



Havering

LONDON BOROUGH

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To: All providers of early years education
in Havering

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Dear colleague

Funding rates for financial year 2020-21

You will already be aware from your budget calculators and funding statements for the current financial year that the hourly rates on which your funding is calculated are as follows:

2 year olds	£5.68
3 & 4 year olds	£4.90
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Band A	£0.68
Band B	£0.50
Band C	£0.46
Band D	£0.43
Band E	£0.28
Band F	£0.24

In addition, providers may submit an application to the SEN Inclusion Fund which allocates £3.50 per hour. Children with an EHCP will be funded an extra £3.20 per hour from a separate high needs budget.

Given the additional financial pressures on early settings during the COVID-19 epidemic, the LA has looked at how additional funding could be allocated this year based on a projection of the funding that is likely to be received from the DfE reflecting the increase in the number of children recorded in the January 2020 census when compared to January 2019.

Our estimate is that there will be sufficient additional grant to fund a further 10p per hour (to £5.00) back-dated to 1st April 2020 and to increase the hourly rate to be funded from a larger SEN Inclusion Fund from £3.50 to £4.90, which will also be back-dated to 1st April 2020.

This is possible because of a higher number of places being taken up in Havering's early years settings which attracts more funding through the Early Years Block of the Dedicated Schools Grant.

Because early years funding is based on the numbers as at each January census, there is some concern that if, by January 2021, some parents are reluctant for their children to attend an early year provision, this will be reflected in a lower number recorded in the census and LAs will therefore receive less funding.

This issue is being taken up nationally but until we know if take up of provision is unaffected or if the DfE will agree to the protection of LAs' current funding rates it is not possible to confirm if the increases set out in this letter can be sustained passed the current year.

In your budget forecasting for future years please assume that the base rate remains at £4.90 and we will advise as soon as possible if the early years grant in 2021-22 will be sufficient to continue with the £5.00 hourly rate.

The increases in the hourly rates will be reflected in your July funding along with any other data adjustments that are required arising from the May 2020 census.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Allen', written in a cursive style.

David Allen
Strategic Finance Manager