

EARLY YEARS FUNDING 2024 - 2025 CONSULTATION

Purpose of the Report

1. To agree the proposed consultation questions for early years providers in relation to funding rates for 2024-2025.

Information and Advice

2. The Local Authority has been calculating the indicative Early Years budgets for the financial year 2024-2025 and considering national and local implications. We propose to seek the views of Early Years Providers across the county before finalising the allocations.
3. The consultation will be carried out digitally and will target all early years providers which includes schools and private voluntary and independent (PVI) providers.

Proposals

4. Hourly Funding Rate

In March 2023, the Chancellor announced a series of measures to extend the current offer of funded childcare, to all working parents of children aged nine months and above. This included an increase in the hourly rate allocated to Local Authorities and paid to providers delivering funded hours and a consultation about Local Authorities retaining up to 5% of the entire budget. We are therefore proposing new hourly rates to be allocated from 2024 onwards on that basis.

5. Inclusion Fund

It is proposed to increase the amount retained for the Inclusion fund, from £250,000 to £275,000 as the number of children with SEND accessing a funded place is expected to increase.

Rationale for proposals:

Changes to the Hourly Rate

6. Local Authorities are currently permitted to retain up to 5% of monies allocated for 3- and 4-year-olds through the DSG to pay for central services. Nottinghamshire retained approximately 2.8% of the budget for this purpose in 2023-2024.

7. In July 2023, Government launched a national consultation to seek the views of Local Authorities and Early Years Providers on new funding formula in light of the extended entitlements. As a result, the guidance (29.11.23) is now that for 2024 to 2025, the 95% pass-through requirement will apply to the entitlements for all age groups from 9 months to 4-year-olds. It remains the intention to increase the pass-through rate requirement to 97% once the new entitlements are sufficiently embedded.
8. It is therefore proposed that we retain an element of each of the hourly rates, rather than just the 3- and 4-year-olds rate in 2024-2025. This will equate to a 1.9% retention rate across the budget.
9. The alternative would be to maintain the current retention rate at 2.8% from the 3- and 4-year-old allocation, altering the rates payable.
10. Further information attached on Appendix 1.

Changes to the Early Years Inclusion Funding

11. It is proposed to increase the amount retained for the Inclusion fund, from £250,000 to £275,000 as the number of children with SEND accessing a funded place is expected to increase.
12. Early estimates indicate that a further 3,000 children could access childcare in Early Years Settings in the coming year, and therefore there is a need for supplementary funding to support those with SEND.
13. Further information attached on Appendix 1.

Early Years Consultation Questions

14. Consultation questions have been drafted to enable the local authority to seek the views of the Early Years Sector and publish the hourly rates subject to Government confirmation. The proposed consultation questions are attached as Appendix 1

Early years Consultation timetable

- 6th December 2023 Schools Forum meeting – agree content of consultation.
- 7th December 2023 consultation opens for six weeks.
- Consultation Closes 15th January.
- Extraordinary Early Years and Schools Forum meeting (To be agreed) in the week of 15th January – recommendation of EY local funding formula.
- 22nd January 2024 – agreement of EY local funding formula at Policy Committee.

- 28th February 2024 – update to the Early Years and Schools Forum on final 2024-25 local funding formula for Schools and Early Years along with proposals for a 2.2% retention budget.
- 31 March 2024 – deadline for notification of funding allocation to EY providers

RECOMMENDATIONS

That the Schools Forum:

- 1) Consider and agree the proposed questions to be included in the consultation for early years funding rates for 2024-2025.

Irene Kakoullis

Group Manager Early Childhood Services

T: 0115 97 74431

E: irene.kakoullis@nottsc.gov.uk

For further information:

Mandy Stratford

Strategic Early Years Manager

T: 0115 97 73543

E: mandy.stratford2@nottsc.gov.uk