

REPORT TITLE: Kirklees' School Funding Arrangements for the Financial Year 2025/2026

Meeting:	Cabinet
Date:	21 January 2025
Cabinet Member (if applicable)	Cllr Graham Turner Cllr Amanda Pinnock Cllr Viv Kendrick
Key Decision	Yes
Eligible for Call In	Yes
Purpose of Report: To receive information, and seek approval for funding arrangements for the Dedicated Schools Grant for the financial year 2025/2026	
<p>Recommendations</p> <p>Cabinet are recommended to;</p> <ul style="list-style-type: none"> • Approve the proposed local formula factors for the distribution of Dedicated Schools Grant (DSG) Schools Block funding for 2025/2026 as detailed in this report in Appendix A. • To note the decisions made by Schools Forum in terms of central budgets, de-delegated budgets and a fund for significant growth for 2025/2026 as detailed in this report and the accompanying appendices. • Approve the submission of the schools' local funding formula to the ESFA for 2025/2026. • Note the disapplication request made to the Education Skills and Funding Agency (ESFA). • Note the ESFA-approved exceptions application. • Delegate authority to the Strategic Director for Children's Services in consultation with the Portfolio Holder for Children's Services and Portfolio Holder for Education and Communities, to take account of the outcomes of the provider consultation, the views of the Early Years and Childcare Reference Group and Schools Forum and make a final decision on the Early Years local funding formula 2025/2026 value of the Special Education Needs and Disability Inclusion Fund and frequency of early years funding payments. <p>Reasons for Recommendations</p> <p>The statutory guidance given by the Secretary of State under s.48(4) and paragraph 2A(2) of Schedule 14 to the School Standards and Framework Act 1998 outlines the requirements for local authorities in England regarding the financing of schools. Here are the key points:</p> <p>Publication of Schemes: Local authorities must publish schemes that detail the financial relationship between them and the schools they maintain.</p>	

Content of Schemes: The guidance specifies the provisions that a local authority's scheme must, should, or may include. While the format of the schemes does not need to follow the guidance exactly, any directed revisions must be included as specified.

Consultation and Approval: When making changes to their schemes (other than directed revisions), local authorities must consult all maintained schools in their area. They also need to obtain approval from the members of their Schools Forum who represent maintained schools.

Taking Guidance into Account: Local authorities must consider this statutory guidance when revising their schemes, ensuring that the changes are made in consultation with the schools forum.

Resource Implications:

This report sets the proposed budget resource allocations for 2025/26 details of which are included in the following pages and appendices

Date signed off by Strategic Director & name

**Rachel Spencer Henshall - 7 January 2025
Tom Brailsford – 7 January 2025**

Is it also signed off by the Service Director for Finance?

Kevin Mulvaney – 7 January 2025

Is it also signed off by the Service Director for Legal Governance and Commissioning?

Sam Lawton – 10 January 2025

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes. This report contains no information that falls within the scope of General Data Protection Regulations.

1. Executive Summary

- 1.1 This report outlines the funding arrangements for Kirklees Council's Dedicated Schools Grant (DSG) for the 2025/2026 financial year, including allocations across the four funding blocks, Schools block, High Needs block, Early Years block and Central Schools and Services block (CSSB).
- 1.2 The schools block per pupil funding rates have increased to £5,548 for primary and £7,201 for secondary. Kirklees' schools block allocation has increased to £397.2 million. Schools Forum approved a transfer (disapplication) of £3.6 million to the High Needs block which will continue to support SEND transformation initiatives.
- 1.3 The High Needs block for Kirklees has been allocated £72.02 million for 2025/2026. A £3.6 million transfer from the Schools Block will help support a range of investment measures as part of the broader Kirklees SEND transformation plan and align with Kirklees' ongoing Safety Valve intervention programme.

1.4 The Early Years block has received an allocation for 2025/2026 of £68.3 million, a £16.3 million increase driven by the expansion of early years entitlements for working parents. The funding rates include:

- £5.71 per hour for 3- and 4-year-olds.
- £7.93 per hour for 2-year-olds.
- £10.77 per hour for children under 2

Local consultation on the Early Years Funding Formula and the SEND Inclusion Fund (SENDIF) is ongoing, proposals include increasing the SENDIF value to manage rising demand.

1.5 The Central School Services Block (CSSB) for Kirklees has been allocated £43.38 per pupil (up from £38.60 in 2024/2025), totalling £2.8 million.

This block supports statutory and regulatory duties for all pupils across the borough, regardless of the type of school they attend.

1.6 The increased funding across the DSG between financial year 2024/25, and next 2025/26 is distorted due to the rolling together of grants in the Schools Block which, have previously been separate. The increase in the Early Years Block is a consequence of the significant expansion of the free entitlement. Alongside this, the High Needs Block, continues to bring challenge. Kirklees welcomes the additional step towards an increased funding allocation, given we are the second worst funded LA for High Needs per capita in the country. There is further pressure because of growing demand from children with SEND and the need for block transfers as a result of the Safety Valve arrangements. When much of the funding for schools is predicated on pupil numbers, falling rolls in the primary phase are creating funding challenges for a number of schools. The overall position is one of significant financial challenge for the local schools system.

1.7 The required consultations have been undertaken with Schools Forum. Schools Forum has also made the decisions it is responsible for.

2. Information required to take a decision

2.1 Background

Dedicated Schools Grant

2.1.1 Dedicated Schools Grant (DSG) is the funding that is provided to Councils in four blocks to fund:

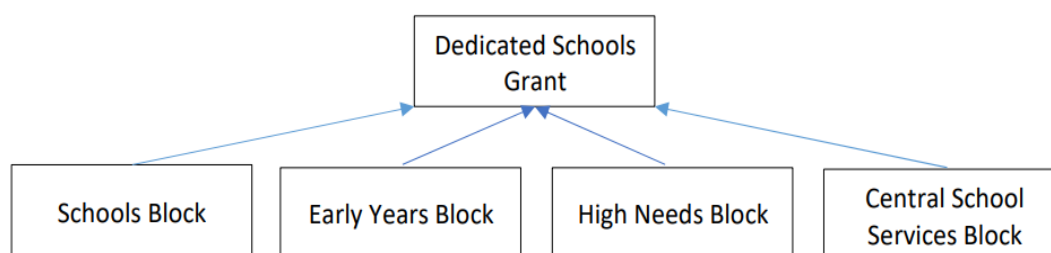
Schools Block - statutory school age mainstream education (4–16-year-olds).

High Needs Block - children and young adults from birth to age 25 having Special Education Needs & Disability (SEND).

Early Years Block - the free entitlement to early education and childcare provision for eligible children aged 9 months to 4 years old.

Central Schools Services Block, CSSB, - to pay for some of the Council's statutory and regulatory duties they have for all pupils educated within the borough.

2.1.2 Allocations to Kirklees for all four funding blocks within the Dedicated Schools Grant are now essentially determined by National Funding Formula (NFF), calculations.



Schools Forum and Council responsibilities for the DSG

2.1.3 Every local authority is required to have a Schools Forum to act as the main consultative group on revenue funding issues affecting local schools and related providers. The Schools Forums (England) Regulations 2012 determine the role, powers and responsibilities of the Forum. The local authority proposes and decides upon the shape and effect of the local school funding formula on an annual basis but must consult with the Schools Forum about changes to be made. There is also a requirement to consult annually with the Forum on both High Needs and Early Years funding arrangements.

2.1.4 Whilst Schools Forum has a generally consultative role, there are situations in which they have decision making powers. The areas on which schools forums make decisions on local authority proposals include:

- de-delegation from mainstream maintained schools budgets.
- to create a fund for significant pupil growth.
- agreeing other centrally retained budgets, including for local authority statutory responsibilities.

2.1.5 The maintained primary and secondary school representatives to the Forum decide on the arrangements that will apply for their phase (having consulted their constituencies). In cases where the Local Authority and the Forum cannot reach an agreement on central retention and de-delegation issues the Secretary of State for Education would adjudicate.

Formal submissions to the Education & Skills Funding Agency

2.1.6 Any exceptions (disapplication) requests seeking permission to make variations to the operation of the schools funding formula were made before the ESFA deadline of 18th November 2024 (see Section 2.3 below for more details).

2.1.7 The structure of the local 2025/2026 schools funding formula and factor values used are required to be submitted to the ESFA by 22nd January 2025, based upon a pupil dataset provided by the ESFA which is derived largely from October 2024 pupil census information. The Authority Pro Forma Tool (APT) return to the ESFA is required to show that political approval has been or will be secured for the funding allocations reported. The submission of the funding figures to the ESFA by 22nd January 2025 must be regarded as an indicative return until Cabinet approval is achieved. If amendments are required a subsequent submission would have to be made.

Schools revenue funding issues for 2025/2026 discussed with Schools Forum and constituent groups

2.1.8 These included the following: -

- The changes made to the National Funding Formula for schools for 2025/2026.
- De-delegation arrangements for mainstream maintained schools
- Central School Services Block (CSSB)
- High Needs Block funding
- Early Years Block funding

These topics are covered in more detail in sections 2.2 to 2.8 below, with the Forum's recommendations to Cabinet shown at section 3 below.

2.2 Direct National Funding Formula (NFF) transition for schools

2.2.1 Local Authorities will be required to bring their own formulae closer to the schools NFF from 2025/2026:

- local authorities must move their local formula factor values at least a further 10% closer to the NFF (building on the movement towards the NFF made in 2024 to 2025), except where local formulae are already 'mirroring' the NFF. These criteria do not apply to rates, PFI or exceptional circumstances factors.
- for 2025 to 2026, local authorities will no longer be allowed (unused within Kirklees Council) to increase the pupil number count for schools with higher reception pupil numbers in the January 2025 census. This change aims to further standardise the funding process across all schools within the National Funding Formula.
- local authorities must follow the local formula requirements for growth funding (first introduced in 2024 to 2025), whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation. Kirklees Council, in conjunction with Schools Forum, has established a clear, objective criteria for when growth funding is triggered. This ensures transparency and fairness in the allocation of funds. See Appendix B
- local authorities with a falling rolls fund must also continue to follow the requirements for falling rolls funding introduced in 2024 to 2025. Kirklees Council does not currently operate a falling rolls fund.
- From 2025 to 2026, split sites funding will be excluded from the calculation of the Minimum Funding Guarantee (MFG). This change reflects that the transitional protection that was included in 2024 to 2025 when the split sites factor was first formularised in the NFF is no longer required. The exclusion from the MFG means that schools gaining or losing split sites from 2025 to 2026 onwards will see a commensurate increase or decrease in split sites funding, without that having an impact on the rest of their formula allocations. This will impact three schools within Kirklees Council.
- From 2025 to 2026, PFI funding will also be excluded from the calculation of the MFG. This reflects what most local authorities already did before 2024 to 2025 and ensures that changes in PFI funding for a given school do not impact the rest of their funding allocations.

2.3 Exceptional disapplication request made to the Education & Skills Funding Agency (ESFA):

2.3.1 Local authorities can apply to the ESFA to use exceptional circumstances relating to school premises, for example rents, or joint-use sports facilities. Unavoidable rental costs for five schools (Birkenshaw CE (VC) Primary, Denby Dale First & Nursery, Gomersal St Mary's CE (VC) Primary and Wellhouse Junior & Infants) have been submitted for approval based on the latest criteria issued by the ESFA.

2.4 De-Delegation Arrangements for Mainstream Maintained Schools (see Appendix C)

2.4.1 Annual proposals on de-delegation are made by the local authority to maintained primary and secondary schools. The ESFA only permits de-delegation against a number of specified headings. The maintained primary and secondary schools representatives to the Schools Forum formally decide on de-delegation issues on behalf of their phase.

2.4.2 The de-delegated budget arrangements proposed for 2025/2026 are: -

- Schools contingency
- Historic voluntary early retirements
- Free school meals eligibility checks
- Maternity, paternity and adoptive leave costs
- Trade union facilities time (maintained primary schools only)
- Public duties
- International New Arrivals service
- School Improvement Commissioning

2.4.3 De-delegation arrangements for 2025/2026 for the maintained schools were consulted upon between 2nd December 2024 and 9th December 2024. A total of 23 responses were received from 94 maintained schools of which the majority who responded supported the proposals. Maintained Schools representatives of Schools Forum considered the responses on 10th January 2025 and approved the proposals as set out in Appendix C below.

Dedicated Schools Grant (DSG) Funding Settlement 2025/2026

2.5 DSG Schools Block

2.5.1 The 2025/2026 per pupil units of funding for the DSG Schools Block settlement are £5,548 (£5,143 2024/2025) per primary pupil and £7,201 (£6,657 2024/2025) per secondary pupil. The revised rates reflect the rolling of the 2024 to 2025 Teachers' Pay Additional Grant (TPAG), the Teachers' Pensions Employer Contribution Grant (TPECG) 2024, and the Core Schools Budget Grant (CSBG) into the NFF. This approach diminishes the significance of comparing annual increases in the NFF rates and is a national funding decision.

2.5.2 Noting the rolling up of separate grants above into the NFF rates, the confirmed Schools Block allocation for Kirklees for 2025/2026 has increased by £26.02 million (£368.08 million in 2024/2025 to £394.1 million for 2025/2026). This apparent increase in funding is distorted by the inclusion of the previous grant referred to above. The Table below shows the breakdown of the funding:

Kirklees Council - Dedicated schools grant (DSG) 2025/2026						
Total Primary Schools	Total secondary schools	Total Premises factor	Growth funding	Total schools block	School Business Rates ESFA deduction	Total schools block
£198,968,261	£191,371,864	£6,030,838	£824,139	£397,195,102	-£3,055,991	£394,139,111

2.5.3 The Schools Block funding formula factors to be used in the 2025/2026 funding allocation to schools will largely be those prescribed by the National Funding Formula (see Appendix A below for a list of these funding factors and values).

2.5.4 In addition to the DSG National Funding Formula, the government announced further additional funding in 2025/2026 to cover the increase in employers' National Insurance Contributions in schools.

2.5.5 On the 10th January 2025 Schools Forum agreed a Schools Block Transfer of £3.6 million to the High Needs Block to support a range of investment measures as part of the broader Kirklees SEND Transformation plan and as required in the Safety Valve agreement.

2.6 High Needs Block Funding 2025/2026

2.6.1 The settlement for 2025/2026 totals £72.02 million, before deductions, as shown in the table below:

Kirklees Council High Needs DSG Block Allocation								
Total high needs block before additional funding and deductions	Additional high needs funding	Total high needs block before deductions	Mainstream Academies Pre-16 special educational needs places funded at £6,000	Special Academies Pre-16 special educational needs places	Special Academies Post-16 special educational needs places	Alternative provision (AP) academies and free schools	Further education (FE) and independent learning provider (ILP)	Total high needs block after deductions
72,020,148	0	72,020,148	-708,000	-1,630,000	-240,000	-620,000	3,282,000	65,540,148

2.6.2 Ongoing revisions to the national budget for the High Needs National Funding Formula have resulted in Kirklees being allocated £72.02 million for High Needs in 2025/2026 (**before deductions**) a £6.07 million increase on 2024/2025.

2.6.3 Schools Forum agreed on 10th January 2025 to a funding transfer of £3.6 million to High Needs from the Schools Block for 2025/2026 as required by the Safety Valve Agreement. The intention is that the funding will support a range of investment measures as part of the broader Kirklees SEND Transformation agenda.

2.6.4 The Council is now in the fourth year of the Safety Valve intervention programme, which offers support to Local Authorities with large DSG Deficits. The Safety Valve agreement has been extended until 2029/2030. Monitoring against this is an ongoing process with periodic updates reported to Schools Forum and Cabinet working alongside the ESFA.

2.7 Early Years Block Funding 2025/2026

2.7.1 The initial settlement for 2025/2026 totals £68.3 million, as shown in the table below:

Funding stream	Confirmed rates	2025/2026 funding allocation
3 & 4 yr olds - Universal	£5.71	£20,255,008
3 & 4 yr olds - Extended	£5.71	£9,343,528
2 yr olds - Disadvantaged	£7.93	£5,787,039
2 yr olds - Working parent	£7.93	£12,576,817
Under 2s	£10.77	£18,605,349
Total place funding		£66,567,741
Early Years Pupil Premium (EYPP)	£1.00	£1,184,267
Disability Access Funding (DAF)	£938.00	£343,308
Maintained Nursery School Supplementary Funding (MNSSF)	£5.51	£222,990
Total Early Years Block		£68,318,306

2.7.2 The Early Years block funding is estimated to increase by 32% from £51.6m in 2024-25 to £68.3m in 2025/2026. This increase is due to the final phase of the expansion to the early years entitlements in September 2025.

2.7.3 The main changes to the funding formula requirements include an increased minimum pass-through requirement for local authorities in 2025-26. The pass-through rate will increase from 95% to 96% meaning that the amount local authorities can retain for administration will reduce to 4% of the entitlement funding. The changes also include an expectation that local authorities will announce their funding rates to childcare providers by 28 February 2025. The government intend to mandate this as a requirement in the regulations from the financial year 2026-27

2.7.4 The Early Years National Funding Formulae (EYNFF) are used to determine the hourly funding rates for each of the entitlements:

- an hourly funding rate for 9-months-olds up to 2-years for the working parent entitlement
- an hourly funding rate for 2-year-olds which will be the same for both the disadvantaged and the working parent entitlement
- an hourly funding rate for 3 and 4-year-olds for the universal and extended hours entitlements

2.7.5 The local authority hourly funding rate for 3 and 4-year-olds and the Maintained Nursery School (MNS) supplementary funding hourly rate in 2025 to 2026 includes funding in respect of the September 2024 teachers' pay award. This approach is in keeping with the approach taken to mainstreaming funding for Teachers Pay and Pensions in 2024 to 2025, and the approach to incorporating funding previously distributed through the Teachers' Pay Grant (TPG) and the Teachers' Pension Employer Contribution Grant (TPECG) in 2023 to 2024.

Early Years Block - Local consultation process and timelines

- 2.7.6 Local Authorities are required to consult with early years providers each year, given the significant changes to the early years entitlements and further investment in early years it is especially important to seek the views of the sector.
- 2.7.7 After receiving initial allocations from the DfE an online consultation was opened on Friday 20th December and will close at midnight on Sunday 19th January 2025. The consultation document covers the Early Years the funding formula factors, proposals for the value of the SENDIF and options for the frequency of early years funding payments. Further details can be found in Appendix E.
- 2.7.8 After the consultation provider feedback will be presented at the Early Years and Childcare Reference Group on 27th January 2025, the group's recommendations will be presented to Schools Forum on 7th February 2025. The Early Years and Childcare Reference Group includes provider representation for childminders, pre-schools, day nurseries, out of school provision and schools and academies with nursery provision.

Early Block Provider Consultation

Early years providers are being consulted on the following elements for 2025-26:

- The amount of funding retained centrally to support local authority statutory duties around the early years entitlements including administration of the funding.
- Retaining a contingency fund for each of the five entitlement funding streams.
- Transfer of funds from the Early Years Block to the High Needs Block.
- The amount of funding allocated to the Special Educational Needs and Disabilities Inclusion Fund (SENDIF).
- The frequency of early years funding payments to providers in the private, voluntary and independent sector including academies.

A full copy of the consultation can be found in appendix E.

2.8 Central School Services Block (CSSB) 2025/2026

- 2.8.1 Kirklees has been allocated £43.38 for every 4 to 16 year-old pupil attending schools and academies in the borough (an increase from the £38.60 rate received in 2024/2025). The Council has bid for a protected sum of £170,000 to reflect historic annual pension commitments charged to the DSG. This submission has been acknowledged by the ESFA.
- 2.8.2 A breakdown of proposed use of the CSSB can be found in Appendix B. A significant portion of this relates to funding for the range of statutory and regulatory duties (these used to be supported by Education Services Grant that ended in 2017) the Council has for all local pupils whether educated in maintained schools or academies.
- 2.8.3 The CSSB within the DSG allocates funding to Councils for a range of statutory and regulatory duties relating to all pupils within the authority no matter what type of school they attend. Although this funding comes directly to the Council, Schools Forum has the responsibility for making an annual decision about the budget provision in response to local authority proposals. The allocation for 2025/2026, whilst we await the decision to protect the Historic commitments, is shown below:

Kirklees Council Central School Services Block (CSSB) 2025/2026			
CSSB Unit of funding	Number of pupils	Historic commitments	Total central school services block
£43.38	62,439	£136,000	£2,844,604

3. Implications for the Council

3.1 Working with People

The scale of the financial challenges facing both maintained schools and academy schools inevitably means there will be implications for staff. The schools have been very successful in managing workforce reductions should where this has been required in the past and will continue to work with colleagues and union partners to find satisfactory solutions in the future.

3.2 Working with Partners

Partnerships with parents, academy trusts, community organisations, business, health services, religious groups are essential to support the education and welfare of children through funding resources, extracurricular programs, health services and shared projects creating a supportive network. Schools Forum are to be recognised for the work they do strategically to ensure that children are well served across the district, and that financial implications are well understood by the wider system.

3.3 Place Based Working

The schools funding allocation recognises that the needs of different communities within Kirklees vary widely. Within the constraints of the national funding formula requirements, the allocation considers additional need funding factors to target support towards children from particularly disadvantaged backgrounds.

3.4 Climate Change and Air Quality

There are no direct implications for climate change and air quality.

3.5 Improving outcomes for children

Well managed school finances can significantly improve outcomes for children by enabling smaller class sizes, attracting and retaining high-quality teaching staff, and providing enhanced learning resources. It also supports additional services such as counselling and special education, offers a range of extracurricular activities, and ensures a safe and healthy environment. By strategically allocating resources, schools can create an environment that fosters academic achievement and personal growth for all children.

3.6 Financial Implications

The DSG proposals contained within this report have been developed alongside the ESFA guidance to ensure that funding is made available in the areas that will allow the schools to further improve the outcomes for individuals and communities as a whole.

3.7 Legal Implications

The Education Act 2002 gives the Secretary of State the power to give financial assistance to (Local Authorities) for purposes related to education – financial assistance may be given in any form including by way of grants and may be given on such terms as the Secretary of State considers appropriate . The Dedicated Schools Grant is the principal way in which the Secretary of State funds local authorities for the provision of pre-16 education in their respective areas. The Schools and Early Years Finance (England) Regulations 2025 and associated statutory guidance (to which the Council must legally have regard) set out in significant detail how the DSG is to be allocated as discussed in this report.

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

3.9 Consultation

The Education and Learning Partnership Board sits alongside Schools Forum as a consultative group. The two operate together in a complementary approach to work in partnership with our schools and settings. There are representatives from the school sector that sit on both the Education and Learning Partnership Board as well as Schools Forum. The work of each body is supportive of a single strategic oversight of the system.

Schools Forum consults with school groups through Kirklees High School Headteachers, Kirklees Primary Head Teachers groups and School briefings via Heads Up. Non-school members from the early years' private, voluntary, and independent sectors, trade unions, and the Post 16 sector ensure consultation and feedback from their representative groups. All relevant consultation with Schools Forum has now taken place in respect of the local schools funding formula.

A formal consultation with the Early Years Providers about 2025/2026 funding arrangements is currently underway. The outcome of which will be shared with the Early Years Reference group and Schools Forum.

The Early Years and Childcare Reference group consists of representatives from all sectors of the childcare market. This group consider proposals for the Early Years Funding Formula and monitors spending of the Early Years Block. The views of this group are reported to Schools Forum.

The Portfolio Holder for Learning and Communities chairs the Education and Learning Partnership Board. Updates for the Portfolio Holders for Children's Services and Learning and Communities are provided regularly.

4 Engagement

Engagement takes place between Schools Forum members and the school system they represent.

Engagement events are taking place to support Early Years Providers to respond to the formal consultation

5 Options

5.1 Options considered

The move toward a National Funding formula continues to restrict options for local flexibility. However, multiple options have been considered across the funding arrangement in consultation with Schools Forum. An illustration of the options available for the schools local funding formula are illustrated in Appendix A There are some specific options presented in the Early Years Consultation which are detailed in Appendix E.

5.2 Reasons for recommended option

The options recommended are compliant with ESFA requirements and represent a consensus view established with Schools Forum.

6 Next steps and timelines

6.1 Schools Forum will continue to help shape schools funding arrangements at their meeting on 10th January 2025, prior to the deadline for submission of the school funding allocations for 2025/2026 to the ESFA on 22nd January 2025.

Based on the ESFA funding timeline, it is expected that the local authority will inform maintained schools of their 2025/2026 budget shares by 28th February 2025. The ESFA will inform academies of their budget allocations for the academic year 2025/2026 by the 31st March 2025.

In order to provide schools with nursery classes with the full picture of their budget by the 28th February decisions about the Early Years funding formula and SENDIF value must be made by mid-February. Delegate authority to the Strategic Director for Children's Services in consultation with the Portfolio Holder for Children's Services and Portfolio Holder for Education and Communities, to take account of the outcomes of the provider consultation, the views of the Early Years and Childcare Reference Group and Schools Forum and make a final decision on the Early Years local funding formula 2025/2026 value of the Special Education Needs and Disability Inclusion Fund and frequency of early years funding payments.

7 **Contact officer**

Martin Wilby, Head of Education Places and Access
martin.wilby@kirklees.gov.uk

John Bartlett, Head of Service, Accountancy
John.bartlett@kirklees.gov.uk

David Baxter, Finance Manager
david.baxter@kirklees.gov.uk

8 **Background Papers and History of Decisions**

9 **Appendices**

Appendix A: 2025/2026 ESFA APT December 2024 National Funding Formula Funding Rates and Proposed Local Funding Formula Factors

Appendix B: Dedicated School Grant: Central Budget Retention 2025/2026 [for mainstream maintained schools and academies]

Appendix C: De-Delegation 2025 / 2026 - Maintained Schools Only

Appendix D: Meeting schedule

Appendix E: Consultation on the Kirklees Early Years Funding Formula

10 **Service Director responsible**

Jo-Anne Sanders, Service Director – Learning & Early Support
Kevin Mulvaney, Service Director – Finance.

2025/2026 ESFA APT December 2024 National Funding Formula Funding Rates and Proposed Local Funding Formula Factors

Factor	24-25 NFF including ACA	24-25 APT	Difference between 24-25 APT and 24-25 NFF	25-26 NFF including ACA	25-26 APT minimum	25-26 APT maximum
Primary basic entitlement	£3,562.61	£3,562.61	£0.00	£3,847.65	£3,751.46	£3,943.85
KS3 basic entitlement	£5,022.85	£5,022.85	£0.00	£5,422.92	£5,287.35	£5,558.49
KS4 basic entitlement	£5,661.96	£5,661.96	£0.00	£6,114.04	£5,961.19	£6,266.89
Primary FSM	£490.08	£477.83	£-12.25	£495.08	£482.71	£507.46
Secondary FSM	£490.08	£477.83	£-12.25	£495.08	£482.71	£507.46
Primary FSM6	£820.14	£799.64	£-20.50	£1,060.18	£1,033.68	£1,086.68
Secondary FSM6	£1,200.20	£1,170.20	£-30.00	£1,555.26	£1,516.38	£1,594.15
Primary IDACIF	£235.04	£188.31	£-46.73	£235.04	£192.98	£240.92
Primary IDACIE	£285.05	£225.24	£-59.81	£285.05	£231.22	£292.17
Primary IDACID	£445.08	£355.65	£-89.43	£445.08	£364.59	£456.20
Primary IDACIC	£485.08	£384.59	£-100.49	£490.08	£399.64	£502.34
Primary IDACIB	£515.09	£408.55	£-106.54	£520.09	£424.20	£533.09
Primary IDACIA	£680.12	£540.95	£-139.17	£685.12	£559.87	£702.24
Secondary IDACIF	£340.06	£270.47	£-69.59	£340.06	£277.43	£348.56
Secondary IDACIE	£450.08	£359.65	£-90.43	£450.08	£368.69	£461.33
Secondary IDACID	£630.11	£502.72	£-127.39	£635.11	£520.46	£650.99
Secondary IDACIC	£690.12	£548.93	£-141.19	£695.12	£568.05	£712.50
Secondary IDACIB	£740.13	£588.88	£-151.25	£745.13	£609.01	£763.75
Secondary IDACIA	£945.16	£753.22	£-191.94	£950.16	£777.41	£973.92
Primary EAL	£590.10	£575.35	£-14.75	£595.10	£580.22	£609.98
Secondary EAL	£1,585.27	£1,545.64	£-39.63	£1,595.27	£1,555.39	£1,635.15
Primary LPA	£1,170.20	£1,170.20	£0.00	£1,175.20	£1,145.82	£1,204.58
Secondary LPA	£1,775.30	£1,775.30	£0.00	£1,785.30	£1,740.67	£1,829.94
Primary mobility	£960.16	£960.16	£0.00	£965.16	£941.03	£989.29
Secondary mobility	£1,380.23	£1,380.23	£0.00	£1,385.24	£1,350.60	£1,419.87
Primary lump sum	£134,422.85	£134,422.85	£0.00	£145,124.67	£141,496.55	£148,752.78
Secondary lump sum	£134,422.85	£134,422.85	£0.00	£145,124.67	£141,496.55	£148,752.78
Primary sparsity	£57,109.71	£55,681.96	£-1,427.75	£57,409.76	£55,974.51	£58,845.00
Secondary sparsity	£83,014.11	£80,938.76	£-2,075.35	£83,414.18	£81,328.82	£85,499.53
Middle-school sparsity	£83,014.11	£9,292.32	£-73,721.79	£83,414.18	£17,064.57	£85,499.53
All-through sparsity	£83,014.11	£9,292.32	£-73,721.79	£83,414.18	£17,064.57	£85,499.53
Split sites basic eligibility funding	£53,709.13	£53,709.13	£0.00	£54,009.18	£52,658.95	£55,359.41
Split sites distance funding	£26,904.57	£26,904.57	£0.00	£27,004.59	£26,329.48	£27,679.70
London fringe	1.0000	1.0000	0.0000	1.0000	1.0000	1.0000

The boxes highlighted in green represent the proposed local funding formula which are supported by Schools forum. Subject to Cabinet approval these will be submitted in the APT to the ESFA.

Appendix B

Dedicated School Grant: Central Budget Retention 2025/2026 [for mainstream maintained schools and academies]

1) Growth funding within the Schools Block

Budget provision	£	Notes
Pupil Growth Fund	600,000	Supports mid-year basic need pupil growth of sufficient scale to trigger a new class arrangement. Also supports schools struggling to meet the KS1 class size regulation. PGF is only allocated where a school cannot address the issue from its own budget resources
Future pupil growth	600,000	The Schools Block allocation includes an element of funding towards the cost of future pupil growth within the system. For 2025/2026, the balance of the growth funding needs to be retained by the LA to support those schools in the system affected by planned changes to address demand for pupil places in the area, e.g., new schools growing by one year group per annum, schools asked to vary their admission number to take in additional pupils in a 'bulge' class arrangement.
TOTAL	£1,200,000	

2) The Central School Services Block (CSSB)

Budget Heading	Proposed Allocation 2025/2026 £
Servicing of Schools Forum	35,568
Standing Advisory Council on Religious Education (SACRE)	46,800
Pupil Admissions Service	433,264
School Organisation & Planning	150,592
Finance Support Costs	13,208
Payroll Support Costs	16,016
Personnel Costs	9,152
School Reorganisation Support	335,608
Historic DSG pension commitments	136,000
Former Teachers Pay & Pension Grant funding in respect of centrally employed teachers – <i>Specialist Provision Coordination</i>	21,008
Former Teachers Pay & Pension Grant funding in respect of centrally employed teachers - <i>Looked after children</i>	6,448
Former Teachers Pay & Pension Grant funding in respect of centrally employed teachers – <i>Portex ICAN EYSEN</i>	14,248
National Copyright Licence charge	480,602
Per pupil allocation to the Council in respect of statutory and regulatory duties for all children in Kirklees	1,164,442
TOTAL	2,862,956

3) Funding retained within the Early Years Block

Budget area	2024-25	Additional resources for 2025-26	Total	4% increase	Final total 2025-26	Description
Early Learning and Childcare	£775,005	£30,000	£805,005	£32,200	£837,205	Free Early Education Funding, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	£78,540	£0	£78,540	£3,142	£81,682	Finance, payroll, HR, Legal, IT etc
Inclusion Support	£44,520	£200,000	£244,520	£9,781	£254,301	Contribution to the Early Years SEND team
Miscellaneous	£13,230	£0	£13,230	£529	£13,759	Contribution to admissions, maternity, union duties etc.
Total	£911,295	£230,000	£1,141,295	£45,652	£1,186,947	

Appendix C

De-Delegation 2025 / 2026 - Maintained Schools Only

De-Delegation Description	Primary per pupil rate 2024/2025	Proposed Primary per pupil rate 2025/2026	Secondary per pupil rate 2024/2025	Proposed Secondary per pupil rate 2025/2026
School Contingency	£12.62	£13.44	£15.82	£16.85
Voluntary Early Retirement (VER)	£2.86	£3.05	£3.59	£3.82
Free school meals eligibility checks	£1.20	£1.28	£1.50	£1.60
Maternity, paternity, and adoptive leave	£40.95	£43.61	£40.95	£43.61
Trade union facilities time	£6.67	£7.10	£0.00	£0.00
Public duties	£0.19	£0.20	£0.23	£0.24
International new arrivals	£1.84	£1.96	£2.31	£2.46
School Improvement Commissioning	£5.25	£5.59	£14.00	£14.91
TOTALS	£71.58	£76.23	£78.40	£83.49

Meeting Schedule

Consultation focus	Meetings	Meeting date	ESFA response date
Schools Block, High Needs Block and Central Schools Services Block Implications of National Funding Formula for the Council and schools from 2025/2026	Consultation & Engagement with schools	Block Transfer (Safety Valve) reviewed and agreed 10 th January 2025. De-delegations consultation / engagement 2 nd December 2024 – 9 th December 2024. Responses reviewed and de-delegations approved by Schools forum 10 th January 2025	22 nd January 2025
	Schools Forum	10 th January 2025	
	Schools Funding paper to Cabinet	22 nd January 2025	
Early Years Block	Online survey	20 th December 2024 to 19 th January 2025	28 th February 2025
	Virtual briefing sessions	8 th and 16 th January 2025	
	Early Years and Childcare Reference group	27 th January 2025	
	Schools Forum	7 th February 2025	

Consultation on the Kirklees Early Years Funding Formula 2025-26

Introduction

The Department for Education published details of the Early Years Funding Formula 2025-26 including local authority hourly funding rates on 10 December 2024. The rates include an average 4.1% increase for the current 3 and 4-year-old entitlement, 3.3% increase for 2-year-olds and 3.4% increase for under 2s. The funding rates reflect forecasts of average earnings and inflation next year, as well as the national living wage announced at the Autumn Budget.

The funding rate for the Early Years Pupil Premium (EYPP) will increase from 68p to £1 per hour per eligible child, and the Disability Access Fund (DAF) will increase from £910 to £938 per eligible child per year.

Details can be found on [Gov.uk](https://www.gov.uk)

Although this adds further investment to early years, Kirklees along with one third of other local authorities will still receive the lowest funding base rate in the country for three-and four-year olds from April 2025.

Kirklees Early Years Block Funding 2025-26

Table 1: Initial funding allocation for 2025-26

Funding stream	2025-26 Initial funding allocation
3 & 4 yr olds - Universal	£20,255,007
3 & 4 yr olds - Extended	£9,343,528
2 yr olds - Disadvantaged	£5,787,039
2 yr olds - Working parent	£12,576,817
Under 2s - Working parent	£18,605,349
Total place funding	£66,567,740
Early Years Pupil Premium (EYPP)	£1,184,267
Disability Access Funding (DAF)	£343,308
Maintained Nursery School Supplementary Funding (MNSSF)	£222,990
Total Early Years Block	£68,318,304

Changes for 2025-26

The main changes to the funding formula requirements are:

- an increased minimum pass-through requirement for local authorities in 2025-26. The pass-through rate will increase from 95% to 96% meaning that the amount local authorities can retain for administration will reduce to 4% of the entitlement funding.
- an expectation that local authorities will announce their funding rates to childcare providers by 28 February 2025. The government intend to mandate this as a requirement in the regulations from the financial year 2026-27.

Consultation

As stated in the **Early years entitlements: local authority funding operational guide 2025 to 2026**;

“Local authorities must determine their funding formulae before the beginning of the financial year. Where a local authority proposes to make changes to the funding formulae it used during the previous financial year that will affect early years providers, 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”.

The Council are not proposing to make any changes to the current funding formula used in 2024-25 in relation to:

1. **One base rate for both the 2-year-old entitlements.** i.e. the disadvantaged 2-year-old entitlement and the working parent 2-year-old entitlement.
2. **No discretionary deprivation supplement.** i.e. no deprivation supplement for the disadvantaged 2-year-old entitlement, the working parent 2-year-old entitlement and the working parent under 2-year-old entitlement.

Key areas for consultation in 2025-26

The Council is seeking providers views on the following elements for 2025-26:

- A. The amount of funding retained centrally to support local authority statutory duties around the early years entitlements including administration of the funding.
- B. Retaining a contingency fund for each of the five entitlement funding streams.
- C. Transfer of funds from the Early Years Block to the High Needs Block.
- D. The amount of funding allocated to the Special Educational Needs and Disabilities Inclusion Fund (SENDIF).
- E. The frequency of early years funding payments to providers in the private, voluntary and independent sector including academies.

Consultation timeline

Table 2: Consultation timeline

Event	Dates
Online survey	20 December 2024 to 19 January 2025
Virtual briefing sessions	8 and 16 January 2025
Early Years and Childcare Reference group includes provider representation for childminders, pre-schools, day nurseries, out of school provision and schools and academies with nursery provision.	27 January 2025
Schools Forum	7 February 2025
Funding formula and rates communicated to providers	Before 28 February 2025

Section A: Centrally retained funds

From 2025-26 local authorities are required to pass through 96% of the early years funding to providers, for the following formula elements for each of the entitlement funding streams:

- base rate funding for all providers
- supplements for all providers
- the funding paid directly to providers from the special educational needs and disabilities inclusion fund (SENDIF)
- contingency funding

In 2025-26 proposals include a total increase of £275,652. This includes £45,652 for 4% inflation, £30,000 to further support administration and distribution of the early years funding as the free entitlement continues to expand. An additional £200,000 is proposed for inclusion support that the council can no longer afford to pay for from its core budget. This increase equates to 30% compared with an increase of 32% to the Early Years Block Funding.

After considering the proposed amounts to be retained centrally, the funding pass through would be 97.5% of the total early years block funding which exceeds the requirement of 96%. This demonstrates that the Council continues to maximise the available funding for providers whilst being realistic about additional administration and the affordability of important services. See table below for details.

Table 3: Proposed amounts to be retained centrally

Budget area	2024-25	Additional resources for 2025-26	Total	4% increase	Final total 2025-26	Description
Early Learning and Childcare	£775,005	£30,000	£805,005	£32,200	£837,205	Free Early Education Funding, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	£78,540	£0	£78,540	£3,142	£81,682	Finance, payroll, HR, Legal, IT etc
Inclusion Support	£44,520	£200,000	£244,520	£9,781	£254,301	Contribution to the Inclusion Officer team
Miscellaneous	£13,230	£0	£13,230	£529	£13,759	Contribution to admissions, maternity, union duties etc.
Total	£911,295	£230,000	£1,141,295	£45,652	£1,186,947	

Section B: Contingency fund

In 2024-25 it was agreed to establish a contingency fund of 0.8% due to the increasing value of the Early Years block and the significant expansion of the entitlements up to September 2025. A full year of the new entitlements will not be realised until 2026-27 and from then it could take another year or two for the new entitlements to be fully embedded and for take-up to stabilise.

In addition to the above, with the rollout of the final phase taking place mid-year (i.e. September 2025), there is a risk of a shortfall of funding from the Department for Education (DfE). The reason being due to the difference between how funding is calculated for local authorities and then distributed from local authorities to providers. For example, the DfE will provide funding as follows; 13 weeks in summer 2025, 14 weeks in autumn 2025 and 11 weeks in spring term 2026 whereas Kirklees Council will fund providers as follows; 12 weeks in summer 2025, 14 weeks in autumn 2025 and 12 weeks in spring term 2026, meaning that there will be a shortfall of one weeks funding for 15 hours for the Council between September 2025 and March 2026 when the entitlement increases from 15 hours to 30. From April 2026, the risk should be minimised however this is dependent on the DfE funding arrangements for 2026-27 onwards.

There is also a risk of a shortfall of funding associated with children who stretch their entitlement and move from one funding stream to another after the summer term. For example, children aged 2 in the summer term that become aged 3 on or before 31 August will move to the 3- and 4-year-old funding stream and could exceed their maximum entitlement hours due to limitations of the IT system. The same situation will apply to 9-month-old children that become aged 2 on or before 31 August.

Taking into account the shortfall of one weeks funding for 15 hours for the new entitlements and to ensure there is sufficient funding available so that no provider loses out in a situation where a child is stretching their entitlement, it is proposed that a contingency fund of 0.8% from each funding stream is retained until such risks are fully mitigated. This is intended as funds which will be paid to providers and not used for any other purpose.

Section C: Transfer of funds from the Early Years Block to the High Needs Block

The Dedicated Schools Grant (DSG) consists of the following funding blocks:

- Early years block
- High needs block
- Schools block
- Central school services block

The Special Educational Needs and Disabilities Inclusion Fund (SENDIF) has historically been funded from the Council's General Fund Budgets. Education and Skills Funding Agency (ESFA) guidance states that SENDIF should be funded from the High Needs (HN) Block and/or the Early Years (EY) Block of the Dedicated Schools Grant (DSG). A decision was taken by the Council in the financial year 2022-23 to transfer the funding of SENDIF to the HN Block from April 2023 onwards.

Last financial year (2024-25), in consultation with the early years sector, it was agreed that £0.5 million would be transferred from the EY Block to the HN Block to help fund the costs relating to SENDIF.

As a result of overspending on the whole HN Block, the Council is working with the Department for Education (DfE) under an agreement, referred to as the Safety Valve agreement, which is expected to run until the financial year 2029-30. Whilst this will bring additional funding, the Council have agreed in principle with the DfE for an EY Block Transfer and for this to continue for the duration of the Safety Valve agreement to support financial sustainability, but this will be subject to review and consultation each year.

It is therefore proposed, to transfer £0.5 million in 2025-26 from the EY Block to the HN Block to continue to support costs relating to SENDIF.

For context, the Council have also agreed in principle with the DfE for a Block Transfer from the Schools Block of the DSG which is expected to be £3.6 million in 2025-26.

Section D: The special educational needs and disabilities inclusion fund (SENDIF)

In Kirklees, the special educational needs inclusion fund (SENIF) is referred to as 'SENDIF'.

Following consultation last year, the SENDIF budget for 2024-25 was set at a total of £2 million with £1 million from the Early Years Block and £1 million agreed from the High Needs Block. The budget set was at a lower level than for 2023-24 and it was agreed that this would be managed on a termly basis to ensure we worked within the budget agreed over the financial year.

The hourly SENDIF rate paid to providers in the Summer and Autumn 2024 terms was £6.96. There has been an increase in demand with more SENDIF claims being received than expected. Current estimates suggest a significant overspend on the available £2 million SENDIF budget in 2024-25. Fortunately, the contingency funding agreed for this year has not been required for other purposes, so this can be used to support the SENDIF budget on a temporary basis. The combined SENDIF and contingency funding will still mean that the rate of £6.96 is not affordable in the Spring term. Further detailed work is required before a final

decision, but the rate may need to reduce to around £5.77. Without the support of the contingency funding the rate would have been nearer to £2.00.

This position and the related estimates are being shared now to help providers consider a suitable SENDIF budget for 2025-26. The lower the agreed budget, the lower the SENDIF hourly rate will be. This should be considered in the context of the total Early Years Block increasing from around £50 million to around £68 million. However, the linked impact on the provider base rates must also be considered alongside.

Proposed options for the value of SENDIF in 2025-26:

a) **£2 million**

£1 million from the High Needs block funding and £1 million from the Early Years block funding – as agreed in 2024-25 which will result in a significant reduction in the SENDIF hourly rate.

b) **£3 million**

£1 million from the High Needs block funding plus £2 million from the Early Years block funding. An increase on 2024-25 taking account of the overspend, the anticipated impact of the continued expansion of the free entitlement and an hourly rate up to £6.96 (dependent upon actual demand).

c) **£4 million**

£1 million from the High Needs block funding plus £3 million from the Early Years block funding. An increase on 2024-25 and an amount which would facilitate a more favourable SENDIF hourly rate but would significantly limit any increases in the provider base rates.

The table below shows the impact on the illustrative provider base rates for each of the proposed options above. The provider base rates are for illustrative purposes only, final formula funding and the provider base rates will be confirmed after this consultation.

Table 4 Illustrative provider base rates for each of the proposed SENDIF value options

Type of Funding	Option A	Option B	Option C
Proposed total SENDIF value	£2 million	£3 million	£4 million
Contribution from the High Needs Block Funding	£1 million	£1 million	£1 million
Contribution from the Early Years Block Funding	£1 million	£2 million	£3 million
Under 2s provider base rate	£10.38	£10.27	£10.16
Impact on the Under 2s provider base rate compared to option A		-£0.11	-£0.22
2-year-old provider base rate (disadvantaged and working parents)	£7.66	£7.55	£7.44
Impact on the 2-year-old provider base rate compared to option A		-£0.11	-£0.22
3- & 4-year-old provider base rate (universal & extended)	£5.51	£5.40	£5.29
Impact on the 3- & 4-year-old provider base rate compared to option A		-£0.11	-£0.22

Section E: Frequency of early years funding payments

Background

Local authorities are required to regularly consult providers regarding the frequency of payments for the early years entitlements, given the current and forthcoming expansion of the entitlements now seems like an ideal time to review the frequency of payments.

Early Education and Childcare Statutory Guidance dated April 2024:

“Councils should pay all providers the full amount owed to them monthly unless they have good reason not to do so, for example, if, after consultation, the clear majority of providers opt for an alternative method of payment. Local authorities should be mindful of the concerns of smaller providers, particularly childminders, about their cash flow when making decisions about payment methods. Local authorities should regularly review how they pay providers to ensure that it continues to meet the needs of all providers in their area”.

A change to the Statutory Guidance was first made in 2018 following provider feedback that local authorities were not paying funding until later in the term. This was not the case in Kirklees.

Paying Providers the full amount owed monthly is not the same as making a payment each month. Most providers offer term time funding only as this ensures children receive their full entitlement therefore only a relatively small number of providers would be owed a payment in August for example for children that are stretching their entitlement. Some providers, particularly childminders sometimes have no funded children in a term so would not be due a payment in any of the months in that term.

The Early Years Entitlements are based on an entitlement across academic terms and therefore funding is designed around 38 weeks rather than 52. Eligibility for the entitlements begins the day before the start of each term i.e. 31 March, 31 August and 31 December hence for these reasons Early Years Funding is claimed and calculated on a termly basis.

There are two options available;

1. Retain the current system of 3 payments each term, 9 in total over the year.
2. Change to a new system of monthly payments; 5 payments in the summer term, 4 payments in the autumn term and 3 payments in the spring term.

It is vital that providers read the information below before making a decision as there are limitations regarding the monthly payment system and cashflow could be significantly affected due to a much lower percentage (i.e. 40% in the summer term) of the termly funding being paid in the first 5 weeks of the term compared to 80% with the current system.

If the payment system is changed from the current system, the change will not be implemented until Autumn 2025 at the earliest.

The current payment system

If Providers submit an estimate, two estimate payments are paid every term for each age group at 40% of the provider base rate, totalling 80%.

The first payment is made on the first day of term (week 1) and the second estimate payment made in week 5 or 6. The final payment is paid between weeks 10 and 12, dependant on the term. The final payment includes the remaining 20% of the provider base rate funding plus Deprivation Funding (IDACI), Early Years Pupil Premium (EYPP), Special Educational Needs and Disabilities Inclusion Fund (SENDIF) and Disability Access Funding (DAF) for eligible children. The additional funding is paid with the final payment because this is when actual numbers of funded hours and children’s eligibility is known. This therefore has an impact on the total proportion of funding distributed in the final payment. Refer to table 8 for an example of funding distribution for both models in a summer term.

Table 5: Advantages and disadvantages of the current payment system

Advantages of the current payment system	Disadvantages of the current payment system
Gives Providers a healthy cashflow early in the term. By week 5 or 6 of the term 80% of the termly base rate funding has been paid.	There are risks associated with paying a high percentage (80%) within 5 or 6 weeks of the term. If for example a provider closes unexpectedly this may lead to loss of funds to the early years block funding. However, this is not common.
Less admin burden on the Council.	May impact childminders who are in receipt of Universal Credit.
The full funding for the term including IDACI, EYPP, SENDIF and DAF is paid to Providers between weeks 10 and 12 depending on the term, which is earlier in the term than monthly payments.	

How a monthly payment system would work

Providers would submit estimate claims as per the current system, including an option to make an update in time for the second payment.

Payments would be divided as follows:

- Summer term five payments of 20%

- Autumn term four payments of 25%
- Spring term three payments of 33%

Monthly payments will be based on the estimated claims at the provider base rates and the final payment of term would include the remaining percentage of the provider base rate funding plus IDACI, EYPP, SENDIF and DAF for eligible children.

The payment date will change each year depending on when the summer term starts due the timing of Easter. Providers would be notified of the monthly payment dates for the new financial year in advance as is the current process.

Monthly payments will not provide 12 equal monthly payments.

Table 6 Advantages and disadvantages of a monthly payment system

Advantages of a monthly payment system	Disadvantages of a monthly payment system
Less risk to Early Years Block budget from unexpected provider closures as the percentage of the termly funding is spread more evenly across the term.	Reduced cashflow as a lower percentage of funding is paid in the first month of a term. Refer to table 8.
Providers will receive a payment every month of the year providing an estimate claim is submitted and the Provider has funded children in that term.	Providers will not receive their full termly funding until later in the term i.e. in summer term all funding would not be paid until August (currently early July).
Childminders who are in receipt of Universal Credit may benefit from a monthly payment for purposes of reporting their monthly income to HMRC, though payments will still fluctuate monthly depending on numbers of funded children, on time estimate claims and children’s eligibility to EYPP, IDACI etc.	Providers will receive IDACI, EYPP, SENDIF and DAF funding later in the term compared with the current system.
	Increased admin burden for the Council which may need additional financial support in the future (retention of funds). The payment of Early Years Funding is not automated in the way that, for example, a monthly salary payroll can be.
	For providers who operate term time only and have staff on term time only contracts monthly payments may have more significant cash flow impacts depending on the frequency of payrolls.
	For childminders on Universal Credit there will still be fluctuations in payment amounts because of the limitations of the system.
	The monthly payment date will change each year due to the start of the summer term varying each year.
	Negative impact on Providers who prefer the current payment system.

Table showing comparison of payment dates and percentage of termly funding paid

Table 7 Comparison of payment dates and percentage of termly funding paid

Current system Payment date	Current system Term week	Current system Percentage of base rate termly funding	Monthly system Payment date	Monthly System Term week	Monthly System Percentage of base rate termly funding
Summer term 2025			Summer term 2025		
22 April 2025	1	40%	22 April 2025	1	20%
19 May 2025	5	40%	22 May 2025	5	20%
30 June 2025	10	20%	20 June 2025	8	20%
			22 July 2025	13	20%
			22 August 2025	17	20%
Autumm term 2025			Autumm term 2025		
1 September 2025	1	40%	22 September 2025	4	25%
6 October 2025	6	40%	22 October 2025	8	25%
24 November 2025	12	20%	21 November 2025	11	25%
			22 December 2025	16	25%
Spring term 2026			Spring term 2026		
5 January 2026	1	40%	22 January 2026	3	33%
2 February 2026	5	40%	20 February 2026	7	33%
9 March 2026	10	20%	20 March 2026	10	33%

Table showing comparison of illustrative funding payments for the summer term 2025

Table 8 Comparison of illustrative funding payments for the summer term 2025

Current system Payment date	Current system Percentage of base rate termly funding	Current system Funding payments	Monthly system Payment date	Monthly System Percentage of base rate termly funding	Monthly System Funding payments
22 April 2025 Week 1	40%	£39,387.60	22 April 2025 Week 1	20%	£19,693.80
19 May 2025 Week 5	40%	£39,387.60	22 May 2025 Week 5	20%	£19,693.80
30 June 2025 Week 10	20%	*£36,932.70	20 June 2025 Week 8	20%	£19,693.80
			22 July 2025 Week 13	20%	£19,693.80
			22 August 2025 Week 17	20%	*£36,932.70
Total funding		£115,707.90	Total funding		£115,707.90

* Includes final balance of base rate funding plus for eligible children IDACI, EYPP, SENDIF and DAF funding.

Appendix A: Illustration of the proposed Early Years Funding Formula and illustrative rates for 2025-26

The table below shows the 2025-26 proposed formula values and illustrative provider base rates based on the current SENDIF value in 2024-25. The provider base rates are for illustrative purposes only, final formula funding and the provider base rates will be confirmed after this consultation. The current (2024-25) formula values and rates are shown for ease of comparison, full details can be found in appendix B.

Table 9: 2025-26 proposed formula values and illustrative provider base rates

	2024-25	Proposed 2025-26	Difference
Deprivation allocation	£320,000	£320,000	£0
Central retention	£911,295	£1,186,947	+£275,652
Contingency	£402,481	£532,542	+£130,061
Transfer to High Needs Block	£500,000	£500,000	£0
SENDIF (see Section D, options A, B & C)	£2,000,000	A £2,000,000 B £3,000,000 C £4,000,000	A £0 B +£1,000,000 C +£2,000,000
Under 2s provider base rate	£9.90	A £10.38 B £10.27 C £10.16	A +£0.48 B +£0.37 C +£0.26
2-year-old provider base rate (disadvantaged and working parents)	£7.20	A £7.66 B £7.55 C £7.44	A +£0.46 B +£0.35 C +£0.24
3- & 4-year-old provider base rate (universal & extended)	£5.22	A £5.51 B £5.40 C £5.29	A +£0.29 B +£0.18 C +£0.07
Total Early Years Block *	£50,310,090	£66,567,740	£16,257,650

* Excludes Early Years Pupil Premium, Disability Access Funding and Maintained Nursery School Supplementary Funding.

Appendix B: Current Early Years Funding Formula (2024-25)

Base rates

- £9.90 for under two-year-olds
- £7.20 for two-year olds
- £5.22 for three- and four-year olds (universal and extended hours)

Deprivation

The allocation is £320,000. Funding is allocated using the current metric IDACI (Income deprivation affecting children index) the rates are:

- Band A: £0.27
- Band B: £0.21
- Band C: £0.20
- Band D: £0.18
- Band E: £0.11
- Band F: £0.09

Special educational needs and disabilities inclusion fund (SENDIF)

The allocation is £2 million for low level and emerging needs to support providers from all sectors delivering the free entitlements. £1 million contribution from the High Needs block funding and £1 million contribution from the Early Years block funding.

Central retention

£911,295 is retained to fund local authority statutory duties around the early years entitlements including administration of the funding, quality improvement, sufficient places and SEN support. Kirklees retains only 2.8%, see table below. Local Authorities were permitted to retain 5% of the Early Years budget in 2024-25.

Table 10 Central retention budget breakdown

Budget area	Budget	Description
Early Learning and Childcare	£775,005	Free Early Education, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	£78,540	Finance, payroll, HR, Legal, IT etc
Inclusion Support	£44,520	Contribution to the Inclusion Officer team
Miscellaneous	£13,230	Contribution to admissions, maternity, union duties etc
TOTAL	£911,295	

Additional funding

100% of additional funding is passed directly onto providers.

- a) Early Years Pupil Premium (EYPP), the hourly rate is £0.68. EYPP is only payable for the first 15 hours used by children taking up the eligible working parents entitlements for 3 and 4-year-olds and 2-year-olds and under. The EYPP is not payable on the additional 15 hours for these entitlements.

Disability Access Funding (DAF), a lump sum payment of £910 available each year to funded children in receipt of Disability Living Allowance (DLA)