



Ealing Council Consultation on Early Years Funding Arrangements for 2025-2026

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 2025-26.

- To seek views/comments on the proposed Early Years funding rates and proposals for supplementary funding for 2025/26.
- To seek views/comments on the Early Years central spend – proposal to increase to support new entitlements.
- To seek views/comments on the Early Years Inclusion fund – proposal to increase to support new entitlements.

Please provide feedback to us via the online survey below:

<https://forms.office.com/e/dPWKZ9TY9b>

Or via the written attached form and email to; [**children@ealing.gov.uk**](mailto:children@ealing.gov.uk)

The consultation will close **10th January 2025**

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

The proposed timetable is:

Date	Action
5 th December 2024	Consultation Opens
10 th January 2025	Consultation Closes
Jan 2025	Report to School Forum

1. Background information

All children in England and Wales are entitled to 15 hours of free nursery education per week, for 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.

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.

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 Chancellor announced in March 2023 the expansion of the free early education entitlements offer to further support working parents to return to work.

	Sep-23	Apr-24	Sep-24	Sep-25
Extending early entitlements for working parents	<i>Currently, parents who work more than 16 hours a week and earn less than £100,000 are entitled to 30hours free childcare a week for children aged three to four.</i>	15hrs pw for 38 weeks, for eligible working parents of 2-year-olds introduced	15hrs pw for 38 weeks for eligible working parents of children 9 months plus introduced	30hrs pw for 38 weeks for eligible working parents of children from 9 months to primary school age introduced

Early Years Budget Grant

During Autumn 2024 the government announced an additional time bound grant to support providers delivery the current funding entitlements.

This uplift came in the form of the Early Years Budget Grant (EYBG) which was given to all Local Authorities, which has been paid in full to our providers. The grant is to cover the period of September 2024 – March 2025.

Ealing received £370,072 of funding for the EYBG which is being paid in one off lump sum payments during Autumn term for eligible providers.

2. National Funding Formula Guidance Updates for 2025-26

- LAs are required to allocate 95% of funding to providers since 2018/19 this has been updated this year, and expectations are that LA's now are required to allocate 96% of funding to providers.

- 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 2025/26

Ealing recognises the current difficult climate that many of our early years providers have faced. We recognise the importance of continuing to offer a stable funding rates 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. In order, to continue with this, we propose funding rates for 2025-26 using the same approach as 24-25 and if any uplifts are allocated from central government these will be added into the local formula. We will update providers on proposed hourly rates once the government have published local authority funding allocations (Expected December 2024)

Ealing will continue with allocating 100% pass through for the following elements of funding for children/settings that meet the eligibility criteria, which are all additional funding streams outside the main grant;

- DAF (Disability Access Funding)
- EYPP (Early Years Pupil Premium)
- MNS (Maintained Nursery Supplement)

Ealing's local formula proposes;

For the 3-4 Year Old offer

Following the allowances for SEN inclusion and central retention to;

To allocate 90% of funding to the base rate

To allocate the full 10% allowance to supplement funding

To continue with the mandatory deprivation supplement at 5% of the allocation

To continue with a quality supplement at 5% of the allocation

For the 2 Year Old Offer

To continue with a 5% deprivation supplement for the disadvantage 2 year old offer

Question 1: Do you agree with these principles if not which element would you change and why?

PROS of Supplementary Funding
Offers additional funding for recognised additional costs
Will be a higher amount coming through in supplementary funding then if allocated as additional base rate
If you are eligible for the supplements, you will receive additional funding

CONS
Reduces amount passed through the base rate

Central Expenditure

Central Spend

Under guidance of the National Funding Formula, authorities can retain up to 4% of funding to support central services. This is a drop of 1% from 2024-25. For 2025/26 Ealing propose to retain at the full 4% allocation.

The table below reflects proposals of how the 5% allocation was used in 24-25 and the proposed allocation of 4% for 25-26:

This table is for illustrative purposes and will be confirmed when final allocations are released from the Department for Education (DfE);

Should we attach an appendix with outline of central spend under each service area?

Table 4: Proposed Centrally Retained Budget Allocations 2025-26		
Description	2024-25 Budget Allocation (£m)	2025-26 Estimated Allocation (£m)
Family Information Service	0.573	0.573
Early Years Quality Improvement / Consultancy Offer	0.577	0.577
Central Services for Early Years Supporting High Needs Administration	0.073	0.083
Service Planning, Management, Business Support and Overheads including IT Contract and System Management	0.536	0.536
Project Support for Expansion for Entitlements Roll Out	0.221	0.221

Total	1.98	1.99
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Question 2: Do you support the proposal to retain 4% for the Early Years Centrally retained for all entitlements

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
The local authority will be able to extend their support for the additional entitlements and support providers with offering new entitlements

CONS
Reduces amount passed through to providers

Children with special educational needs (SEN)

The council's SEND and AP Strategy focuses on early intervention, and as such there are interventions and support activities focusing on early identification and assessment for children in EY settings, with the aim of improving school readiness and transitions. This work is also outlined in the HN recovery plan.

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. With the new entitlements being introduced from April there has been a change in the operational guidance with an expectation for SEN Inclusion Funding to be available for all funding entitlements going forward. Therefore, an increase in demand on the inclusion fund is expected in line with the introduction of the new entitlements.

In, order to establish a SEN inclusion fund, Ealing combine funding from the early years block and high needs block of the Dedicated schools grant (DSG) to meet the needs of children with and without Education Health and Care Plans EHCPs. We propose to continue with the overall allocation of 6.19% of the provider pass through to an inclusion fund.

Question 3: Do you agree with the proposal of allocating a 6.19% of the EY block to an inclusion fund? 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

Ensure an equitable offer across all Early Years entitlements

CONS

Reduces the funding allocated to the base rate

4. Review of Payment Cycle

Currently in Ealing we operate on an actual headcount and payment method. Payments are completed over 38 weeks following the academic year in Ealing.

Portals are opened on the 1st of the month until the 24th of the month for providers to submit funding claims. Payments are then processed and approved following supplier agreed payment terms and released usually to providers by the 1st week of the following month.

In order for payments to reach providers in the most efficient and effective way to support cash flow we are consulting on the method described above.

We propose to review the time allocation to submissions on the portal to bring forward the payment release date by a week.

Current Approach	Proposed Approach from April 25
Portal opens on 1 st of month	Portal opens on 1 st of Month
Portal closes on 24 th of month	Portal closes on 14 th of Month
Payments are validated and processed between 24 th and 30 th Month	Payments are validated and processed between 15 th and 22 nd of the month
Payment release date 1 st of the following month	Payment release date 23 rd of the month**

** this is for illustrate purposes only and confirmed dates will be based on funding timetable published in March 25 (Holiday and weekend dates will need to be taken into consideration)

Question 4: Do you agree with the proposal of changing the payment cycle to bring the payment release date a week forward within each month and a shorter submission window?

PROS

Payments are released a week earlier

Supports cashflow and planning

Ensure an equitable offer across all Early Years entitlements

CONS

Shorter submission window for providers

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

	Date	Time	Event Link
Session 1	Wednesday 11 December 2024	10:00 to 11:00	https://www.ealingcpd.org.uk/Event/253574
Session 2	Thursday 12 December 2024	14:00 to 15:00	https://www.ealingcpd.org.uk/Event/253594
Session 3	Thursday 12 December 2024	18:15 to 19:15	https://www.ealingcpd.org.uk/Event/253616