

Schools Funding Forum 12th June 2025

ITEM 7

Subject Heading:

Early Years – funding update

Report Author:

Hany Moussa – Principal Education Finance Officer

Eligibility to vote:

All forum members

SUMMARY

This report outlines the proposed changes in the entitlement to funded Early Years provision, the Early Years Expansion Grant and the DfE change to the LA data collection for the Early Years Block funding from 2026-27.

RECOMMENDATIONS

That the Schools Funding Forum notes the report

REPORT DETAIL

The information in sections 1 and 2 of this report was presented to Early Years providers at the Summer 2025 Termly Preparation briefing on 24th April 2025. Information for section 3 of this report was from a DfE notification issued on 4th June 2025.

1. 2025-26 funding rates

Current funding rates for Early Years are shown at Appendix A. These are the rates agreed by the Forum at their meeting held on 13th February 2025.

In line with the annual review of SENIF, the arrangements for funding SENIF is currently undergoing a review and there may be revised arrangements in place from the Autumn 2025 term claims.

The legislation for the current financial year arrangement is in effect, and from 1st April 2025, the Early Years entitlement was expanded to support those under two year old children (between the ages of 9 months to two years of age) and two year old children of working families to be able to participate in a nursery provision with up to 15 hours. From 1st September 2025, the roll-out will expand for children between the ages of 9 months to

four years of age, of working parents being able to participate for 30 hours of funding at a nursery provision.

Those children from non-eligible families will be limited to 15 hours for the two year old and three/four year old entitlements, however education services has been working with other partners to support families, with additional hours above the funded entitlement the LA receives for them.

2. Havering Early Years Expansion Grant 2025-2026

The Early Years Expansion Grant aims to support local authorities in expanding the early years entitlements for under twos and two year olds, ensuring sufficient childcare places are available as per the Department for Education (DfE) guidelines.

The total grant amount of £416,868 will be distributed equally among all eligible providers who meet the above criteria. This grant provides the LA an opportunity to strengthen provision across the borough.

The total number of eligible providers will be determined after completion of the Summer 2025 Actual and Adjustment exercises. Each provider will receive a fixed, equal payment, calculated by dividing the total grant by the number of eligible providers. Providers must have an Ofsted overall judgement of Good or above, have submitted a valid funding claim for at least one child in the under twos or two year olds age cohorts for the Summer 2025 term and commit in writing to delivering the relevant funded entitlement for the remaining two terms of the financial year, Autumn Term 2025 and Spring Term 2026.

The Policy and Funding Scheme for Under Twos and Two Year Olds Early Years Expansion Grant is in Appendix B.

In the spring budget 2023 the Government announced the following changes, in what it described as a 'childcare revolution' and the status of the roll-out is shown in the table:

Autumn 2023	<ul style="list-style-type: none">* Childminder grants become available* £204m invested into 3/4yo and 2yo funding rate* Staff:child 2yo ratio change (1:5 from 1:4)	✓
April 2024	<ul style="list-style-type: none">* 15 hours for working parents of 2-year-olds introduced* £288m invested into 3/4yo and 2yo funding rates	✓
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	<i>upcoming</i>
September 2026	<ul style="list-style-type: none">* All schools to offer 8am-6pm wraparound on their own or in partnership	<i>t.b.c.</i>

3. Early Years Census Change from financial year 2026-27

The DfE has notified LAs of a change of methodology for the data collection that affects LA funding levels for the Early Years Block. This affects the Early Years census, whereby the DfE will move from an annual to a termly data collection from the 2026-27 financial year.

Currently, due to the expansion of the entitlements, funding for the early years entitlements is split as follows:

- Aggregated data for the new working parents' entitlements are funded using **termly** headcounts (Summer and Autumn)
- Child-level data for the new working parents' entitlements **and** established entitlements (two year old FRAS [disadvantaged] and three/four year old entitlements) are funded via the Spring terms' **annual** Early Years Census (January preceding the financial year and January census during the financial year, e.g. for financial year 2025-26, this is January 2025 and January 2026 Census).

From the 2026-27 financial year, all early years entitlements, both new and established, will be funded using termly child-level data. This change is intended to better align funding with actual delivery patterns across the year and improve the precision of local authority allocations.

The termly Early Years census will begin in May 2026, following the final annual census in January 2026. The DfE has indicated that the new census will align with the school census model, with child-level data submissions required three times per year. This marks a significant shift from the current model for Early Years data collection, which uses aggregated termly data for new entitlements and annual child-level data for all other entitlements.

Implications for Local Authorities

This transition will result in a notable increase in operational workload for local authorities. Specifically:

- The frequency of data submissions will triple, from one annual return to three child-level returns per year
- Data uploads will be required via the DfE data collection portal, consistent with the school census approach
- The Early Years Admissions team, which currently manages the annual census return, will need to absorb the additional requirements for the two new termly returns
- This will necessitate planning for additional capacity, systems support, and administrative resources from 2025-26 onwards to ensure readiness for implementation in May 2026

Next Steps

- Await confirmation from the DfE on data structure and expectations for termly child-level submissions – expected in Autumn 2025
- Incorporate resourcing for additional census activity into 2025-26 delivery plans
- Engage with software provider to ensure system is updated to support the revised data requirements
- Prepare communications to early years providers once final guidance is released by the DfE

Updates will be issued at future School Forum meetings as more information becomes available.