


Agenda Item 1

	London Borough of Hammersmith & Fulham SCHOOLS FORUM Tuesday, 5th March 2024
FINAL EARLY YEARS FUNDING 2024/25	
Open	
Wards Affected: (All Wards); All	
Accountable Director: Jacqui Mc Shannon, Strategic Director of Children's Services	
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Purpose of the report <p>This report updates forum on the Final allocation of Early Years Block funding for 2024/25 based on January 2023 census numbers as agreed by Cabinet on 12th February 2024 and following consultation with the Sector in January and early February.</p>	

1. Introduction

- 1.1. Schools Forum on 16th January 2024 noted the draft 2024/25 budget for the Early Years Block of the Dedicated Schools Grant which includes the extension of entitlements to eligible working parents of 9 months to 2 year olds to subject to the required consultation with Early Years providers in the borough.
- 1.2. The proposals were presented at Early Years workshops held on 18th January for Maintained Nurseries and Primaries with nursery provision and on 22nd January for the private, voluntary and independent sector including childminders. February. There was good attendance of over 60 providers at the workshops with representatives from all areas of the Early Years sector.
- 1.3. The consultation questions were sent out to all early years' providers in the borough after the workshops. Responses were anonymous.

- A total of 46 responses were received with the majority of responses being from the PVI sector.

1.4 The Department of Education made a late change in the in the timetable for Local Authorities to agree and notify their final hourly rates payable to providers from 1st April 2024. In order to meet the new deadline of 20th February 2024 the Early Years budget paper was presented to Cabinet on the 12th February 2024 where it was agreed in full. The information presented below is for information and is an extract of the full report that was received by Cabinet.

2. Early Years Funding Allocations 2024/25

2.1. Table 1 below shows the initial Early Years allocations for the 2024/25 financial year, based on January 2023 census figures and updated funding rates for 2024/25.

Table 1: Breakdown of Initial Early Years Funding Allocations 2024/25 (January 2023 headcount)

Element	Amount £m
3- and 4-YO universal offer	10.595
3- and 4-YO extended offer	2.206
Sub-total 3- and 4-Year Old Offer	12.801
2-YO Disadvantaged offer	1.461
2-YO Working Parent offer	1.746
Sub-total 2 Year old offers	3.207
9 month to 2 YO Working Parent offer	1.207
EY Pupil Premium (all offers)	0.138
Disability Access Fund (all offers)	0.089
MNS supplementary funding	1.014
TOTAL	18.456

2. 2024/25 final budget model for all offers

Table 2 The 2024/25 final budget model

	24/25	24/25	24/25
	3 and 4 YO Entitlements (Universal & Extended)	2 YO Entitlements (Working Parents & Disadvantaged Children)	Under 2 YO Entitlements (Working Parents)
	£m	£m	£m
A. Base Rate - Participation based on estimated hours	9.817	2.658	1.054
B. Deprivation Supplement - Participation based on hrs	1.058	0.252	0.060
C. Supplement for Quality	250	0	0
D. SEN Inclusion Fund	0.500	0.097	0.027
E. Lump Sum to MNS - Help & Support Families in Need	0.397	0	0
F. Contingency	0.147	0.040	0.008
G. Central expenditure - 5%	0.632	0.160	0.058
TOTAL Planned Expenditure	12.801	3.207	1.207

Table 3: Final agreed Hourly Rates to Providers payable from 1st April 2024

	24/25	24/25	24/25
	3 and 4 YO Entitlements (Universal & Extended)	2 YO Entitlements (Working Parents & Disadvantaged Children)	Under 2 YO Entitlements (Working Parents)
	£ per hour	£ per hour	£ per hour
Base Rate	6.68	9.36	13.45

The deprivation rates paid in addition to the base rates shown above are based on a sliding IDACI deprivation index scale. The agreed hourly rates for 2024/25 applied to all offers are shown below in Table 4

Table 4 - Deprivation rates 2024/25

IDACI banding	2024/25	
	Hourly Rate (All Entitlements)	
		£
1		1.33
2		1.23
3		1.12
4		1.02
5		0.92
6		0.40
7		0.20
8		0.05
9		0.00
10		0.00

3. Details of Early Years Central Budget 2024/25

Table 4: Central Services Budget 2024/25

Item of Central Expenditure	24/25	24/25	24/25	24/25
	3 and 4 YO Offers	2 YO Offers	Under 2 YO Offer	Total
	£m	£m	£m	£m
i. Education Early Years Services	0.444	0	0	0.444
ii. Help and Support for Families in Need	0.071	0.160	0.058	0.289
iii. Finance	0.106	0	0	0.106
iv. Business Intelligence census and Assessments	0.011	0	0	0.011
Total Central Spend	0.632	0.160	0.058	0.850

4. Recommendations

- 4.1. Schools Forum to note the final 2024/25 Early Year budget as agreed by Cabinet on 12th February 2024..
- 4.2. Schools Forum to note the final Early Years Central Services Budget for 2024/25 as detailed above in Table 5 totalling £0.850m.

Report ends

Appendix 1 – Specific Consultation Feedback on responses

	Specific Consultation Comments and Feedback from Providers	Response from Hammersmith and Fulham
1	It's hard to work with the figures as you've presented them. There should be another option as well as I agree/I disagree, I would like to have given my thoughts or request further information and question part of the proposal. There is not much flexibility.	Early Years Funding is technically complex, and the workshop may have helped with understanding. Education Finance Team will liaise with Schools, the Early Years Service and EY PVI Schools Forum reps to assess need for further and ongoing briefing sessions.
2	In my opinion, the Quality Supplement should not only be paid to settings that employ qualified teachers. It should be paid to all settings that employ Level 6 staff and above. Very few settings employ qualified teachers, and in fact, it is more desirable (and more highly regarded by Ofsted) for nursery staff to attain EY Teacher Status. Under the terms of this proposal, settings that employ practitioners with EY Teacher Status, rather than QTS, would not be eligible to receive the Quality Supplement, which in my view is discriminatory.	The quality supplement has been included to allow the separate grant funding received by Primary Schools with nurseries to continue in 2023/24. The Teachers Pay and Pensions Grants were principally intended by National Government to provide funding to schools to meet the very significant national increase in teachers' pension contributions. Widening access to this particular element of funding from 2023/24 would result in a funding reduction year on year for primary schools. The Local Authority would be interested in working with all providers to understand how the distribution of future funding increases from 2024.25 financial year may incorporate a wider cohort or qualified professionals into the funding model through the quality supplement. This would be dependent on funding increases in the National Funding Formula for Hammersmith and Fulham from 2024/25
3	The 3/4 year old offer increase needs to increase significantly more to meet the increased costs for nursery schools.	Unfortunately, the nationally determined funding increase for 3 and 4 years olds in 2023.24 is 1% and 8 pence per hour. The budget proposals pass this onto providers in full.

4	<p>Whilst I agree I think the funding generally is very poor. It needs to be looked at more closely and realistic figures should be offered. There is no way anyone can run a nursery on that little.</p>	
5	<p>The increase of 8p an hour for 3-4 year old funding is disgraceful. With the increase to the national minimum wage of 10.9% and the increase of all costs across the board the 8p per hour increase will go nowhere near to covering the costs of delivering quality care and education through qualified, experienced staff. The effect of this will mean that the hourly rate that we have to charge parents will be enormous and will result in less children being able to access nursery care and education. We will also be forced to limit the number of children accessing funding from attending our settings as the funding rate is insufficient to cover the running costs. This will inevitably create a divide between which children can access our settings - those parents who can afford to pay will have to take priority over funded children. The other impact of such a small increase is an already struggling sector will not be able to attract staff, again the result of this is less places being available, particularly for those children that most need it.</p>	<p>The local authority will feed back to the DfE at all opportunities with respect to funding to meet cost inflation.</p>