



**Subject Heading:**

**Early Years Funding**

**Report Author:**

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**Eligibility to vote:**

**All school and academy members and  
the representative of the PVI sector**

### SUMMARY

This report provides details of the adjustment in Early Years Block funding received from the DfE for 2023-24 and details of additional funding announced for the current and future financial years.

### RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the details of the funding adjustment for 2023-24 and the funding arrangements for 2024-25
- (ii) agrees the funding methodology for distributing the new EYBG for applicable Early Years providers

### REPORT DETAIL

#### **1. 2023-24 financial year funding adjustment**

The Early Years Block of the Dedicated Schools Grant is calculated using data collected at the January census each year. An adjustment is made to the indicative funding received for the autumn and spring terms to reflect the hours recorded at the January census that fell within the financial year. This adjustment takes place after the

end of the financial year, usually in July. In the past Havering has seen funding both increased and decreased.

Initial funding for the whole of the 2023-24 financial year was calculated using January 2023 census data. In the final allocation, funding for the autumn and spring terms was recalculated using data from the January 2024 census.

#### 2023-24 financial year

Term	Census data used	
	Indicative allocation	Final allocation
Summer 2023	January 2023	January 2023
Autumn 2023	January 2023	January 2024
Spring 2024	January 2023	January 2024

The final 2023-24 Early Years Block allocation, released in July 2024 and September 2024, shows an increase of £270,808.

Element	Initial EY Block 2023-24 £	Final EY Block 2023-24 £	Adjustment 2023-24 £
2 year old entitlement	1,877,303	1,824,047	-53,256
Universal 3&4 year old entitlement	13,355,968	13,488,699	132,731
Extended 3&4 year old entitlement	5,975,531	6,168,384	192,853
EY Pupil Premium	117,255	121,938	4,683
Disability Access Fund	112,608	112,608	0
Early Years Supplementary Grant	739,270	733,067	-6,203
<b>Total</b>	<b>22,177,935</b>	<b>22,448,743</b>	<b>270,808</b>

An estimate of the likely increase in funding, to pay for the additional claims, was calculated prior to the closure of the 2023-24 accounts and an increase of £270,782 included in the outturn figures reported to the Schools Forum at the meeting of 13<sup>th</sup> June 2024. The release of the final allocations for 2023-24 has no material effect on the reported Early Years outturn.

## 2. Funding for 2024-25 and future financial years

Funding rates for 2024-25, which includes the new expanded entitlement being extended to Under Twos (9 months old to two year olds) for working families is as follows:

<b>Funding Factor</b>	<b>Funded age of the child</b>	<b>2024-25 Funding Rate</b>
<b>Factor 1</b>  Base rate	<b>9 months to Two year olds (Under Twos)</b>  <i>Rates are effective from Autumn Term 2024</i>	£11.05 per hour
	<b>Two year olds – working parents</b>	£8.05 per hour
	<b>Two year olds – disadvantaged families</b>  (includes an in-built deprivation rate)	£8.59 per hour
	<b>Three and four year olds</b> Universal 15 hours funding  Extended 30 hours funding	£5.56 per hour
<b>Factor 2</b> Deprivation Funding rate	<b>Three and four year olds</b>	IDACI A - £0.78 per hour IDACI B - £0.59 per hour IDACI C - £0.55 per hour IDACI D - £0.51 per hour IDACI E - £0.33 per hour IDACI F - £0.27 per hour
<b>Factor 3</b> Early Years Pupil Premium (EYPP)	- <b>9 months to Two year olds (Under Twos)</b> - <b>Two year olds – working parents</b> - <b>Two year olds – disadvantaged families</b> - <b>Three and four year olds</b>	£0.68 per hour
<b>Factor 4</b> Disability Access Funding (DAF)	- <b>9 months to Two year olds (Under Twos)</b> - <b>Two year olds – working parents</b> - <b>Two year olds – disadvantaged families</b> - <b>Three and four year olds</b>	£910 per annum
<b>Factor 5</b>  Inclusion Fund	<b>SENIF:</b> - <b>9 months to Two year olds (Under Twos)</b> - <b>Two year olds – working parents</b> - <b>Two year olds – disadvantaged families</b> - <b>Three and four year olds</b>	Summer term - £5.56 per hour Autumn Term - £644 per setting Spring Term - £506 per setting
	- <b>9 months to Two year olds (Under Twos) Complex Needs/EHCP</b>	SENIF - £5.56 per hour* Complex Needs - £0.39 per hour*
	- <b>Two year olds – working parents Complex Needs/EHCP</b>	SENIF - £5.56 per hour* Complex Needs - £3.39 per hour*
	- <b>Two year olds – disadvantaged families Complex Needs/EHCP</b>	SENIF - £5.56 per hour* Complex Needs - £2.85 per hour*
	- <b>Three and Four year olds Complex Needs/EHCP</b>	SENIF - £5.56 per hour* Complex Needs - £5.88 per hour*

\* This is the sum required to bring the total hourly funding for a child to £17.00. This is the hourly rate paid in support of an EHCP for a pupil in Years R -11.

The SENIF arrangements for funding low intervention has been reviewed and streamlined, and effective from the Autumn term, providers have to follow a streamlined application process which provides funding to put in place support for

those children at the provisions, with £644 per setting for the Autumn term and £506 per setting for the Spring Term. The equivalent amount for the Summer term is £598 per setting. Due to the increased applications for the Complex Needs/EHCP element of the SENIF fund, this streamlined process will ensure that the Panel can consider the applications for that cohort more effectively and ensure targeted support can be put in place at the provision.

### 3. The expansion of funded childcare

As well as increased funding for 2 and 3&4 year olds, the spring 2023 budget contained an announcement on the expansion of funding childcare and set out the following timetable:

Autumn 2023	<ul style="list-style-type: none"> <li>• Childminder grants become available</li> <li>• Staff : child ratio change from 1:4 to 1:5</li> </ul>
April 2024	<ul style="list-style-type: none"> <li>• 15 funded hours for working parents of 2 year olds introduced</li> </ul>
September 2024	<ul style="list-style-type: none"> <li>• National wraparound support begins</li> <li>• 15 hours for working parents of children 9 months plus introduced</li> </ul>
September 2025	<ul style="list-style-type: none"> <li>• 30 hours for all working parents of children from 9 months to primary school age introduced</li> </ul>
September 2026	<ul style="list-style-type: none"> <li>• All schools to offer 8am – 6pm wraparound care on their own or in partnership</li> </ul>

### 4. 2024-25 Early Years Budget Grant (EYBG)

#### 4.1 Overview

The DfE is providing £34 million in additional funding for local authorities in 2024-2025 to support affected early years providers in managing the costs associated with the recent teacher pay award. This funding, part of a broader £1.2 billion package for the 2024 teachers' pay award, will be distributed via the EYBG for the period 1 September 2024 to 31 March 2025. The methodology for allocating EYBG funding follows the same principles as those applied to the incorporation of the historic Teachers' Pay Grant (TPG).

#### 4.2 Methodology & Funding Rates

EYBG funding has been apportioned between the 3 and 4 year old Early Years National Funding Formula (EYNFF) entitlement and Maintained Nursery Schools (MNS) supplementary funding. The calculation uses core and MNS hourly rates derived from local authorities' part-time equivalent (PTE) counts. The rates are based on the same data sources used to calculate the early years block of the Dedicated Schools Grant (DSG), with an additional baseline established for EYBG rates.

The core EYBG rate for each local authority is calculated based on a notional baseline, using the proportion of the historic TPG they received, that helped with the increased pay costs for teachers.

The indicative allocation, based on the January 2023 census is £138,784, however the final allocation will be based on the January 2024 Census, and the expected grant allocation is projected to increase to be £141,986. The funding proposals referred to in later sections reflect the projected grant allocation.

### **4.3 Payments**

EYBG allocations will be paid in a single payment on 29 November 2024 to cover the period from 1 September 2024 to 31 March 2025. Local authorities must ensure timely and accurate distribution of the funding to their early years providers, with certification required in spring 2025 to confirm the correct allocation.

### **4.4 Allocations & Conditions**

Allocations are based on PTE data from the January 2024 early years census and will not be subject to further adjustment. Local authorities are given flexibility in how they allocate funding locally, although they must adhere to the EYBG conditions of grant. Although the DfE grant calculation and advice is targeted to mainstream schools with nurseries which are affected by the additional costs of the pay award. Schools Forum consultation is not required but is encouraged to ensure stakeholder involvement where possible.

We are proposing that School Forum reviews and agrees which of the two options at distributing the grant to mainstream schools with nurseries. The options proposed for the three and four year old with a lump sum per head count, or alternatively an hourly rate per claim as at the Autumn 2024 term census, demonstrated in Appendix A.

Local authorities must ensure that EYBG funding is fully passed on to applicable early years providers and not used for contingency or administrative costs. Providers must receive clear communication regarding their allocations. The DfE expects transparency in the distribution process to allow providers to understand the basis of their funding.