

### Early Years Funding consultation 2023

#### The consultation will run from 7<sup>th</sup> December 2023 to Monday 14<sup>th</sup> January 2024

Nottinghamshire County Council Early Childhood Services would like to seek the view of Providers who are delivering the Early Years funded entitlements about funding for the financial year 2024 – 2025.

This consultation is concerned with the Dedicated Schools Grant (DSG) Early Years Block. The Early Years Block is made up of funding for eligible 2-year-olds, 3 and 4 year olds, supplementary funding streams for the most vulnerable. In addition, in 2024 – 2025, the entitlements are being expanded to include children of working parents / carers aged from 9 months.

The hourly base rates are defined nationally, but the Local Authority has some discretion as to how the funding is distributed.

We therefore seek your views on two questions about funding distribution for the coming financial year. Once the consultation is closed the results will be considered by the Early Years and Schools Forum before the final new hourly rates are published in the Spring term.

#### Consultation on Early Years Entitlements Funding 2023 – 2024

- Your Name (optional)
- Type of setting (School based, Day Nursery, Childminder, Preschool, Wraparound provider)
- District 7 options.

#### 1. Centrally Retained Funding:

Local authorities are currently required to pass through at least 95% of their 3-and-4-year-old entitlement funding to providers. The remaining 5% can be retained centrally to be spent on activities such as central staffing and SEND support, administrative tasks such as eligibility checking and on transfers between entitlements. Nottinghamshire retained 2.8% in 2023 – 2024 from the 3 and 4 year old allocation. Funding for 2 year olds has been passed on without retention.

On 29<sup>th</sup> November 2023, Government announced the new base rates, along with their decision to allow Local Authorities to retain up to 5% from the entire allocation for children aged 9 months (September 2024), all 2-year-olds and all 3 and 4 year olds:

*“For 2024-25, the 95% pass-through rate will apply to each of the dedicated schools grant (DSG) funding streams”.*

The rationale for this is that as the amount of funding in the early years block increases with the roll out of the new entitlements, the percentage of overall funding LAs will require to hold back for central spend will decrease.

*“It remains the intention to increase the pass-through rate to 97% once the new entitlements are sufficiently embedded.”*

Nottinghamshire proposes therefore to retain 1.9% from the allocated DSG budget, from all funding streams. This will allow the hourly rate for 3- and 4-year-olds to remain at their current Supplementary grant levels and pay the rates below to the Sector.

<b>Option A</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Early Years Base Rate: *</b>	Hourly Rate	
Eligible Under Twos in PVI settings (September 2024)	NA	£10.20
Eligible 2 year olds School & PVI settings	£5.66 (inc. Supplementary grant rose to £7.47 Sept 23)	£7.58
Eligible 3 and 4 year olds in School & PVI settings	£4.70 (inc. Supplementary grant rose to £5.03 Sept 23)	£5.34

However, the alternative model would be to maintain the current retention rate at 2.8% from the three- and four-year-old allocation and 0% from 2 year old and Under 2 allocations, altering the rates payable, as the proportion of this age group is higher and therefore the impact of monetary changes is greater.

It should be noted that this can be delivered as a local decision, however, from 2025-2026, the Nottinghamshire will, in line with Government guidance, apply the percentage retention from the entire allocation as model A above. This option (B) would therefore be a temporary arrangement for the financial year 2024-2025.

<b>Option B</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Early Years Base Rate:</b>	Hourly Rate	
Eligible Under Twos in PVI settings (September 2024)	NA	£10.38
Eligible 2 year olds School & PVI settings	£5.66 (inc. Supplementary grant rose to £7.47 Sept 23)	£7.63
Eligible 3 and 4 year olds in School & PVI settings	£4.70 (inc. Supplementary grant rose to £5.03 Sept 23)	£5.31

I agree with the proposal (A) to retain 1.9% from the entire allocation and offer the funding rates (A) above.

Or

I agree with the proposal (B) retain 2.8% from the allocation for three- and four-year-olds and offer the funding rates (B) above on a temporary basis for the year 2024-2025.

## 2. Inclusion Funding

In addition, we propose to increase the amount retained for inclusion Funding.

There is an 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.

As the entitlements will become available for more, younger children, there is a need to calculate an estimated rise in the need for inclusion funding for children aged 9 months and over by September 2024. Currently there is a £250,000 allocation (which is supplemented by NCC central funding) and we propose to increase this to £275,000 in order to plan for the additional requests for younger children. If the inclusion fund remains at £250,000 there is a risk that some applications will be rejected or limited.

During the year 2024-2025 there will be further analysis carried out of the demand for Supplementary Funding for future years.

**Do you agree with the proposal to increase the amount retained for Inclusion Funding with an increase of £25,000? Yes / No**

**Do you have any other comments about this consultation?**

**Open text limit of 200 characters?**