

AGENDA ITEM

Title of report: Early Years Block Funding 2024-2025

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Details on who has been consulted with on this paper to date: Kay Goodacre, Nikki Parsons, Gareth Platt and Michele Ward

Executive Summary:

This report sets out the financial information relating to the provision of funded Early Education and Childcare entitlements. This includes: the total funding available to providers in 2024-2025 and the centrally retained budget via the Early Years National Funding Formula (NFF) as set by the Department for Education through the Dedicated Schools Grant (DSG).

This report also highlights the changes to MNS supplementary grant.

Recommendations.

Forum is asked to:

1. Note the contents of the report
2. Agree the continuation of the centrally retained funding for 2024-25 of 5% across all entitlements, which subsequently confirms the base rates passported to the sector

1. Background.

- 1.1 The proposal available within this report has been based on a safe and sound balance of our commitment to passport as much DSG NFF funding to EEC (Early Education and Childcare) funded sector, as well as: being able to meet our statutory duties in delivering a highly effective service for the Early Education and Childcare sector.
- 1.2 DfE/ESFA Guidance state that at least 95% of the entitlement budget must be passed through to providers. The DfE monitor this requirement through the LBTH annual s251 budget return. In 2023-2024, LBTH passed through 95%.
- 1.3 As per the DfE/ESFA guidance the following has been included in the funding formula calculation for 2024-2025.
 - Expanded entitlement for under 2's
 - Expanded entitlement for working parents/carers with 2-year-olds
 - 2-year-old entitlement hourly base rate for eligible 2-year-olds (EL2)
 - Universal and Extended entitlements hourly base rate (3- and 4-year-olds)
 - Early Years Pupil Premium (EYPP) entitlement hourly base rate for eligible children from the age of 9 months
 - Deprivation Supplement entitlement hourly base rate for eligible children
 - Disability Access Fund (DAF) entitlement yearly base rate for eligible children from the age of 9 months
 - SENIF Funding
- 1.4 The final indicative budget is based on estimates from a combination of the DfE Dedicated Schools Grant (DSG) NFF allocations published in December 2023 and local intelligence of actual reported number of hours delivered during 2023-2024.

- 1.5 Local authorities DSG NFF is calculated based on the number of hours children are taking up during census week in January and any adjustments in July of the same year creating an assumption of uptake. All hours and financial amounts are indicative in this report.
- 1.6 Any variations are reported to the DfE and may result in an adjustment in the form of clawback of unused funding or additional payments for new childcare places. Any unspent NFF funding is ringfenced and cannot be used for any council savings.
- 1.7 New childcare offers covering working parents/carers with children from 9 months to 2 years (term after) are being implemented from April 2024 following the Spring Budget 2023.

Table1: NFF published funding:

Funded Entitlement	2022-2023	2023-2024	2024-2025
Expanded Under 2-year-old Entitlement	-	-	£15.40
Expanded 2-year-old Entitlement	-	-	£11.25
2-Year-old Entitlement (EL2)	£6.87	£7.48	£11.25
Universal/Extended Entitlements	£8.06	£8.33	£8.68
EYPP	£0.60	£0.62	0.68
DAF (Disability Access Fund)	£800	£828	£910
Capital Grant	-	-	£411,467

2. Budget update 2023-24 and recommendations

- 2.1 Multiple options and variables were worked through, based on projected hours for funding using EYNFF DSG allocations, the new and updated formula, previous years' uptake and an assessment of trajectory for the upcoming year considering political and local changes. The chosen option is deemed the best option available to continue balancing the commitment to passport as much as financially viable with internal expenditure.
- 2.2 The final indicative budget based on DSG NFF formula is as follows:

Table 2: Proposed and comparative rates per hour, per child:

Funded Entitlement	2021-2022	2022-2023	2023-2024	2024-2025
Expanded Under 2-year-old Entitlement	-	-	-	£14.45
Expanded 2-year-old Entitlement	-	-	-	£10.35
2-Year-old base rate (EL2)	£6.58	6.79	£7.40	£10.35
Universal and Extended Entitlement	£7.16	£7.16	£7.40	£7.75
EYPP	£0.53	£0.60	0.62	£0.68
DAF	£615	£800	£828	£910

- 2.3 EEC implemented a new SEN Inclusion Fund (SENIF) in 2023-2024 ensuring the whole sector can access additional funding for children with Lower and Emerging Needs.

Table 3: SENIF Budget:

Funded Entitlement	2023-2024	2024-2025
Expanded Under 2-year-old Entitlement	-	£20k
Expanded 2-year-old Entitlement	-	£85k
2-Year-old base rate (EL2)		£150k
Universal and Extended Entitlement	£611k**	£500k

**Combined total budget for the year 2023-2024. Increase due to higher demand.

- 2.6 Funding will be paid to Maintained Nursery Schools as previous years with a slight uplift.

Table 4: The 2023-2024 allocations MNS Indicative Budget

MNS Name	Indicative Budget 2023-2024	Indicative Budget 2024-2025
Alice Model Nursery School	£145k	£150k
Children’s House Nursery School	£145k	£150k
Colombia Markey Nursery School	£145k	£150k
Rachel Keeling Nursery School	£145k	£150k
Total:	£580,000	£600k

- 2.7 Central Retained Budget is calculated using a formula set by the DfE and it calculates the projected hours and linked income from the DfE.
- 2.8 The calculated combined central retained budget at 5% for 2024-2025 at current levels would be £1,949,831 which allows LBTH to fully meet its statutory duties as directed in the Childcare Act of 2006 and 2016.

Table 5: Calculation of the centrally retained budget 2024-2025

Central Retained	
Centrally retained 5% Universal and extended	£1.3m
Centrally retained EL2 5%	£221k
Centrally retained under 2's 5%	£142k
Centrally retained 2's working 5%	£204k
Centrally EY (EEC) budget 5% Combined Total:	£1.8m

3. Conclusions and Vote

This paper updates Schools Forum on the proposed funding arrangements for the free early years entitlements for 2024-2025 and seeks agreement on the overall centrally retained of 5% across all entitlements.

Contact Details of Head of Early Education and Childcare Services

If you have any queries or comments in advance of the Schools’ Forum meeting about this report, please contact:

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