

# WEST NORTHAMPTONSHIRE COUNCIL

## Schools Forum

14 February 2024

CLlr Fiona Baker and Assistant Director (Education) Ben Pearson

Report Title	Item 5 - Early Years Funding 2024-25 Proposal Report
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### List of Appendices

#### Appendix A – Early Years Funding 2024-2025 Consultation

#### 1. Purpose of Report

- 1.1. West Northamptonshire Council (WNC) is required to consult with Schools Forum on the proposed arrangements for the Early Years Funding Formula. It is also best practice to consult with the sector before implementing any changes to base rates and supplements with PVI, Childminders and Maintained Nursery Sector funded providers.
- 1.2. WNC is committed to supporting and enabling the funded and non-funded Early Years sector to deliver sustainable and high-quality provision within West Northamptonshire. The proposal available within this report has been based on a safe and sound balance of our commitment to passport as much DSG funding to providers as possible, as well as being able to meet our

statutory duties as a council in delivering a high-quality service to the Early Years Sector. We are seeking School Forum views on the proposed Early Years rates for 2024-25 and require their formal vote on the central early years budget.

## **2. Executive Summary**

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- 2.1 West Northamptonshire Council (WNC) is required to consult on the proposed arrangements for the Early Years Funding Formula for participating Early Years funded providers.
- 2.2 As part of this consultation process, the survey was provided to all Early Years Providers in West Northamptonshire to capture views regarding the Early Years Funding for PVI, Childminders, primary nursery classes and the Maintained Nursery School Sectors for 2024-25.

## **3. Recommendations**

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- 3.1 It is recommended that the Schools Forum:
- a) approve the proposed Early years rates for 2024-25 as outlined in Appendix A.
  - b) 100% of the under 2 -year-old funding will be paid to providers.
  - c) 100% of the 2-year-old funding will be paid to providers.
  - d) 95% of 3-and-4-year-old funding will be paid to providers and retaining 5% centrally.
  - e) Increasing the Targeted SEND funding (EY SENIF) hourly rate by 25%.

## **4. Reason for Recommendations (NOTE: this section is mandatory and must be completed)**

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- *Proposal aligns with local government delivery plans for the government's national expansion of entitlements for the under 2-year-old and 2-year-old working family's entitlement.*
- *These proposals support West Northamptonshire Council's ambition to transform and establish a robust early years' service and related support service.*
- *The recommended course of action is the most cost -effective plan based on the funding received by the local authority.*
- *The proposal is in accordance with legislation for early years funding local formulae.*

## **5. Report Background**

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- 5.1 The Schools and Early Years Regulations 2018, (Regulation 22) requires local Authorities to ensure that from April 2018 at least 95% of the hourly funding rate for 3- and 4-year-olds allocated by the Department for Education is passed on to providers through the formula, or other funding paid directly to providers. The DfE monitor this requirement through the WNC annual s251 budget returns.
- 5.2 Early Years Block DSG for 2024-25 is calculated for 3-and-4-year-old and 2-year-old disadvantaged children based on the number of funded hours children are taking during census week, January 2024 (first 5 months of 2024-25) and January 2025 (for last 7 months of 2024-25). If a provider does not complete the census, the service does not receive funding for those

children from 1st April 2023. For the new 2-year-old working families and under 2 working families funded entitlements, there will be submissions to Government to communicate the hourly claims being made on a block basis. The final allocation for 2024-25 will be known to the WNC officers after the year end, in July 2025.

- 5.3 The DSG settlement was announced on the 16th December and updated the final rates that WNC will receive for 3- and 4-year-old and 2 year old funding and gave an indicative level of grant.
- 5.4 The funding arrangements and proposed rates for early years entitlements and supplements that WNC are able to pay to nursery education providers for 2024-25 are detailed in Table 1 and Overall budget for 2024-25 Table 2

Table 1: WNC proposed early years local funding formula for 2024-25.

<b>Factor</b>	<b>Basis</b>	<b>Proposed £ 2024-25</b>
3-and-4-year-old base rate Universal and Extended	per hour	<b>4.93</b>
Deprivation	Per hour eligible children	<b>0.32</b>
2-year-old base rate Disadvantaged children	Per hour	<b>7.37</b>
2-year-old base rate working families	Per hour	<b>7.37</b>
Under-2-year-old base rate working families	Per hour	<b>10.62</b>
Targeted SEND funding (SEN Inclusion Fund)	Per hour eligible children, variable	<b>10.00</b>
Early Years Pupils Premium (EYPP)	Per hour eligible children	<b>0.66</b>
Disability Access Fund (DAF)	Annual eligible children	<b>910.00</b>

Table 2 : The budget breakdown for 2024-2025 Early Years is as follows:

<b>Factor</b>	<b>Budget £m</b>
Central Services	1.39
3-and-4-year-old base rate for universal and extended	24.94
3-and-4-year-old contingency	0.00
Deprivation	0.38
EYPP	0.32
DAF	0.25
Targeted SEND Funding (SENIF)	1.11
2-year-old base rate (disadvantaged and working families)	9.81

Factor	Budget £m
2-year-old contingency	0.59
Under 2-year-old base rate (working families)	5.15
Under 2-year-old contingency	0.31
Maintained nursery school supplement	0.96
Total	45.22

\*The total grant for early years is updated through the year. This is the December 2023 indicative figure provided by the Government. The final early years block funding for 2024-25 will be known in July 2025.

## 6. Issues and Choices

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6.1 DfE use the early years national funding formulae (EYNFF) to determine the hourly funding rates to fund individual local authorities for the early years entitlements. With the introduction of the new working parent entitlements for 2024 to 2025, DfE has provided each local authority with 3 separate hourly funding rates as follows:

- an hourly funding rate for 9-months-olds up to 2-year-olds 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 (from 1 April 2024)

6.2 Local authorities' hourly funding rate for 3-and-4-year-olds in 2024-25 includes funding for teachers' pay and pensions grants that was mainstreamed into the base rate in 2023-24

6.3 The funding arrangements and proposed rates for early years entitlements and supplements for 2024-25 are detailed in Table 3. There, a comparison can be seen on the increases in rates received in 2023-24 to those proposed for 2024-25.

6.4 WNC will retain 5% from the 3-and-4-year-old allocation. Table 5 provides a breakdown of the budget for central costs. This budget is used to fund the following teams which support the Early Years Sector, to administer and monitor all the payments, ensure that all West Northamptonshire and all providers delivering the entitlements are compliant with statutory requirements and ensure there are sufficient good quality, inclusive places for our families. (refer to Table 2)

- Early Years School Effectiveness
- Early Education and Childcare Team – Quality and SEND
- Early Education and Childcare Team – Funding, Compliance and Sufficiency
- Family Information and Brokerage support
- Education Funding Payments Team
- Contributions to Safeguarding, data and analysis, Continuous Professional development offers for the EY sector.

## **7. Implications (including financial implications)**

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### **7.1 Resources and Financial**

7.1.1 The 2024-25 rates paid to early years providers have been calculated to provide a balanced budget position at the end of 2024-25. There is a risk that the estimated forecast hourly uptake of funded entitlements is greater than the number of hours we will be funded by Government.

7.1.2 The budget position will be monitored through the year to ensure action is taken as soon as possible to mitigate any forecast overspends as they arise

### **7.2 Legal**

7.2.1 There are no legal implications arising from the proposals

### **7.3 Risk**

7.3.1 Any delays to the approval process at this stage could have an impact and risk to the local authority meeting statutory deadlines. Indicative budgets for providers to be published by 31st March 2024.

7.3.2 If the recommendation of 5% to be retained centrally is not agreed as Schools forum this could impact on the Local authority meeting its statutory duties for the national rollout of the expansion of entitlements for working families.

7.3.3 There are no significant risks arising from the proposed recommendations in this report.

### **7.4 Consultation**

7.4.1 This consultation describes West Northamptonshire Council's planned early years funding arrangements for 2024-25 and invited early years education providers to feedback on the proposals. Local authorities are required to consult providers on annual changes to their local formula and schools' forums must also be consulted on changes to local early years funding formulas, including agreeing central spend by 28 February 2024

7.4.2 The consultation ran between 15 January and 31 January 2024 to ensure views can be considered in setting the 2024-25 early years funding formula for West Northamptonshire Council at the 14 February 2024 Schools Forum meeting.

7.4.3 We received 94 completed responses to the consultation; this was a significant increase to the previous year. The overall feedback supports the recommendation for the proposed local rates for 2-year-old funding and the increase of the Early Years SENIF rates.

7.4.4 The consultation feedback for the 3- and 4-year-old funding rate, had 50% (47) of the respondents stating No, 46% (43) saying Yes and 4% (4) with No opinion to the proposed rate. This response seems to be in line with national issue, the challenge faced by West Northants Council is that we do not have additional financial resource available to us to increase the rate.

7.4.5 The sector was asked about their views on the local authority continuing to retain 5% of the 3- and 4-year-old funding allocation for central funding. Respondents stated 42% (39) as No, 35% (33) as Yes and 23% (22) No opinion.

7.4.6 Respondents were invited to provide any comments to WNC and Schools Forum in setting the early years rates and budgets for 2024-25. 70 respondents decided to provide a comment, (25 yes, 45 stated no to the proposed 3- and 4-year rate), summarised below: -

- a) The rate for 3 and 4-year-olds is not sufficient. The minimum wage is increasing by a large margin and the 3 and 4-year-old funding rate, the proposed rate does not reflect this.
- b) With the increasing bills, staff wages and business prices continuing to rise this is not enough money for a business to be viable and continue.
- c) Concerns over sustainability for early years sector.
- d) Same hourly rate for all age ranges, under2s, 2-year-old and 3- and 4-year rate.
- e) The council should retain lower than the 5% to allow more money for higher funding rates.
- f) Agreement for the disadvantaged and working 2-year-old funding should be paid at the same rate. It is not fair to penalise settings that don't have many disadvantaged 2-year-olds.
- g) The increase for SEND funding will be welcomed by settings.
- h) Review of guidance to allow providers to be able to charge top -up rate, where there is a disparity to the provider's hourly rate and what providers receives from the local authority.
- i) The TPPGs have been rolled in to the 3- and 4-year-old base rate in 2023-24 as this was to support teacher costs, this funding should be specifically allocated to the maintained nurseries who experience these costs.
- j) Comments about the need for more transparency of the 5% retained centrally by WNC.

7.4.7 Below outlines the Consultation outcomes : -

Question relating to 2-year-old funding rates.: -

- i. Do you support the LA's proposal to increase the base rate for all 2-year-olds entitlements to £7.37?

Chart 1

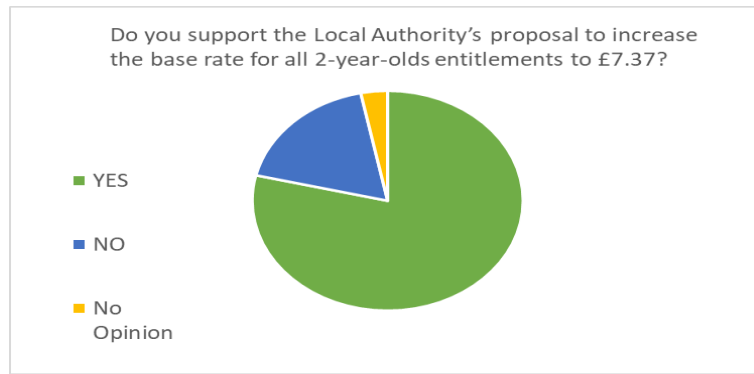


Table 3

Responses	Count	Percent %
Yes	74	79%
No	17	18%
No Opinion	3	3%
Total	94	

- ii. Do you agree to having the same funding rates for 2-year-old disadvantaged entitlement and 2-year-old working family's entitlement?

Chart 2

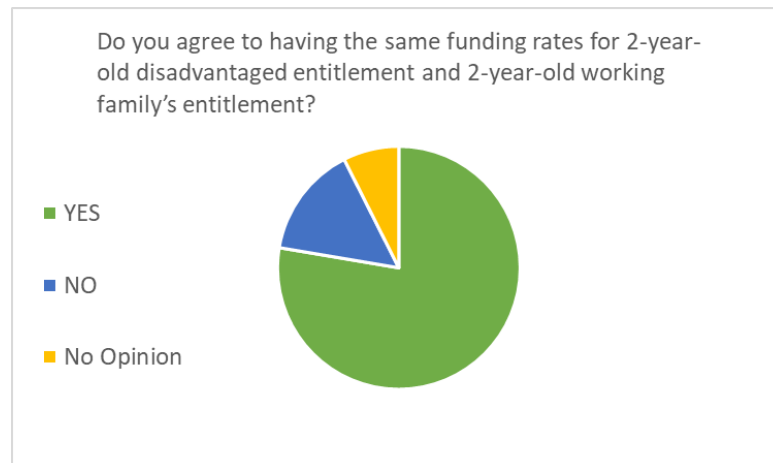


Table 4

Responses	Count	Percent %
Yes	73	78%
No	14	15%
No opinion	7	7%
Total	94	

Question related to 3-and 4-year-old funding:-

- iii. Do you agree to continue to support the arrangements of WNC retaining 5% for Early years central spend, (based on the 3-and-4-year-old, funded entitlement allocation)?

Chart 3

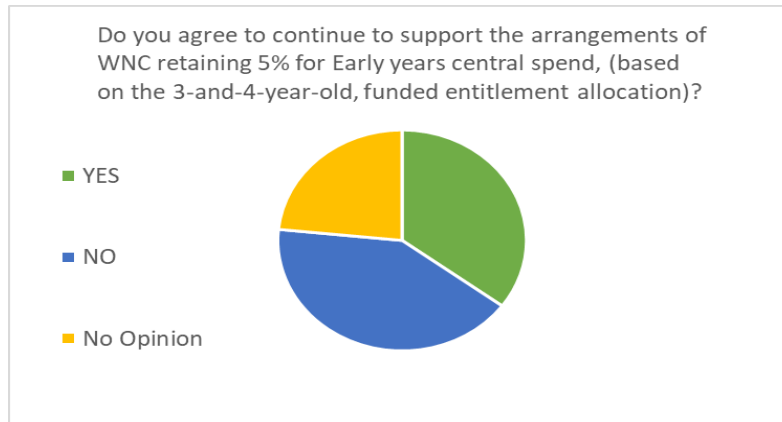


Table 5

Responses	Count	Percent %
Yes	33	35%
No	39	42%
No opinion	22	23%
Total	94	

- iv. Do you support the LA's proposal to increase base rate for 3-and-4-year-old universal and extended to £4.93?

Chart 4

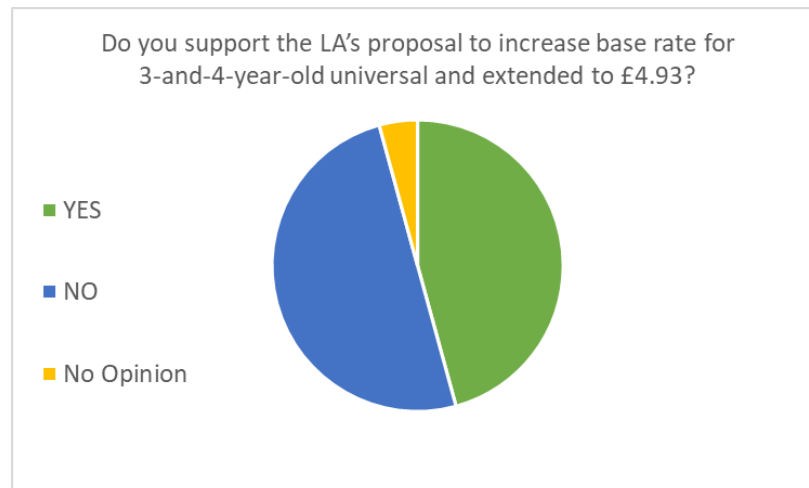


Table 6

Responses	Count	Percent %
Yes	43	46%
No	47	50%



No opinion	4	4%
Total	94	

Question related to Early Years SENIF (Targeted SEND funding):-

- v. Do you agree to increase the rate per hour of the Early Years Targeted SEND funding from £8.00 per to £10.00 from April 2024?

Chart 5

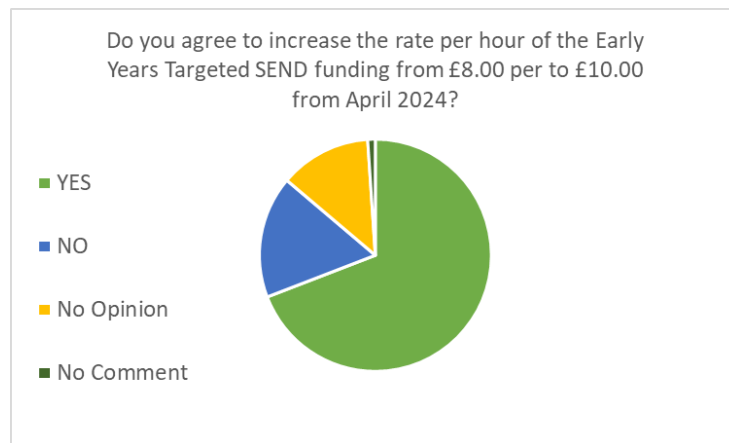


Table 7

Responses	Count	Percent %
Yes	65	69%
No	16	17%
No opinion	12	13%
No Comment	1	1%
Total	94	

## 7.5 Community Impact

7.5.1 The agreement of the local Early years funding rates will have a positive impact on all families and children in West Northants area. The expansion of entitlements will providing eligible working families with access to funded Early education entitlement to support children’s school readiness and improved outcomes.

## 7.6 **Communications**

7.6.1 Communications team provided advice and guidance for the consultation process and compiling the summary of responses for this report.

## 8. **Background Papers**

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8.1 Not applicable