

Early Years Funding 2024-25 Consultation

1 Introduction

West Northamptonshire Council (WNC) is required to annually consult with Schools Forum on the proposed arrangements for the Early Years Funding Formula. As part of the consultation process WNC also consult with the early years sector (PVI, childminders, school nursery units and the maintained nursery Schools) before implementing any changes to the local funding formulae with.

Schools Forum must also be consulted on changes to local early years funding formulas, including agreeing the local authority's proposed central spend by 28 February 2024, Indicative budgets for providers are to be published by 31st March 2024.

WNC is dedicated to facilitating the Early Years sector, both funded and non-funded, in West Northamptonshire to provide sustainable, high-quality services. The Proposal outlined in the document ensures a judicious balance, prioritising the allocation of Dedicated School Grant (DSG) to providers who are facing cost of living challenges while fulfilling our Council's statutory obligation to deliver inclusive excellence in Early Years provision.

There are significant changes to the Early Years Funding Entitlements for 2024-25 and beyond, with an expansion of the entitlements extended to working families. Below is a summary of the expanded entitlements offer, which will be nationally implemented over the next 3 years:

Table 1: Changes to early years funding for 2024-25 to 2026-27

Key Implementation dates	Expansion of entitlement – eligible families
1 April 2024	2-year-olds of working parents entitlement 15 hours over 38 weeks (or equivalent)
1 September 2024	All children of working parents from 9 months to school age 15 hours over 38 weeks (or equivalent)
1 September 2025	All children of working parents from 9 months to school age 30 hours over 38 weeks (or equivalent)
1 September 2026	Wraparound provision for primary school aged children 8am – 6pm over 38 weeks term time.

2 Consultation with the sector

WNC aims to consult the childcare providers on proposed local early years funding arrangements for 2024-25. The consultation will run between 12 January and 31 January 2024, to ensure views can be considered in setting the 2024-25 early years formula.

Consultation comprises of a survey of questions which can be found at the end of this document, where a link to the online survey is provided.

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The summary of the responses will be collated and form part of the report taken to Schools Forum on 14 February to inform the setting of the 2024-25 early years funding formula for West Northamptonshire Council.

- In July 2023 the Department of Education (DfE) consulted on proposal to the funding systems to support the new working parent entitlements. Main changes include a new funding formula (EYNFF) covering both the 2-year-old disadvantaged entitlement and the new 2-year-old-working-parent entitlements to be introduced from financial years 2024-25. In addition, there is a new methodology for the funding formula for children aged between 9 months to 2-year-old-working-parent entitlements.
- In 2024-25 the EYSG (Early Years Supplementary Grant) is added to the baseline funding and an inflationary uplift to rates added. Apart from these there are no changes to the funding formula for the provisional funding for 3-and 4-year-olds for both universal and extended.
- In 2023-24 the Teachers Pay and Pension Grants (TPPG) were added to the baseline funding, this remains the same for 2024-25.
- In December 2023, the (DfE) expanded the 95% pass-through mandate to encompass the under 2's and 2-year-old disadvantaged as well as working parents' entitlements. This marks a substantial shift from the previous fiscal year (2023-24), where local authorities were limited to retaining 5% of only the 3-and 4-year-olds funding allocation for centralised services. WNC, adhering to continuity, plans to maintain 5% central retention from the 3-and 4-year-olds funding allocation, subject to annual review during the setting of future Early Years budgets.
- 5% of 3 and 4 year old funding has increased in line with increased funding envelope and is required for inflationary increases for staffing resources, administration and infrastructure.
- WNC is proposing that the disadvantaged 2-year-old rate to be equal to the rate for 2-year-old children of working parents' entitlement.
- Early years pupil premium (EYPP) and disability access funding (DAF) supplement for eligible children will be available to disadvantaged 2-year-old entitlement and the new under 2's and 2 year working parent entitlements for 24-25.
- Although allowable for the first time, we are not proposing to introduce a deprivation rate for 2-year-old-funding in 2024-25. Instead of diverting any grant into 2-year-old deprivation supplements we have prioritised raising the 2-year old base rate as high as possible. WNC will not be taking any central funding from the 2-year old allocations. We will gather and analyse information on deprivation levels within the expansion of two-year-old funding and will consider including a deprivation rate in 2025-26. Providers will be consulted on this in January 2025 if the data indicates it is needed.
- WNC continues its commitment to inclusion in early years and having a special educational needs inclusion funding stream (SENIFs) for all 2, 3 and 4 years olds accessing the entitlements. In the 2024-25 proposed arrangement the local authority have increased the hourly rate for Targeted SEND Funding (SENIF).



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3 Background

The Schools and Early Years Regulations 2018, (Regulation 22) require 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 and outturn returns.

Early Years Block DSG is calculated based on the number of hours children are taking up 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 compete the censuses, the service does not receive funding for those children, and we should not be funding that setting.

During normal circumstances, the DfE announce the early years national increases for the separate funding elements; 3-and 4-year-olds, 2-year-olds, under-2-year-old's, disability access fund (DAF), early years pupil premium (EYPP) and early years maintained nursery setting supplement (EYMNS), for the coming year directly after the Government Budget announcement in October. However, this was delayed and as a result, that has impacted on WNC timelines in releasing this consultation document.

4 Early Years Supplementary Grant (EYSG) for 2023-24

The DfE advised local authority's that the full EYSG allocation was to be passed through to early years providers for the funded entitlements. This part of the funding has been actioned by WNC, with the supplement being added to the core base hourly rate for providers to cover the period from 1 September 2023 to 31 March 2024. This uplift was a significant increase to the previous funding, table 2 shows a breakdown of the 2023-24 funding rates and the additional funding passed through to increase the rates for the existing entitlements.

Table 2: Funding rates 2023-24, which includes the Early Years Supplementary Grant (EYSG for Sept 2023 to March 2024)

Factor	Basis	2023-24 £	EYSG £ 1/9/2023 to 31/3/24	2023-24 £ (including EYSG)
3-and-4-year-old base rate for Universal and Extended entitlement	Per hour	4.29	0.33	4.62
Deprivation	Per hour eligible child	0.32	N/A	0.32
EYPP (Early Years Pupil Premium)	Per hour eligible child	0.62	0.04	0.66
DAF (Disability Access Fund)	Annual amount for eligible children	828.00	53.00	881.00
Targeted Special Education Needs Funding (SENIF)	Per hour for eligible children, variable hours	8.00	N/A	8.00
2-year-old base rate (disadvantaged children)	Per hour	5.63	1.58	7.21
Maintained Nursery School funding	Per universal hour	3.76	0.31	4.07

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5 Funding rates to be received by WNC

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)

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

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.

5.1 The proposed formula funding structure for 2024-25 for 3-and-4-year-olds.

There is no intention to change the current formula funding structure for 2024-25. We will propose to schools forum that we continue to pass through 95% of the DfE funding to providers and retain 5% centrally. As per the DfE/ESFA guidance the following are, and will be included in, the local funding formula for early years settings for 2024-2025:

- 3 and 4-year-old Universal and Extended base rate;
- Deprivation payments on IDACI bands under 30%;
- Early years pupil premium;
- Special Educational Needs (SEN) Inclusion fund; and
- Disability Access fund.

5.2 The proposed formula funding structure for 2024-25, from 9-month-old to 2-year-old disadvantaged and working family entitlements.

- There will be a single 2-year-old base rate for the disadvantaged and working entitlements.
- Additionally, all eligible children will access Early Years Pupil Premium and Disability Access Funding.

We are not proposing to introduce a deprivation rate for 2-year-old-funding in 2024-25. Instead of diverting any grant into 2-year-old deprivation supplements we have prioritised raising the 2-year old rate as high as possible. We will gather and analyse information on deprivation levels within the expansion of two-year-old funding and will consider including a deprivation rate in 2025-26. Providers will be consulted on this in January 2025, or sooner, if the data indicates it is needed.



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Table 3: Proposed rates for 2024-25 Early Years Funding Entitlements

Factor	Basis	Proposed £ 2024-25	2023-24 £	Change £	Change %
3-and-4-year-old base rate Universal and Extended	per hour	4.93	4.62	0.31	6.71%
Deprivation	Per hour eligible children	0.32	0.32	0.00	0.00%
2-year-old base rate Disadvantaged children	Per hour	7.37	7.21	0.16	2.22%
2-year-old base rate working families	Per hour	7.37	n/a	n/a	N/A new rate 24-25
Under-2-year-old base rate working families	Per hour	10.62	n/a	n/a	N/A new rate 24-25
Targeted SEND funding (SEN Inclusion Fund)	Per hour eligible children, variable	10.00	8.00	2.00	25%
Early Years Pupils Premium (EYPP)	Per hour eligible children	0.66	0.66	0.00	3.03%
Disability Access Fund (DAF)	Annual eligible children	910.00	881.00	29.00	3.29%

WNC have financially modelled 2024-25 funding entitlements with a view to passing on the maximum possible funding increase to providers of early years childcare whilst remaining within budget.

The modelling was conducted using the latest full year of data that covers both provider payments and Government funding. A full year is needed because there are seasonal fluctuations in the uptake of places at PVI, school units, maintained nursery school and childminder provisions but funding from Government is only calculated on January census numbers.

The comparison between funded and claimed hours showed no significant difference (0.06%) in 2022-23 for 3-and-4-year-olds but did show a significant 5.63% difference for 2-year-old funding (i.e. we are funded by the DfE for 94.37 hours for every 100 hours we have to pay out to providers for 2-year-olds). This difference is usually referred to as the 'contingency' with a specific budget set aside to cover the difference. This difference between Government funding and provider claims, referred to as a 'contingency' can be seen in Table 5 and reflects funding we expect to be paid to settings in 2024-25, not funding held by WNC

5.3 Targeted SEND funding (Special Educational Inclusion Funding/ SENIF)

All local authorities are required to establish a special educational needs inclusion fund in their local funding systems. This is currently for 3-and-4-year-olds with special educational needs (SEN) who are taking up the free entitlement (for any number of hours). This fund supports local authorities to work with providers to address the needs of individual children with low level or emerging SEND. The structure also supports local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014. Local authorities can

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establish their SEN inclusion funds using funding from either one or both of their early years block and high needs block of the DSG.

Eligible providers can apply for SENIF for children who are on the Early Support Pathway or known to the Sensory Support Service and are aged three and four or have deferred school entry. Providers are expected to demonstrate that the provision required for the child is significantly beyond high-quality inclusive practice. SENIF should be used in a variety of ways and in conjunction with other funding streams such as the Disability Access Fund (DAF) and Early Years Pupil Premium. SENIF is a contribution towards the needs identified within the request.

SENIF runs in addition to a child's Early Years funding formula entitlement

In WNC since 2022-23 the SENIF is funded entirely from the early years budget. This budget is regularly under pressure and the budget was increased from £0.8m to £1m for 2023-24 due to the increased numbers of requests and the higher levels of need, with more multifaceted emerging needs. The forecast end of year position for 2023-24 is an underspend of £90k based on the position at end of Quarter 3. However, the rate paid to settings of £8 per hour has not increased for over 5 years. It was proposed in 2023 that as part of the wider review of SEND provision and funding in WNC, that the SENIF allocation process is reviewed. This review has now been completed between the Council, providers, and parents and has provided a clearer view of the need for support for children with SEN, and how these needs can be best met.

- The proposal for 2024-25 is to increase the rate by £2.00 per hour for eligible children at variable hours. This is to support provider with the higher costs associated to providing early intervention and support for children with additional educational needs.

5.4 Maintained nursery school supplementary funding

This is a separate funding stream within the Dedicated Schools Grant (DSG) early years block, which is ring-fenced additional support to maintained nursery schools. This supplement recognises additional governance requirements, which incur additional higher costs, for example to have a headteacher, qualified teachers and needing their own premises, therefore this is reflected in the supplement applied to their 3-and-4-year-old **universal** hours. This does not apply to their extended 3-and-4-year old hours or 2-year-old and 2-year-old-to-9-months-old hours.

- WNC is proposing to continue to distribute 100% of the MNS supplementary funding directly to the MNS settings on a lagged basis and using the same methodology as agreed with the five MNS settings for 2023-24
- adjustment to the MNS supplement for 2022-23 (received from Government in July 2023) will be applied to the indicative 2024-25 supplement provided within the DSG December 2023 settlement

Indicative maintained nursery supplement	£956,516
maintained nursery supplement 2022-23 adjustment	-£37,017
Available for distribution	£919,499



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- 2024-25 final year of protection for Camrose Maintained Nursery following the move away from historical funding levels to distributing based on the January census hours (following the methodology that the supplement is paid to WNC).
- 95% of the remaining supplement distributed based on 3-and-4-year-old hours in the January 2023 census
- 5% based on the percentage of pupils in the top 3 IDACI post codes demonstrating the highest number of children from backgrounds of deprivation from the January 2023 census.
- Proposed 2024-25 is based on January 2023 census data (as January 2024 census data will not be finalised before 31st March 2024)

Following this methodology the supplement for 2024-25 will be:

Table 4: Maintained Nursery School (MNS) supplement Funding 2024-25 (final)

Maintained Nursery School	Total supplement 2023-24	2024-25 Supplement protection (final year)	2024-25 Main	2024-25 IDACI (based on Jan 2022 census - to be updated)	Estimate TOTAL Supplement	Supplement Increase for 2024-25
Camrose	255,486	42,900	227,019	18,664	288,582	33,096
Parklands	88,762	0	134,734	4,361	139,095	50,333
Gloucester	150,959	0	183,908	6,660	190,568	39,609
Wallace Road	104,366	0	138,262	11,788	150,049	45,683
Whitehills	113,927	0	148,847	2,358	151,204	37,277
MNS supplement Total	713,501	42,900	832,769	43,830	919,499	205,998

*These are the final rates, and any adjustments to the supplement funding available will be included in the 2025-26 calculation of the MNS supplement distribution

5.5 Centrally Retained funding

All Local authorities are permitted to retain up to 5% of the early years funding allocation, 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.

- 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



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- Contributions to Safeguarding, data and analysis, Continuous Professional development offers for the EY sector etc

Table 5: The budget breakdown for 2024-2025 Early Years is as follows:

Factor	Budget £m
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
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

6 Proposed Funding Formula for WNC 2024-25 - Rates and Consultation with the sector

West Northamptonshire Council (WNC) is required to consult on the proposed arrangements for the Early Years Funding Formula for participating Early Years funded providers.

As part of this consultation process, the survey at the end of this document is provided to all Early Years Providers in West Northamptonshire to capture views regarding the Early Years Funding for PVI and Childminders and the Maintained Nursery Sector for 2024-2025.

The proposed rates shown in table 3 are based on information received in the December 2023 DSG settlement and financial modelling which is based largely on the 2022-23 financial year. 2022-23 was the latest full year of data available for both funding and spend, that was funded by the DfE on the same basis that is currently proposed for 2024-25 3-and-4-year-old allocations.

As part of the Government's roll out of the new entitlements Local authorities will be required to submit an additional two early years census data submissions to DfE for the new entitlements. We will be submitting data which we would acquire from the current headcount submission processes, that may mean that WNC will continue to monitor and remodel financial data to aid the next years arrangements.



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6.1 Early Years Consultation Questions

The questions for the survey are as follows:

1. Do you support the LA's proposal to increase the base rate for all 2-year-olds entitlements to £7.37?
2. Do you agree to having the same funding rates for 2-year-old disadvantaged entitlement and 2-year-old working family's entitlement?
3. 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)?
4. Do you support the LA's proposal to increase base rate for 3-and-4-year-old universal and extended to £4.93?
5. 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?
6. Do you have any comments you would like to make to WNC and Schools Forum in setting the early years rates and budgets for 2024-25?

6.2 Tables included in Early Years funding arrangements 2024-25 consultation document.

- Table 1: Changes to early years funding for 2024-25 to 2026-27
- Table 2: Funding rates 2023-24, which includes the Early Years Supplementary Grant (EYSG for September 2023 to March 2024
- Table 3: Proposed rates for 2024-25 Early Years Funding Entitlements.
- Table 4 : Maintained Nursery School (MNS) supplement Funding 2024-25(final)
- Table 5: The budget breakdown for 2024-25 Early Years