

Ealing Council Consultation on Early Years Funding Arrangements for 2024-2025

Local authorities are required to consult with Early Years providers on annual changes to their local formula, which are then agreed with our School Forum.

The purpose of this consultation is to seek the views, comments and where applicable, preferred options from key partners and stakeholders on arrangements of the Early Years block funding arrangements for 2024-25.

- To seek views/comments on the Early Years Inclusion fund – proposal to hold at current levels.
- To seek views/comments on the Early Years central spend – proposal to hold at current levels.
- To seek views/comments on the Early Years Funding Pass Through - proposal to hold at current levels.

Please provide feedback to us via the consultation response form attached to this document.

All responses must be in writing and submitted either to; children@ealing.gov.uk

Or via the online survey below:

<https://www.surveymonkey.com/r/FundingConsultation-2024-25>

The consultation will close 1st December 2023

Timeline for the consultation and implementation of proposals to the Early Years Block

The proposed timetable is:

Date	Action
6th November 2023	Consultation Opens
1 st December 2023	Consultation Closes
18 th January 2024	Report to School Forum

1. Background information

All children in England and Wales are entitled to 15 hours of free nursery education per week, 38 weeks a year from the term after their third birthday until they reach statutory school age. Parents may choose to take this up in a maintained school, nursery or in a private, voluntary, or independent sector (PVI) early year setting or with a childminder.

Currently the Early Years Block element, within the Dedicated Schools Grant (DSG) funds the universal and extended provision for all 3- and 4-year-old children and the Early Years provision for disadvantaged 2-year-old children. Funding is also currently used to support the costs for children with emerging levels of Special

Educational Needs and Children in Need places for under 5 years in order to meet the council's statutory duty in this area.

The government extended the free entitlement to nursery childcare from 15 to 30 hours a week for working parents in September 2017. The aim was to reduce the cost of childcare for working families and break down the barriers to work, so that parents who want to return to work or work more hours can do so.

During the Spring 2023 budget announcements, the Chancellor set out large scale childcare reforms to increase availability, reduce costs and increase the number of parents using childcare.

The budget announced a range of measures to support education and help parents with childcare using a phased implementation including.

- Changes to entitlements, allowing eligible working parents to access 30 hours of free childcare from a younger age.

From **April 2024**, working parents of two-year-olds will be able to access 15 hours of free childcare.

From **September 2024**, 15 hours of free childcare will be extended to all children from the age of nine months.

From **September 2025**, all working parents of children aged 9 months up to 3 years old can access 30 hours free childcare per week

This staggered approach will give childcare providers time to prepare for the changes, ensuring there are enough providers ready to meet demand.

- Wraparound: The government will invest further to enable schools and local providers to set up wraparound childcare provision so that parents of school-age children can access childcare in their local area from 8am – 6pm.

This could include provision of activities that fall outside of school hours, via things like breakfast clubs and after-school clubs.

- Market Reforms: Including more choice for childminders and changes to EYFS requirements to improve flexibility for providers and support the workforce. This includes changes in staff child ratios and introducing childminder grants.

Dedicated Schools Grant (DSG)

For the 2024 to 2025 financial year, an additional £288 million is to be allocated to local authorities through the dedicated schools grant (DSG).

The final local authority hourly funding rates for the 2024 to 2025 financial year will be published towards the end of 2023.

For the financial year 2024-25, the further funding pledged will be allocated in the usual way through the dedicated schools grant (DSG). This will provide funding for all existing early years funding streams:

- 15 hours entitlement for disadvantaged 2-year-olds
- 15 hours universal entitlement for 3 and 4-year-olds
- 15 hours additional entitlement for 3 and 4-year-old children of working parents
- maintained nursery schools supplementary funding
- early years pupil premium
- disability access fund

To date we have not been advised what these funding rates are and expect to see this towards the end of 2023.

2. National Funding Formula Guidance

- LAs are required to allocate 95% of funding to providers since 2018/19.
- The government requires LAs to set up Inclusion Funds, to support children with additional needs.
- The formula requires using a single base rate for all providers regardless of sector.
- The formula may have a fixed number of supplements in addition to the required deprivation factor. There is a cap on all these supplements of 10% of the total allocated to providers.
- Maintained nursery schools are financially protected under the national proposals, in order to minimise disruption. To support this, the government has been providing supplementary funding for maintained nursery schools. This means funding will be allocated to the Nursery schools outside of the main early years formula allocation,

3. Proposed funding formula for 2024/25

Ealing recognises the current difficult climate that many of our early years providers have faced. We recognise the importance of continuing to offer a realistic funding rate and continue with high levels of inclusion support at a time that has been most testing for our provisions ensuring a fair and equitable offer, which meets the needs of Ealing children.

Local Authorities are required to as a minimum pass through 95% of funding to our providers. The retained 5% is used as Central Spend to support central services.

Question 1: Do you support the proposal to continue with the current arrangements of the Early Years Funding Pass Through at holding it at the 95% pass through rate?

If you do not support the arrangements, what changes do you suggest?

PROS
Funds the delivery of central services to support providers
Local authority services funded from Central Spend support providers with meeting their statutory duties

Reduces pressure on Providers to find funding to pay for services provided by the Local Authority

CONS

Reduces actual amount passed through to providers

4. Central Spend

Under guidance of the National Funding Formula, authorities can retain up to 5% of funding to support central services. For 2024/25 Ealing propose to continue to keep this at the full 5% allocation.

The table below reflects proposals of how the 5% allocation was used in 23-24 and would like to retain a similar approach for 2024-25; used:

Description	Budget Allocation
	2023-24
	£m
Family Information Service	0.446
Early Years Quality Improvement	0.446
Central Services for Early Years Supporting High Needs Administration	0.341
Service Planning, Management Business Support and Overheads including IT Contract and System Management	
Quality Improvement Consultancy Buy Back (PVI)	(0.043)
TOTAL	1.19

Question 2: Do you support the proposal to continue with the current arrangements of the Early Years Central Spend? If you do not support the arrangements, what changes do you suggest?

PROS

Funds the delivery of central statutory services, supporting quality, training, business, and finance for providers

CONS

Reduction in various areas could caused extra pressure and reduced service quality

5. Children with special educational needs

Local authorities are required to have **SEN Inclusion Funds** to provide additional top up funding to providers to improve outcomes for children with special educational needs.

In, order to establish a SEN inclusion fund, Ealing combine funding from the early years block and high needs block of the DSG to meet the needs of children with and without EHCPs.

Ealing manage funding of £3.523m for the provision of approximately 691 part time equivalent places and central high needs services across the Early Years and High Needs blocks of the DSG and as such existing costs apply to the inclusion fund. The value of the fund must take into account the number of children with SEN in the local area, their level of need, and the overall capacity of the local childcare market to support these children and has created additional funding for children with emerging and less complex needs.

The growth in Education, Health, and Care (EHC) plans and budget pressure is a national and local issue.

The table below shows that the number of EHC plans and requests for assessment continued to increase during 2022-23 academic year with the biggest increase being in the Under 5 age group, an increase of 31%.

Age Breakdown (as at previous 31st Aug)	Jan 2018 Actual	Jan 2019 Actual	Jan 2020 Actual	Jan 2021 Actual	Jan 2022 Actual	Jan 2023 Actual	% increase 2022-2023 current
Under age 5	103	131	119	192	137	179	31%
Aged 5 to 10	929	1,012	1,130	1,176	1,235	1,337	8%
Aged 11 to 15	662	782	840	964	1,070	1,170	9%
Aged 16 to 19	448	475	431	447	492	552	12%
Aged 20 to 24	60	151	159	177	185	207	12%
Total	2,202	2,551	2,679	2,956	3,119	3,445	10%

Sustaining the enhanced SEN service

We would like to continue with the overall allocation of 9% or approx. £2.1m of the provider pass through to an inclusion fund with around 60% of the cost of early years high needs being funded by the early years block and 40% from the central early years and high needs block combined.

Question 3: Do you agree with the continuation of the SEN inclusion fund at the current levels for 24-25? If you do not support the arrangements, what changes do you suggest?

PROS
Continues to offer support to children with Special Educational Needs at same financial level despite increased % of needs being identified
Supports children from an early age by identifying needs early

CONS
Forms part of the pass through for providers however less through the Early Years funding formula.

Any other comments:

Please be advised that we will be running workshops/Events to support consultation responses and answer any questions you may have.

Event Dates & booking links via CPD online

EARLY YEARS FUNDING CONSULTATION 2024-25

Wednesday 15 November 2023

13:30-14:30

EY channel link: https://earlyyears.ealingcpd.org.uk/courses/bookings/c_detail.asp?cid=23215

Schools channel link: https://schools.ealingcpd.org.uk/courses/bookings/c_detail.asp?cid=23215

EARLY YEARS FUNDING CONSULTATION 2024-25

Starts: Monday 20 November 2023

11:30-12:30

EY channel link: https://earlyyears.ealingcpd.org.uk/courses/bookings/c_detail.asp?cid=23216

Schools channel link: https://schools.ealingcpd.org.uk/courses/bookings/c_detail.asp?cid=23216

Wednesday 23rd November 2023 – Face to Face Event

Early Years Engagement Event, Atrium Perceval House– 14:00 -17:00 (time slot to be confirmed)