

15 February 2024

Item 4

**TITLE OF REPORT: Early Years Funding 3- & 4-Year Olds 2024/25**

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**Purpose of the Report**

1. The purpose of this report is to bring to Schools Forum proposals for 3- & 4-year-old early years single funding formula (EYSFF) funding rates for 2024/25.

**Background**

2. For 2024/25 there has been an increase in funding to the Local Authority (LA) of £0.47 per hour for 3 and 4-year-old funding. However, £0.04 of the increase in funding for 3- and 4-year-olds relates to the mainstreaming of the Teachers Pay and Pension Grant (TPPG) for 2023/24 on top of the £0.11 mainstreamed for 2023/24 financial year and therefore the real increase in funding is £0.43 per hour compared to 2023/24 settlement not taking account of the additional grant that was allocated from September 2023 to March 2024.
3. The early years allocation received in November 23 will be amended to take account of the January 2024 census and the funding will be updated in June 2024. At this time, it is thought that the funding allocation will decrease due to falling birth rates.
4. LA's are able to top slice 3- & 4-year-old funding by up to 5% for central services. The proposed top slice for 2024/25 is 5%. This funding will be used to contribute to the early years funding team (together with proposed funding from 2-year-old funding and under 2 funding). Any remaining funding will be allocated to the early years inclusion fund.
5. Total estimated funding for the 3- and 4-year-old Early Years National Funding Formula (EYNFF) is:

£12,537,638 and is for both the universal and extended hours.

£626,882 5% top slice

**Funding to Providers**

6. The 3- and 4-year-old funding formula was updated for 2023/24 following the mainstreaming of the TPPG at the below proportion of funding.

- 88% of available funding allocated via the universal base rate.
  - 5% of available funding allocated via deprivation supplement.
  - 5% of available funding allocated via the quality supplement – qualification.
  - 2% of available funding allocated via the additional quality supplement – mainstream nursery class.
7. Even with the further mainstreaming of additional TPPG in to the 3- & 4-year allocations from the DfE, it is proposed the formula percentages remain the same. Due to the overall increase in funding the estimated difference in TPPG to allocate across all 3- & 4-year-olds educated in nursery classes is estimated at just under £11k.

For 2023/24 the rates were: -

- |  |                           |
|--|---------------------------|
| • Base Rate                            | £4.18 – per hour          |
| • Deprivation Supplement weighted hour | £0.0065 – per deprivation |
| • Quality Supplement weighted hour     | £0.5997 – per quality     |
| • Quality Supplement (TPPG)            | £0.2644 – per hour        |

The new proposed rates are: -

- |  |                           |
|--|---------------------------|
| • Base Rate  | £4.5729 – per hour        |
| • Deprivation Supplement weighted hour             | £0.0070 – per deprivation |
| • Quality Supplement (Qualification) weighted hour | £0.6388 – per quality     |
| • Quality Supplement (TPPG)                        | £0.2490 – per hour        |

8. The deprivation supplement may change slightly when the Acorn data is refreshed from the January 2024 census.
9. The Maintained nursery school supplementary grant indicative funding allocations has increased from £141,016 to £196,736 and includes the nursery school allocation of the mainstreamed TPPG.

## **Inclusion Fund**

10. Due to the increase in the inclusion fund for 2024/25 officers will work on allocation proposals that will better meet the needs of the extended early years entitlements.

11. When this work has been started the Early Years Sub-Group of Schools Forum will be invited to comment on the initial work and put forward and debate options before proposals are formulated for Schools Forum. This work will take place as soon as practically possible.
12. There is a small amount of unspent inclusion funding that was held back for early years children newly arrived in Gateshead with special educational needs and disabilities (SEND) which has not been spent for 2023/24. The Early Years team would like to utilise this funding to offer inclusion training (and associated costs) to school and private voluntary and independent (PVI) settings before the end of the financial year.

### **Proposal**

13. It is proposed that Schools Forum approves the new funding rates for the 3- & 4-year-old Early Years Single Funding Formula (EYSFF), approves the use of the underspend of the 2023/24 early years inclusion fund on training for all types of settings and notes that further work will be undertaken on allocation proposals for the increased and extended inclusion fund for 2024/25.

### **Recommendations**

14. It is recommended that Schools Forum approves the updated 3- & 4-year-old EYSFF factor values, approves the proposed use of unspent centrally held inclusion funding, and notes that further work will be undertaken on the allocation of inclusion funding allocation proposals for 2024/25.

### **For the following reasons:**

- To comply with the Early Years National Funding Formula Operational Guidance
- To comply with Schools and Early Years (England) Regulations
- To enable early years budgets to be set