# Education Funding Arrangements

**(2024/25)**

**Early Years**

**Consultation Document**

## October 2022

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1. **Introduction**

This document sets out proposals for any changes to funding arrangements for maintained schools, academies, free schools and early years providers from April 2024. For convenience, any references to schools relate to all maintained schools, academies and free schools, unless otherwise stated.

The proposals have been derived following a review of the local and national requirements, as prescribed by the Government. The proposals have been developed in consultation with the Education Resources Group and the Schools Forum.

Copies of the document are available on the Enfield Council Website and the Hub (internal portal) for Headteachers, Chairs of Governors, Chairs of Finance Sub-Committees of all LA Maintained Schools, Academies, Trade Unions, Professional Associations, Diocesan Boards, other Local Authorities and other interested parties to view. If a hardcopy of the document is required or you have any other queries, then please contact Sangeeta Brown at Sangeeta.brown@enfield.gov.uk.

All financial illustrations contained in this document is at 2023/24 prices and is subject to the annual budgetary process. Financial illustrations are based on October 2023 pupil data and may therefore not be entirely representative of future calculations.

Copies of the 2023/24 Section 251 Budget Statement can be found on the Enfield Website at [www.enfield.gov.uk](http://www.enfield.gov.uk). Copies of the Scheme for Financing Maintained Schools and the Finance Handbook are available on the Hub.

**You are invited to comment on the proposals by using the following link and completing the response form:** [**Early Years Consultation 2024**](https://forms.office.com/e/QsRK473vSC)

**The response form should be completed and submitted as soon as possible and no later than Wednesday 21 February 2024.**

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**2.2 Dedicated Schools Grant: 2024/25**

The DfE confirmed the arrangements for the financial year 2024/25 at the end of the Autumn term 2023. It was confirmed that the core schools budget will total over £59.6 billion in 2024-25. The total includes the additional funding for teachers’ pay announced in July 2023, as part of the Teachers Pay Additional Grant, that provided an additional £482.5 million in 2023-24, and £827.5 million for 2024-25 for mainstream, special and alternative provision schools.

For Enfield, this has resulted in:

* **Schools Block**: Nationally, the increase for mainstream school through the mainstream schools national funding formula (NFF) is 1.9% per pupil in 2024-25 when compared to 2023-24. This includes the Mainstream Schools Additional Grant (MSAG) funding with the year-on-year funding comparisons include the funding from the MSAG for 2023-24.
* Enfield’sallocation had been impacted by a net reduction of 527 (1.08%) pupils between October 2022 and October 2023. The pupil led increasing by 0.92%, which includes the MSAG transferred into the funding formula.
* **High Needs Block**: Nationally, funding increased by a further £440 million, or 4.3%. Enfield’s allocation saw an increase of £2.411m (3.19%).
* **Early Years:** Enfield’s allocation is £39.095m, an increase by £12.954m or 49.55% compared to 2023/24. This reflects the introduction of a new national funding formula for children aged 9 months up to (and including) 2 year olds and the extension of the Early Years Pupil Premium and Disability Access fund. Early years funding is subject to further in-year adjustmen**ts.**
* **Central Services Schools Block (CSSB):** Enfield’s allocation has decreased by £40k to £2.4m (-1.63%) due to falling pupil numbers and a reduction to the historic commitment aspect of the funding arrangements within this block.

Table 1 summarises actual funding provided for 2023/24 and the allocation for 2024/25.

Table 1: Summary of DSG for 2023/24 and 2024/25

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **DSG Block** | **2023-24** | **2024-25** | **Variance** | **Variance** |
| **£m** | **£m** | **£m** | **%** |
| Schools Block (Inc MSAG) | 309.425 | 312.283 | 2.859 | 0.92% |
| Central Schools | 2.430 | 2.391 | (0.040) | (1.63%) |
| High Needs | 75.621 | 78.032 | 2.411 | 3.19% |
| Early Years | 26.141 | 39.095 | 12.954 | 49.55% |
| **TOTAL DSG\*\*** | **413.617** | **431.801** | **18.184** | **4.40%** |

EARLY YEARS BLOCK

**3 BACKGROUND**

3.1 **Current Arrangements**

3.1.1 Since 2017, funding provided to local authorities for the free nursery entitlement for three- and four-year-olds has been based on NFF and, in a similar way to mainstream schools, local authorities determine the local funding formula for distributing funding to early years providers and Childminders.

 DfE have recently confirmed changes to the current funding arrangements for 2024/25.

3.1.2 From April 2024 to 2025, the 95% pass-through rates requirements will apply separately to the funding entitlements for:

* 9-months-old children up to 2-year-olds of working parents (15 hours from Sept 2024)
* 2-year-old children of working parents (15 hours from April 2024)
* 2-year-old children from disadvantaged families
* 3 and 4-year-olds (universal and additional hours).

3.1.3 Funding supplements

 For the 3 and 4-year-old entitlements, it is mandatory for local authorities to include a deprivation supplement in their local funding formula. There is no change, and the pass-through requirements will apply to the universal and additional hours in combination at 95%.

For the 2-year-old entitlements local authorities are expected to ensure funding for deprivation is reflected in their approach to funding for the entitlements, recognising the additional costs associated with supporting children from disadvantaged backgrounds. This may be achieved through a deprivation supplement; particularly where local authorities are using a single 2-year-old formula locally. For 2-year-olds the 100% pass-through funding rates, will changes to 97%, to able the LA to implement a deprivation rate to support children from disadvantaged backgrounds, including setting up a SENIF budget from April 2024.

The Inclusion Fund (SENIF) was introduced to support children aged 3 & 4 years, this will be extended to 2-year-old children from April 2024, and 9-month-old babies from Sept 2024. The Inclusion Funding (SENIF) is to enable local authorities to work with providers to address the needs of individual children with low and emerging SEND. The use of the inclusion fund locally is passported to individual providers to support children directly. The Inclusion Panel consisting of Enfield officers

* 1. **Proposal**

3.2.1 As part of the childcare budget, the DfE published their outcomes and recommendations from the consultation seeking to amend the early years national funding formula, which included:

* Using the latest data to inform the national funding formula;
* Changing to using free school meals as a deprivation factor

Transferring the Teachers’ pay and pension grant provided to mainstream schools to pay increased pay and pension costs for nursery teachers into the Early Years block to inform the Early Years national funding formula.

3.2.2 The regulations governing early years allow local authorities with the agreement of their Schools Forum to move the money transferred from the Teachers’ pay and pension grant into a quality factor and use this as the basis for continuing to allocate money to mainstream schools previously received for increases in pay and pension costs.

3.2.3 Current termly payment method involves the submission window which includes 'Estimates' and 'Actuals'. Funding periods currently are at the beginning of each term, Providers receive a payment from the Early Years’ Service equivalent to a percentage of their estimated hours (60%) for that particular Funding Period, dependent on the timing of the Headcount Day and the anticipated payment date. Suggested proposal:

 Submission window will be open each month, providers must submit headcount by the deadline date. Once submissions are completed and if there are no negative data entries or other anomalies, payments will be made each month. The monthly module assumes a 38 week model. The Local Authority will inform Providers annually of the maximum number of weeks that can be claimed for each month, for example: April is a 2 week month due to Easter holidays, so Providers will be claiming a max amount of 15hrs/30hrs x 2 weeks. For months when there are no holidays these will comprise of 4 weeks. No payments will be made in August due to the holiday's period

3.2.4 It is proposed for 2024-25 that the local funding arrangements as well as including the per pupil and deprivation factors should also include:

1. The Inclusion Fun (SENIF)
* The Inclusion Fund for three and four year olds was introduced to support pupils to enable local authorities to work with providers to address the needs of individual children with SEND.
* From April 2024: Be extended to include 2 years olds
* From September 2024: Be extended to include babies aged 9 months and above.
1. Introduction of monthly payments to support providers and childminders sustain their businesses
2. The Contingency Childcare Support Fund continues for children with family support, assigned social workers, on Child Protection plans and special needs as they benefit from accessing additional hours or other types of support not available from the Inclusion Fund.

3.2.5 It should be noted that the hourly rate would be based on number of pupils on roll each term and the deprivation factor would continue to be allocated using Income deprivation affecting children index (IDACI).

The following three tables (2 – 4) detail the impact of these changes on the local funding formula.**[[1]](#footnote-1)**

**Table 2: 3 & 4 Year olds unit rates for the local funding formula**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **3& 4 Year old** **Factors & Funding Rates****From April 2024** | **2023/24****Rate per hour £** | **Rate per hour****%** | **2024/25****Rate per hour £** | **Rate per hour %** |
| Basic hourly rate per child | £5.44 | 88.9% | £6.03 | 89.87% |
| Deprivation (Mandatory) | £0.12 | 1.8% | £0.12 | 1.8% |
| Quality (TPG) | £0.13 | 2.1% | £0.13 | 1.93% |
| Inclusion Fund | £0.12 | 1.8% | £0.12 | 1.78% |
| Inclusion Fund Plus | £0.01 | 0.2% | £0.01 | 0.15% |
| Central Support | £0.30 | 4.9% | £0.30 | 4.47% |
| Total Rate | £6.12 | 100% | £6.71 | 100% |
| **3& 4 Year Old Rate** | **£6.12** | **100%** | **£6.71** | **100%** |

**Table 3: 2 Year olds: Unit rates for the local funding formula**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2 Year old****Factors & Funding Rates****From April 2024** | **2023/24****Rate per hour****£** | **Rate per hour****%** | **2024/25****Rate per hour****£** | **Rate per hour****%** |
| Basic hourly rate per child | £9.00 | 100% | £9.10 | 93% |
| Deprivation  | £0.00 | £0.00 | 0.19p | 2% |
| Inclusion Fund | - | - | 0.19p | 2% |
| Central Support | - | - | 0.29p | 3% |
| Total Rate | £9.00 | 100% | £9.77 | 100% |
| **2 Year Old Rate** | **£9.00** | **100%** | **£9.77** | **100%** |

**Table 4: Under 1s: Unit rates for the local funding formula**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **9 months olds****Factors &Funding Rates****From September 2024** | **2023/24****Rate per hour****£** | **Rate per hour****%** | **2024/25****Rate per hour****£** | **Rate per hour****%** |
| Basic hourly rate per child | - | - | £12.67 | 95% |
| Inclusion Fund | - | - | 0.27p | 2% |
| Central Support | - | - | 0.40p | 3% |
| Total Rate | **-** | **-** | **13.34** | **100%** |
| 9 Month Old Rate | **-** | **-** | **£13.34** | **100%** |

**The Authority would like your views on:**

|  |  |
| --- | --- |
| **Areas** | **QUESTION** |
| Proposed Formula | Do you agree with the proposal to:1. Three and four year olds funding formula: maintaining the current local early years funding formula
2. Extending the Inclusion Fund by:
* From April 2024: adding the Inclusion Fund factor to the two year olds funding formula
* From September 2024: The proposed local funding formula to support babies aged 9 months and above includes the Inclusion Fund factor
1. Introduce monthly payment systems for providers and childminders
2. Continue to maintain the Contingency Childcare Support Fund to support vulnerable children and families
 |
|  | Any other comments |

This is the link to the response form is [**Early Years Consultation 2024**](https://forms.office.com/e/QsRK473vSC)

1. **Information published by the DfE has informed the local arrngements. Further information can be found at** [Early years funding: 2024 to 2025 - GOV.UK (www.gov.uk)](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gov.uk%2Fgovernment%2Fpublications%2Fearly-years-funding-2024-to-2025&data=05%7C02%7CSangeeta.Brown%40enfield.gov.uk%7Cfaae0ff4d4b74b603f3108dc0d287ab8%7Ccc18b91d1bb24d9bac767a4447488d49%7C0%7C0%7C638399715018187705%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=oCdWLOysl%2BV6HIAbWfO9t6CEfNiQFetAmYUb7KQQWGc%3D&reserved=0)  . [↑](#footnote-ref-1)