream schools with nurseries.
- (iii) Please note that the 3/4 year old rate for 2024-25 includes 7p for the Teachers Pension and Pay Grants (TPPG 2023-24) previously paid exclusively for mainstream schools with nurseries, and the in-year Early Years Supplementary Grant of 19p. The additional funding for 3/4 year old is therefore 18p.

It is to note that early years providers in the private, voluntary and independent sector, and schools, continue to face considerable cost pressures. The National Living Wage rose by 6.6% in 2022, 9.7% in 2023 and is set to rise by a further 9.8% in April 2024 with the age lowered from 23 to 21 years olds being eligible for this level, whilst most support staff in schools rose by 9.8% in 2022-23 and 9.4% in the current financial year.

The cost of living crisis is continuing with interest rates at it's highest point since early 2008, high energy costs, and providers have also seen the cost of resources rising at unprecedented levels due to inflation and global events.

Against this background, a rise of just 3.0% in the funding rate received from central government is extremely disappointing and Havering seeks an alternative and fairer funding than the current arrangements. Havering continues to be underfunded by the central government's formula for education and central core services. The local authority will continue to make representations to the Department for Education and the appropriate authorities, on the level of funding for early years at every opportunity.

1.1 The expansion of funded childcare

The expansion of funding childcare, as part of the Spring 2023 budget announcement are as per the following timetable:

| | |
|----------------|---|
| Autumn 2023 | <ul style="list-style-type: none"> Childminder grants become available Staff : child ratio change from 1:4 to 1:5 |
| April 2024 | <ul style="list-style-type: none"> 15 funded hours for working parents of 2 year olds introduced |
| September 2024 | <ul style="list-style-type: none"> National wraparound support begins 15 hours for working parents of children 9 months plus introduced |
| September 2025 | <ul style="list-style-type: none"> 30 hours for all working parents of children from 9 months to primary school age introduced |
| September 2026 | <ul style="list-style-type: none"> All schools to offer 8am – 6pm wraparound care on their own or in partnership |

2. Teachers Pay and Pension Grants (TPPG) transfer to Early Years Block

2.1 TPPG 2022-23

Following a higher than anticipated pay rise for teachers in September 2018 and an increase of 7.2% in the employers' contribution rate for teachers' pensions in September 2019, the DfE introduced a pay and a pension grant to support schools with the additional costs.

These were calculated on a per pupil basis with nursery pupil numbers included. In the 2021-22 financial year, funding for Year R – Year 11 was rolled into the national funding formula basic per pupil rate.

Funding for nursery aged pupils, however, continued to be funded as separate grants paid to maintained schools with nursery classes with the initial final year of this targeted grant in financial year 2022-23.

For 2023-24, the 2022-23 pay and pension grant funding allocated for nursery pupils has been rolled (transferred) into the overall 3/4 year old entitlement allocated to the LA, identified separately in the initial allocations.

Following last year's consultation, some of the additional funding from this rolling-in was distributed as part of the basic hourly rate in 2023-24, which all providers received a proportion, rather than just the maintained schools that formerly received the separate grants. Maintained schools received the Quality supplement in 2023-24 that reflected the additional costs for teaching staff.

2.2 TPPG 2023-24

During 2023-24, the School Teachers' Review Body (STRB) recommended a pay award of 6.5% across all teaching pay scales, which has been accepted in full by the Education Secretary, and that was to take effect from 1st September 2023.

The DfE released an additional Teachers Pay Grant to maintained schools in financial year 2023-24, to support schools with the additional cost as a result of the pay award and the costs of employer contributions to the teachers' pension scheme.

For 2024-25, the 2023-24 additional Teachers Pay Grant funding allocated to maintained schools for nursery pupils has been rolled into the overall 3/4 year old entitlement, resulting in a 7p uplift in the overall rate. This uplift is to support with the costs of the additional pay award and the costs of employer contributions to the teachers' pension scheme which are due to increase from April 2024.

The Early Years Funding Operational Guide 2024 to 2025 released by the DfE states the following:

'We encourage local authorities to consider using the quality supplement [one of the supplements for funding that LAs are allowed to include in local Early Years formula] to distribute the additional funding they receive in respect of teachers' pay and pensions.'

'As with all other supplements, it is for local authorities to determine the appropriate metric for allocating funding, so long as their approach is in line with the principles set out above.'

'We continue to encourage local authorities to consider the purpose for which this funding has been provided when designing their approach to local distribution. They could continue to target the funding to take account of additional pressures that some providers might face, from, for example, the need to pay employer contributions to the teachers' pension scheme.'

In the 3/4 year old indicative allocations for 2024-25, the additional hourly rate of funding received as a result of the rolling in of the pay and pension grants is 14p. The equivalent amount for 2023-24 was 7p. The additional sum received as a result of the rolling in of the pay and pension grants for the two years is £473,149, in comparison to the rolling in that took place in 2023-24 which was £239,515.

3. Indicative DfE funding of Havering's Early Years Block funding 2024-25

Local authorities receive an initial allocation of Early Years funding for financial year 2024-25 based on the latest data available which was from the January 2023 Census for the existing entitlements and DfE projected data for the new entitlements.

Based on the updated indicative data, Havering's initial allocation for 2024-25 is as below.

| | | |
|-------------------------------------|-----------------|-------------|
| Under Twos (New) | Cohort (PTE) | 670.20 |
| | Unit of funding | £12.11 |
| | Allocation | £4,626,171 |
| 2 Year Olds - Working Parents (New) | Cohort (PTE) | 1,119.28 |
| | Unit of funding | £8.90 |
| | Allocation | £5,678,108 |
| 2 Year Olds – Disadvantaged | Cohort (PTE) | 505.14 |
| | Unit of funding | £8.90 |
| | Allocation | £2,562,576 |
| 3/4 Year Olds | Cohort (PTE) | 5,929.18 |
| | Unit of funding | £6.16 |
| | Allocation | £20,818,537 |
| Total Funding for distribution | | £33,685,392 |

For the existing entitlements, this will be updated from the January 2024 Early Years census although the funding that a local authority's grant allocation based on that census is not adjusted until June/July. The indicative allocations for the new entitlements for 2024-25 will be updated on the basis of actual take-up for each term, collected through 2 additional headcounts.

A local authority's initial allocation could, therefore, either increase for higher numbers of participation or reduce if lower.

4. Additional Funding 2023-24

At the start of the 2023-24 financial year the funding rates for providers were set at £6.46 for 2 year olds and £5.34 for 3/4 year olds.

Following the introduction of the Early Years Supplementary Grant (EYSG), there was additional funding as a result of the expansion which took effect from September 2023. The increase for 2 year olds was £2.12 and for 3/4 year olds, this was £0.19.

The new EYSG additional supplement was additional funding for 2023-24, and was to be included as part of the funding rates for Local Authorities for 2024-25. Local authorities have to review the overall rates and allocations, and ensure that the overall funding levels support the different elements of the entitlement. The increase as part of the EYSG was not guaranteed for inclusion in the base rate of 2024-25.

During the Summer term, as part of the monitoring of the SENIF budget, it was identified that there has been an increase to the number of applications and support required as part of SENIF. The previous year carry-forward of £177k was added to the previous year agreed budget £420,044, giving rise to £597k. The revised has mitigated the pressure to that fund, and arrangements are under review of the operation for the fund for 2024-25. Section 6 has further details on the proposals for 2024-25.

5. Distribution to Providers

5.1 The DfE's "**Early Years Entitlements: local authority funding operational guide 2024 to 2025**" advises Local Authorities as follows in determining the rates for the forthcoming year:

*"Local authorities must determine their funding formulae before the beginning of the financial year. Where a local authority proposes to make changes to the funding formulae it used during the previous financial year that will affect early years providers, it must first consult its schools forum, maintained schools, and early years providers. **It must also first consult its schools forum, maintained schools and early years providers on its formulae for the new working parent entitlements.** The final decision on the funding formulae, following any consultation, rests with the local authority."*

In determining the proposals, the 95% pass-through requirement will apply separately to the entitlements for:

- 9 months old children to up to 2 year olds of working parents (Under Twos)
- 2 year old children of working parents
- 2 year old children from disadvantaged families
- 3 and 4 year olds (universal and additional hours)

For 3 and 4 year olds, there is no change, and the pass through requirement will apply to the universal and additional hours in combination. But for 2 year olds and under, the requirement will apply to each of the entitlements individually.

In line with Havering's annual budget cycle for the Early Years budget setting, complying to the DfE guidance that has been in place for a number of years, please see below for the process the Local Authority undertook in determining the funding options and rates to be considered as part of consultation for the funding arrangements for 2024-25.

5.2 Local Authority projected numbers used for Funding Options for 2024-25

The cohort size used in projections is in line with previous years' modelling, updated to reflect the indicative PTE that the DfE have based on the indicative funding on.

Numbers for the summer term 2024, autumn term 2024 and spring term 2025 have been calculated by looking at the average change in numbers from the January base in previous years.

5.3 95% Pass-through rate to providers

Local authorities are required to allocate at least 95% of the grant to providers for all the entitlements for 2024-25, which is a change from the current year requirements for this to be exclusively be for the three/four year old entitlement.

Local authorities are also required to set the level of a SEN Inclusion Fund to meet low level or emerging special needs.

The remaining grant is to be allocated to providers through a formula. At least 87.5% of the funding must be distributed through a basic hourly rate with up to 12.5% through supplementary factors.

5.4 Principles for the base rate minimum funding levels

The Local Authority models on a sustainable and long term model of funding. This is evident with the annual increases that has been in place for the base rates for the current entitlements via annual increases, as well as updating the model to calculate the proposals annually.

| Base Rate Factor | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------|---------|---------|---------|---------|---------|---------|
| 2 year old | £5.35 | £5.60 | £5.68 | £5.76 | £5.97 | £6.46 |
| 3/4 year old | £4.53 | £4.80 | £4.90 | £5.09 | £5.29 | £5.34 |

In the updated Spring 2023 budget announcement of the expansion of the early years entitlement, the average rate made payable to Local Authorities was quoted to be an average of £11.06 for under twos and £8.17 for two year old – working parents. (<https://www.gov.uk/government/news/funding-plan-revealed-for-free-childcare-from-nine-months-old>)

In line with the 95% pass-through requirements, the £11.06 is in fact £10.50 for under twos and £7.76 for two year olds – working parents. The 95% pass-through amounts of £10.50 and £7.76, provided as examples, then needs to include a base rate, provision for SENIF and any additional supplements, therefore the applicable base rate is reduced further to take into account those other provisions.

The DfE's **Easy explainer: early years funding rates** advises the following:

“The majority of the local authority hourly rate announced by DfE is to support providers with the core costs of providing entitlement hours and must be passed on to providers. A small proportion can be used to support local authorities to administer the entitlements locally.

Local authorities are best placed to determine how to use their total funding allocation to meet the needs of their communities. So, using the DfE rates as a starting point, local authorities set their own provider hourly rates using their own local formulae. These formulae and the provider hourly rates are different to the rates announced by DfE and are decided at a local level.”

However, Havering has engaged with stakeholders following central government's announcement of the expansion, and has undertaken reviews via sector feedback, current and future local and DfE Early Years funding rates, providers' current and previous private charges for the entitlements which form part of the expansion.

Following the review, Havering adopted a higher baseline, in comparison to the baseline from the DfE recommended approach, and was committed to providing the minimum funding rates and the basis for the rates for 2024-25 as follows:

- Under twos - £11.00
based on benchmarking and DfE guide of level of funding they have tried to reach
- Two year old (working parents) - £8.00
based on benchmarking and DfE guide of level of funding they have tried to reach
- Two year old (disadvantaged) - £8.58
based on 2023-24 base rate plus EYSG
- Three/Four year old - £5.53
based on 2023-24 base rate plus EYSG

These rates were prior to the overall review and formation of the formula, to be in compliance with the DfE guidance and regulations, which is undertaken as part of this consultation process.

5.5 Under Twos (9 months old to up to 2 years old – working parents)

This is a new grant that will be in effect from 1st September 2024, and is part of the roll-out of the expansion in the Early Years funding. This is to fund 15 hours for eligible working parents.

After making a provision for SENIF, and no proposed supplement which is optional, the proposed rate to be paid to providers for this new entitlement is £11.05 per hour, which is above the indicative rate that was initially advised for this new entitlement.

Proposal

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £11.05, to take effect from 1st September 2024.

| | |
|-----|---|
| Q.1 | <i>Do you agree for the new under two entitlement that the rate paid to providers to be £11.05?</i> |
|-----|---|

5.6 2 Year Olds – Working Parents

This is a new grant that will be in effect from 1st April 2024, and is part of the roll-out of the expansion in the Early Years funding. This is to fund 15 hours for eligible working parents.

After making a provision for SENIF, and no proposed supplement which is optional, the proposed rate to be paid to providers for this new entitlement is £8.05 per hour, which is above the indicative rate that was initially advised for this new entitlement.

Proposal

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £8.05, to take effect from 1st April 2024.

| | |
|-----|---|
| Q.2 | <i>Do you agree for the new two year old – working parents entitlement that the rate paid to providers to be £8.05?</i> |
|-----|---|

5.7 2 Year Olds Funding – Disadvantaged

This entitlement has been in place for a number of years and this is to support children from disadvantage families. This funds 15 hours for those applicable families.

As part of the revised DfE funding arrangements for this entitlement to providers, LAs have to make a provision for SENIF and prospectively a supplement for this entitlement.

The DfE guidance and regulations for this entitlement is as follows:

- a requirement for local authorities to have a disadvantaged 2-year-old rate that is at least equal to their rate for 2-year-old children of working parents
- new deprivation supplement arrangements for the disadvantaged 2-year-old entitlement and the new working parent entitlements

DfE states “*Supporting children from disadvantaged backgrounds remains a priority. For this reason, we will require local authorities, through regulations, to ensure that the total funding rate (that is the base rate, plus supplements if applicable) they pay to providers for the disadvantaged 2-year-old*

entitlement is at least equivalent to the total funding rate for the 2-year-old working parent entitlement.”

Proposal

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £8.59, to take effect from 1st April 2024, with no additional supplements. This is in line with the DfE requirements for the overall funding for two year old - disadvantaged families to be higher than the two year old – working parent entitlement.

| | |
|-----|--|
| Q.3 | Do you agree for the existing two year old – disadvantaged entitlement rate paid to providers to be £8.59? |
|-----|--|

5.8 3 & 4 Year Olds Funding

The hourly funding rate is dependent on the approach taken in addressing the consolidation of the teachers’ pay and pension grants into the Early Years block in 2024-25. This is to fund 15 hours for as part of the universal entitlement for all 3/4 year olds, and up to an additional 15 hours for eligible working parents (providing 30 hours in total for working parents for the universal and extended offer).

In line with the steer from the DfE, shown in section 2 of this document, the LA is proposing to continue with the quality supplement to distribute the additional funding. This would serve as protection (transition) for maintained schools who are losing the separate grant funding. When grant funding is removed it is usual to have a period of transition.

Two options for the allocation of funding have been considered, and we are seeking your views on them.

The first option (Option A) directs 50.3% (£238,215) of the overall transfer (£473,149) over the two years of the mainstream schools’ TPPG back to those eligible schools via the Quality Supplement only, which is an increase from the current level of £141,280. This more closely matches the additional costs incurred by schools that the grants are intended to meet over the two years. The remaining balance of the transfer of £136,699 is allocated via the base rate, therefore leaving the base rate to be £5.55 for applicable claims by all provisions delivering the 3/4 year old entitlement.

The second option (Option B) provides the protection for the TPPG to schools via the Quality and base rate factors. This will be split as 40.5% (£191,693) of the overall transfer (£473,149) over the two years of the mainstream schools’ TPPG, back to those eligible schools via the Quality Supplement, which is an increase from the current level of £141,280. The remaining balance of the transfer of £176,691 is allocated via the base rate, therefore leaving the base rate to be £5.56 to be applicable for claims by all provisions delivering the 3/4 year old entitlement. The overall amount via the Quality and base rate factors matches the additional costs that schools will incur will.

Further details on the options are as follows:

- **Option A – Base Rate increased to £5.55, and transfer of £96,935 of the TPPG grant from 2023-24 to increase the mainstream schools’ Quality factor**

In Option A, funding is allocated to more closely match the additional costs incurred by schools that the grants are intended to meet.

Using a teacher in the nursery who is paid on point 3 of the Upper Pay Spine and has a TLR of £5,039 (TLR2b), the additional costs that the TPPG is intended to meet, come to £9,252, an increase of £3,748.

The Quality factor therefore increases to £238,215 to support the transition of this grant into the Early Years block, with £136,698 being made available to increase the base rate by 4p per hour.

The hourly rate for 3/4 year olds base rate could then rise to £5.55, an increase from 2023-24 current base rate level and the 2024-25 indicative base rate.

This option splits the additional funding received for TPPG between direct funding for TPPG costs and an increase in the basic hourly rate via the Quality supplement only. It also means that the protection/transition for schools in 2024/25 is tapered.

Option A proposal is as follows:

| | | |
|--------------------|--------------------|-----------------------|
| Proposed Base Rate | SEN Inclusion Fund | Quality factor (TPPG) |
| £5.55 | £789,450 | £238,215 |

- **Option B – Base Rate increased to £5.56, and transfer of £50,413 of the TPPG grant from 2023-24 to increase the mainstream schools’ Quality factor**

Similar to Option A above, this funding is allocated to match the additional costs incurred by schools that the grants are intended to meet.

For this option, the overall level of funding remains the same to support for the additional costs that schools will incur. This will be provided by a reduced amount via the Quality factor of £191,693 and £46,552 via an increase of the base rate of 1p.

Therefore a total of £183,250 will lead to the hourly rate for 3/4 year olds base rate rising to £5.36, an increase of 1p an hour in comparison to Option A base rate proposal, which is an increase of 2023-24 current base rate level and the 2024-25 indicative base rate.

This option splits the additional funding received for TPPG between direct funding for TPPG costs and an increase in the basic hourly rate. It also means that the protection/transition for schools in 2024/25 is tapered.

Option B proposal is as follows:

| | | |
|--------------------|--------------------|-----------------------|
| Proposed Base Rate | SEN Inclusion Fund | Quality factor (TPPG) |
| £5.56 | £789,450 | £191,693 |

| | |
|-----|---|
| Q.4 | <i>For 3/4 year olds, which option do you favour?</i> |
| | Option A – Base Rate of £5.55, and Quality factor budget of £238,215 |
| | Option B – Base Rate of £5.56, and Quality factor budget of £191,693 |

5.9 Supplementary factors

As well as the basic hourly rate, local authorities can also allocate funding through a limited range of supplementary factors. Up to 12.5% of the formula funding can be allocated through supplementary factors which can include:

- deprivation (mandatory supplement); local authorities must use this supplement to recognise deprivation in their areas,
- rurality or sparsity (discretionary supplement); to support providers serving rural areas less likely to benefit from economies of scale,
- flexibility (discretionary supplement); to support providers in offering flexible provision for parents; this could, for example, childcare wraparound care, out-of-hours provision, or to encourage a particular type of provider in an area (such as to meet a need for childminders in an area),
- quality (discretionary supplement); to support workforce qualifications, or system leadership (supporting high quality providers leading other providers in the local area), and
- English as an additional language (EAL) (discretionary supplement).

In Havering, following past consultations, only the mandatory deprivation factor is used. The LA has reviewed the feasibility and reliability of using other optional supplements and recommends, with the exception of a supplement for TPPG, that they are not adopted in 2024-25. A further review will be carried out for 2025-26.

It has been agreed previously that the funding rates allocated for deprivation align with those of schools, using the Income Deprivation Affecting Children Index (IDACI).

In Havering, funding for IDACI is currently allocated at the same rate for schools and early years providers. If this were to continue for 2024-25, funding rates would be as follows:

| Band | Hourly rate | | Annual rate (38 weeks x 15 hours) | | % change |
|------|-------------|---------|--------------------------------------|---------|----------|
| | 2023-24 | 2024-25 | 2023-24 | 2024-25 | |
| A | £0.77 | £0.78 | £438.90 | £444.60 | 1.3% |
| B | £0.58 | £0.59 | £330.60 | £336.30 | 1.7% |
| C | £0.55 | £0.55 | £313.50 | £313.50 | 0.0% |
| D | £0.50 | £0.51 | £285.00 | £290.70 | 2.0% |
| E | £0.32 | £0.33 | £182.40 | £188.10 | 3.1% |
| F | £0.26 | £0.27 | £148.20 | £153.90 | 3.9% |
| G | £0.00 | £0.00 | £0.00 | £0.00 | 0.0% |

Using the revised rates and methodology with October 2023 pupil data, the required budget for 2023-24 would be £447,200.

| | |
|-----|---|
| Q.5 | <i>Do you agree that deprivation remains the only supplementary factor used in Havering's formula and the rates of funding continue to be aligned with the rates used in the schools' national funding formula?</i> |
|-----|---|

6. Special Educational Needs Inclusion Fund (SENIF)

6.1 Funding Proposal 2024-25

For 2024-25, Local Authorities have to extend the SENIF to be funded from all of the Early Years entitlements.

SENIF is in place to support children with additional needs and ensure that they have the resources and aids to thrive within their setting.

SENIF is separated into two parts:

- Complex needs, which is for children that are on the EHCP pathway and require regular adult support or 1:1, and
- the Early Intervention and support part of the fund is for children with lower level or emerging SEN, and is primarily for equipment, adjustments and support for adjustments within the setting.

Training is a core part of the CAD 0-5 offer, there is no requirement for settings to pay or apply for this as it is free to all provisions (childminders, PVI and maintained schools) at the point of delivery.

With an overall 40% growth in SEND in Havering, the SENIF budget is currently overspending in comparison to the original budgets that were set at the start of the year, as stated earlier in Section 4 of this consultation document, see table below for previous and current year expenditure.

| Category | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 projected |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|
| EIF | 100,000 | 105,688 | 203,596 | 338,088 | 544,793 | 887,247 |
| EIF – HN | 39,536 | 50,000 | 56,428 | 58,521 | 67,227 | 234,334 |
| Total | 139,536 | 155,688 | 260,023 | 396,609 | 612,020 | 1,121,581 |
| <i>EIF hourly rate</i> | £3.50 | £3.50 | £4.90 | £5.09 | £5.29 | £5.34 |
| <i>EIF - HN hourly rate</i> | £2.61 | £2.61 | £3.20 | £3.20 | £3.20 | £5.82 |
| PTE (EIF) based on spend (15 hours x 38 weeks) | 50.13 | 52.98 | 72.90 | 116.53 | 180.68 | 291.49 |
| PTE (EIF - HN) based on spend (15 hours x 38 weeks) | 26.58 | 33.61 | 30.94 | 32.08 | 36.86 | 70.64 |
| year on year expenditure % increase | | 12% | 67% | 53% | 54% | 83% |

In order to ensure that the SENIF has the appropriate level of budget, it is proposed that all eligible funding streams contribute to the overall SENIF budget, with the split worked out on pro-rata of the current demand to the new entitlements. This will be an increase from £420k to £1.114m for 2024-25. This is broken down as follows:

| | Under Two | Two Year Old - Working Parent | Two Year Old - Disadvantaged | Three/Four Year Old (Universal/Extended) | Total |
|-------|-----------|-------------------------------|------------------------------|--|------------|
| SENIF | £123,377 | £167,666 | £31,635 | £790,875 | £1,113,552 |

| | |
|-----|--|
| Q.6 | <i>Do you agree that the SENIF budget is increased to £1.113m to meet the additional demand for support?</i> |
|-----|--|

6.2 **SENIF arrangements**

Funding applications have increased exponentially and the fund is finite. This should be reserved for the most complex cases and many needs can be met through the support of your Area SENCo/Advisory Teacher, as well as guidance from the Ordinarily Available Provision, therefore not requiring any applications for SENIF support.

The Local Authority will be reviewing arrangements for SENIF as it is anticipated that once the roll-out for all the entitlements takes place, the overall eligible cohort will increase significantly and will lead to the number of applications under the current arrangements, to exceed the current number of applications that are being reviewed at each SENIF Panel.

There currently is no data field currently available from the Census collection exercises that differentiates on SEN Need, as per the Schools Census, and the Local Authority is reviewing a number of options to provide a targeted and more responsive approach in providing the support required to those learners.

One of the modes that may be explored further is the introduction of a matrix band, with early years providers to map all children at setting to the matrix bands. This is hoped to be brought to work in tandem with the existing progress monitoring that the setting does currently. The LA SENCOs then reviews and moderate, and then final bands will be issued and the CAD 0-5 team will maintain a register of the bands and level of need. This will support the Local Authority to put in place support and take action to reduce the need for additional support once the child transitions to reception. Each band level will provide a level of funding for each term, therefore reducing the need for application for low/mid level support. Children in higher bands and cases for higher level support are to be reviewed by Panel, therefore reducing the number of cases that is being referred for consideration by the SENIF Panel.

This is one of the possible arrangements that will be reviewed between now and the next financial year, and the timetable for any change would be as follows:

- Summer 2024 – continue with current arrangements / revised or transition arrangements
- Autumn 2024 – roll-out of bands for funding or alternative methodology

7. Central Retention

Local authorities are able to centrally retain funding to lead and support the Early Years sector to deliver excellent quality provision, and to administer the distribution of Early Years Funded Entitlement and related supplements system.

The centrally retained funding supports the Local Authority to deliver their various statutory duties relating to early years, and to ensure sufficient, sustainable, high quality, accessible early education and childcare.

Any reductions to the central retention which funds a range of services, may result in a reduction in the range and amount of advice and support (including financial support) to providers. It is through these central services that we are able to take actions to mitigate any changes brought about by the DfE.

The centrally retained funding is used to fund a number of services and activities across all sectors including mainstream, private, voluntary, independent sectors, and childminders to promote quality and improve outcomes for children in Havering, including;

- Provide support and advice to settings in relation to quality of early education and childcare, Ofsted and statutory requirements, with a focus on settings at requires improvement or inadequate, as well as providing targeted support around work with vulnerable groups.
- Support and advice to settings in relation to support for children with SEND, with a particular focus on inclusion, quality and early identification of need.
- Meeting the Council's statutory duties to ensure a sufficiency of places for funded 2, 3 and 4 year olds across Havering.
- Monitoring and delivering sufficiency.
- Providing support, advice and to promote business sustainability.
- Individual commissioning of provision for the most disadvantaged families.
- Delivering census, compliance with DfE statutory guidance and requirements.
- Brokerage of places for vulnerable children and children identified as disadvantaged.
- Managing the funded entitlement by advising providers, processing, administering and making payments, including support for the Provider Portal.
- Delivering census.
- Maintenance and development of the Provider Portal and linked systems.
- Supporting communications and publicity, including promotional activities to support take-up of funded places, 30 hours, EYPP, Inclusion Fund, and DAF uptake.
- Implement a number of eligibility assessments, including the eligibility for free school meals of a pupil who is being provided with early years provision, the eligibility of a child for prescribed early years provision, or the eligibility of a child for the early years pupil premium.
- Audit functions to ensure funding has been allocated and spent in line with the regulations and policies in place.
- Strategic and operational leadership and management of the early years system and its finances.

The distribution set by the DfE for central retention means that an LA can only use a maximum of 5% for central support, and the remaining 95% is paid direct to providers. Havering actually retains less than the 5% maximum allowed by the DfE in order to make the most amount of funding available to providers.

In financial year 2022-23, the central retention in Havering was reduced from £820k to £790k, and this level has been in place for the last two years under the current arrangements of funding.

With the expanded entitlement roll-out due to take effect from 1st April 2024 and be fully operational from 1st September 2025, Local Authorities need to lay the infrastructure in order to support the additional demands as a result of the roll-out.

In order to support the Local Authority, it is proposing at applying the current central retention level of 4.04% for all eligible funding streams, in order to support with the roll-out. This will be an increase from £790k to £1.361m for 2024-25. This is broken down as follows:

| | Under Two | Two Year Old - Working Parent | Two Year Old - Disadvantaged | Three/Four Year Old (Universal/Extended) | Total |
|----------------|-----------|-------------------------------|------------------------------|--|-------------------|
| 2023-24 | £0 | £0 | £0 | £790,000 | £790,000 |
| 2024-25 | £186,897 | £229,396 | £103,528 | £841,069 | £1,360,890 |
| % | 4.04% | 4.04% | 4.04% | 4.04% | 4.04% |
| Change | £186,897 | £229,396 | £103,528 | £51,069 | £570,890 |

This will enable to support the structure for the current year recruitment of specialist SENCOs for future years, recruitment for staff in order to undertake the additional workload as part of the expansion (e.g. Admissions, Finance, etc.), commissioning of audit to undertake assurance checks in the income and expenditure and the continuation of training courses and support for providers. This list is not exhaustive and the LA is reviewing the central support arrangements and will put in place a service that fulfils its obligations to the sector.

The breakdown of services currently and to be funded from this are as follows:

| Service | 2023-24 (£,000) | 2024-25 (£,000) | Change (£,000) | |
|--|-----------------|-----------------|----------------|---|
| Early Years Quality and Assurance Team | 351 | 433 | 82 | Additional staff and increased costs year on year |
| Early Years Admissions | 196 | 311 | 115 | Additional staff |
| CAD Support | 79 | 293 | 214 | Maintain new structure |
| Finance | 53 | 124 | 71 | Additional staff |
| Early Years Commissioning and Organisation | 61 | 83 | 21 | Increased costs year on year |
| Central Database Software – EYAM | 50 | 82 | 33 | Licensing and software updates |
| Audit | 0 | 35 | 35 | New provision |
| Grand Total | 790 | 1,361 | 571 | |

| | |
|-----|--|
| Q.7 | <i>Do you agree that the central retained budget for LA support is increased to support the additional resources to be invested as part of the expansion of the childcare entitlement, with a budget of £1.361m?</i> |
|-----|--|

-----End of Document-----