

EARLY YEARS DSG FUNDING CENTRAL EXPENDITURE 2025 / 2026**Purpose of the Report**

1. To seek approval by the Early Years & Schools Forum (the Forum) to centrally retain 1.57% of the indicative early years block for 2025/2026 to provide functions to support statutory duties for early years as specified by the School and Early Years Finance (England) Regulations 2020.
2. To seek approval to publish the hourly rates payable to the early years sector for the delivery of early education entitlements and supplementary funding, once agreed by the Forum in February 2025.

Information and Advice

3. This report provides a breakdown of how the early years block of the DSG has been allocated for 2024/2025 and the proposed allocations for 2025/2026.
4. Early Years funding is allocated to all Local Authorities in accordance with the School and Early Years Finance (England) Regulations 2020. Funding is allocated on a per pupil basis.
5. Funding is used to pay the early years sector for children eligible for funded childcare.
 - a. All 3- and 4-year-olds are currently offered the equivalent of 15 hours of funded early education and childcare per week for 38 weeks of the year.
 - b. 3 and 4 year olds of working parents are entitled to the equivalent of 30 hours per week funding.
 - c. Children aged 2 years and over of working parents are entitled to 15 hours per week funding (extending to 30 hours by September 2025). Children from households receiving some form of additional government support are entitled to 15 hours per week funding.
 - d. Children aged 9 months and over of working parents are entitled to 15 hours per week funding (extending to 30 hours by September 2025)
6. Supplementary funding is also payable to children eligible for Free School Meals (FSM) through the Early Years Pupil Premium (EYPP), Disability Access Fund for 2-, 3- and 4-year-olds claiming Disability Living Allowance, both of which are separate funding streams, the Deprivation Fund for children that are known to Social Care and the Inclusion Fund for eligible children with SEND.
7. The proposed funding rates for 2025/2026 are highlighted below:

Early Years Funding Overview

8. Early Years funding in Nottinghamshire is allocated from the early years DSG block. The vast majority of the early years funding block is used to fund early years places for children aged 9 months to 4 years, and the current and proposed funding formula is as follows:

	2024/25	2025/26
Early Years Base Rate:		
Eligible Under Twos in PVI settings	£10.20	£10.38
Eligible 2 year olds School & PVI settings	£7.58	£7.78
Eligible 3 and 4 year olds in School & PVI settings	£5.34	£5.58
Funding supplements:		
Early Years Pupil Premium for 3 and 4 year olds	£0.68	£1.00
LAC Early Years Pupil Premium (all ages)	£0.68	£1.00
Deprivation all children eligible for EYPP	£0.05	£0.05
Deprivation for all eligible children	£406 per annum for monthly CIN/CPP & LAC Meetings	£406 per annum for monthly CIN/CPP & LAC Meetings
Deprivation 3 & 4 year olds Previously flagged as 2yo funding eligible, recorded as Expected under Communication and Language in Better Start/Synergy returns.	£50 per term per child	£50 per term per child
Disability Access Fund (DAF)	£910 per annum	£938 per annum

Central Early Years Funding

9. The Early Years DSG also provides funding for a number of early years posts across two teams in the council, Early Years and Family Hub Service (Early Years Service) and SEND Inclusion Service (prev. Schools and Families Specialist Services (SFSS)). A breakdown is included in Appendix 1 of this report.
10. In addition to the DSG, local authority revenue funding is used to fund some early years functions within the Local Authority. It is also used to pay for the Early Years Portal, work in Family Hub Networks, workforce development for the sector, governance, consultation, and engagement activities, as well as a contribution to the Families Information Service. This equates to a gross expenditure budget of approximately £11million.
11. From 2025-2026 Local Authorities are permitted to retain up to 4% of the Early Years Block to fund central expenditure to ensure sufficient, sustainable, high quality, accessible early education and childcare, and to implement the following eligibility assessments:
- the eligibility for free school meals of a pupil who is being provided with early years provision;
 - the eligibility of a child for prescribed early years provision; or
 - the eligibility of a child for the early years pupil premium

12. The services funded through the centralised costs last year equated to 1.7% of the overall budget.
13. The Authority would like to propose that from 1st April 2025, the council retains 1.57% to fund early years services as detailed in Appendix One. The final percentage will be confirmed as budget allocations for 2025/26 are published in July 2025.

RECOMMENDATION

That the Forum:

- 1) Approves the Authority's proposal to retain £2,011,685 of early years funding to be used for sufficiency and assessment functions within the Early Years Service and SEND Inclusion Service.
- 2) Approves the publication of the hourly rates to be payable to Early Years Providers as detailed above.

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APPENDIX ONE

Early Years Funding Proposals for 2025/2026 based on January 2024 census data.

NB: It should be noted that this calculation is based on census data from January 2024 and estimated take-up for the new working parent entitlements. The final allocations will not be known until July 2026.

Description	Indicative Allocation 2025/2026
	£128,321,401
Early Years Places Expenditure:	£125,849,716
Universal Entitlement for 3 and 4 year olds	£34,460,758
Eligible 3 and 4 year olds of working parents	£18,800,498
Early Years Supported 2 Year Olds	£6,675,628
Early Years 2 year olds working parents	£25,442,100
Under 2 years working parents	£37,584,801
Deprivation Factor CIN, CPP & LAC	£70,000
Deprivation Factor eligible for EYPP	£55,500
Deprivation Emerging Levels of C&L for 3&4YOs previously funded as 2YOs	£113,000
Early Years Pupil Premium	£1,199,274
Disability Access Fund	£579,684
Teachers Pay and Pensions Grant	£868,473
Discretionary Expenditure:	£480,000
Early Years Inclusion Fund	£460,000
Early Years Project costs	£20,000
Early Years Central Expenditure	£1,991,685
Families Information Service	£110,000
Early Years Staffing and on costs (SEND Inclusion Service)	£663,790
Early Years Staffing and on costs (Early Years Services)	£1,217,895

NB

- All proposed early years places funding is indicative and is based on January 24 census data and estimated take-up numbers for the new working parent entitlements.
- The proposals above include funding for existing posts and functions that meet the requirements of DSG in terms of early years.
- The Inclusion Fund will be increased, due to the increase in the numbers of children being identified as having additional needs and SEND, a higher number of children with Education, Health and Care Plans and the introduction of a new Early Health Notification process, identifying children with SEND much earlier. 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 2025.

Early Years Central Expenditure

Funding in 2025/26 would be used to fund the following posts and activities across two teams (Early Years Service and SEND Inclusion Service):

Posts	Function
Technical Specialists	<p>To ensure delivery of the funded early years provision is conducted in accordance with national policy guidance, financial regulation and that all relevant data is collated and recorded.</p> <p>Managing the funding streams, budget and payments associated with the provision of Early Years services, via schools and PVI sectors.</p> <p>To contribute to the medium- and long-term strategies for the statutory provision of places for early years and statutory age children.</p>
Early Years Project Officers	<p>To fulfil NCC's statutory duty to ensure there are sufficient high quality childcare places for children 0-14. This includes mapping of service provision, marketing to increase take up of childcare places; and developing childcare provision through capital projects and targeted work with schools.</p> <p>They provide a lead delivery role in terms of national and local initiatives and projects to develop and sustain childcare provision in the private, voluntary and independent childcare sector and schools and ensure adherence to policy and practice guidance. They also support the Early Years Sector with promotion of childcare as a career of choice and support national and local recruitment activity.</p>
Senior Practitioner in ECS	<p>To supervise frontline staff to meet the required service standards within the Early Years Quality Improvement team and provide assistance to the Early Years Specialist Teachers and Advisors to promote and support the delivery of high-quality early education and childcare provision in order to raise attainment, especially for vulnerable children.</p> <p>To work in a collaborative manner with early years providers to support and challenge them to improve the quality of their provision in line with Ofsted expectations.</p>
Quality and Attainment Team	<p>To provide specialist educational support, advice and training to all early years providers, in line with the associated teachers standards, within the Early Childhood Services Team. To promote and develop high quality teaching, learning and provision supporting raising attainment for all children including all vulnerable children. They hold the role of Area SENCO to support settings with children with SEND. To provide additional support for providers to deliver the extended childcare entitlements with a particular focus on Safeguarding and childcare for babies under the age of two.</p>
Early Years Strategic Leadership	<p>To lead on national duties placed on the Local Authority for early years provision, childcare sufficiency and quality assurance.</p> <p>To lead and manage the early years team and functions of the LA. This post is the strategic lead for early years duties, functions and processes and is the overall lead for all early years budgets and spend.</p> <p>To take a leadership and line management role with Early Years posts and the Early Years Advisory Service including operational, technical and professional staff to deliver required Early Years and Family Hub objectives.</p>

Teachers and Teaching Assistants in SEND Inclusion Service	<p>To provide early years elements of the SEND Inclusion Service working with children with SEND in early years and at Key Stage 1.</p> <p>Retained Funding contributes to the staffing costs of Teachers and Teaching Assistants and is calculated as the proportion of the overall services case load that is below Key Stage 1. This includes support in the home, PVI settings and to pupils in F1 and F2.</p>
Families Information Service	<p>To discharge the duty to provide information to parents, to ensure parents and prospective parents can access the full range of information they may need for their children right through to their 20th birthday.</p>
Early Years Project Costs (sufficiency and sustainability activity; Early Years Practice Development)	<p>This will include costs for consultation and analysis with parents and early years providers, focus groups, venue hire, promotional campaigns e.g., recruitment etc.</p> <p>To market early education entitlements to increase take up by vulnerable children/families in particular.</p> <p>To provide funding that supports new practice developments designed to improve quality of provision and attainment levels of young children with particular regard for Safeguarding Training and Development. Conferences and Specialised training.</p>