



Havering

LONDON BOROUGH

SCHOOLS FUNDING FORUM AGENDA

8.00 am

Thursday
13 February 2025

Via Teams

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Members 21: Quorum: 9

MEMBERSHIP:

Representative Groups

LA Maintained School Representatives:

Head Teachers (6):	Kirsten Cooper (Cluster D) Georgina Delmonte (Cluster F) Hayley McClenaghan (Cluster C) David Unwin-Bailey (Cluster A) Vacancy (Cluster B) Vacancy (Cluster E)
Special School (1)	Emma Allen
Governors (1):	Vacancy

**Academy
Representatives:**

Primary (2):	Chris Hobson Vacancy
Secondary (5)	Neil Frost Scott McGuinness David Turrell Vacancy Vacancy
Governors(1)	Vacancy
Special (1)	Andy Smith
AP Academy (1)	Tony Machin

**Non-School
Representatives:**

Early Years PVI Sector (1)	Emma Reynolds
Post 16	Vacancy
Decision Board	Vacancy
Trade Unions (2):	George Blake/John McGill, Teachers Peter Liddle, UNISON

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

AGENDA ITEMS

1 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

2 TO AGREE THE NOTES OF THE MEETING HELD ON...

The notes are attached at Appendix A.

3 HAVERING SFF DRAFT OPEN MINUTES 250116 (Pages 1 - 9)

4 MATTERS ARISING

5 ITEM 4 - APPENDIX 4A (Pages 10 - 27)

6 NEXT MEETINGS

The next meetings have been arranged as follows:

2025

12th June 2025

All meetings to be held at CEME at 8.00am.

7 ANY OTHER BUSINESS

Angela Adams
Angela.adams@haverling.gov.uk

MINUTES OF A MEETING OF THE HAVERING SCHOOLS FUNDING FORUM

Thursday 16th January 2025 at CEME.
(8.00 – 9.20 am)

Present:

Representative Groups

LA Maintained School Representatives:

Primary: Kirsten Cooper (Chair)
Georgina Delmonte
Hayley McClenaghan
Chris Speller
David Unwin Bailey
Mike Ross

Academy Representatives:

Primary: Chris Hobson (CH)

Secondary Neil Frost
Scott McGuinness
David Turrell (Vice Chair)

Special Schools Emma Allen (maintained)
Andy Smith (Academy)

Alternative Provision Tony Machin

Non-School Representatives:

Early Years PVI Sector: Emma Reynolds

Trade Unions: John McGill (Teaching staff union representative)
Peter Liddle (Support staff union representation)

Non Members in attendance:

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

*for part of the meeting

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

All were welcomed to the meeting.

There were no apologies for absence to receive. It was noted that Michael Ross was attending on behalf of cluster B.

2. TO AGREE THE MINUTES OF THE MEETING HELD ON 28TH NOVEMBER 2024

The minutes of the meeting held on 28th November 2024 were received and agreed.

3. MATTERS ARISING

The following were matters arising from the previous minutes that were not included elsewhere on the agenda:

3.1. Union facility time (minute 3.2 refers): Forum members were advised that H Moussa was still working on the Union Facility Time calculations, an update would be shared when available.

ACTION: HM

3.2. Health and Safety de-delegation (minute 3.3 refers): Forum members noted that a letter had been circulated giving more information about the services provided for health and safety under de-delegation.

3.3. Apprenticeship rates (minute 3.4 refers): It was agreed to close this action.

3.4. Schools funding (minute 4 refers): The consultation on schools and High Needs Funding 2025 -26 had been circulated before Christmas and responses had been received.

3.5. Social Emotional and Mental Health (SEMH) (minute 4 refers): Forum members were advised that this would be looked at after April 2025 and would link into the restructure of the Early Help Offer. Going forward it may or may not be a traded service. This would be finalised and would be ready for September 2025.

ACTION: TC

3.6. Sickness risk fund (minute 5 refers): Forum members were advised that the sickness risk fund would come to an end on 31st March 2025. It was questioned what would happen with regards to those who were currently sick and schools were accessing the fund. In response it was noted that this would need to be reviewed on a case by case basis and existing providers would be looked at to fill the gap.

4. FORUM COMPOSITION

Forum members were asked to

1. Review the proposal to increase the primary phase academy membership from one representative to two representatives.
2. Note the LA engagement with the Diocesan Board and Post 16 provision, with Forum to be updated on the progress at the next meeting

Forum members noted that it needed to be ensured that the membership of the forum represented the make-up of the local area. In order to establish the membership a breakdown of the number of pupils in the Borough were considered alongside the cluster system which was strong in the Primary schools, which needed to be maintained. The representatives needed to support the decisions made across the year including the De-delegation. It also needed to be ensured that there was a balance of representatives.

	Proposal			Current
	Head Teachers	Governors	Total	Total
Primary Maintained	5 6	1	6 7	6
Primary Academies	2		2	1
Secondary Maintained	0	0	0	0
Secondary Academies	6 5	1	6	6
Special Maintained	1		1	1
Special Academy	1		1	1
AP Academy	1		1	1
Total	17		17 18	16

The following was noted:

- It was agreed that there should be 1 governor representative from the maintained sector and 1 from the academy sector. Volunteers would be asked for at the Informal Chairs meeting to held the following week.

ACTION: HGS

- Secondary Headteachers would look to recruit to fill the 2 vacancies.

ACTION: Secondary Heads

- The sixth form representative post could be filled by a Headteacher of a secondary school with a sixth form. It was suggested that Ms V Qurrey, Headteacher at Sacred Heart Secondary School could be approached to fill this post.

ACTION: HM / KH

- Chris Hobson undertook to contact the CEOs of primary academies in Havering for a Headteacher representative.

ACTION: CH

- The Diocese of Chelmsford and The Diocese of Brentwood had been contacted with regards to seeking representatives to sit on the funding forum. However it was proposed that M Ross could represent the Diocese of Brentwood and C Speller could represent the Diocese of Chelmsford. This would be confirmed with the Diocese.

ACTION: HGS

- Cluster B needed a maintained Headteacher representative so there was a representative from each of the 6 clusters.

ACTION: Primary Headteachers

Forum members

- 1. Reviewed and agreed the proposal to increase the primary phase academy membership from one representative to two representatives.**
- 2. Noted the LA engagement with the Diocesan Board and Post 16 provision, and a full update on the membership would be shared at the next meeting.**

ACTION: HM / KH

5. SCHOOLS' FUNDING

Forum members were asked to

1. Consider the responses to the Consultation on Schools and High Needs Funding 2025-26 submitted by schools and academies.
2. Agree Havering adopts the national funding formula rates for the funding of schools and academies in financial year 2025-26 with a minimum funding guarantee of 0.00% per pupil and a gains cap of 0.85% per pupil.
3. Agree £1,290,899 (0.50%) of the DSG Schools Block is transferred to the DSG High Needs Block.
4. Agree £429,196 of the DSG Schools Block is used to support Pupil Growth and Falling rolls in addition to the £1,293,804 funding received for this.

Funding forum members noted the following:

- There would be an increase in the top slice.
- Gains cap would be 0.85% per pupil.
- The consultation had been circulated with real figures; this had been the reason for it being circulated late.

- Some responses had been received, all were favourable and some had felt that an increase in the top slice to fund High Needs would be acceptable.
- This was in line with what had been agreed previously.

All Funding forum members

- 1. Considered the responses to the Consultation on Schools and High Needs Funding 2025-26 submitted by schools and academies.**
- 2. Agreed that Havering adopted the national funding formula rates for the funding of schools and academies in financial year 2025-26 with a minimum funding guarantee of 0.00% per pupil and a gains cap of 0.85% per pupil**
- 3. Agreed £1,290,899 (0.50%) of the DSG Schools Block was transferred to the DSG High Needs Block**
- 4. Agreed £429,196 of the DSG Schools Block was used to support Pupil Growth and Falling rolls in addition to the £1,293,804 funding received for this.**

Colleagues were thanked for the quick turnaround.

H Moussa joined the meeting at this point, 8.30am

6. HIGH NEEDS FUNDING

Forum members were asked to

1. Note the DfE Final Allocation for financial year 2025-26.
2. Note the High Needs Task and Finish Group meeting to discuss present and next financial year funding levels and arrangements.
3. Note the year forecast of expenditure for financial year 2024-25.

Forum members were advised that the National Funding Formula (NFF) would distribute £11.3 billion of the total high needs budget for 2025-26. They also noted that for 2025-26, the high needs budget would be £11.9 billion. This represented a 9% increase compared to the baseline established for 2024-25.

It was also noted that under the NFF, Havering was projecting an increase in it's per pupil level for high needs by 8.91%. Changes to the high needs block had been discussed and a report would be presented to the cabinet in February with regards to the prospective cost of the uplift that would contribute to the in year deficit of £21m for 2024-25 by £2.61m. The total carry-forward deficit to 2025-26 was projected as £36.3m. The in-year deficits would continue to increase.

It was further noted that the number of pupils with an Education Health Care Plan (EHCP) had increased by more than 11%. There were significant costs from the non-maintained / special school sector which was linked to the complexity of the pupils' needs and the high cost of the provision and support.

A forum member stated that a breakdown of the costs used to be circulated which showed how much out of borough and private settings provision cost Havering. It was further noted that the Headteachers were all aware of the complexity of the needs and questioned what it would look like next year. Some parents applied for EHCPs for their children even when they did not need them. It was agreed that there were more pupils with more complex needs and schools now had to look at how they could support them. It was noted that they were moving away from the hours of support allocated under EHCPs to bands. Forum members noted the breakdown of the spend in appendix 6A. It was questioned if there was still a high number of pupils being placed in settings outside of the Borough. In response it was advised that some pupils were difficult to place in Borough and they had been turned down by a number of schools, also respite care was more expensive locally. Some pupils were costly to support as provisions could charge what they wanted to. The situation was challenging.

Forum members also advised that at Early Years Foundation Stage (EYFS) they could not take on anymore pupils with special education needs (SEN).

There were more children who needed support which led to increased costs and which contributed to the in year deficit of £21m and the overall carry forward of £36m for High Needs. The grants were not keeping up with the demand and the increase in costs leading to the in year deficit increasing every year.

In response to a further question it was noted that deficit formed part of the council's borrowing and it was not been funded by the schools. Effectively the local authority (LA) could ignore the deficit until March 2026 when the statutory override finished. It was further noted that nationally there was an over spend of £1.7 billion for High Needs. Historically Havering had been poorly funded for SEN.

The LA were now spending £60m of which £20m was used for high needs top ups, £20m supported special schools and the remaining third / £20m supported ARPS, alternative provision and support from various central teams at the Borough. 60% of pupils with EHCPs in the Borough were placed in mainstream schools which was above the national average. As far as possible pupils were moved to placements that were less expensive. However once pupils were in an out of borough placement, parents were often reluctant to move them. Many pupils were not in the correct provision to meet their needs which impacted on the costs. Costs in Havering were higher when compared to other Boroughs.

Havering were awarded funding under the Delivering Better Value (DBV) programme from the DfE, they received £1m, however, other boroughs received more under the Safety Valve programme. The funding for the DBV that Havering received was not to cover the deficit, and it was for enabling the LA to engage with stakeholders for a number of objectives, working collaboratively with the DfE.

Funding forum members commented that any increase they received in funding was wiped out straight away by other cost increases such as salary increases and national insurance increases, which did not leave anything extra to spend

on the pupils. Although the teachers' pay increase was funded the non-teaching staff pay increase was not funded. Some of the costs was supported by the DfE's new CSBG grant but it did not wholly cover all the costs.

It was questioned that as the borough was a lower funded borough, could they lobby for more funding. In response, it was noted that the council were lobbying on a number of fronts for more funding. An area cost adjustment was allowed for at 8% but currently the local government funding formula used 2014 figures to calculate funding.

It was also noted that there was an 11% increase in the number of EHCPs, however the High Needs Block grant increased in line with the increase in population but this was less than 11%. It was noted that overall there was not enough money at a national level to cover the ever increasing demand in SEND in education. The increases in funding is not enough to cover the deficit, the year on year increases is not sufficient in closing the existing gap.

The DfE does not have an advanced formula in place, that is able to predict high needs demand at national level.

Funding forum members were advised that the borough had had to write an action plan for funding awarded under the Delivering Better Value (DBV) programme and although the DfE were happy with the progress made, the deficit continued to increase in line with the projected levels.

It was agreed that this situation could not continue and a national approach was needed.

The level that top up funding increased was a forum decision but it was also drawn to members' attention that schools' deficits were also increasing.

However it was noted that they were aware of why the deficit was high, this was driven by volume and increased in line with the general population. This year, there had been an increase in expenditure of £4m and this linked to the increase in costs rather than the increase in population which had been small this year and had only contributed £250k increase in funding.

The LA continued to increase the spend on High Needs but it was agreed the system needed to change. Pupils were very different but it was about ensuring the same standards for all pupils. Early intervention was needed but choices needed to be made about what support should be provided.

It was further noted that there was a higher rate of EHCPs in EYFS but an EHCP was not needed to get funding at a higher rate, which is funded as part of the Early Years SENIF.

The DBV programme was designed to increase parental confidence but changes needed to be implemented locally, as changes nationally would be not be made any time soon. The demand for EHCPs needed to be reduced in some way. A high number of children were starting at a school with an EHCP as some parents felt this would help them get into their school of choice.

A report would also be going to Cabinet the following week with the proposal to spend capital funding on 4 new SEN Units and the expansion of existing SEN Units to expand capacity within the borough.

Forum members noted

1. **The DfE Final Allocation for financial year 2025-26**
2. **That the High Needs Task and Finish Group meeting to discuss present and next financial year funding levels and arrangements would follow on after the funding forum.**
3. **The year’s forecast of expenditure for financial year 2024-25**

7. CENTRAL SCHOOLS SERVICES BLOCK (CSSB)

Forum members were asked to

1. Note the final allocation of CSSB for 2025-26.
2. Consider the revised funding retention for central statutory services.

Forum members noted that the CSSB allocation funded statutory services. Costs were increasing due to the increasing number of pupils which resulted in an increase in the demand for the services provided.

Ongoing responsibilities were noted as follows:

- LA responsibilities for all schools- this covered support for finance, safeguarding and Havering School Improvement Service (HSIS).
- Copyright licences – The costs for this would increase by £45,918 in 2025-26. This cost was set nationally and could not be paid locally.
- Admissions - costs would increase for this service due to staff pay increments but also there had been an increase in workload which resulted in the team needed to expand. This area also contributed to the costs incurred for appeals panels.

Voting	
Yes	All in attendance with voting rights
No	0
Abstained	0

Forum members all agreed the allocations for CSSB for 2025–26.

8. EARLY YEARS FUNDING 2025-26

Forum members were asked to

1. Note the indicative funding allocations for 2025-26.
2. Note the process and timeline for determining funding rates for 2025-26.

Forum members were advised that a consultation would take place for Early Years Funding for 2025-26 and once the consultation was closed a vote on the funding rates would take place.

The DfE was increasing the pass through rate made payable to providers to 96% (from 95%) and the same % increase uplift would be proposed to be passed on via the base rate.

Forum members noted that later that day there would be an extra-ordinary meeting for Early Years to review funding and the consultation. It was noted that SEN was impacting Early Years providers.

HM advised that they were looking at working with health providers to look at how to target support for those with SEND.

Final funding rates would be published by 28th February 2025, once Forum has reviewed and agreed the rates following the consultation.

Audit has been commissioned to ensure the funding delegated to providers is meeting all the regulations for Early Years.

Forum members noted:

- 1. The indicative funding allocations for 2025-26.**
- 2. The process and timeline for determining funding rates for 2025-26.**

9. NEXT MEETINGS

Forum members noted the dates of the upcoming meetings for the remainder of the academic year.

Thursday 13th February 2025 (room 233)
Thursday 12th June 2025 (room 235)

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

10. ANY OTHER BUSINESS

- HM asked funding Forum members if they wanted to change the venue for the funding forum meetings to the Town Hall. After some discussion it was agreed for the meetings to continue to be held at CEME.
- Forum members were also advised that the Junior Free School Meals (KS2) would continue for a further 3 years until the end of the term of office of the current Mayor of London.

There were no further items of any other business raised.

Meeting closed at 9:20 am



Consultation with Early Years Providers on Funding for Financial Year 2025-26

Introduction

This consultation document proposes options for the allocation of funding to early years providers for the financial year 2025-26. 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 to Monday 10th February 2025.

A summary of responses to the consultation will be reported to EYPRG and the Schools Funding Forum in week commencing 10th February 2025 and final decisions taken by the Local Authority before funding statements are issued for the 2025-26 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 provided in the body of the email.

If you require clarification on any point please email:

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

Amendments

- **Page 8**

Previous

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £11.36, to take effect from 1st September 2024.

Revised

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £11.36.

- **Page 9**

Previous

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £8.29, to take effect from 1st April 2024.

Revised

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £8.29.

Early Years Funding 2025-26

1. Early Years Funding 2025-26

Early Years education is funded through the Early Years Block of the Dedicated Schools Grant (DSG). The DfE funding rates and indicative allocations for 2025-26 was issued to local authorities on 18th December 2024, along with the final allocations for the other DSG blocks.

For 2025-26, 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 (from families receiving additional support; *formerly disadvantaged families*)
- 4) 3/4 year olds (universal and extended)

Starting from 1 September 2025, the government will extend the current 15 hour entitlement to 30 hours per week for eligible working parents of children aged 9 months to 2 years and for 2 year olds. This expansion aims to provide greater support to working families by increasing access to affordable childcare.

Rates payable to the Local Authority in 2024-25 and 2025-26 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)
2024-25	£12.11	£8.90	£8.90 ⁽ⁱ⁾	£6.16 ⁽ⁱⁱⁱ⁾
2025-26	£12.45	£9.17	£9.17 ⁽ⁱ⁾	£6.40 ⁽ⁱⁱⁱ⁾
Increase (£)	£0.34	£0.27	£0.27 ⁽ⁱ⁾	£0.24 ⁽ⁱⁱⁱ⁾
Increase (%)	2.81%	3.03%	3.03%	3.90%

- (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.
- (ii) 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.
- (iii) Please note that the 3/4 year old rate for 2025-26 includes 7p for the Teachers Pension and Pay Grants (TPPG 2024-25) previously paid exclusively for mainstream schools with nurseries. The additional funding for 3/4 year old is therefore 24p.

Rising costs, including an increase in employer National Insurance contributions, have raised concerns about the sustainability of government-funded childcare. The DfE's increased minimum pass-through requirement from 95% to 96% is welcomed, and this ensures that more funding reaches providers. However, without an increase to the rate payable to the LA, the long term effects

of the underfunding by central government may make providers to struggle to maintain free childcare places or face closure, affecting families who rely on these services.

Despite these challenges, Havering has demonstrated adaptability in its early years provision, ensuring a diverse range of delivery models for parents. The borough has experienced growth in the number of providers delivering funded entitlements. The local authority has also strengthened support for children with Special Educational Needs and Disabilities (SEND) through its well-established SEN Inclusion Fund, by refining and targeting support. Havering has maintained high-quality early education and ensured that financial pressures do not hinder the inclusion of children with additional needs.

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

In the financial year 2025-26, the DfE have made funding adjustments to incorporate the September 2024 teachers’ pay award into the hourly funding rates for 3 and 4 year olds.

This aligns with previous practices, such as funding for teachers’ pay and pensions in 2024-25 and consolidating the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG) into the entitlement rates in earlier years.

Historically, these grants were separate to address the increased costs from a 2018 pay rise (7.2%) and 2019 pension rate increase in schools.

By 2023-24, these funds were integrated into Early Years funding, raising the hourly rate by 7p to support the associated costs. The 2023 and 2024 STRB recommendations of a 6.5% and 5.5% pay award, led to additional grant funding rolled into the 2024-25 and 2025-26 funding rates to mitigate the impacts of the pay increase and employer pension contribution adjustments (from 23.68% to 28.68%).

Following the grants being absorbed into the Early Years rate, mainstream schools with nurseries, which previously received these separate grants, were eligible for the new supplement of Quality, that helped address the additional costs they faced.

The Early Years Funding Operational Guide 2025 to 2026 released by the DfE states the following:

'We encourage local authorities to consider using the quality supplement to distribute the additional funding they receive in 2025 to 2026 in respect of teachers' pay, though we acknowledge the varied approaches that local authorities have adopted to date in distributing this funding locally.'

'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 in relation to their teaching staff.'

In the three and four year old indicative allocations for 2025-26, the additional hourly rate of funding received as a result of the rolling in of the pay and pension grants is 21p. The equivalent amount for 2024-25 was 14p. The additional sum received as a result of the rolling in of the pay and pension grants is £730,215, in comparison to the rolling in that took place in 2024-25 which was £473,149.

As part of the annual consultation process, some of the additional funding from this rolling-in was distributed as part of the basic hourly rate in 2023-24 and 2024-25 financial years, which all providers received a proportion of, rather than just the maintained schools that formerly received the separate grants. Maintained schools received the Quality supplement that reflected the additional costs for teaching staff.

3. Indicative DfE funding of Havering's Early Years Block funding 2025-26

Local authorities receive an initial allocation of Early Years funding for financial year 2025-26 based on the latest data available which was from the January 2024 Census for the existing entitlements and DfE projected data for the new entitlements.

Based on the updated indicative data, Havering's initial allocation for 2025-26 is as below.

Under Twos (New)	Cohort (PTE)	1,896.00
	Unit of funding	£12.45
	Allocation	£13,454,965
2 Year Olds - Working Parents (New)	Cohort (PTE)	1,740.66
	Unit of funding	£9.17
	Allocation	£9,098,256
2 Year Olds - from families receiving additional support (FRAS)	Cohort (PTE)	480.57
	Unit of funding	£9.17
	Allocation	£2,511,892
3/4 Year Olds	Cohort (PTE)	6,100.39
	Unit of funding	£6.40
	Allocation	£ 22,254,151
Total Funding for distribution		£ 47,319,264

For the existing entitlements, this will be updated from the January 2025 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 2025-26 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. Distribution to Providers

4.1 The DfE's "**Early Years Entitlements: local authority funding operational guide 2025 to 2026**" 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. Local authorities must also seek approval from their schools forum to agree any entitlements funding they intend to retain to fund central functions. Local authorities are not permitted to amend their funding formulae after the financial year has started."

In determining the proposals, the revised higher 96% (from 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)

There is no change for all entitlements for 2025-26 with the requirement applying 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 2025-26.

4.2 Local Authority projected numbers used for Funding Options for 2025-26

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 2025, autumn term 2025 and spring term 2026 have been calculated by looking at the average change in numbers from the January base in previous years.

4.3 96% Pass-through rate to providers

Local authorities are required to allocate at least 96% of the grant to providers for all the entitlements for 2025-26, which is an increase from the arrangements of 2024-25 where the pass-through rate was 95%.

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 88% of the funding must be distributed through a basic hourly rate with up to 12% through supplementary factors.

4.4 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	2024-25
Under Twos	n/a	n/a	n/a	n/a	n/a	n/a	£11.05
2 year old – working	n/a	n/a	n/a	n/a	n/a	n/a	£8.05
2 year old – FRAS	£5.35	£5.60	£5.68	£5.76	£5.97	£6.46	£8.59
3/4 year old	£4.53	£4.80	£4.90	£5.09	£5.29	£5.34	£5.56

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

“The overwhelming 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 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.

Before deciding on their local formulae and provider hourly rates, local authorities must consult with their providers and schools forum to decide how the money will be spent.”

In line with localised processes, Havering has engaged with stakeholders, and has undertaken reviews via sector feedback, current and future local and DfE Early Years funding rates, and providers’ current and previous private charges for the entitlements which form part of the expansion.

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

This element of the Early Years grant has been 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, and from 1st September 2025, this funding entitlement for working parents will increase to 30 hours.

After consideration of stakeholder views and LA priorities (e.g. SENIF, etc.), the proposed rate to be paid to providers for this new entitlement is £11.36 per hour, which is a 2.81% increase from the 2024-25 funding rate, in line with the DfE’s % increase for this element of funding.

Proposal

(ii) It is proposed to set the hourly rate for providers for this new entitlement to be £11.36.

Q.1	Do you agree for the existing under two – working parents entitlement rate paid to providers to be £11.36?
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4.6 2 Year Olds – Working Parents

This element of the Early Years grant has been 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, and from 1st September 2025, this funding entitlement for working parents will increase to 30 hours.

After consideration of stakeholder views and LA priorities (e.g. SENIF, etc.), the proposed rate to be paid to providers for this new entitlement is £8.29 per hour, which is a 2.98% increase from the 2024-25 funding rate, similar to the DfE’s % increase for this element of funding.

Proposal

(ii) It is proposed to set the hourly rate for providers for this new entitlement to be £8.29.

Q.2	Do you agree for the existing two year old – working parents entitlement rate paid to providers to be £8.29?
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4.7 2 Year Olds Funding – Families Receiving Additional Support (FRAS)

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 families receiving additional support is a priority. For this reason, we require local authorities, through regulations, to ensure that the final hourly funding rate (that is the base rate, plus supplements if applicable) they pay to providers for the entitlement for families of 2-year-olds receiving additional support is at least equal to the final hourly funding rate for the 2-year-old working parent entitlement at individual provider level.*”

After consideration of stakeholder views and LA priorities, the proposed rate to be paid to providers for this new entitlement is £8.85 per hour, which is a 3.03% increase from the 2024-25 funding rate, in line with to the DfE’s % increase for this element of funding.

Proposal

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £8.85, to take effect from 1st April 2025, with no additional supplements. This is in line with the DfE requirements for the overall funding for two year old - Families Receiving Additional Support (FRAS) to be higher than the two year old – working parent entitlement, and

support those families who are not able to pay for additional costs (e.g. consumables, etc.) that nurseries may apply.

Q.3	<i>Do you agree for the existing two year old – from families receiving additional support (FRAS) entitlement rate paid to providers to be £8.85?</i>
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4.8 3 & 4 Year Olds Funding

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 support mainstream schools with nurseries, who are losing the separate grant funding, which was to support the additional Teachers Pay award and Teachers' Pension Employer contribution, whereby the costs for each of those increased by 5.5% and 5.0% respectively in financial year 2024-25.

The proposed option for consideration, aligns with the previous years' principles. The proposal provides the protection for the TPPG to schools via the Quality and base rate factors. This will be split as £265,000 of the overall transfer (£730,215) for the additional grants, back to those eligible schools via the Quality Supplement, which is an increase from the current level of £191,693.

The remaining balance of the transfer of £465,215, is allocated via the base rate, therefore leaving the base rate to be £5.78 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. The proposed base rate is a 3.96% increase from the 2024-25 funding rate, higher than the DfE's % increase for this element of funding.

Proposal

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £5.78, to take effect from 1st April 2025, with the Quality and Deprivation supplements.

Q.4	<i>Do you agree for the existing three/four year old entitlement rate paid to providers to be £5.78 with a Quality supplement?</i>
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4.9 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% 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 2025-26. A further review will be carried out for 2026-27.

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 2025-26, funding rates would be as follows:

Band	Hourly rate		Annual rate (38 weeks x 15 hours)		% change
	2024-25	2025-26	2024-25	2025-26	
A	£0.78	£0.78	£444.60	£444.60	0.0%
B	£0.59	£0.59	£336.30	£336.30	0.0%
C	£0.55	£0.56	£313.50	£319.20	1.8%
D	£0.51	£0.51	£290.70	£290.70	0.0%
E	£0.33	£0.33	£188.10	£188.10	0.0%
F	£0.27	£0.27	£153.90	£153.90	0.0%
G	£0.00	£0.00	£0.00	£0.00	0.0%

Using the revised rates and methodology with October 2024 pupil data, the required budget for 2025-26 would be £417,235.

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>
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5. Special Educational Needs Inclusion Fund (SENIF)

5.1 Funding Proposal 2025-26

Since 2024-25, Local Authorities had 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:

- 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, and
- Complex needs, which is for children that are on the EHCP pathway and require regular adult support or 1:1.

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's and maintained schools) at the point of delivery.

The demand for Special Educational Needs Inclusion Fund (SENIF) support in Havering has risen significantly, as reflected in the increasing number of children under five with an Education, Health and Care Plan (EHCP). Between 2022 and 2023, there was a 60.2% increase in EHCPs, followed by a further 52.3% rise in 2024, bringing the total to 454 children.

	2022	2023	2024
EHCP – Under 5	186	298	454
Change (%)		60.2%	52.3%

Source: SEN2 Census (Jan-24)

In response to this growing need, Havering has ensured that the SENIF budget is refined and targeted effectively, enabling early years providers to support children with emerging or complex needs. The local authority's longstanding commitment to the SENIF, which has been in place for over a decade, has been instrumental in maintaining inclusive, high-quality early education. This measure ensures that financial constraints do not become a barrier to inclusion and that children with additional needs receive the support required to thrive in early years settings.

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 £1.114m to £1.678m for 202-2. 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	£615,144	£453,629	£0	£609,501	£1,678,274

Q.6	<i>Do you agree that the SENIF budget is increased to £1.678m to meet the additional demand for support?</i>
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5.2 **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 once the roll-out for all the entitlements has fully embedded, to review the increase in the overall eligible cohort and the number of applications and types, to further refine the process to ensure inclusivity across the borough.

The timetable for review will be as follows and any changes will be communicated to all providers, prior to the commencement of the new academic year, effective from 1st September 2025:

- Summer 2025 – continue with current arrangements / review of current arrangements
- Autumn 2025 – continuation or update of current arrangements

6. 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 4% for central support, and the remaining 96% is paid direct to providers.

Havering has in previous years' retained less than the previous thresholds set by the DfE, in order to make the most amount of funding available to providers. However with the expanded entitlement roll-out that took 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% for all eligible funding streams, in order to support with the roll-out. This will be an increase from £1.361m to £1.893m for 2025-26. This is broken down as follows:

	Under Two	Two Year Old - Working Parent	Two Year Old - Disadvantaged	Three/Four Year Old (Universal/Extended)	Total
2024-25	£186,897	£229,396	£103,528	£841,069	£1,360,890
2024-25	£538,199	£363,930	£100,476	£890,166	£1,892,771
%	4.00%	4.00%	4.00%	4.00%	4.00%
Change	£351,302	£134,534	-£3,052	£49,097	£531,881

This will enable the LA to build on the structure for the current year for central support, that includes and not limited to the following, alignment of the SEND 0-5 Central Support, recruitment for staff in order to undertake the additional workload as part of the expansion, additional costs due to inflationary factors, and the continuation of training courses and support for providers. This list is not exhaustive and the LA is continuously reviewing the central support arrangements, in order to 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	2024-25 (£,000)	2025-26 (£,000)	Change (£,000)	
Audit	35	40	5	Increased costs year on year
Database and Local Offer	82	230	148	Licensing, software updates and Local Offer
Early Years Admissions and Organisation	394	489	95	Additional staff and increased costs year on year
Early Years Quality and Assurance Team	433	445	12	Increased costs year on year
Finance	124	132	8	Increased costs year on year
SEND 0-5 Central Support	293	556	263	Re-alignment of funding stream
Grand Total	1,361	1,892	531	

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 £1.892m?</i>
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-----End of Document-----



Subject Heading:

Early Years Funding 2025-26

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 2025-26, the outcome of which will be reported at the meeting.

RECOMMENDATIONS

The Schools Funding Forum agrees funding rates for 2025-26. 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, and
 - d. three/four year olds (universal and extended) entitlement.
2. The continuation of the quality supplement to allocate funds to schools replacing the previous years' grants which supported schools with the additional costs due to the teachers' pay award and pension contribution increase.
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.

REPORT DETAIL

Background

Early Years education is funded through the Early Years Block of the Dedicated Schools Grant (DSG). The DfE funding rates and indicative allocations for 2025-26 was issued to local authorities on 18th December 2024, along with the final allocations for the other DSG blocks.

For 2025-26, 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 (from families receiving additional support; *formerly disadvantaged families*)
- 4) 3/4 year olds (universal and extended)

Starting from 1 September 2025, the government will extend the current 15 hour entitlement to 30 hours per week for eligible working parents of children aged 9 months to 2 years and for 2 year olds, to be on a par with the current funding arrangements for the three/four year old entitlement for working entitlement. This expansion aims to provide greater support to working families by increasing access to affordable childcare.

Rates payable to the Local Authority in 2024-25 and 2025-26 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)
2024-25	£12.11	£8.90	£8.90	£6.16
2025-26	£12.45	£9.17	£9.17	£6.40
Increase (£)	£0.34	£0.27	£0.27	£0.24
Increase (%)	2.81%	3.03%	3.03%	3.90%

Rising costs, including an increase in employer National Insurance contributions, have raised concerns about the sustainability of government-funded childcare. The DfE's increased minimum pass-through requirement from 95% to 96% is welcomed, and this ensures that more funding reaches providers. However, without an increase to the rate payable to the LA, the long term effects of the underfunding by central government may make providers to struggle to maintain free childcare places or face closure, affecting families who rely on these services.

Despite these challenges, Havering has demonstrated adaptability in its early years provision, ensuring a diverse range of delivery models for parents. The borough has experienced growth in the number of providers delivering funded entitlements. The local authority has also strengthened support for children with Special Educational Needs and Disabilities (SEND) through its well-established SEN Inclusion Fund, by refining and

targeting support. Havering has maintained high-quality early education and ensured that financial pressures do not hinder the inclusion of children with additional needs.

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.

Funding Consultation

The Schools Funding Forum was advised on 16th January 2025 of the budget cycle process for Early Years. Thereafter, the Local Authority produced proposals for the financial year 2025-26. 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 16th January 2025 and the consultation reflects the feedback from the group, as well as other stakeholders.

The consultation was held online 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 4A**.

The consultation ran until Monday 10th February 2025, 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 11th February 2025, due to be held before the full School Funding Forum meeting. The proposed arrangements and funding rates following discussion at the EYPRG meeting, will then be forwarded to members of the Schools Funding Forum for discussion and approval at this meeting.