



Havering
LONDON BOROUGH

Consultation with Early Years Providers on Funding for Financial Year 2026-27

This consultation sets out Havering Council's proposed arrangements for the allocation of Early Years funding for the 2026-27 financial year. It reflects the Department for Education's (DfE) Early Years National Funding Formula (NFF) for 2026-27 and Havering's local priorities, including sustainability of provision, inclusion, and support for children with Special Educational Needs and Disabilities (SEND).

Early Years providers are invited to consider the proposals and submit responses. Feedback will inform final decisions taken by the Local Authority, following consideration by the Early Years Provider Reference Group (EYPRG) and the Schools Funding Forum.

Process

- **Consultation opens:** Tuesday 20th January 2026
- **Consultation closes:** Sunday 1st February 2026
- **EYPRG consideration:** week commencing 2 February 2026
- **Schools Funding Forum consideration:** week commencing 9 February 2026
- **Final confirmation of rates and arrangements:** Saturday 28th February 2026

Final decisions will be confirmed in advance of issuing 2026-27 funding statements.

Responding to the Consultation

All private, voluntary and independent (PVI) providers, childminders, and schools with nursery provision have been sent a link to the online consultation survey.

Responses should be submitted using the online link provided in the consultation email.

For clarification on any aspect of this document, please contact:

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

Statutory and Regulatory Context

This consultation is issued in accordance with the School and Early Years Finance (England) Regulations and the DfE's ***Early Years Entitlements: Local Authority Funding Operational Guide 2026 to 2027***.

LA's are required to:

- determine local Early Years funding formulae before the start of the financial year,
- consult with early years providers, maintained schools, and the Schools Funding Forum where changes are proposed,
- ensure compliance with national funding conditions, including minimum pass-through rates and supplement limits, and
- ensure transparency, consistency and fairness in the allocation of funding.

The proposals set out in this document have been developed to ensure full compliance with these statutory requirements while balancing local sustainability, sufficiency, and inclusion priorities.

1. Overview of Early Years Funding 2026-27

In developing these proposals, the Local Authority (LA) has considered the potential impact on different provider types, including private, voluntary and independent (PVI) settings, childminders, and maintained schools with nursery classes. The proposals seek to balance:

- compliance with national funding conditions,
- fairness and transparency between provider types,
- sustainability of provision across the borough,
- targeted support where cost pressures are demonstrably higher, and
- protection of funding for inclusion and children with additional needs.

The LA recognises the financial pressures faced by providers and has sought to maximise the proportion of funding passed directly to settings while retaining sufficient capacity to meet statutory duties and provide sector-wide support.

Early Years provision is funded through the Early Years Block of the Dedicated Schools Grant (DSG). Indicative DSG allocations for 2026–27 were issued by the DfE on 17th December 2025, along with the final allocations for the other DSG blocks.

For 2026–27, funding covers the following statutory entitlements:

1. Children aged 9 months to 2 year olds (working parents)
2. 2 year olds of working parents
3. 2 year olds from families receiving additional support (FRAS)
4. 3 and 4 year olds (universal and extended entitlement)

From September 2025, the government extended the working parent entitlement from 15 to 30 hours for eligible children aged 9 months to 2 years and eligible 2 year olds, aligning these entitlements with the 3 and 4 year old offer.

2. National Funding Context and Compliance

As part of the Early Years National Funding Formula (NFF), the DfE applied an annual adjustment to reflect cost pressures, an uplift to reflect the census change, and the consolidation of time-limited grants into the core hourly funding rates.

For 2026–27, the following elements are incorporated into the national and local authority hourly rates:

- cost pressure-based uplifts reflecting inflationary and statutory wage increases, including the National Minimum and Living Wage rise effective from 1 April 2026 (to £12.71 for those aged 21+ and proportionately for younger age groups).
- the roll-in of the Early Years National Teachers' Pay Grant (EYNTPG), including funding linked to pay awards and employer pension contribution increases.

Local authorities are required to use the NFF-determined hourly rates as the basis for their local formulae, while retaining discretion over provider rates, supplements, and central retention within the parameters set by the DfE. However, even with these statutory adjustments, funding often lags behind actual operating costs, particularly in outer London boroughs such as Havering, where rising staffing costs and service demand are acute.

As part of the DSG Early Years National Funding Formula (NFF), the national DfE average funding rates uplifted from 2025-26 to 2026-27 are as follows:

	9 months to 2 year olds (Under Twos)	2 year olds (working parents)	2 year olds (FRAS)	3/4 year olds
2025-26	£11.56	£8.54	£8.54	£6.12
<i>adjusted cost pressure-based uplift</i>	£0.482	£0.347	£0.347	£0.234
<i>roll-in of the EYNTPG</i>	£0.001	£0.015	£0.015	£0.068
<i>census change uplift</i>				£0.189
2026-27	£12.043	£8.90	£8.902	£6.611
Increase (£)	£0.483	£0.362	£0.362	£0.491
Increase (%)	4.18%	4.24%	4.24%	8.02%

3. Havering NFF Rates

The NFF hourly rates determined for the LA, for 2025-26 and 2026-27, are shown in the table below:

	9 months to 2 year olds (Under Twos)	2 year olds (working parents)	2 year olds (FRAS)	3/4 year olds
2025-26	£12.45	£9.17	£9.17	£6.40
2026-27	£12.87	£9.49	£9.49	£6.87
Increase (£)	£0.42	£0.32	£0.32	£0.47
Increase (%)	3.37%	3.49%	3.49%	7.34%

These rates include national cost pressure uplifts, the roll-in of EYNTPG and the increase for the census change, to ensure that funding rates are not impacted by the change approach by the DfE.

Rising costs, including employer National Insurance contributions and the statutory National Minimum and Living Wage increase, have raised concerns about the sustainability of government-funded childcare. Without proportionate increases to the funding rate payable to the local authority, providers could face pressure in maintaining free childcare places over the long term.

Nevertheless, in Havering, most early years providers continue to operate sustainably, and few report severe financial difficulties. The LA's funding arrangements remain robust, supporting a diverse range of delivery models for parents and ensuring high quality provision. The borough has experienced growth in the number of providers delivering funded entitlements and has strengthened support for children with Special Educational Needs and Disabilities (SEND) through its SEN Inclusion Fund (SENIF), refining and targeting resources to maximise impact.

The LA will continue to make representations to the DfE and other relevant bodies to secure a fairer and more sustainable funding settlement.

4. Indicative DfE funding of Havering's Early Years Block funding 2026-27

LA's were notified of the initial allocation of Early Years funding for financial year 2026-27 based on the DfE projected data for the entitlements.

The DfE's initial indicative allocation for Havering totals £55.0m. However, in line with DfE guidance, the Local Authority has undertaken local forecasting using projected participation, resulting in an estimated allocation of £59.9m for planning purposes.

The locally projected allocation for 2026-27, with the DfE allocations for comparison, is as follows:

		DfE Indicative	LA Projected	Difference
Under Twos – Working Families	Cohort (PTE)	2,170.64	2,660.25	489.61
	Unit of funding	£12.87	£12.87	£0.00
	Allocation	£15,923,598	£19,515,303	£3,591,705
2 Year Olds - Working Families	Cohort (PTE)	2,491.91	2,790.24	298.33
	Unit of funding	£9.49	£9.49	£0.00
	Allocation	£13,479,489	£15,093,244	£1,613,755
2 Year Olds - Families Receiving Additional Support (FRAS)	Cohort (PTE)	470.23	380.28	-89.95
	Unit of funding	£9.49	£9.49	£0.00
	Allocation	£2,543,616	£2,057,045	-£486,571
3/4 Year Olds – Universal and Extended	Cohort (PTE)	5,896.06	5,930.82	34.76
	Unit of funding	£6.87	£6.87	£0.00
	Allocation	£23,088,383	£23,224,499	£136,116
Total Funding for distribution		£55,035,086	£59,890,093	£4,855,007

Actual allocations will be updated termly based on headcount data, and funding may increase or decrease depending on take-up.

5. DfE principles of variation in hourly funding rates by age

Hourly funding rates differ by age to reflect the differing costs of delivering high-quality early years provision. The primary factor is staffing ratios, which are legally prescribed (EYFS framework) and higher for younger children to ensure safe care:

- Under Twos: 1 staff member per 3 children
- 2 year olds: 1 staff member per 5 children
- 3 and 4 year olds: 1 staff member (unqualified) per 8 children

Due to younger children needing more staff per child, the staff costs per child are higher. Staff costs make up the largest part of what providers spend on running their setting.

By setting funding rates to reflect staffing ratios, providers can achieve relatively balanced income per staff member across age groups.

For example, based on average ratios and government rates, as per the DfE's recent childcare and early years provider survey (SCEYP 2025):

- Under Twos: £10.43 an hour per child (£31.29/hour per staff member)
- 2 year olds: £7.87 an hour per child (£31.48/hour per staff member)
- 3 and 4 year olds: £5.67 an hour per child (£39.69/hour per staff member)

For childminders, statutory ratios differ, and they often care for children across multiple ages. Funding is not ring-fenced by age, allowing them to use funding flexibly to cover costs across all children. For example, a childminder caring for one child under two, one aged 2, and one aged 3 could achieve £23.97 an hour per staff member (£10.43 + £7.87 + £5.67).

This approach ensures younger children benefit from higher rates while maintaining balanced income across the provider's age range.

The table below demonstrates the funding nationally, based on the SCEYP 2025 survey, and in Havering for the financial year 2025-26:

Entitlement	Average Ratio (SCEYP 2025)	National Average Rate	National Funding per hour	Havering Rate 2025-26	Havering equivalent Funding per hour
Under Twos	1:3	£10.43	£31.29	£11.36	£34.08
Two year olds - working parents	1:4	£7.87	£31.48	£8.29	£33.16
Two year olds – FRAS	1:4	£7.87	£31.48	£8.85	£35.40
Three/Four year olds - universal and extended	1:7	£5.67	£39.69	£5.78	£40.46

6. Scope of Costs Covered by Hourly Funding Rates

The hourly funding rate is intended to cover the core costs of delivering funded hours, including:

- Staff salaries
- Rent, business rates, and utilities
- Other operational costs directly associated with providing funded childcare

The funding rate does not cover:

- Consumables such as meals, snacks, nappies, or sun cream
- Optional activities, trips, events, or specialist tuition

Providers may charge for these additional costs, but charges must not be mandatory or a condition of accessing a funded place.

Providers may also charge for extra privately paid hours, provided these are optional and do not affect access to funded provision.

Further details on allowable costs, optional charges, and compliance requirements are set out in the provider's **Directory Funding Agreement (D&FA)** with the Local Authority, and in the LA's **Early Years Operational Provider Guide**, accessible via the HES portal.

This ensures transparency and compliance with statutory guidance while providing clear reference points for providers on managing additional costs responsibly.

From April 2026, all Early Years entitlements will move to a termly funding model. This aligns funding with actual uptake across the year and ensures more accurate allocations to local authorities. Key points include:

- Funding will be based on termly counts: 13 weeks in summer, 14 weeks in autumn, 11 weeks in spring.
- Termly funding may reduce reported funded hours nationally for 3 and 4 year olds, and the DfE have applied a national-level rate adjustment (+2.94%) to mitigate LA overall funding impact.

This reflects central government policy change, in the way that the funding for the LA's Early Years entitlement is calculated, following the end of the transition of the new entitlements.

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

In financial year 2026-27, funding for teachers' pay awards, employer pension contributions, and National Insurance is fully incorporated into the Early Years hourly funding rates. This reflects the DfE policy to consolidate previously time-limited grants into core entitlement funding.

Historically, the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG) supported mainstream schools with nurseries, with nationally determined pay awards and increased employer pension costs. These grants were initially introduced in response to:

- the September 2018 teachers' pay award; and
- the April 2019 increase in employer pension contribution rates.

Over successive years, the DfE has integrated these grant values into the Early Years DSG block, progressively uplifting the hourly rates for funded entitlements.

The Early Years National Insurance and Teachers' Pay Grant (EYNTPG) and other legacy grants have now been fully rolled into the national baseline rates.

For 2026-27, the LA proposes the following application for these roll-ins:

- 3 and 4 year olds: legacy grant funding previously targeted at schools to be earmarked specifically to fund the Quality Supplement. This ensures maintained schools with nursery classes can meet staffing requirements, employ qualified teachers, and fulfil pension and National Insurance obligations. £460,000 is earmarked for the Quality Supplement to mainstream schools with nursery classes for financial year 2026-27.
- Other entitlements (Under Twos and 2 year olds): the rolling-in of previous grant funding has not been separated. It is included within the base rate and distributed to all providers, ensuring a fair share of additional funding across the sector.

The DfE's ***Early Years Entitlements: Local Authority Funding Operational Guide*** encourages local authorities to consider the purpose of consolidated grants when allocating funding locally, enabling targeted support for providers facing higher staffing-related costs.

9. Distribution to Providers

9.1 The DfE's "***Early Years Entitlements: local authority funding operational guide 2026 to 2027***" 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 early years funding formula it used during the previous financial year, 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."

For the 2026-27 financial year, the DfE requires LAs to pass through a minimum of 97% of Early Years Block funding to providers for each individual entitlement. The LA's proposals have been modelled separately 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 of families receiving additional support (FRAS), and
- 3 and 4 year olds (universal and extended hours).

This ensures compliance with the requirement that the pass-through rate applies independently to each entitlement, rather than across the block as a whole.

For 2026-27, LAs must pass through at least 97% of funding to providers for each entitlement, an increase from 96% in 2025-26, and up to 12% of provider funding may be distributed through supplements. Havering's approach continues to prioritise transparency, stability and sustainability.

In addition:

- centrally retained funding does not exceed the permitted maximum of 3%,
- total planned supplement funding does not exceed 12% of provider funding for any entitlement, and
- a SEN Inclusion Fund is maintained in line with statutory guidance.

No in-year changes to the funding formula will be made once the financial year has commenced.

9.2 Local Authority projected numbers used for Funding Options for 2026-27

The cohort size used in local projections is in line with previous years' modelling, updated to reflect the approach change from the DfE at funding LAs for the overall DSG Early Years entitlements. This is demonstrated in the locally projected allocation in Section 4 of this document.

Numbers for the summer term 2026, autumn term 2026 and spring term 2027 have been calculated by looking at the average change in hours and children, for each term for the last three years, if applicable.

9.3 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	2025-26	2026-27*
Under Twos	n/a	n/a	n/a	n/a	n/a	n/a	£11.05	£11.85
2 year old – working	n/a	n/a	n/a	n/a	n/a	n/a	£8.05	£8.64
2 year old – FRAS	£5.35	£5.60	£5.68	£5.76	£5.97	£6.46	£8.59	£9.20
3/4 year old	£4.53	£4.80	£4.90	£5.09	£5.29	£5.34	£5.56	£6.02

*2026-27 rates are those that are being proposed as part of this consultation.

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

"We expect the overwhelming majority of the local authority hourly rate announced by the DfE to support providers with the core costs of providing entitlement hours, but there are several reasons why providers' final rate differs from the DfE hourly rate.

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 finalising their local formulae, local authorities must consult with their providers and schools forum to agree any changes to the formulae from the previous year, as well as agree the proportion of funding that the local authority will retain centrally to administer the entitlements."

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.

9.4 Proposed Provider Funding Rates 2026-27

In setting proposed provider rates, the LA has:

- used the DfE hourly rates as the starting point for modelling,
- applied the increased 97% pass-through requirement separately to each entitlement,
- prioritised increases to base rates wherever possible,
- limited the use of supplements to those required or clearly evidenced, and
- ensured that no provider is disadvantaged relative to statutory minimum requirements.

The sections below set out the proposed rates by entitlement, together with the rationale for each proposal.

9.5 Under Twos (9 months old to up to 2 years old – working families)

This element of the Early Years grant has been in effect since 1st September 2024, and is part of the roll-out of the expansion in the Early Years funding to support children of eligible working families. The entitlement increased from 15 to 30 hours from 1st September 2025.

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 £11.85 per hour, which is a 4.31% increase from the 2025-26 funding rate, in line with the DfE's national increase for cost pressure-based uplift.

(i) It is proposed to set the hourly rate for providers for this entitlement to be £11.85.

Q.1	<i>Do you agree for the existing under two – working parents entitlement rate paid to providers to be £11.85?</i>
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9.6 2 Year Olds – Working Parents

This element of the Early Years grant has been in effect since 1st September 2024, and is part of the roll-out of the expansion in the Early Years funding to support children of eligible working parents. The entitlement increased from 15 to 30 hours from 1st September 2025.

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 £8.64 per hour, which is a 4.22% increase from the 2025-26 funding rate, in line with the DfE's national increase for cost pressure-based uplift.

Proposal

(i) It is proposed to set the hourly rate for providers for this entitlement to be £8.64.

Q.2	<i>Do you agree for the existing two year old – working parents entitlement rate paid to providers to be £8.64?</i>
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9.7 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 disadvantaged 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 each provider for the entitlement for families of 2-year-olds receiving additional support is at least equal to the final hourly funding rate paid to that provider for the 2-year-old working parent entitlement.*

This means local authorities must ensure that no individual provider receives a final hourly funding rate for a child on the entitlement for families of 2-year-olds receiving additional support that is lower than that provider's hourly funding rate for a child taking up the 2-year-old eligible working parent entitlement. It is permissible for local authorities to set a higher final hourly funding rate for the entitlement for families of 2-year-olds receiving additional support.”

After consideration of stakeholder views and LA priorities, the proposed rate to be paid to providers for this new entitlement is £9.20 per hour, which is a 3.95% increase from the 2025-26 funding rate, in line with the DfE's national increase for cost pressure-based uplift.

- (i) It is proposed to set the hourly rate for providers for this entitlement to be £9.20, to take effect from 1st April 2026, 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 £9.20?</i>
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9.8 3 & 4 Year Olds Funding

This entitlement has been in place for a number of years and this is to support all 3 and 4 year olds with the universal 15 hours of funded entitlement.

In addition, the 3 and 4 year old entitlement also supports an additional (extended) 15 hours for children of working parents.

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 £6.02 per hour, which is a 4.15% increase from the 2025-26 funding rate, in line with the DfE's national increase for cost pressure-based uplift.

Proposal

- (i) It is proposed to set the hourly rate for providers for this new entitlement to be £6.02, to take effect from 1st April 2026, 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 £6.02?</i>
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9.9 Supplementary factors

The LA recognises that the use of supplements can be a source of concern for providers, particularly where supplements apply to specific provider types. Havering has therefore limited the use of supplements to those that are either mandatory or clearly linked to identifiable additional costs.

Las may distribute up to 12% of provider funding through a limited range of supplementary factors. The DfE requires the use of a deprivation supplement and permits a small number of discretionary supplements, provided they are transparent, evidence-based and proportionate.

Havering proposes to use the following supplementary factors:

- Deprivation (mandatory): retained and aligned with the schools' National Funding Formula using IDACI bands.
- Quality (discretionary): retained solely to distribute part of the funding rolled into the Early Years Block in respect of teachers' pay awards and employer pension contributions, targeted at mainstream schools with nursery classes.

All other discretionary supplements (rurality/sparsity, flexibility, EAL) are not proposed for use in 2026-27.

The Quality supplement is not funded by reducing the base rate, which continues to increase for all providers. All providers benefit from a proportion of the rolled-in grant funding through the uplifted base rate. In addition, the use of Quality supplement avoids embedding higher school-specific cost pressures into the universal base rate, which would otherwise disadvantage PVI and childminder providers.

This approach ensures compliance with DfE regulations requiring deprivation to be recognised, reflects DfE guidance encouraging local authorities to consider the purpose of rolled-in teachers' pay funding when designing local distribution, targets funding to providers facing higher staffing-related cost pressures, limits complexity and protects the base hourly rate for all providers, and keeps total supplement funding within the 12% regulatory cap for each entitlement.

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), if this were to continue for 2026-27, the budget required would be approximately £600,000 and the funding rates would be as follows using the Autumn 2025 funded claims for 3 and 4 year olds:

Band	Hourly rate		Annual rate (38 weeks x 15 hours)		% change
	2025-26	2026-27	2025-26	2026-27	
A	£0.78	£0.80	£444.60	£456.00	2.6%
B	£0.59	£0.60	£336.30	£342.00	1.7%
C	£0.55	£0.57	£313.50	£324.90	3.6%
D	£0.51	£0.52	£290.70	£296.40	2.0%
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%

For the Quality supplement to mainstream schools with nursery classes, £460,000 is earmarked for this supplement. This will be funded using the Autumn 2025 funded claims from schools for 3 and 4 year olds.

The LA will review the use of supplementary factors again as part of the 2027-28 funding cycle.

Q.5	<i>Do you agree for the continuation of deprivation and quality as the only supplementary funding factors for 2026-27, with deprivation aligned to schools' IDACI rates and quality targeted at maintained schools with nursery classes?</i>
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10. Special Educational Needs Inclusion Fund (SENIF)

10.1 Funding Proposal 2026-27

Since 2025-26, 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 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, PVIs 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) and the number of children supported by the SEND 0-5 Panel as shown below.

	AY21-22	AY22-23	AY23-24	AY24-25
EHCP – Under 5 *	93	149	227	230
Change (%)		60.2%	52.3%	

*Source: SEN2 Census (Jan-25)

SENIF - Early Intervention above the support from EEE and Termly SENIF								
	SU23	AU23	SP24	SU24	AU24	SP25	SU25	AU25
9 Month					2	0	1	1
2YO	20	15	29	24	20	23	29	39
3+	222	98	178	195	120	162	217	117
Total	242	113	207	219	142	185	247	157

Termly SENIF - Enhancement of OAP								
	SU23	AU23	SP24	SU24	AU24	SP25	SU25	AU25
Claims					28	18	17	37
Total					28	18	17	37

Complex Needs - EHCP and children with complex needs								
	SU23	AU23	SP24	SU24	AU24	SP25	SU25	AU25
9 Month					2	0	1	1
2YO	3	1	11	12	20	23	29	39
3+	66	25	62	122	120	162	217	117
Total	69	26	73	134	142	185	247	157

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.

It is proposed that an increase from £1.678m to £2.313m for 2026-27 is applied for the support from SENIF. This is calculated by a 4% contribution from the entitlements, with the exception of the 2 year old FRAS entitlement, where the funding is targeted to support those children via the enhanced base rate for that group.

Q.6	<i>Do you agree that the SENIF budget is increased to £2.313m to meet the additional demand for support?</i>
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10.2 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 (OAP), therefore not requiring any applications for SENIF support.

The LA 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 2026:

- Summer 2026 – continue with current arrangements / review of current arrangements
- Autumn 2026 – continuation or update of current arrangements

11. 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, (Ofsted will soon replace single-word judgements with a new report-card system and a five-point grading scale, with reforms coming into effect from November 2025 and continuing into 2026) 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 9 months onwards, 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 compliance and 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.
- Deliver targeted marketing to promote the FRAS offers, encouraging families to reconfirm their codes and apply for childcare places via social media platforms, while also supporting providers who are experiencing difficulties filling their vacancies.

The distribution set by the DfE for central retention means that an LA can only use a maximum of 3% for central support, and the remaining 97% is paid direct to providers.

The LA has put in place the infrastructure in order to support the additional demands as a result of the roll-out.

In order to enable the LA to continue its support to providers and meet its obligations to the DfE, it is proposed to retain the reduced maximum permitted level of 3% for central retention.

The proposed amount will be a decrease from £1.893m to £1.797m for 2026-27, broken down as follows for the different entitlements:

Under Two	Two Year Old - Working Parent	Two Year Old - Disadvantaged	Three/Four Year Old (Universal/Extended)	Total
2025-26	£538,199	£363,930	£100,476	£1,892,771
2026-27	£585,459	£452,797	£61,712	£1,796,703
%	3.00%	3.00%	3.00%	3.00%
Change	£47,260	£88,867	-£38,764	-£96,068

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, supporting the BSIL programme, 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, 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	2025-26 (£,000)	2026-27 (£,000)	Change (£,000)	
Audit	40	0	-40	Discontinuation of separate provision - part of EY Admissions and Organisation functions for compliance
Database and Local Offer	230	103	-127	Efficiencies and other schemes cross-funding
Early Years Admissions and Organisation	489	526	37	Additional capacity for compliance and monitoring
Early Years Quality and Assurance Team	445	468	22	Additional capacity to support Early Years and BSIL programme
Finance	132	115	-17	Efficiency as part of overall finance support review
SEND 0-5 Central Support	556	584	28	Additional capacity to support Early Years and BSIL programme
Grand Total	1,892	1,797	-95	

This distribution reflects a shift towards frontline statutory delivery and inclusion, offset by efficiencies in systems and back-office functions.

Q.7	<i>Do you agree that the central retained budget for LA support is set at 3%, with a budget of £1.797m?</i>
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