

Wiltshire Council

Schools Funding & SEN Working Group 8 January 2024

Early Years Reference Group 8 January 2024

Schools Forum 18 January 2024

DEDICATED SCHOOLS GRANT –EARLY YEARS BLOCK UPDATE 2024-25 (INDICATIVE ALLOCATIONS)

Purpose of the Report

1. To update the working groups and schools forum on issues related to the early years block for 2024-25 and the decisions that will need to be made as part of the budget setting process for 2024-25.
2. The operational guidance for the early years block confirms that schools forums must be consulted on changes to local early years funding formulae, including agreeing central spend, although the final decision rests with the local authority. This is done through the Early Years reference group and the Schools Funding & SEN Working Group in addition to Schools Forum.

Main Considerations

3. In his 2021 Spending Review, the Chancellor announced a number of national increases to increase early years entitlements including £170 million in 2024-25.
4. Subsequently to this, the Spring budget of 2023, a largescale Childcare Expansion was launched, as detailed in the October 2023 Schools Forum report including increased funding rates and extensions to the age entitlements for parents of eligible children - national increases of £1.740m for 2024/25 financial year.
5. The provisional early years block settlement for Wiltshire for 2024-25 is £52.886 million and is comprised of the following elements:

FUNDING	PTE (unless*)	<i>2023-24 Funded Rate</i>	2024-25 Funded Rate/Hr (unless *)	£ million
3 & 4-year-old Universal 15 hrs & Working Parents 15 hrs	10,722	£4.87	£5.47	33.431
2-year-old funding - disadvantaged	727	£5.75	£7.48	3.101
2-year-old funding	2,171	N/A	£7.48	9.256
Under 2-year-old funding	1,100	N/A	£10.14	6.357
Disability Access Fund * (<i>per child per annum</i>)	360	£828	£910	0.328
Early Years Pupil Premium * (<i>per child per hour</i>)	1,066	£0.062	£0.68	0.413
Total "Initial" or provisional allocation for 2024-25				52.886

6. The allocations for the free entitlement for 3- and 4-year olds, and for 2-year olds are based on the January 2023 census and will be updated during the 2024-25 financial year for the January 2024 census. In order to follow the accounting concept of prudence, the budget must be set within initial allocations.
7. The *Early years entitlements: local authority funding operational guide 2024-25* was published in November 2023. The **key points** on local authority funding of providers remain as previous years with the following changes:

The main changes to the guidance are:

- introduction of a new national funding formula (NFF) covering both the existing 2-year-old entitlement for disadvantaged children and new working parent entitlements to be introduced in 2024 to 2025 for 2-year-olds and children aged 9 months to 2 years
- new methodology for funding allocations for the new working parent entitlements for 2-year-old children and children aged 9 months to 2 years old for 2024 to 2025
- extending the 95% pass-through requirement to the disadvantaged 2-year-old entitlement and the new working parent entitlements
- extending local funding rules to the disadvantaged 2-year-old entitlement and the new working parent entitlements
- a requirement for local authorities to have a disadvantaged 2-year-old rate that is at least equal to their rate for 2-year-old children of working parents
- new deprivation supplement arrangements for the disadvantaged 2-year-old entitlement and the new working parent entitlements
- confirming the expectation that local authorities have special educational needs inclusion funds (SENIFs) for all children with special educational needs (SEN) eligible for or taking up the new and existing entitlements, regardless of the number of hours taken
- extending eligibility for EYPP and DAF to eligible children aged 2 years old and under accessing the entitlements from 2024 to 2025, and increases to the value of both funding streams
- extending the facility to apply for a disapplication from the 95% pass through rule to the disadvantaged 2-year-old entitlement and the new working parent entitlements, and changes to the criteria against which a disapplication will be considered.

The following criteria are in place for setting a local formula

- Should consult with the early years providers and Schools Forum on the formula
- Should set a local funding rate for 2 year old entitlements – the disadvantaged rate should be at least equivalent to the working parent entitlements
- Should set a local funding rate for children aged 9 months to 2 years
- Should set a single funding rate (including the same base rate and supplements) for both entitlements for 3- and 4-year olds (that is, both the universal 15 hours, and the additional 15 hours for working parents)
- must plan to pass on at least 95% of their 9 month, 2 years and 3 and 4-year-old funding directly to providers to deliver the entitlements.
- The remaining 5% must be spent on:
 - Centrally retained funding (for central services including SEN services)
 - Transfer of funding to any of the other early years entitlements
 - Any extra hours in addition to the governments' entitlement
 - Any funding movement out of early years block
- may request that the 95% requirement be disapplied in specific, exceptional circumstances
- must now use a universal base rate for all types of provider in their local 3 and 4-year-old formula, including for Maintained Nursery Schools

- may continue to use 'lump sums' to distribute additional funding to Maintained Nursery Schools
 - must use a deprivation supplement in their local 3 and 4-year-old formula, and any other supplements used must fall within one of the allowable categories
 - must not channel more than 10% of their funding for 3 and 4 olds through funding supplements
 - must provide a Special Educational Needs Inclusion Fund (SENIF) for 3- and 4-year olds, this can also include 2-year olds.
 - must pass on Disability Access Fund (DAF) funding in full to providers for eligible 3- and 4-year olds which should be used for example, to support providers in making reasonable adjustments to their settings or helping with building capacity.
 - must pass on Early Years Pupil Premium (EYPP) in full to providers for eligible 3- and 4-year olds and is only payable in the universal 15 hours entitlement.
8. The DfE will monitor compliance with these requirements. Wiltshire is already compliant with the requirements of the formula, and the SEN Inclusion Fund, and there are no current circumstances where a disapplication of the 95% requirement is being recommended.
9. Local authorities are encouraged to fund providers for the entitlement for disadvantaged 2-year-olds at least equivalent to flat hourly rate for all 2 year olds. Wiltshire is compliant with this approach and proposes to pass through 100% of the 2-year-old disadvantaged funding to providers.

Funding Rates for Wiltshire

10. The early years reference group (EYRG) met on 8 January 2024 and considered a number of funding options attached as Appendix 1a and b. The consensus of the group was to support the local authority recommendation (option 13.)
- passport in full the 2-year-old disadvantaged rate of £7.48 per entitled hour an increase of £1.73 on the previous year (excluding the one off, now nationally baselined supplementary grant of £1.86) and
 - to set the 2 year old working parent rate at £7.17, this is a new entitlement for 2024/25 and
 - to set the 9 months to 2 years working parent rate at £9.63, - this is a new entitlement for 2024/25.
 - to set the 3 and 4 year old rate at £5.21 per entitled hour, an increase of 53p per hour on the previous year (excluding the one off, now nationally baselined supplementary grant of £0.33
 - This provides a £0.041m contingency to absorb any increases in children throughout 2024-25 financial year. In this way, the funding increases are maximised to affordability, recognising the challenging business environment settings are operating in of increased wages, energy costs and recruitment and retention challenges.
11. Rurality and deprivation have been changed slightly in line with forecast spend for 2023-24 financial year although actual allocations for both deprivation and rurality will be unknown until March when the IDACI report is available.

Wiltshire Provider Rates	PTE (where applicable)	2023-24 Wiltshire Rate	Proposed 2024-25 Wiltshire Rate	£ million
3 & 4-year-old Universal 15 hrs & Working Parents 15 hrs *	10,722	£4.68 + £0.33 supplementary grant	£5.21	31.883
2-year-old funding - disadvantaged	727	£5.75 + £1.86 supplementary grant	£7.48	3.101
2-year-old funding	2,171	N/A	£7.17	8.872
Under 2-year-old funding	1,100	N/A	£9.63	6.038
Deprivation, rurality				0.250
Central EY functions				0.859
EY Inclusion Support Fund				1.143
Disability Access Fund (per child)	360	£828	£910	0.328
Early Years Pupil Premium (per hour)	1,066	£0.62	£0.68	0.413
Total proposed budget for 2024-25				52.886

Special Educational Needs Inclusion Fund (SENIF)

12. The wider age range of children means that the investment in SENIF needs to increase. Demand for support from SENIF has increased during the 2023/24 financial year and these factors are both taken into account when preparing the 2024/25 estimate for SENIF support for children with additional needs. Within this, £0.200m is earmarked to create a preventative service to support inclusivity in the early years and primary phase.
13. As part of the preventative inclusive agenda and as part of the recovery actions for the high needs block budget, an additional sum of £0.180 million is ringfenced from the high needs block to support children with an EHCP in the early years sector.
14. The DfE guidance is clear that local authorities should target SEN Inclusion Funds at children with lower level or emerging SEN. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the high needs block of the DSG. With a dual funded approach, applications for all children can be assessed under one ISF system.

Disability Access Fund

15. This fund is extended to under 2 year olds, 2 year olds and the existing 3- and 4-year olds will remain eligible for the fund if they meet the following criteria:
 - The child is in receipt of child disability living allowance and;
 - The child receives universal 15 hours entitlement
16. 4-year olds in primary school reception classes are not eligible for disability access fund (DAF) funding.
17. Settings of eligible children for the DAF will be entitled to receive a one-off payment of £910 per year. Children do not have to take up the full 570 hours of early education they are entitled to in order to receive DAF.
18. Early years providers are ultimately responsible for identifying eligible children and local authorities must check that DAF eligibility requirements are met.

19. The DAF is payable as a lump sum once a year per eligible child. If a child is splitting their entitlement between two or more providers, then parents should be asked to nominate the main setting. If a child receiving DAF moves from one setting to another within a financial year the new setting is not eligible to receive DAF for this child within the same financial year.

Early Years Pupil Premium

20. The premium is extended to eligible under 2 year olds, 2 years olds as well as 3 and 4 year olds. Ringfenced Funding continues to be allocated through the early years block for the early years pupil premium (EYPP). The EYPP allocation is set at £0.413 million for 2024-25 and it is proposed to set the budget in line with the funding level.

Compliance

21. Please refer to Appendix 2 for the calculations of compliance with the % pass through. The recommended scenario is compliant.
22. DfE guidance showing guidance for the % pass through calculation can be found in the link to the DfE guidance below.

Proposals

23. Schools Forum is asked to note the update on the early years block and provide views on the proposals in relation to the early years single funding formula and percentage pass through to providers:
- Local Authority preferred proposal:
 - i. to set the following provider rates for entitled children;
 - a. Under 2 years £9.63
 - b. 2 years £7.17
 - c. 2 years disadvantaged £7.48
 - d. 3 and 4 years (universal and working parents) £5.21
 - ii. that the central team budget be set at £0.859m
 - iii. that the SENIF budget be set at £1.142m (from the early years block)
 - iv. Deprivation and rurality increased to reflect current spending levels at £250,000
 - All other funding factors remain at current 2023-24 levels or, funded levels.
 - To note that the early years block is to fund the Early Years Inclusion Fund at the current level and the high needs block to allocate £0.180 million to increase support available in line with the SEN strategy around prevention.

Documents relied upon in this report:

[Early years entitlements: local authority funding operational guide 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Early_years_entitlements_local_authority_funding_operational_guide_2024_to_2025_-_GOV.UK.pdf)

[2024 to 2025 early years national funding formulae: technical note - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/2024_to_2025_early_years_national_funding_formulae_technical_note_-_GOV.UK.pdf)

https://assets.publishing.service.gov.uk/media/656638f3750074000d1ded9a/20231127_Early_Years_Funding_Rates_and_Step-by-step_Calculations_2024_to_2025_Funding_Output_Tables_-_FINAL.xlsx

[Easy explainer: early years funding rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Easy_explainer_early_years_funding_rates_-_GOV.UK.pdf)

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