

Schools Management Forum

Report of: James Glover

Subject: 2024/25 Early Years Block Indicative Budget

Date: 17th January 2024

1.0 Purpose of the report

1.1. The purpose of this report is to provide an update to the Forum on early years unit rates for 2024/25.

2.0 Summary

2.1. To notify providers of EY Budget Allocation for 2024/25 including supplementary payments (mandatory and discretionary);

2.2. To notify providers of Middlesbrough Councils Early years rates;

2.3. To agree SEN Inclusion fund;

2.3. To agree central allocation.

3.0 Background

2.3. The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the early years block is part of.

The early years block is provided to the Local Authority to fund:

- Universal free entitlement for 3 & 4 year olds;
- 30 hours entitlement for 3 & 4 year olds;
- 15 hours funding for 2 year old entitlement;
- Early years pupil premium (EYPP);
- Disabled Access Funding (DAF).

And new for 24/25:

- the 15 hours entitlement for eligible working parents of children from 9 months to 2 years old (new entitlement from 1 September 2024);
- the 15 hours entitlement for eligible working parents of 2-year-old children (new entitlement from 1 April 2024).

In addition, the early years block provides the Local Authority with funding for centrally provided early years support and an early year's SEN inclusion fund.

3.2 The amount of funding received for the early years block is based upon an early years national funding formula (EYNFF). This formula provides

funding at a unit value (differing for the 3 & 4, 2 year old, EYPP, DAF etc.) based upon the January census pre and during the financial year.

4.0 Budget Allocations

4.1. The following DSG allocations for early years were received from Education & Skills Funding Agency (ESFA) on 19th December 2023. Forum are reminded that at this point these allocations are only indicative as they are based on the January 2023 census, the final allocation will be based on the January 2024 and January 2025 census and therefore as in previous years will not be known until after the end of the financial year.

| Description | 2024/25 (Provisional) £ |
|--|----------------------------|
| 3 & 4 Year Old Universal Entitlement | 7,639,642.00 |
| 3 & 4 Year Old Additional 15 hours | 2,483,949.00 |
| 2 Year Old Entitlement | 3,595,798.00 |
| Early Years Pupil Premium (EYPP) | £357,894.34 |
| Disabled Access Fund (DAF) | £146,510.00 |
| 2YO Working Parent Entitlement | £2,192,355.00 |
| Under 2s Entitlement | £1,520,861.00 |
| Maintained Nursery Supplementary Funding | 0 |
| TOTAL | 17,937,010 |

4.2. The DSG Early Years Block, 3 & 4 year old funding allocations are based on a unit rate of £5.66 per an hour. The rate received for 3 & 4 year olds must cover the universal hourly rate, extended hourly rate, supplements, central allocation and SEN inclusion funds. Therefore, the full rate of £5.66 cannot be passed onto providers.

4.3. The following are the DFE rates for all elements:

| Description | DFE rate 24/25 | Increase from 23/24 |
|---|-------------------|------------------------|
| 3 & 4 Year Old Universal Entitlement | £5.66 | £0.43 |
| 3 & 4 Year Old Additional 15 hours | £5.66 | £0.43 |
| 2 Year Old Entitlement | £8.18 | £2.55 |
| Early Years Pupil Premium (EYPP) | £0.68 | £0.06 |
| Disabled Access Fund (DAF) | £910.00 | £82.00 |
| 2YO Working Parent Entitlement- New for 24/25 | £8.18 | £8.18 |
| Under 2s Entitlement- New for 24/25 | £11.20 | £11.20 |

5.0 Supplementary Payments

5.1. Funding supplements are amounts of funding paid to providers in addition to the base rate to reflect local needs or policy objectives. These only apply to 3 & 4 year old funding. This is paid from the DFE £5.66 unit rate paid to local authorities.

There are no supplementary payments other than for 3 & 4 year old funding.

5.2. Middlesbrough Borough Council pay the following supplementary payments:

- Deprivation (mandatory)
- Flexibility (discretionary)

5.3. The terms and conditions of the DSG Early Years grant stipulates that the total planned value of funding supplements, must not be more than 12% of the total value of planned formula to providers.

6.0 Middlesbrough's Early Years Rates 2024/25

6.1. The following table below summarises the early years funding rates.

| Description | MBC EY rate 24/25 | Increase from 23/24 |
|---|----------------------|------------------------|
| 3 & 4 Year Old Funding (per hour) | | |
| 3 & 4 Year Old Universal Entitlement | £4.81 | £0.23 |
| 3 & 4 Year Old Additional 15 hours | £4.81 | £0.23 |
| Flexibility supplementary payment | £0.81 | £0.00 |
| Deprivation (Budget) | £230,000.00 | £0.00 |
| | | |
| Remaining EY elements (per hour) | | |
| 2 Year Old Entitlement | £7.93 | £2.30 |
| Early Years Pupil Premium (EYPP) | £0.68 | £0.06 |
| Disabled Access Fund (DAF) per Child | £910.00 | £82.00 |
| 2YO Working Parent Entitlement- New for 24/25 | £7.93 | N/A |
| Under 2s Entitlement- New for 24/25 | £10.86 | N/A |

6.2. The rates above are paid in line with the following notes.

6.3. The 3 & 4 year old rate is a universal hourly rate paid to all providers for all qualifying children. This rate covers payments for both the universal 15 hour entitlement and the 30 hours enhancement for working parents.

6.4. Although this increase has been costed as affordable, it is dependent on the actual number of children in the April and October census (as these are not captured in the funding allocation), therefore this increase does come with a small risk of budget overspend. However, it is estimated that if any overspend did occur, it could be funded through the remaining reserve and anticipated held from 2023/24. If an overspend did occur, the future year's hourly rates would need to be reviewed.

- 6.5. The deprivation supplement is a mandatory supplement in the formula. The supplement is paid based on pupil premium children in the spring term. The payment is made by pro rata the deprivation budget by the number of children who are eligible for pupil premium in the spring term.
- 6.6. The flexibility payment is also a supplement in the formula, however this is not mandatory. It is paid to providers who offer flexibility in their offer.
- 6.7. The two year old hourly rate of is paid to all providers. This now eligible for the 95% pass-through condition.
- 6.8. In addition to the universal base rate, EYPP is paid to qualifying children and passed on in full.
- 6.9. A disabled access fund (DAF) is paid to settings for qualifying children at £910 per year in line with the national guidance and passed on in full.
- 6.10. The 15 hours entitlement for eligible working parents of children from 9 months to 2 years old (new entitlement from 1 September 2024). This eligible for the 95% pass-through condition.
- 6.11. The 15 hours entitlement for eligible working parents of 2-year-old children (new entitlement from 1 April 2024). This eligible for the 95% pass-through condition.

7.0 SEN Inclusion

- 7.1. SEN inclusion fund is a mandatory requirement of the early year's formula. An allocation of £300,000 has been set aside for SEN inclusion in 2024/25 funded from DSG Early Years.

8.0 Central Funding

- 8.1. The Local Authority to retain an element of 3 & 4 year old to be held centrally to contribute towards the Early Years' and Primary Support service. This extends to 2 year old entitlements and also the two new elements; 2 year old working parent entitlement and under 2s entitlement.
- 8.2. It is proposed the Local Authority retains 2.8% for 3 & 4 year olds and 3% of funding to be held centrally to contribute towards the Early Years' and Primary Support service and the remaining 97.2% for 3 & 4 year old funding and 97% funding is passed over to providers. This proposal goes some way to support increased SEND needs across Middlesbrough within the Early Years and falls well within the maximum 5% allowable for 2024/25.

9.0 Recommendations

- 9.1. That Schools Management Forum note the EY Budget Allocation for 2024/25 including supplementary payments (mandatory and discretionary).
- 9.2. That Schools Management Forum note the proposed early years' formula and rates for 2023/24.
- 9.3. That Schools Management Forum note the potential risk of the proposed increase in rates for 2023/24.
- 9.4. That Schools Management Forum approve the SEN Inclusion Fund total budget of £300k.
- 9.5. That Schools Management Forum approve the pass-through central allocation.