

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report presents the Authority's consultation document on proposals for the 2024/25 financial year Early Years Single Funding Formula and information on the Early Years Block settlement.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2023/24 Early Years Block and Early Years Single Funding Formula on 11 January 2023. An update was presented on 8 March (Document PT). A report on the March Budget announcements was presented on 17 May (Document PW) and again on 12 July (Document QC). Reports on the DfE's consultation and on the Early Years Supplementary Grant were presented on 13 September (Documents QE and QF). An update was presented on 6 December (Document QN).

Background

On 15 March 2023, the Chancellor announced that new early entitlements will be introduced in phases:

- From April 2024, all eligible working parents of 2-year-olds can access 15 hours per week.
- From September 2024, all eligible working parents of children aged 9 months up to 3 years old can access 15 hours per week.
- From September 2025, all eligible working parents of children aged 9 months up to 3 years old can access 30 hours per week.

The Chancellor also announced additional entitlement funding to increase the funding that is paid to early years entitlement providers for the delivery of the existing entitlements, above the 2023/24 Early Years Block funding rates that were announced by the DfE on 16 December 2022. We presented a report to the Forum on 13 September on the allocation of this Early Years Supplementary Grant. On 16 November, the DfE announced a small value of additional grant allocated for the period September 2023 to March 2024 following the teachers' pay award.

The DfE conducted a consultation, which set out proposals for the approach to the funding of the new and extended entitlements and which gave sight of indicative rates of funding for these entitlements for 2024/25. The deadline for responses to the consultation was 8 September and we submitted a response. A copy of this response was presented to the Forum on 13 September. We explained that this consultation has direct implications for our Early Years Block and local Early Years Single Funding Formula arrangements, from April 2024. We have previously explained that:

- The DfE essentially proposes to extend the local framework that currently exists for the funding of the 3&4-year-old entitlement to the new and extended under 2s and 2-year-old entitlements. This means the establishment of 3 discrete streams of funding / 3 discrete Early Years Funding Formulae within the Early Years Block, that will operate the 5 entitlements separately, but in broadly the same manner using a consistent set of rules (the contain some flexibility), and that will carry different values of per hour funding for providers that will be set according to the values that each authority receives from the DfE's national formula for each of the entitlements.
- Our indicative 2024/25 DfE rate of funding for the combined 2-year-old entitlement is £7.93 per hour.
- Our indicative 2024/25 DfE rate of funding for the new under 2s entitlement is £10.82 per hour.
- The DfE's consultation did not give sight of 3&4-year-old entitlement funding values for 2024/25, with these expected to be confirmed after the November Autumn Statement.

We've also previously highlighted to the Forum the very significant concern that we have regarding the funding of the Under 2s Working Parents entitlement from September 2024 i.e. that we will fund providers for 26 weeks of delivery but that the DfE appears to be planning to only fund us for 22 weeks, leaving £1.2m of funded cost within our Early Years Block in 2024/25. We met with the DfE to discuss this issue on 6 December, and we await information on the DfE's position, expected in the new year. It is now clear that other authorities are raising the same issue with the DfE.

The DfE confirmed the 2024/25 settlements and operational guidance on 29 November.

We met with the Early Years Working Group on 14 December.

Details of the Item for Consideration

Please see Appendix 1, which is our consultation document on our Early Years Single Funding Formula (and Technical Statement) proposed for the 2024/25 financial year. This document also summarises the Early Years Block settlement for 2024/25 and changes in the DfE's operational guidance.

Subject to the Forum's agreement, this consultation will go live immediately following this meeting and will have a closing date for responses of 5 February 2024.

The Forum is asked for its formal feedback on the proposals. Members are asked to provide their feedback under agenda item 12. The outcomes of the consultation will be presented to the Forum on 6 March. However, this will be after Council has taken its final decisions on DSG arrangements for 2024/25 on 22 February. Members, therefore, are asked to note that the recommended allocation of the 2024/25 Early Years Block, and Early Years Single Funding Formula arrangements, presented to this meeting are put forward on the basis that the Authority's proposals are implemented. Any variance from this in the final arrangements, as agreed by Council, including changes as result of consultation feedback, will be presented to the Forum on 6 March.

Implications for the Dedicated Schools Grant (DSG) (if any)

A summary of the overall impact of proposals (the estimated position of the Early Years Block in 2024/25) is presented in Document QX (DSG Summary).

How the Authority is seeking to manage the financial position of the Early Years Block is explained within the introduction to the consultation document at Appendix 1.

On current estimates, we calculate that we will need initially to earmark £1.26m of brought forward balances to ensure that we can meet the cost of our proposed EYSFF arrangements in 2024/25. This assumes that the DfE does not resolve the 26 weeks vs. 22 weeks funding issue for the delivery of the new Under 2s Working Parents Entitlement.

Recommendations

Recommended –

- (1) The Forum is asked for its formal feedback on the proposals. Members are asked to provide their feedback under agenda item 12. The outcomes of the consultation will be presented to the Forum on 6 March. However, this will be after Council has taken its final decisions on DSG arrangements for 2024/25 on 22 February.**
- (2) Members are asked to note that the recommended allocation of the 2024/25 Early Years Block, and Early Years Single Funding Formula arrangements, presented to this meeting are put forward on the basis that the Authority's proposals are implemented. Any variance from this in the final arrangements, as agreed by Council, including changes as result of consultation feedback, will be presented to the Forum on 8 March.**

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Consultation on 2024/25 Early Years Block Funding Arrangements

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