

London Borough of Enfield

Schools Forum

Meeting Date 16 January 2025

Subject: Early Years consultation and funding

Cabinet Member: Cllr Abdullahi

Report Number: 5

Item Number: 5e

PURPOSE OF REPORT

1. This report purpose of this report is to provide members of the Schools Forum with an update on the Early Years funding update – local funding rules.

RECOMMENDATIONS

2. The Schools Forum representatives are asked to note the funding rates which is required to be shared with providers by 28 February 2025.

RELEVANCE TO THE COUNCIL'S CORPORATE PLAN

3. The Council has an oversight of the DSG and is responsible for the management and allocation of the funding to all schools in their area. The Council has to ensure the local arrangements are in line with the regulations governing school funding and aim to meet the needs of Enfield's children and young people (CYP).

Main Consideration for the Schools Forum

BACKGROUND

4. Current arrangements

Since 2017, funding provided to local authorities for the free nursery entitlement for three- and four-year-olds has been based on NFF and, in a similar way to mainstream schools, local authorities determine the local funding formula for distributing funding to early years providers and Childminders.

The DfE have recently confirmed the changes to the local rules regarding the current funding arrangements for 2025/26. The changes are expected to be applied in 2025-26 are:

- the LBE to increase the **pass-through requirement to 96% in 2025-26**, with plans to move to 97% once the new entitlements are sufficiently embedded.
- The LBE need to communicate providers' rates no later than **28 February**, the deadline will be monitoring by the DfE.

From April 2025 to March 2026, the 95% pass-through rates requirements, will increase to 96% - 97% and will apply separately to the funding entitlements for:

- 9-months-old children up to 2-year-olds of working parents (30 hours from Sept 2025)
- 2-year-old children of working parents (30 hours from Sept 2025)
- 2-year-old children from disadvantaged families
- 3 and 4-year-olds (universal and additional hours)

5. Funding supplements

For the 3 and 4-year-old entitlements, it is mandatory for local authorities to include a deprivation supplement in their local funding formula. The pass-through requirements will apply to the universal and additional hours in combination, the changes to pass-through from 95% will be increased to 96%.

For the 9 months - 2-year-old entitlements local authorities are expected to ensure funding for deprivation is reflected in their approach to funding for the entitlements, recognising the additional costs associated with supporting children from disadvantaged backgrounds. This may be achieved through a deprivation supplement, particularly where local authorities are using a single 2-year-old formula locally. For 9 months - 2-year-olds the 96% pass-through funding requirements rates, will remain at 97%, to enable the LA to implement a deprivation rate to support children from disadvantaged backgrounds, including the SENIF budget allocation from April 2025.

The Inclusion Fund (SENIF) was introduced to support children aged 3 & 4 years, this will be extended to 2-year-old children from April 2024, and 9-month-old babies from Sept 2024. The Inclusion Funding (SENIF) is to enable local authorities to work with providers to address the needs of individual children with low and emerging SEND. The use of the inclusion fund locally is passed to individual providers to support children directly. The Inclusion Panel consisting of Enfield officers.

6. Proposal

As part of the childcare budget, the DfE published their outcomes and recommendations from the consultation seeking to amend the early years national funding formula, which included: Using the latest data to inform the national funding formula;

Transferring the Teachers' pay and pension grant provided to mainstream schools to pay increased pay and pension costs for nursery teachers into the Early Years block to inform the Early Years national funding formula.

The regulations governing early years allow local authorities with the agreement of their Schools Forum to move the money transferred from the Teachers' pay and pension grant into a quality factor and use this as the basis for continuing to allocate money to mainstream schools previously received for increases in pay and pension costs.

It is proposed for 2025-26 that the local funding formula as well as including the per pupil and deprivation factors should also include:

- The Inclusion Fund (SENIF), which was introduced to support pupils to enable local authorities to work with providers to address the needs of individual children with SEND.
- From April 2025 the Inclusion Fund (SENIF) will continue to apply to 9 months to 4-year-olds.
- The Contingency Childcare Support Fund will continue for children with family support, assigned social workers, on Child Protection plans and special needs as they benefit from accessing additional hours, this will be funded within the 4% central allocation.

It should be noted that the hourly rate be based on number of pupils on roll each term and the deprivation factor would continue to be allocated using Income deprivation affecting children index (IDACI).

Table below details the impact of these changes on the local funding formula. (Enfield funding rates published - [Early years funding: 2025 to 2026](#))

*3- & 4-year-old hour rate increased to £6.16 from 1st Sept 2024

Factors (3 & 4 Year old Funding Rates – April 2025)	2024/25 Rate per hour £	Rate per hour %	2025/26 Rate per hour £	Rate per hour %
Basic hourly rate per child	£6.03*	89.87%	£6.28	90.6%
Deprivation (Mandatory)	£0.12	1.8%	£0.12	1.76%
Quality (TPG)	£0.13	1.93%	£0.13	1.88%
Inclusion Fund	£0.12	1.78%	£0.12	1.76%
Inclusion Fund Plus	£0.01	0.15%	£0.00	0%
Central Support	£0.30	4.47%	£0.27	4%
Total Rate	£6.71	100%	100%	100%
3 & 4 Year-Old Rate	£6.71	100%	£6.93	100%

Factors (2-Year-old Funding Rates – April 2025)	2024/25 Rate per hour £	Rate per hour %	2025/26 Rate per hour £	Rate per hour %
Basic hourly rate per child	£9.10	93%	£9.40	93%
Deprivation	0.19p	2%	0.20p	2%
Inclusion Fund	0.19p	2%	0.20p	2%
Central Support	0.29p	3%	0.30p	3%
Total Rate	£9.77	100%	£10.10	100%
2 Year Old Rate	£9.77	100%	£10.10	100%

Factors (9 months old Funding Rates – April 2025)	2024/25 Rate per hour £	Rate per hour %	2025/26 Rate per hour £	Rate per hour %
Basic hourly rate per child	£12.67	95%	£13.21	95%
Inclusion Fund	0.27p	2%	0.28p	2%
Central Support	0.40p	3%	0.42p	3%
Total Rate	13.34	100%	£13.91	100%
9 Month Old Rate	£13.34	100%	£13.91	100%

Financial Implications

7. The recommendations in this report will be subject to the resources available.

Conclusions and Recommendations

8. The Forum is asked to consider and confirm its agreement to the local early years formula and funding arrangements.

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