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Early Years National Funding Formula 2024-25

Local Consultation Autumn 2023

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## 1. Overview

We are seeking views on proposals regarding our approach to funding for early years entitlements from April 2024.

The free childcare offer will be extended so that eligible working parents in England will be able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months to when they start school.

- From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year)
- From September 2024 this will be extended to parents of 9 month to 3-year-olds
- From September 2025 working parents of 9 month to 3-year-olds will be able to access 30 free hours per week (38 weeks a year).

## 2. Why your views matter

In light of the introduction of the new entitlements for working parents of children aged 9 months to 2-years, this consultation focuses on the way entitlements funding for 2-year-olds and under will be distributed by the Local Authority to Early Years Providers from April 2024, in addition to the approach for distributing the additional funding for the former teachers pay additional grant in the 3 & 4-year-old element.

## 3. Introduction

The early years block (EYB) of funding within the dedicated schools grant (DSG) funding framework is allocated to local authorities by application of the early years national funding formula (EYNFF) model.

The current EYNFF model is made up of four components:

- Basic funding entitlement; and
- Three deprivation factors (FSM, EAL and DLA)

The above are multiplied by the local area cost adjustment (ACA) factor applied to each Local Authority (LA) to reflect differential costs in different areas of the country. The LA is then required to determine and administer a local early year's single funding formula (EYSFF) model in line with statutory regulations to determine individual funding allocations to all settings (i.e. nursery schools, school nursery classes and private, voluntary and independent settings).

#### 4. 2023-24

##### The Early Years Block grant for 2023-24

Universal entitlement for 3 & 4-year-olds	£7,766,524
Additional 15 hours entitlement for eligible working parents of 3 and 4 year olds	£4,110,961
2-year-old entitlement	£1,496,723
Early Years pupil premium	£147,238
Disability access fund	£86,112
Maintained nursery school supplement	£214,531
<b>TOTAL</b>	<b>£13,822,089</b>

The above figures are subject to adjustment by the government based on the annual census data each January.

In addition to the above, linked to the government's March 2023 budget announcement relating to "extension of the EY funding entitlements", the LA received additional funding via the Early Years Supplementary Grant (EYSG) from September 2023 to March 2024 which will be passported in full to providers.

The table below shows the hourly rates for each factor.

<b>Factor</b>	<b>Hourly Base Rate APRIL 2023</b>	<b>2023-24 EYSG</b>	<b>Hourly Base Rate SEP 2023</b>
3 & 4-Year-Olds	£4.57	£0.30	£4.87
2-Year-Olds	£5.62	£1.72	£7.34
MNS	£6.17	£0.35	£6.52
EYPP	£0.62	£0.04	£0.66

The LA has also received the Early Years Teachers Pay Additional Grant (EYTPAG) in November 2023. This has been fully passported to providers employing a qualified teacher (based on January 2023 Early Years census data).

#### 5. 2024-25

The EYSG and EYTPAG funding provided from September 2023 will be rolled into the EYB NFF model to determine individual LA baseline DSG allocations from April 2024.

## The initial Early Years Block grant for 2024-25

Universal entitlement for 3 & 4-year-olds	£8,669,976
Additional 15 hours entitlement for eligible working parents of 3- and 4-year-olds	£4,589,175
2-year-old disadvantaged entitlement	£2,021,752
2-year-old entitlement for working parents	£3,965,723
Under 2s entitlement	£2,733,537
Early Years pupil premium for 3 & 4-year-olds	£161,486
Early Years pupil premium for 2-year-olds	£87,575
Early Years pupil premium for under 2s	£4,380
Disability access fund for 3 & 4-year-olds	£123,760
Disability access fund for 2-year-olds	£32,760
Disability access fund for under 2s	£11,830
Maintained nursery school supplement	£252,431
TOTAL	<u>£22,654,385</u>

The above figures are subject to adjustment by the government based on the annual census data each January.

The key elements of the local consultation with all Early Years settings will focus on:

- Three and four year olds:
  - the level of any baseline funding increase;
  - The introduction of a quality supplement for providers employing a qualified teacher?
- 2 year old offer:
  - One single base rate for both cohort groups?
  - Deprivation supplement at same rate as current 3&4 years old funding model?
- Under 2s:
  - Deprivation supplement at same rate as current 3&4 years old funding model?

### Note(s):

Any options/decisions applied to the universal 3 and 4-year-old funding model, will by default automatically apply to the extended 30hrs funding elements to ensure compliance with regulations.

The LA will continue to exercise its flexibility across all funding streams within the early years block for 2024-25 that permits the LA to retain up to the full 5% allowable to support central service activities and costs.

The LA will determine the base rates once outcomes of consultation are known, and calculation of any central funding retained up to the maximum 5% level permitted.

## 6 2024-25 LA Proposals / Consultation Questions

### 6a Local Early Years Funding (3 & 4-year-olds)

The below outlines the local funding model arrangements in place relating to the national 3 & 4-year-old funding provided to Bury from the DfE:

3 & 4-Year Olds	Hourly Rate APRIL 2023
Base rate	£4.57
Deprivation	£0.17
Centrally retained	£0.16
Total	£4.90

The LA proposes the following in relation to core funding rates:

- Maintain the deprivation supplement at the current rate;
- Increase the base rate for all providers in line with the increase in base rate funding provided by the DfE;
- Increase the base rate for all providers for the EYSG element after allowing for the 5% retention for LA central costs.

**Q1:** Do you support the LA proposals as outlined above? Yes / No

Do you have any other comments?

All providers in Bury currently receive the same base rate. Included in the formula for 2024-25 is a notional increase in respect of the EYTPAG.

The LA proposes two options for the distribution of this additional funding:

- a) Recognise the additional pressure of meeting the costs of the teachers' pay award by distributing the EYTPAG element as a supplement only to providers employing a qualified teacher (in accordance with annual census data);
- b) As all providers are facing significant cost pressures, maintain the same base rate for all providers by distributing the EYTPAG element as an increase to the base rate to maintain the same base rate for all providers thereby maintaining a simple local formula.

**Q2:** do you support option a) or option b) as detailed above:

Do you have any other comments?

### 6b Maintained Nursery Schools (MNS)

No LA proposals – any specific additional resource allocated for the MNS from DfE will be ring-fenced and added directly to the base rate funding from April 2024 as additional supplementary funding in line with current arrangements.

## 6c Two-Year-Old Funding

From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year).

2-year-old funding will be provided to the LA at one base rate for both cohorts (working parents and disadvantaged).

LAs have the flexibility to either treat the two 2-year-old entitlements the same, with a single local 2-year-old formula, or to have separate local formulae for the two entitlements. The government is encouraging LAs to include a deprivation supplement in their local working parent formula, or if they have a single 2-year-old formula.

LA proposal:

**Q3** Base rate of funding provided to settings for any 2YO children should be at same funding rate. Do you agree? Yes / No

Do you have any other comments?

**Q4** LA funding model should provide additional targeted deprivation funding via a supplement at the same rate (i.e. £0.17 per hour) for any 2YO as per the current 3 & 4-year-old funding model? Do you agree Yes / No

Do you have any other comments?

## 6d Under 2s

The local funding formula model for the Under 2s cohort (from September 2024) should be in line with other funding stream models and as simple as possible (i.e. one base rate plus a deprivation supplement)

**Q5** LA funding model should provide additional targeted deprivation funding via a supplement at the same rate (i.e. £0.17 per hour) as per the current 3 & 4-year-old funding model. Do you agree? Yes / No

Do you have any other comments?

## 7. Timeline

The consultation period will commence on Friday 22 December 2023 and close at 12pm on Friday 12 January 2024. This short timeframe will enable responses to be reported to Schools Forum on 15<sup>th</sup> January.

Please return your responses to [A.Vidler@bury.gov.uk](mailto:A.Vidler@bury.gov.uk)