

<b>Schools Forum</b>	
<b>Report from Executive Director of People - Children Service</b>	
<b>Early Years National Funding Formula 2025-26</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>No. of Appendices:</b>	2
<b>Contact Officer(s):</b>	<p><b>Neil Hoskinson</b>          Interim Director – Education &amp; Inclusion          Email: <a href="mailto:Neil.Hoskinson@slough.gov.uk">Neil.Hoskinson@slough.gov.uk</a></p> <p><b>Luisa Hansen</b>          Interim Strategic Finance Manager – Children’s          Email: <a href="mailto:Luisa.Hansen@slough.gov.uk">Luisa.Hansen@slough.gov.uk</a></p>

## 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 2025-26:
- note the conclusions of the work to develop the 2025-26 EYNFF funding model and associated budget development
- note the LA recommendation to implement Option 4 as per the outcome of the Early Years Task Group
- agree the proposed retention of £0.969m from the Early Years DSG to support the central early years team

## 3 Summary

- 3.1. Appendix 1 outlines the proposed allocation of Slough’s Early Years Block 2025- 26 (based on the local authority funding operational guide 2025-26 published 10<sup>th</sup> December 2024). The final grant value will be determined based on pupil numbers at the January 2025 and 2026 censuses. Therefore, budgets and funding formula rates may be adjusted accordingly to comply with the 96% pass through regulation and to manage the affordability of the formula.

3.2. There are further changes in the Early Years Block allocations for 2025-26

- From April 2025, the amount of funding passed through to providers will be increased from 95% to 96%. This will make significant changes to the hourly funding rates
- From September 2025 the 15 hours Working Families Entitlement for children from 9 months will increase to 30 hours per week over 38 weeks. However, EYPP and Deprivation for eligible children will only be applied to the first 15 hours

3.3. The four options detailed below were presented to the EY task group on the 17<sup>th</sup> December 2024, where a decision was made to put forward the two preferred options for the Early Years sector to vote on. Options 3 and 4 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 £0.17	£6.44	3-4 Yr Old- increase of £0.08	£6.35	3-4 Yr Old- increase of £0.22	£6.49	3-4 Yr Old- increase of £0.24	£6.51
2 Yr Old- increase of £0.15	£9.30	2 Yr Old- increase of £0.09	£9.24	2 Yr Old- increase of £0.29	£9.44	2 Yr Old- increase of £0.31	£9.46
U2 Yr Old- increase of £0.25	£12.75	U2 Yr Old- increase of £0.17	£12.67	U2 Yr Old- increase of £0.32	£12.82	U2 Yr Old- increase of £0.45	£12.95
Deprivation- increase of £0.04	£0.77	Deprivation- increase of £0.02	£0.75	Deprivation- increase of £0.05	£0.78	Deprivation- increase of £0.05	£0.78
SEN Inclusion- increase of £376,200	£440,000	SEN Inclusion- increase of £636,200	£700,000	SEN Inclusion- increase of £136,200	£200,000	SEN Inclusion- increase of £66,200	£130,000
EYPP- increase of £0.32	£1.00	EYPP- increase of £0.32	£1.00	EYPP- increase of £0.32	£1.00	EYPP- increase of £0.32	£1.00
DAF- increase of £28	£938	DAF- increase of £28	£938	DAF- increase of £28	£938	DAF- increase of £28	£938

3.4. Schools Forum is asked to note the 4% centrally retained budget for Early Years.

**4 Proposed local funding formula for 2025-26**

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 2024-25 and proposed rates for 2025-26.

**Table 2 – Funding Rates**

Current and proposed Early Years Funding Formula Factors 2025-26			
Options put forward by the EY Task Group on 17-12-2024			
EY Funding Formula Factor	Current- all EY Providers	Option 3	Option 4
<b>3&amp;4 rate</b>	£6.27	£6.49	£6.51
Universal 15 hours			
Extended (working parent) 15 hours			
Deprivation (mandatory supplement)	£0.73	£0.78	£0.78
<b>2 year old rate</b>	£9.15	£9.44	£9.46
Disadvantaged 15 hours			
Working parent 15 hours			
Under 2 year old rate	£12.50	£12.82	£12.95

- 4.2. For 3 & 4 year olds in 2025-26, the funding rate has increased from £6.75 per hour to £6.95 per hour.  
 It is proposed to pass on £6.49 to providers in option 1 and £6.51 in Option 2, after deduction of 4% for central services.
- 4.3. Deprivation is allocated based on the Income Deprivation Affecting Children. There is a £0.05 increase in the rate to £0.78 for both options.
- 4.4. For 2 year olds in 2025-26, the funding rate has increased from £9.82 per hour to £10.08 per hour.  
 It is proposed to pass on £9.44 to providers in option 1 and £9.46 in Option 2, after deduction of 4% for central services.
- 4.5. For Under 2 year olds in 2025-26, the funding rate has increased from £13.36 per hour to £13.76 per hour.  
 It is proposed to pass on £12.82 to providers in option 1 and £12.95 in Option 2, after deduction of 4% 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 3- 10 votes 31%
  - Option 4- 22 votes 69%

**Option 4 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 2025-26 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 96% pass through allocation for early years providers allocated on an application basis.
- 7.2. The proposal is to increase the SEN inclusion funding from the 2024-25 allocation of £63.8k to £130,000 in 2025-26 which represents 0.57% 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 from 9 months old in an early years setting receiving the free entitlement and in receipt of Disability Living Allowance receives an additional funding allocation to the setting. This amount has increased by £28, from £910 in 2024-25 to £938 in 2025-26

## **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. EYPP is now payable to all eligible children from 9 months old. This will be increased in 2025-26 by £182.40 from the current year rate of £387.60 to £570.00 for each qualifying child.

## **10 4% Centrally Retained Funding**

- 10.1 The local authority is required to pass-through 96% of the eligible under 2, 2 year and 3&4 year old funding to the sector. It is proposed to retain 4% of the funding to cover the duties as shown in Appendix 2

## **11 Financial Implications**

- 11.1 The report sets out clearly how the early years funding will be allocated in 2025/26. The funding received from the DfE for Early Years DSG is not received on the same basis and there could be some discrepancies at year end between income and expenditure.
- 11.2 For 3&4 YO's and Deprivation-driven 2YO's, the EYDSG will be based on 5/12ths of the January 2025 pupil census and 7/12ths of the January 2026 pupil census, neither of which have yet taken place. There is no guarantee that termly payments and income will match the DSG approach.
- 11.3 For expanded 2YO's and U2YO's, EYDSG will be driven by termly counts, so variations are less likely to be material.
- 11.4 The modest contingency of £41k in the proposals provides some cover for adverse changes; beyond that, any shortfalls would need to factor into calculations for local funding rates in future years.

## **12 ALTERNATIVE OPTIONS CONSIDERED**

No alternative options were considered.

## **13 SUPPORTING INFORMATION**

Not applicable

## **14 Legal Implications**

There are no legal implications for this report.

## **15 Equality Implications**

Not applicable

APPENDIX 1

Proposed Early Years budget 2025/26, based on option 4, recommended by the working group										
Age-range	All pupils £'000	Deprivation £'000	Contingency £'000	Inclusion £'000	MNS	EYPP £'000	DAF £'000	Total for settings £'000	Centally retained £'000	GRAND TOTAL £'000
3&4YOs	£13,423	£263	£21	£50	£1,505	£212	£87	£15,561	£573	£16,134
2YOs	£4,740	£63	£6	£40	£0	£100	£26	£4,975	£202	£5,177
U2YOs	£4,553	£37	£14	£40	£0	£9	£7	£4,659	£193	£4,853
<b>Total forecast commitments 2025/26</b>	<b>£22,715</b>	<b>£363</b>	<b>£41</b>	<b>£130</b>	<b>£1,505</b>	<b>£321</b>	<b>£120</b>	<b>£25,195</b>	<b>£969</b>	<b>£26,164</b>

Option 1		Option 2		Option 3		Option 4	
3&4 YO	£6.44	3&4 YO	£6.35	3&4 YO	£6.49	3&4 YO	£6.51
Deprivation	£0.77	Deprivation	£0.75	Deprivation	£0.78	Deprivation	£0.78
2 YO	£9.30	2 YO	£9.24	2 YO	£9.44	2 YO	£9.46
U2 YO	£12.75	U2 YO	£12.67	U2 YO	£12.82	U2 YO	£12.95
SEN Inclusion	£420,000.00	SEN Inclusion	£700,000.00	SEN Inclusion	£200,000.00	SEN Inclusion	£130,000.00
Option 1		Option 2		Option 3		Option 4	
3-4 Yr Old		3-4 Yr Old		3-4 Yr Old		3-4 Yr Old	
DfE Rate	£6.95	DfE Rate	£6.95	DfE Rate	£6.95	DfE Rate	£6.95
Slough Rate	£6.44	Slough Rate	£6.35	Slough Rate	£6.49	Slough Rate	£6.51
Hours (DfE Estimate)	2061873.00	Hours (DfE Estimate)	2061873.00	Hours (DfE Estimate)	2061873.00	Hours (DfE Estimate)	2061873.00
Pass Through Cost	£13,278,462.12	Pass Through Cost	£13,092,893.55	Pass Through Cost	£13,381,555.77	Pass Through Cost	£13,422,793.23
Supplement - Deprivation	£259,960.47	Supplement - Deprivation	£253,208.25	Supplement - Deprivation	£263,336.58	Supplement - Deprivation	£263,336.58
Contingency	£38,393.76	Contingency	£10,714.55	Contingency	£11,924.00	Contingency	£20,686.54
SEN Inclusion	£180,000.00	SEN Inclusion	£400,000.00	SEN Inclusion	£100,000.00	SEN Inclusion	£50,000.00
<b>Subtotal Pass Through</b>	<b>£13,756,816.35</b>	<b>Subtotal Pass Through</b>	<b>£13,756,816.35</b>	<b>Subtotal Pass Through</b>	<b>£13,756,816.35</b>	<b>Subtotal Pass Through</b>	<b>£13,756,816.35</b>
Average Hourly Rate	£6.67	Average Hourly Rate	£6.67	Average Hourly Rate	£6.67	Average Hourly Rate	£6.67
DfE Rate	£6.95	DfE Rate	£6.95	DfE Rate	£6.95	DfE Rate	£6.95
Pass through Compliance	96.00%	Pass through Compliance	96.00%	Pass through Compliance	96.00%	Pass through Compliance	96.00%
MNS	£1,504,953.90	MNS	£1,504,953.90	MNS	£1,504,953.90	MNS	£1,504,953.90
Centrally Retained 3-4 Yr Old	£573,201.00	Centrally Retained 3-4 Yr Old	£573,201.00	Centrally Retained 3-4 Yr Old	£573,201.00	Centrally Retained 3-4 Yr Old	£573,201.00
Growth	£0.00	Growth	£0.00	Growth	£0.00	Growth	£0.00
<b>Total 3&amp;4 yr old</b>	<b>£15,834,971.25</b>	<b>Total 3&amp;4 yr old</b>	<b>£15,834,971.25</b>	<b>Total 3&amp;4 yr old</b>	<b>£15,834,971.25</b>	<b>Total 3&amp;4 yr old</b>	<b>£15,834,971.25</b>
Settlement	£15,834,971.25	Settlement	£15,834,971.25	Settlement	£15,834,971.25	Settlement	£15,834,971.25
Variance	£0.00	Variance	£0.00	Variance	£0.00	Variance	£0.00

2 Yr Old		2 Yr Old		2 Yr Old		2 Yr Old	
DfE Rate	10.08	DfE Rate	10.08	DfE Rate	10.08	DfE Rate	10.08
Slough Rate	£9.30	Slough Rate	£9.24	Slough Rate	£9.44	Slough Rate	£9.46
Hours (DfE Estimate)	501019.00	Hours (DfE Estimate)	501019.00	Hours (DfE Estimate)	501019.00	Hours (DfE Estimate)	501019.00
Pass Through Cost	£4,659,476.70	Pass Through Cost	£4,629,415.56	Pass Through Cost	£4,729,619.36	Pass Through Cost	£4,739,639.74
Supplement - Deprivation	£62,078.02	Supplement - Deprivation	£60,465.60	Supplement - Deprivation	£62,884.22	Supplement - Deprivation	£62,884.22
Contingency	£6,705.80	Contingency	£8,379.36	Contingency	£5,756.94	Contingency	£5,736.56
SEN Inclusion	£120,000.00	SEN Inclusion	£150,000.00	SEN Inclusion	£50,000.00	SEN Inclusion	£40,000.00
<b>Subtotal Pass Through</b>	<b>£4,848,260.52</b>	<b>Subtotal Pass Through</b>	<b>£4,848,260.52</b>	<b>Subtotal Pass Through</b>	<b>£4,848,260.52</b>	<b>Subtotal Pass Through</b>	<b>£4,848,260.52</b>
Average Hourly Rate	£9.68	Average Hourly Rate	£9.68	Average Hourly Rate	£9.68	Average Hourly Rate	£9.68
DfE Rate	£10.08	DfE Rate	£10.08	DfE Rate	£10.08	DfE Rate	£10.08
Pass through Compliance	96.00%	Pass through Compliance	96.00%	Pass through Compliance	96.00%	Pass through Compliance	96.00%
Centrally Retained 2 Yr Old	£202,011.00	Centrally Retained 2 Yr Old	£202,011.00	Centrally Retained 2 Yr Old	£202,011.00	Centrally Retained 2 Yr Old	£202,011.00
Growth	£0.00	Growth	£0.00	Growth	£0.00	Growth	£0.00
<b>Total 2 yr old</b>	<b>£5,050,271.52</b>	<b>Total 2 yr old</b>	<b>£5,050,271.52</b>	<b>Total 2 yr old</b>	<b>£5,050,271.52</b>	<b>Total 2 yr old</b>	<b>£5,050,271.52</b>
Settlement	£5,050,271.52	Settlement	£5,050,271.52	Settlement	£5,050,271.52	Settlement	£5,050,271.52
Variance	£0.00	Variance	£0.00	Variance	£0.00	Variance	£0.00

Under 2 Yr Old		Under 2 Yr Old		Under 2 Yr Old		Under 2 Yr Old	
DfE Rate	£13.76	DfE Rate	£13.76	DfE Rate	£13.76	DfE Rate	£13.76
Slough Rate	£12.75	Slough Rate	£12.67	Slough Rate	£12.82	Slough Rate	£12.95
Hours (DfE Estimate)	351553.00	Hours (DfE Estimate)	351553.00	Hours (DfE Estimate)	351553.00	Hours (DfE Estimate)	351553.00
Pass Through Cost	£4,482,300.75	Pass Through Cost	£4,454,176.51	Pass Through Cost	£4,506,909.46	Pass Through Cost	£4,552,611.35
Supplement - Deprivation	£36,459.42	Supplement - Deprivation	£35,512.43	Supplement - Deprivation	£36,932.92	Supplement - Deprivation	£36,932.92
Contingency	£5,114.11	Contingency	£4,185.34	Contingency	£50,031.90	Contingency	£14,330.01
SEN Inclusion	£120,000.00	SEN Inclusion	£150,000.00	SEN Inclusion	£50,000.00	SEN Inclusion	£40,000.00
<b>Subtotal Pass Through</b>	<b>£4,643,874.28</b>	<b>Subtotal Pass Through</b>	<b>£4,643,874.28</b>	<b>Subtotal Pass Through</b>	<b>£4,643,874.28</b>	<b>Subtotal Pass Through</b>	<b>£4,643,874.28</b>
Average Hourly Rate	£13.21	Average Hourly Rate	£13.21	Average Hourly Rate	£13.21	Average Hourly Rate	£13.21
DfE Rate	£13.76	DfE Rate	£13.76	DfE Rate	£13.76	DfE Rate	£13.76
Pass through Compliance	96.00%	Pass through Compliance	96.00%	Pass through Compliance	96.00%	Pass through Compliance	96.00%
Centrally Retained Under 2 Yr Old	£193,495.00	Centrally Retained Under 2 Yr Old	£193,495.00	Centrally Retained Under 2 Yr Old	£193,495.00	Centrally Retained Under 2 Yr Old	£193,495.00
Growth		Growth		Growth		Growth	
<b>Total Under 2 yr old</b>	<b>£4,837,369.28</b>	<b>Total Under 2 yr old</b>	<b>£4,837,369.28</b>	<b>Total Under 2 yr old</b>	<b>£4,837,369.28</b>	<b>Total Under 2 yr old</b>	<b>£4,837,369.28</b>
Settlement	£4,837,369.28	Settlement	£4,837,369.28	Settlement	£4,837,369.28	Settlement	£4,837,369.28
Variance	£0.00	Variance	£0.00	Variance	£0.00	Variance	£0.00

Disability Access Fund		Disability Access Fund		Disability Access Fund		Disability Access Fund	
EYPP		EYPP		EYPP		EYPP	
<b>Grand Total</b>	<b>£25,722,612.05</b>	<b>Grand Total</b>	<b>£25,722,612.05</b>	<b>Grand Total</b>	<b>£25,722,612.05</b>	<b>Grand Total</b>	<b>£25,722,612.05</b>
Settlement	£25,722,612.05	Settlement	£25,722,612.05	Settlement	£25,722,612.05	Settlement	£25,722,612.05
Variance	£0.00	Variance	£0.00	Variance	£0.00	Variance	£0.00
Total Centrally Retained	£968,707.00	Total Centrally Retained	£968,707.00	Total Centrally Retained	£968,707.00	Total Centrally Retained	£968,707.00
SEN Inclusion	£420,000.00	SEN Inclusion	£700,000.00	SEN Inclusion	£200,000.00	SEN Inclusion	£130,000.00
	<b>£1,388,707.00</b>		<b>£1,668,707.00</b>		<b>£1,168,707.00</b>		<b>£1,098,707.00</b>



APPENDIX 2

EY Centrally Retained budget	Base Allocation 2024-25- 5%	Proposed Allocation 2025-26- 4%
Support for settings for the increase in funded place requirements	387,038	242,177
Early Years Strategic Financial Support	79,758	79,758
Early Years Behaviour Support Services	42,000	42,000
Quality Care & Learning & Advisory Teachers, Childcare Sufficiency, 0-4 year statutory funding responsibilities	458,799	604,772
<b>Total</b>	<b>967,595</b>	<b>968,707</b>

Uses of the 4% Centrally Retained

- Work with providers to address the needs of children with lower level or emerging SEN; e.g. Providers can apply for grants to purchase equipment, training or other support needs to include children with SEND in their settings and remove barriers to access.
- Financial contribution for the budget overview / management by DCS, Service Lead and Strategic Finance Officer.
- Payment to SEBDOS for a range of behaviour support services for children in specific settings across the borough including the provision of training for practitioners.
- Support the development of quality provision through advice, challenge and training; prepare Focused Improvement Partnership Plans (FIPP) for settings with an Ofsted categorisation of Requires Improvement or Inadequate
- Promote and develop the ITalk programme to support best practice in developing children's communication skills.
- Settings in the Early Years Sector are supported with regular qualified teacher involvement, giving settings a chance to engage with a qualified teacher on a regular basis, thereby raising attainment levels.
- There are a number of administrative and development roles that combine to enable SBC to meet its statutory responsibilities regarding:
  - safeguarding
  - the securement of free entitlement places including pass through of funding to providers
  - the promotion of partnership working including flexibility of provision
  - information advice and training. For further details see the Provider Agreement 2024.
  - Facilitation of all aspects of Funded Early Learning for 2 year olds, ensuring all checks take place and payments are made appropriately.
  - Ensuring all parents have access to the appropriate 2 year funding including brokerage services.