

Agenda Item 32

TITLE	2024/25 Draft Early Years Budget
FOR CONSIDERATION BY	Schools Forum on 10 th January 2024
WARD	None Specific;
DIRECTOR	Director of Children's Services - Helen Watson

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to note the contents of the report.

SUMMARY OF REPORT

The report provides an analysis of the provisional 2024/25 budget allocation for Early Years announced by the Department for Education (DfE) on 19th December 2023. The block allocations are based upon the Early Years census from January 2023 and will in due course be updated to reflect the January 2024 census data.

From the census data and budget information currently available, we are still working through the modelling and will arrange a meeting with the Early Years Task and Finish Group in January.

Confirmation of the rates for schools with Early Years provision will be notified as soon as possible and for other Early Years providers no later than 31st March 2024.

2024/25 Early Years Budget January 2024

.01 Purpose of the Report

This report provides the Schools Forum with details of the 2024/25 Early Years' Budget.

.02 Recommendations

Schools Forum is asked to note the contents of the report.

.03 Background

Since its introduction in April 2017, the Early Years' National Funding Formula (EYNFF) has set the hourly funding rates that each local authority is paid to deliver the universal and additional free entitlements for three and four year olds.

Local authorities are required **to pass 95%** of their three and four year old funding from Central Government onto Early Years' providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.

.04 2024/25 Budget Setting

With the introduction of the new working parent entitlements for 2024 to 2025, we have been provided with 3 separate hourly funding rates as follows:

- an hourly funding rate for 9-months-olds up to 2-years for the new working parent entitlement (from 1 September 2024)
- an hourly funding rate for 2-year-olds which will be the same for both the disadvantaged and the working parent entitlements (from 1 April 2024)
- an hourly funding rate for 3 and 4-year-olds for the universal and additional hours entitlements

The hourly funding rate for **3 and 4-year-olds** in 2024 to 2025 includes funding for teachers' pay and pensions. In 2023 to 2024 the funding previously distributed through the teachers' pay grant (TPG) and the teachers' pension employer contribution grant (TPECG) was incorporated into the base rate. In 2024 to 2025, the funding being provided in respect of the September 2023 teachers' pay award, as well as the additional funding to support providers with the costs of

employer contributions to the teachers' pension scheme which are due to increase from April 2024 have been rolled into the base rate.

For 2024 to 2025, a new NFF has been introduced for the existing entitlement for disadvantaged **2-year-olds** and for the new working parent entitlements for children aged **9 months up to and including 2 years old**. The funding formula will follow the shape of the existing national funding formula for the 3 and 4-year-old entitlements. Like the 3 and 4-year-old formula, the new formula will feature:

- a universal base rate of funding for each child (89.5% of funding)
- an additional needs factor (10.5% of funding)
- an area cost adjustment (ACA) to reflect variations in costs across England

Although the new formula will follow the same structure as the existing 3 and 4-year-old formula, the approach to deprivation in the additional needs factor will be slightly different. The DfE will be taking a 'basket of measures' approach, using a combination of free school meals (FSM) data and a measure based on the income deprivation affecting children index (IDACI) as proxies for deprivation, rather than FSM only.

The structure of the formula used to calculate rates for the entitlements for 2-year-olds and under will be the same, the rates themselves will vary by age, with higher rates for the younger age group to reflect the difference in costs of delivering these entitlements, particularly due to differences in staffing ratio requirements.

The earliest point at which the DfE can collect data via the census for the 2 new working parent entitlements is January 2025. Therefore, to make the allocations for local authorities as accurate as possible, the basis for funding allocations for these new working parent entitlements in 2024 to 2025 will be as follows:

- indicative allocations will be based on DfE's estimated take-up numbers for the new working parent entitlements
- final allocations will be adjusted on the basis of actual take-up for each term, collected through 2 additional headcounts to be undertaken in the 2024 summer and autumn terms and through the January 2025 census.

The same method will also be used for allocating EYPP funding for children accessing the new working parent entitlements in 2024 to 2025.

	2023-24 Combined rate	2024-25 EYNFF rate	Change (£) from 2023-24	Change (%) from 2023-24
3 and 4 year-old entitlement hourly funding rate (£ / hr)	£6.03	£6.31	£0.28	4.6%
2 year-old entitlement hourly funding rate	£6.72	£9.05	£2.33	34.7%
Under 2 year old	n/a	£12.27	n/a	n/a
Maintained Nursery Schools supplementary funding	253,422	318,434	65,012	25.7%

For Wokingham, the initial allocation for the Early Years Block in 2024/25 is £19,342,778 which is based on the January 2023 census.

For 2024 to 2025, the 95% pass-through requirement will apply separately to the entitlements for:

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

The national funding rate for Early Years Pupil Premium (EYPP) will increase by 6 pence, from 62 pence to 68 pence per eligible child per hour.

The national funding rate for Disability Access Funding (DAF) will increase by £82, from £828 to £910 per eligible child per year.

05. Next Steps

Finance staff will model various scenarios to discuss with our Early Years colleagues in early January. A meeting will be arranged with the Early Years Task and Finish Group in January to look through and discuss the modelling for the formula and rates for settings for 2024/25.

Factors we will need to take into account with our modelling and discussions when setting our hourly rates are:

- Amount to be kept aside for the Early Years Provider Reserve Fund
- Amount to be kept aside for Early Years Inclusion Funding
- The 5% of each entitlement allocation the local authority is permitted to retain to meet its statutory duties
- The maintained nursery lump sum

06. **Members of the Task and Finish Group**

Ian Morgan	Early Years Representative - Schools Forum
Kerrie Clifford	Early Years Representative - Schools Forum
Karen Edwards	

Katherine Vernon
Schools Finance Manager
January 2024

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