

<b>School Forum</b>	
<b>Report from Executive Director of People - Children Service</b>	
<b>Early Years National Funding Formula 2024-25</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	1
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## 1 Purpose of the Report

- 1.1 This report updates Schools’ Forum on the conclusion of the Early Years National Funding Formula (EYNFF) modelling following the outcome of the consultation with the EY Task Group.

## 2 Recommendations

- 2.1 The Schools Forum is asked to endorse Slough’s Early Years Funding Formula for 2024-25:

- **Notes** the conclusions of the work to develop the 2024-25 EYNFF funding model and associated budget development.
- **Notes** the LA recommendation to implement **option 2** as per the outcome of the Early Years Task Group.

## 3 Summary

- 3.1. Appendix 1 outlines the proposed allocation of Slough’s Early Years Block 2024- 25 (based on the local authority funding operational guide 2024-25 published 29<sup>th</sup> November 23). The final grant value will be determined based on pupil numbers at the January 2024 and 2025 censuses. Therefore, budgets and funding formula rates may be adjusted accordingly to comply with the 95% pass through regulation and to manage the affordability of the formula.

- 3.2. There are significant changes in the Early Years Block allocations for 2024-25, following on from the Chancellor’s announcement in the Spring Budget 2023. Further funding has been made available to provide:
- 15 hours of Funded Early Education per week for 38 weeks (570 hours) for qualifying working parents of 2 year olds from April 2024.
  - 15 hours of Funded Early Education per week for 38 weeks (570 hours) for qualifying working parents of children from 9 months old from September 2024.
  - Disability Access Fund (DAF) is being extended to qualifying 2 year olds from April 2024, and qualifying children 9 months and older from September 2024. The criteria are the same as the current 3 & 4 year old universal entitlement.
  - Early Years Pupil Premium (EYPP) and deprivation payments are being extended to qualifying 2 year olds from April 2024, and qualifying children 9 months and older from September 2024. The criteria are the same as the current 3 & 4 year old universal entitlement.
- 3.3. The four options detailed below were presented to the EY task group on the 11<sup>th</sup> December, where a decision was made to put forward the two preferred options for the Early Years sector to vote on. Options 1 and 2 were the preferred choice.

**Table 1 High Level Early Years Provisional Budget modelling options**

Option 1		Option 2		Option 3		Option 4	
3-4 Yr Old- increase of £0.44	£6.25	3-4 Yr Old- increase of £0.46	£6.27	3-4 Yr Old- increase of £0.41	£6.22	3-4 Yr Old- increase of £0.40	£6.21
Deprivation- increase of £0.02	£0.75	Deprivation- no change	£0.73	Deprivation- no change	£0.73	Deprivation- increase of £0.27	£1.00
2 Yr Old- increase of £2.61	£9.13	2 Yr Old- increase of £2.63	£9.15	2 Yr Old- increase of £2.58	£9.10	2 Yr Old- increase of £2.60	£9.12
2 yr Deprivation- new funding	£0.75	2 yr Deprivation- new funding	£0.73	2 yr Deprivation- new funding	£0.73	2 yr Deprivation- new funding	£1.00
Under 2 Yr Old- new funding	£12.30	Under 2 Yr Old- new funding	£12.50	Under 2 Yr Old- new funding	£12.41	Under 2 Yr Old- new funding	£12.30
U2 Deprivation- new funding	£0.75	U2 Deprivation- new funding	£0.73	U2 Deprivation- new funding	£0.73	U2 Deprivation- new funding	£1.00

- 3.4. Schools Forum is asked to note the 5% centrally retained budget for Early Years.

#### 4 Proposed local funding formula for 2024-25

- 4.1. The overall base rate for providers is determined by the national formula allocation for Slough and the Local Authority’s mandatory responsibility to children with special educational needs (SEN). Table 2, below, outlines the hourly funding rates for the Local Funding Formula 2023-24 and proposed rates for 2024-25.

**Table 2 – Funding Rates**

<b>Current and proposed Early Years Funding Formula Factors 2024-25</b>			
<b>Options put forward by the EY Task Group on 11-12-2023</b>			
<b>EY Funding Formula Factor</b>	<b>Current- all EY Providers</b>	<b>Option 1</b>	<b>Option 2</b>
<b>3&amp;4 rate</b>	<b>£5.81</b>	<b>£6.25</b>	<b>£6.27</b>
<b>Universal 15 hours</b>			
<b>Extended (working parent) 15 hours</b>			
<b>Deprivation (mandatory supplement)</b>	<b>£0.73</b>	<b>£0.75</b>	<b>£0.73</b>
<b>2 year old rate</b>		<b>£9.13</b>	<b>£9.15</b>
<b>Disadvantaged 15 hours</b>	<b>£6.52</b>		
<b>Working parent 15 hours</b>	<b>New</b>		
<b>Under 2 year old rate (from Sep'24)</b>	<b>New</b>	<b>£12.30</b>	<b>£12.50</b>

- 4.2. After the 5% reduction for central resources, this funding will be distributed to providers as a universal base hourly rate plus the additional allocation for deprivation where applicable. For 3 & 4 year olds the universal base rate to providers would increase by £0.44 from £5.81 in 2023-24 to £6.25 in 2023-24 in Option1 and would increase by £0.46 to £6.27 in Option 2.
- 4.3. Deprivation is allocated based on the Income Deprivation Affecting Children. There is a £0.02 increase in the rate to £0.75 for Option 1 and no change £0.73 in option 2.
- 4.4. For 2 year olds in 2024-25, the funding rate has increased from £6.87 per hour to £9.82 per hour.  
It is proposed to pass on £9.13 to providers in option 1 and £9.15 in Option 2, after deduction of 5% for central services.
- 4.5. For Under 2 year olds from September 2024, the funding rate has been set at £13.36. It is proposed to pass on £12.30 to providers in option 1 and £12.50 in Option 2, after deduction of 5% for central services.

**5 The results of the consultation were as follows:**

- 5.1. Two options were presented to the EY sector in an online consultation:
- Option 1- 18 votes 45%
  - Option 2- 21 votes 55%

**Option 2 is the preferred choice.**

- 5.2. A summary of the financial impact of the overall final position is set out in appendix A. It uses the estimated participation rates for 2024-25 which has been provided and validated by the Early Years' Service.

## **6 Participation based funding allocations**

- 6.1. Schools and settings are funded based on participation over the whole year and not just the highest count, this ensures that funding is realistic and adjustments for over/under occupancy at the end of the year are more manageable. This will not change in line with the changes above.

## **7 Inclusion Fund**

- 7.1 The government requires all Local Authorities to establish a SEN Inclusion Fund for three and four-year olds in their local funding systems. In order to establish a SEN Inclusion Fund, Slough have historically combined funding from the early years and high needs blocks of the DSG. The SEN inclusion grant funding forms part of the 95% pass through allocation for early years providers allocated on an application basis.
- 7.2. The proposal is to decrease of SEN inclusion funding from the 2023-24 allocation of £80k to £63.8k in 2024-25 which represents 0.33% of eligible funding from the early years block. The SEN inclusion grant along with high needs block funding is used to support children with additional needs in all settings including those in specialist nursery provision for young children with significant difficulties. The funding is allocated based on participation.

## **8 Funding for children with special educational needs**

- 8.1. Disability Access Funding (DAF) ensures that every child in an early years setting receiving the free entitlement and in receipt of the disability living allowance receives an additional funding allocation to the setting. Recent announcements from the DfE increased this amount by £82 from £828 in 2023-24 to £910 for each eligible child from April 2024. Payment of DAF is being extended to eligible families in receipt of both types of 2 year funding from April 2024, and further extended to eligible children from 9 months old in September 2024

## **9 Early Years Pupil Premium**

- 9.1. From 2015 the Government introduced the Early Years Pupil Premium to 3- and 4-year olds from disadvantaged backgrounds. This will be increased in 2024-25 by £34.20 from the current year rate of £353.40 to £387.60 for each qualifying child. Payment of EYPP is being extended to eligible families in receipt of both types of 2 year funding from April 2024, and further extended to eligible children from 9 months old in September 2024

## **10 Financial Implications**

- 10.1 The financial implications have been detailed in the body of this paper.

## **11 ALTERNATIVE OPTIONS CONSIDERED**

No alternative options were considered.

**12 SUPPORTING INFORMATION**

Not applicable

**13 Legal Implications**

There are no legal implications for this report.

**14 Equality Implications**

Not applicable

APPENDIX 1

Option 1		Option 2		Option 3		Option 4	
3-4 Yr Old	£6.25	3-4 Yr Old	£6.27	3-4 Yr Old	£6.22	3-4 Yr Old	£6.21
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
2 Yr Old	£9.13	2 Yr Old	£9.15	2 Yr Old	£9.10	2 Yr Old	£9.12
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Under 2 Yr		Under 2 Yr		Under 2 Yr		Under 2 Yr	
Old	£12.30	Old	£12.50	Old	£12.41	Old	£12.30
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Option 1		Option 2		Option 3		Option 4	
<b>3-4 Yr Old</b>		<b>3-4 Yr Old</b>		<b>3-4 Yr Old</b>		<b>3-4 Yr Old</b>	
<b>DfE Rate</b>	£6.75	<b>DfE Rate</b>	£6.75	<b>DfE Rate</b>	£6.75	<b>DfE Rate</b>	£6.75
Slough Rate	£6.25	Slough Rate	£6.27	Slough Rate	£6.22	Slough Rate	£6.21
Hours (DfE Estimate)	1,999,988	Hours (DfE Estimate)	1,999,988	Hours (DfE Estimate)	1,999,988	Hours (DfE Estimate)	1,999,988
Pass Through Cost	£12,499,925	Pass Through Cost	£12,539,925	Pass Through Cost	£12,439,925	Pass Through Cost	£12,419,925
Supplement - Deprivation	£244,678	Supplement - Deprivation	£238,153	Supplement - Deprivation	£238,153	Supplement - Deprivation	£326,237
Contingency	£40,000	Contingency	£0	Contingency	£46,800	Contingency	£0
SEN Inclusion	£40,000	SEN Inclusion	£46,500	SEN Inclusion	£100,000	SEN Inclusion	£78,500
<b>Subtotal Pass Through</b>	<b>£12,824,603</b>	<b>Subtotal Pass Through</b>	<b>£12,824,578</b>	<b>Subtotal Pass Through</b>	<b>£12,824,878</b>	<b>Subtotal Pass Through</b>	<b>£12,824,662</b>
Average Hourly Rate	£6.41	Average Hourly Rate	£6.41	Average Hourly Rate	£6.41	Average Hourly Rate	£6.41
DfE Rate	£6.75	DfE Rate	£6.75	DfE Rate	£6.75	DfE Rate	£6.75
Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>
Centrally Retained 3-4 Yr Old	£674,996	Centrally Retained 3-4 Yr Old	£674,996	Centrally Retained 3-4 Yr Old	£674,996	Centrally Retained 3-4 Yr Old	£539,997
Growth	£318	Growth	£343	Growth	£43	Growth	£135,258
<b>Total 3&amp;4 yr old</b>	<b>£13,499,917</b>	<b>Total 3&amp;4 yr old</b>	<b>£13,499,917</b>	<b>Total 3&amp;4 yr old</b>	<b>£13,499,917</b>	<b>Total 3&amp;4 yr old</b>	<b>£13,499,917</b>
Settlement	£13,499,917	Settlement	£13,499,917	Settlement	£13,499,917	Settlement	£13,499,917
Variance	£0	Variance	£0	Variance	£0	Variance	£0

Option 1		Option 2		Option 3		Option 4	
3-4 Yr Old	£6.25	3-4 Yr Old	£6.27	3-4 Yr Old	£6.22	3-4 Yr Old	£6.21
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
2 Yr Old	£9.13	2 Yr Old	£9.15	2 Yr Old	£9.10	2 Yr Old	£9.12
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Under 2 Yr Old	£12.30	Under 2 Yr Old	£12.50	Under 2 Yr Old	£12.41	Under 2 Yr Old	£12.30
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Option 1		Option 2		Option 3		Option 4	
<b>2 Yr Old</b>		<b>2 Yr Old</b>		<b>2 Yr Old</b>		<b>2 Yr Old</b>	
<b>DfE Rate</b>	£9.82	<b>DfE Rate</b>	£9.82	<b>DfE Rate</b>	£9.82	<b>DfE Rate</b>	£9.82
Slough Rate	£9.13	Slough Rate	£9.15	Slough Rate	£9.10	Slough Rate	£9.12
Hours (DfE Estimate)	421,977	Hours (DfE Estimate)	421,977	Hours (DfE Estimate)	421,977	Hours (DfE Estimate)	421,977
Pass Through Cost	£3,852,650	Pass Through Cost	£3,861,090	Pass Through Cost	£3,839,991	Pass Through Cost	£3,848,430
Supplement - Deprivation	£65,069	Supplement - Deprivation	£63,333	Supplement - Deprivation	£63,333	Supplement - Deprivation	£86,758
Contingency		Contingency	£0	Contingency	£15,300	Contingency	£0
SEN Inclusion	£18,800	SEN Inclusion	£12,000	SEN Inclusion	£18,000	SEN Inclusion	£1,600
<b>Subtotal Pass Through</b>	<b>£3,936,519</b>	<b>Subtotal Pass Through</b>	<b>£3,936,423</b>	<b>Subtotal Pass Through</b>	<b>£3,936,624</b>	<b>Subtotal Pass Through</b>	<b>£3,936,788</b>
Average Hourly Rate	£9.33	Average Hourly Rate	£9.33	Average Hourly Rate	£9.33	Average Hourly Rate	£9.33
DfE Rate	£9.82	DfE Rate	£9.82	DfE Rate	£9.82	DfE Rate	£9.82
Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>
Centrally Retained 2 Yr Old	£207,191	Centrally Retained 2 Yr Old	£207,191	Centrally Retained 2 Yr Old	£207,191	Centrally Retained 2 Yr Old	£207,026
Growth	£102	Growth	£198	Growth	-£3	Growth	-£2
<b>Total 2 yr old</b>	<b>£4,143,812</b>	<b>Total 2 yr old</b>	<b>£4,143,812</b>	<b>Total 2 yr old</b>	<b>£4,143,812</b>	<b>Total 2 yr old</b>	<b>£4,143,812</b>
Settlement	£4,143,812	Settlement	£4,143,812	Settlement	£4,143,812	Settlement	£4,143,812
Variance	£0	Variance	£0	Variance	£0	Variance	£0

Option 1		Option 2		Option 3		Option 4	
3-4 Yr Old	£6.25	3-4 Yr Old	£6.27	3-4 Yr Old	£6.22	3-4 Yr Old	£6.21
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
2 Yr Old	£9.13	2 Yr Old	£9.15	2 Yr Old	£9.10	2 Yr Old	£9.12
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Under 2 Yr Old	£12.30	Under 2 Yr Old	£12.50	Under 2 Yr Old	£12.41	Under 2 Yr Old	£12.30
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Option 1		Option 2		Option 3		Option 4	
<b>U2 Yr Old</b>		<b>U2 Yr Old</b>		<b>U2 Yr Old</b>		<b>U2 Yr Old</b>	
<b>DfE Rate</b>	£13.36	<b>DfE Rate</b>	£13.36	<b>DfE Rate</b>	£13.36	<b>DfE Rate</b>	£13.36
Slough Rate	£12.30	Slough Rate	£12.50	Slough Rate	£12.41	Slough Rate	£12.30
Hours (DfE Estimate)	127,857	Hours (DfE Estimate)	127,857	Hours (DfE Estimate)	127,857	Hours (DfE Estimate)	127,857
Pass Through Cost	£1,572,641	Pass Through Cost	£1,598,213	Pass Through Cost	£1,586,705	Pass Through Cost	£1,572,641
Supplement - Deprivation	£19,715	Supplement - Deprivation	£19,190	Supplement - Deprivation	£19,190	Supplement - Deprivation	£26,287
Contingency	£350	Contingency	£0	Contingency	£1,800	Contingency	£800
SEN Inclusion	£30,000	SEN Inclusion	£5,300	SEN Inclusion	£15,000	SEN Inclusion	£23,000
<b>Subtotal Pass Through</b>	<b>£1,622,706</b>	<b>Subtotal Pass Through</b>	<b>£1,622,702</b>	<b>Subtotal Pass Through</b>	<b>£1,622,695</b>	<b>Subtotal Pass Through</b>	<b>£1,622,728</b>
Average Hourly Rate	£12.69	Average Hourly Rate	£12.69	Average Hourly Rate	£12.69	Average Hourly Rate	£12.69
DfE Rate	£13.36	DfE Rate	£13.36	DfE Rate	£13.36	DfE Rate	£13.36
Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>	Pass through Compliance	<b>95.00%</b>
Centrally Retained U2 Yr Old	£85,408	Centrally Retained U2 Yr Old	£85,408	Centrally Retained U2 Yr Old	£85,408	Centrally Retained U2 Yr Old	£85,408
Growth	£52	Growth	£56	Growth	£63	Growth	£30
<b>Total U2 yr old</b>	<b>£1,708,166</b>	<b>Total U2 yr old</b>	<b>£1,708,166</b>	<b>Total U2 yr old</b>	<b>£1,708,166</b>	<b>Total U2 yr old</b>	<b>£1,708,166</b>
Settlement	£1,708,166	Settlement	£1,708,166	Settlement	£1,708,166	Settlement	£1,708,166
Variance	£0	Variance	£0	Variance	£0	Variance	£0



Option 1		Option 2		Option 3		Option 4	
3-4 Yr Old	£6.25	3-4 Yr Old	£6.27	3-4 Yr Old	£6.22	3-4 Yr Old	£6.21
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
2 Yr Old	£9.13	2 Yr Old	£9.15	2 Yr Old	£9.10	2 Yr Old	£9.12
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Under 2 Yr Old	£12.30	Under 2 Yr Old	£12.50	Under 2 Yr Old	£12.41	Under 2 Yr Old	£12.30
Deprivation	£0.75	Deprivation	£0.73	Deprivation	£0.73	Deprivation	£1.00
Option 1		Option 2		Option 3		Option 4	
MNS	£1,219,253	MNS	£1,219,253	MNS	£1,219,253	MNS	£1,219,253
Centrally Retained all ages	£967,595	Centrally Retained all ages	£967,595	Centrally Retained all ages	£967,595	Centrally Retained all ages	£832,431
Growth	£472	Growth	£597	Growth	£103	Growth	£135,285
<b>Subtotal</b>	<b>£20,571,148</b>	<b>Subtotal</b>	<b>£20,571,148</b>	<b>Subtotal</b>	<b>£20,571,148</b>	<b>Subtotal</b>	<b>£20,571,148</b>
Disability Access Fund	£92,820	Disability Access Fund	£92,820	Disability Access Fund	£92,820	Disability Access Fund	£92,820
EYPP	£221,666	EYPP	£221,666	EYPP	£221,666	EYPP	£221,666
<b>TOTAL</b>	<b>£20,885,634</b>	<b>TOTAL</b>	<b>£20,885,634</b>	<b>TOTAL</b>	<b>£20,885,634</b>	<b>TOTAL</b>	<b>£20,885,634</b>
Settlement	£20,885,634	Settlement	£20,885,634	Settlement	£20,885,634	Settlement	£20,885,634
Variance	£0	Variance	£0	Variance	£0	Variance	£0
<b>Grand Total</b>	<b>£20,885,634</b>	<b>Grand Total</b>	<b>£20,885,634</b>	<b>Grand Total</b>	<b>£20,885,634</b>	<b>Grand Total</b>	<b>£20,885,634</b>
Settlement	£20,885,634	Settlement	£20,885,634	Settlement	£20,885,634	Settlement	£20,885,634
Variance	£0	Variance	£0	Variance	£0	Variance	£0
Total Centrally Retained 5% SEN Inclusion	£967,595 £88,800 <b>£1,056,395</b>	Total Centrally Retained 5% SEN Inclusion	£967,595 £63,800 <b>£1,031,395</b>	Total Centrally Retained 5% SEN Inclusion	£967,595 £133,000 <b>£1,100,595</b>	Total Centrally Retained 5% SEN Inclusion	£967,595 £103,100 <b>£1,070,695</b>