

TITLE 2024/25 Early Years Block Budget

FOR CONSIDERATION BY Schools Forum on 13th March 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:

- approve the centrally retained element of the 2024/25 Early Years Budget which will be used to fund the associated statutory duties of the Local Authority and contribute towards SEN top-ups for Early Years children. The amount being requested is £877,762 which is 4.75%;
- note the proposals to the following rates:
 - Base rate for disadvantaged and the new working parent 2-year-olds increase by £2.28 per hour
 - Additional 50p per hour for disadvantaged 2-year-olds
 - Base rate for 3-and 4-year-olds increase by 67p per hour
 - New base rate for under 2-year-olds of £11.36 per hour
 - Maintained Nursery Supplement increase by £10,000
 - Early Years Inclusion Fund by £65,000

SUMMARY OF REPORT

The report provides an analysis of the initial 2024/25 budget allocation for Early Years announced by the Department for Education (DfE) in 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, discussions have taken place with the Early Years Task and Finish Group and the proposals put forward will allow for an increase in funding for all providers supporting provision for disadvantaged and the new working parent 2 year olds, of £2.28 per hour, an additional 50p per hour for disadvantaged 2 year olds, and for 3 and 4 year olds of 67p per hour. We have a new rate of £11.36 per hour for 9 months to 2 year olds that commences in September 2024. They will also allow for an increase to the Maintained Nursery Supplement of £10,000 and an increase to the Early Years Inclusion Fund of £65,000.

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 2023.

2024/25 Early Years Budget March 2024

.01 Purpose of the Report

This report provides the Schools Forum with details of the 2024/25 Early Years Budget, and the proposed level of the centrally retained element used to fund the Local Authority's statutory duties and SEN top-ups for Early Years children.

.02 Recommendations

Schools Forum is asked to:

- approve the centrally retained element of the 2024/25 Early Years Budget, which will be used to fund the associated statutory duties of the Authority, and contribute towards the SEN top-ups for Early Years children. The amount being requested is £877,762 which is 4.75%, which is below the 5% allowable.
- note the proposals to the following rates:
 - Base rate for disadvantaged and the new working parent 2-year-olds increase by £2.28 per hour
 - Additional 50p per hour for disadvantaged 2-year-olds
 - Base rate for 3-and 4-year-olds increase by 67p per hour
 - New base rate for under 2-year-olds of £11.36 per hour
 - Maintained Nursery Supplement increase by £10,000
 - Early Years Inclusion Fund by £65,000

.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

The national hourly funding rates for 2024/25 have been increased as follows:

- 2 year old funding rates for disadvantaged and the new working parent have increased from £6.72 to £9.05 per hour
- An additional 50p per hour for disadvantaged 2 year olds
- 3 & 4 year old funding rates have increased from £5.59 to £6.31 per hour
- The Early Years Supplementary Grant available in 2023/24 has been rolled into the base rates above
- A new rate for 9 months to 2 year olds of £12.27 per hour
- The Early Years Pupil Premium Grant has increase from 62p to 68p per hour
- Disability Access Funding has increased from £828 to £910 per child

For Wokingham, the initial allocation for the Early Years Block in 2024/25 is £19,239,254 which is based on the January 2023 census.

The Authority is permitted to retain 5% of the allocation to meet its statutory duties. Taking into account that our allocation will change once the January 2024 census is taken into account, we are proposing retaining 4.75% of our initial allocation less 4.75% of the amount we are anticipating will be recouped in July 2024.

For 2024/25 this amount is £877,762 (was £580,263 in 2023/24) as set out in Table A and B. Table A also provides a detailed analysis of the December 2023 allocation.

Finance staff, the Assistant Director for Education and SEND and Early Years colleagues have met with the Early Years Task and Finish Group to discuss the proposals for 2024/25 and the consensus view is that we will be able to increase the rates payable to all providers supporting 3 and 4 year olds by 67p per hour, and those supporting disadvantaged and working parent 2 year olds by £2.28 per hour.

We will also be able to increase the hourly rate for disadvantaged 2 year olds by an additional 50p per hour.

The rate for the new entitlement for 9 month to 2 year olds from September will be £11.36 per hour.

We have also increased the maintained nursery supplement by £10,000. This is to reflect the additional income the LA has received in respect of our maintained nursery.

We have also increased the total amount available in the Early Years Inclusion Fund (EYIF) by £65,000, to reflect the increase of requests in this area and the extension of the free entitlement down to 9 months.

The Provider Reserve Fund has been set at £159,102 (£173,052 in 2023/24). Setting the reserve at this level aims to strike a balance between allowing for changes in activity in-year while ensuring rates paid to settings are maximised from the outset. The 2 year old and under headcount will be taken termly, therefore minimising any financial impact.

The element of funding retained by the LA provides a contribution to Early Years Services. In particular, the Early Years Team (which is an amalgamation of the Early

Years and Child Care Team and the Early Years Inclusion Service) which provides the following services:

- Provider Agreement with Terms and Condition to all Early Years providers which includes PVIs, Schools with Nursery provision, Childminders and maintained nursery.
- Direct work with settings, to support quality - ensuring that the Council meets its statutory obligations under the Early Education and Childcare Statutory Guidance document (2018)
- Support to settings to ensure sufficiency of places in the Borough
- Training to providers
- Support to settings to ensure inclusive provision for all children
- Presentation and briefing at Early Years' Forum
- Monitoring the termly adjustments and verifying census information from providers to enable the correct funding to go to providers
- Financial management of supplements and free entitlement, including DAF and EYPP
- SEN Early Years inclusion
- Delivery of Early Years Inclusion Fund

Some of the other support to the Early Years' Team which is required for the delivery of the service include:

- Leadership support;
- Data and performance analysis;
- Finance, I.T., HR, Legal and other support costs;
- Property services etc.

Following the departure of the Early Years' Service lead in April 2022 the Early Years and Child Care Team and the Early Years Inclusion Service have been brought together. This has created increased opportunities for joint working with the aim of providing a continuum of support to Early years providers.

The reconfigured service consists of four Early Years Advisors, Early Years SENCo, Early Years Inclusion teacher and two recently appointed Portage Workers. We are currently commissioning support from a specialist Locum Educational Psychologist. Team supervision is provided by a specialist EP.

New for 2024-25 is the element of funding retained by LA is to support the increasing number of EY SEND children with EHCPs in place. These plans were funded from High Needs Block – which is in deficit due to overall increasing numbers of EHCPs and children with SEN support we needed to put in place. In 2023-24 financial year the EY EHCPs represented: 86 places – 260K. Therefore, it has been proposed and agreed that £332,685 will be moved from EY block to HN Block to supplement the EHCP for EY. This move has been approved by EY T&F group at January 2024 meeting, LA does not need to request it via disapplication process. Please see Table A and B details.

05. **Financial Summary**

A summary of the Early Years Budget Proposals for 2024/25 is set out in the Tables attached.

Table A provides details of the Early Years Indicative Allocation to the Local Authority.

Table B provides a breakdown of the proposed allocation of the Early Years Budget to providers.

Table C shows the compliance funding for 3 and 4 year olds demonstrating that 96.5% of funding based on the DfE methodology has been “passed through” to Providers. The pass-through rate was 96.5% in 2023/24.

06. Members of the Task and Finish Group

Ian Morgan	Little Ducklings Day Care - EY Rep - Schools Forum
Kerrie Clifford	Ambleside Nursery - EY Rep - Schools Forum
Karen Edwards	Acorns Day Nursery

Angela Blogg
Schools Finance Manager
March 2024

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