



Early Years Funding Consultation 2026-27 Summary Guide

This guide is to help you understand what Havering Council is proposing for Early Years funding in 2026-27. It does not replace the full consultation document (***Consultation with Early Years Providers on Funding for Financial Year 2026-27***), which contains the official detail.

Why are we consulting?

Each year, councils must decide how Early Years funding will be shared between providers. Before making changes, we must consult with nurseries, childminders, schools, and other partners.

This consultation explains:

- how much funding Havering expects to receive from the government,
- how that funding could be shared locally from April 2026, and
- what this means for different types of Early Years providers.

Your feedback will help shape the final decision.

Where does Early Years funding come from?

Early Years funding comes from the Department for Education (DfE) through the Early Years Block of the Dedicated Schools Grant.

Funding is provided for:

- children aged 9 months to 2 year old (working parents),
- 2 year olds (working parents),
- 2 year olds from families receiving additional support (FRAS), and
- 3 and 4 year olds (universal and extended entitlement).

From September 2025, eligible working parents of children aged 9 months to 2 years receive up to 30 funded hours, aligning with the 3 and 4 year old offer.

What is changing nationally?

For 2026-27, the government has:

- increased hourly funding rates to reflect rising costs (including wages),
- fully built teachers' pay, pension and national insurance funding into the hourly rates,
- moved all Early Years entitlements to a termly funding model from April 2026, and
- increased the amount councils must pass directly to providers to at least 97% of funding for each entitlement.

What is Havering proposing?

Havering Council is proposing to:

- increase base hourly rates for all funded age groups,
- continue using only essential supplements (deprivation and quality),
- increase the Special Educational Needs Inclusion Fund (SENIF) to meet growing demand,
- retain central funding at the maximum allowed 3% to support the sector, and
- comply fully with all DfE funding rules.

Proposed hourly funding rates for providers

The current and proposed base rates paid to providers (before any supplements) are:

| Entitlement | 2025-26 rate | Proposed 2026-27 rate |
|---|--------------|-----------------------|
| Under Twos | £11.36 | £11.85 |
| Two year olds - working parents | £8.29 | £8.64 |
| Two year olds – FRAS | £8.85 | £9.20 |
| Three/Four year olds - universal and extended | £5.78 | £6.02 |

The proposed rates' increases reflect national uplifts and local modelling.

Why are rates different by age?

Younger children need more staff per child, which costs more.

Funding rates reflect these legally required staffing ratios, so that providers receive broadly similar funding per staff member across age groups.

What costs does funding cover?

Hourly funding is intended to cover:

- staff wages and on-costs,
- rent, utilities, and business rates,
- day-to-day operational costs.

It does not cover:

- meals, snacks, nappies or consumables,
- optional trips or activities.

Providers may charge for these extras, as long as access to funded hours is not affected.

Please note that funding for FRAS and EYPP may be used to support those families who are not able to pay for additional costs (e.g. consumables, etc.) that nurseries may apply.

Supplements – what's staying the same?

Havering proposes to continue using:

- Deprivation supplement (mandatory), using IDACI bands aligned with schools.
- Quality supplement (discretionary), paid only to maintained schools with nursery classes, reflecting higher staffing and pension costs.

No other supplements (such as EAL, flexibility, or rurality) are proposed.

Support for children with SEND – SENIF

Demand for SENIF has increased significantly.

Havering proposes to:

- increase the SENIF budget from £1.678m to £2.313m,
- fund SENIF from Early Years entitlements
- continue to support both early/emerging needs and complex needs.

SENIF arrangements will be reviewed once the expanded entitlements are fully embedded.

Central support – why does the council retain funding?

By law, councils may retain up to 3% of Early Years funding.

This funds:

- SEND and inclusion support,
- quality improvement and Ofsted support,
- sufficiency planning and place management,
- processing claims and payments,
- compliance, audits, and provider support systems.

Havering proposes to retain 3% (£1.797m) in 2026-27, which is lower than in 2025-26 due to efficiencies.

What are we asking you?

The consultation asks whether you agree with:

- the proposed hourly funding rates,
- the continued use of deprivation and quality supplements,
- the increased SENIF budget, and
- the level of central funding retained.

How to respond

Complete the online survey link sent to you.

The consultation runs from 20th January to 1st February 2026.