Report Title:	2024-25 Early Years Funding Consultation proposals and DSG funding update.
Contains	No – Part I
Confidential or	
Exempt Information	
Cabinet Member:	Councillor Amy Tisi
Meeting and Date:	Schools Forum 18 January 2024.
Responsible	Lin Ferguson – Executive Director of
Officer(s):	Children's Services and Education
	Tracey Anne Nevitt – Finance Business
	Partner
	Kelly Nash
Wards affected:	All



REPORT SUMMARY

The purpose of this report is to provide the schools Forum with the 2024-25 early years formula funding consultation proposals for 2024-25 and an update on the 2024-25 DSG notifications.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Schools Forum notes the report includes:

- The proposals for early years funding consultation with RBWM providers.
- Update on the Early Years Funding announcement for 2024-25 to note.
- Early years block central expenditure and passthrough estimate.
- Latest Dedicated Schools Grant (DSG) settlement for 2024-25.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED Options

Table 1: Options arising from this report.

Option	Comments
Schools Forum to note the contents of	Compliance with ESFA Schools
the report, comment and signify support	Operational Guidance and School
for Early Years consultation outcome.	Finance Regulations
This is the recommended option.	-
Do nothing.	The failure to use relevant
This is not recommended.	financial information to
	understand the position of the
	Dedicated Schools Grant.

Background

- 1.1 Each year local authorities are notified of the provisional Dedicated Schools Grant (DSG). Each local authority consults with the Schools Forum on schools and early years local formula. This report concentrates on Early Years funding formula, the recent ESFA funding announcement and the latest DSG settlement.
- 1.2 The government have published a number of guides and details on the responses to the government consultation. An 'Easy Guide' link can be found here.
- 1.3 Currently local authorities receive funding for all parents of 3-4 year olds so they can access 15 hours of free early education for 38 weeks of the year and eligible working parents can access an additional 15 hours of free entitlement. The eligible working parent criteria can be found in Appendix B of this report.
- 1.4 Parents of disadvantaged 2-year olds can access up to 15 hours of free entitlement.
- 1.5 The government is extending the eligibility to free entitlement so that all eligible working parents will be able to access 30 hours of free entitlement for 38 weeks of the year from the term after their child turns 9 months old. This will be rolled out in stages:
 - From April 2024 all eligible working parents of 2-year olds can access 15 hours per week
 - From September 2024 all eligible working parents of children aged 9 months up to 3-years old can access 15 hours per work extending to 30 hours from September 2025.
- 1.6 The ESFA guidance states that the local authorities are to apply the same funding rules to the new 2 year old and Under 2s funding which currently apply to the 3-4 year old funding which are as follows:
 - LAs must use a universal base rate of funding for all providers regardless of type;
 - LAs must plan to pass-through at least **95%** of the funding that it receives in 2024/25 to early years providers (rising to 97% in future years).
 - LAs are required to establish a SEN Inclusion Fund (SENIF) to support children who are taking up the 3-4 year old free entitlements, targeted at children with lower level and emerging SEN needs.
 - LAs can use a restricted number of supplements in their funding formula to channel additional funding (up to a cap of 12% of planned formula funding to providers) meeting criteria set by the LA.

- 1.7 Guidance from the ESFA states the importance of recognising deprivation within the local funding approach to ensure that funding is targeted at those areas and cohorts that need it most.
- 1.8 Allowable funding supplements for 2024-25 include:
 - Deprivation
 - Quality
 - Rurality
 - Flexibility
- 1.9 The information within this report reflects the most up to date information at the time of writing this report.

2 Key Implications

Table 2

Outcome	Unmet	Met	Exceeded	Significant ly Exceeded	Date of delivery
Schools Forum to note the contents of the report.	No engageme nt by the Schools Forum.	Schools Forum to comment and support the local authority consultati on proposals	Schools Forum engage with the process providing insight into the impact on RBWM settings.	Schools Forum engage with the process providing insight into the impact on RBWM Early Years settings	18 January 2024

4. RBWM Early Years Funding Formula Consultation

Approach

- 4.1 In 2024-25 as in previous years, each local authority is to continue to set a local Early Years funding formula, in consultation with settings. The early years consultation will be sent to all Early Year's providers and one response will be accepted from each Private, voluntary & Independent (PVI) setting or maintained School.
- 4.2 The 2024-25 Early Years consultation will include a number of in principle questions for settings to respond to and an opportunity to comment on the individual proposals. To allow time for the local authority to notify settings of the

- new local hourly rates by early February 2024, the consultation will close on the 30th January 2024.
- 4.3 For 2024-25 RBWM is proposing a consistent approach to funding all age groups in receipt of the free entitlements. In line with the current funding methodology for 3 & 4 year olds, the models in this report include two supplements of deprivation and quality for all age groups and a local limit on the central element for the financial year 2024-25.
- 4.4 In 2023-24 the RBWM three and four year old free entitlement funding is allocated to settings via a base rate and two supplements. Each supplement has 3 bandings of high, medium and low, with different hourly rates for each. Appendices B includes details of the 2023-24 supplements and eligibility. Operational guidance states that the deprivation supplement is mandatory for the 3 & 4 year old element of the free entitlement and will continue to be mandatory for the financial year 2024-25.
- 4.5 The supplement for quality of provision is to support workforce qualifications or system leadership. This discretional rate recognises settings with staff qualified to level 3 or above and encourage settings to having aspirational views with regard to staff recruitment, retention and training. Resulting in the children accessing a higher quality provision overall.

Special Educational Need Inclusion Funding (SENIF)

- 4.6 The RBWM SEN Inclusion Fund was first established in the financial year 2017-18 for 3 and 4 year olds in the Early Years sector. Over the years the demand on the service and funding has increase significantly. Appendix C details the referral numbers per academic year.
- 4.7 For 2024-25 RBWM proposes to increase the locally set SENIF rates by 4%. The table below details the current rates and matrix.

Table 3 RBWM SEN Inclusion Matrix

2023-24 RBWM Funding Matrix

SEN Inclusion Funding by Band

The vast majority of EYIF requests are anticipated to fall within Band A and B. A very limited number of requests are anticipated to fall within higher bands/ Band C.

Band	SEND category	Funding per term	Funding per year
A	Low/Emerging needs/Early Intervention graduated support	Up to £600*	£1800
В	Moderate to High Needs graduated support	Up to £1060**	£3180
С	Complex Needs level of funding	Discussed on a case by case basis	Discussed on a case by case basis

^{*} Based on the child accessing their full entitlement of 15 or 30 hours per week

5. Consultation Models

- In considering the shape of the new funding formulae at provider level the local authority needs to consider what level of funding is needed to support Early Years providers centrally and how much SENIF (SEN Inclusion Funding) is required. The remaining funding after taking these two factors into account is available for the new early years funding formulae.
- 5.2 The next consideration is achieving passthrough of a minimum of 95%. For the financial year 2023-24 local authorities are required to achieve passthrough of 95% of the 3 & 4 year old entitlements only. Currently 2 year old free entitlement for disadvantaged pupils does not have a passthrough calculation. For 2024-25 local authorities are required to ensure a minimum 95% passthrough for all new and current free entitlements individually. RBWM's current passthrough for 3 & 4 year olds is 96%.
- 5.3 After accounting for the costs associated with central support and the rising demand for the SEN inclusion fund, the following percentage allocations of the local authority funding rate for each age group. Two models are listed for consultation with the Schools Forum in Table 5. Table 4 contains the latest ESFA Local Authority hourly rates for Windsor and Maidenhead.

Table 4 Local Authority Hourly Rates - Windsor and Maidenhead:

^{**} Band values are subject to change and available budget

	Early Years Block:						
	2023-24	2024-25	2024-25				
Local Authority							
Hourly rates.	£	£	£				
	RBWM	RBWM	National Average	Note			
Under 2's.	N/A	12.52	11.22	Sept 2024 onwards			
2 year olds.	6.87	9.23	8.28				
3 + 4 year olds.	5.61	6.53	5.91				

Table 5 Proposed Percentage Allocations:

Model A

3 & 4 LA Hourly rate Under 2 year year % allocation olds 2's olds % % % 85 85 85 Base rate 9 9 9 Supplements **SEN Inclusion** Fund 2 2 2 Passthrough target 96 96 96 Central Expenditure 4 4 4 Percentage 100 100 100 overall

Model B

3 & 4 year olds	2 year olds	Under 2's
%	%	%
87.5	87.5	87.5
7	7	7
1.5	1.5	1.5
96	96	96
4	4	4
100	100	100

- 5.4 The ESFA guidance allows local authorities to have the flexibility to either treat the two 2-year old entitlements the same or set individual rates. RBWM is proposing one provider rate for both 2 year old entitlements, as shown in the table above.
- 5.5 Table 6 lists the proposed provider hourly rates per supplement per model, with illustrative budget estimates detailed in table 7.

- 5.6 Hourly allocations for the two supplements are split evenly between Deprivation and Quality. The table below details the estimated rates for models A & B. Appendices B details the eligibility for each banding.
- 5.7 RBWM currently allocate 9% of the budget through the supplements, which is replicated in Model A. Model B gives the option of reducing the amount through supplements and SEN Inclusion and increasing the base rate.

Table 6 Rates per hour

Model A

Hourly Rates		£	£	£
		3 & 4yr	2 year old	Under 2's
Base rate estimate		5.55	7.85	10.64
Deprivation	High	0.39	0.55	0.75
	Medium	0.26	0.37	0.50
	Low	0.13	0.18	0.25
Quality	High	0.39	0.55	0.75
	Medium	0.26	0.37	0.50
	Low	0.13	0.18	0.25

Model B

£	£	£
3 & 4 year	2 year old	Under 2s
5.71	8.08	10.96
0.33	0.46	0.63
0.20	0.28	0.38
0.13	0.18	0.25
0.33	0.46	0.63
0.20	0.28	0.38
0.13	0.18	0.25

Table 7 details the budget estimates based on the illustrative funding notification in November 2023, split as per models A and B. Final budget allocations will be published in the annual S251 Budget Statement submitted to the ESFA. Please note that the ring-fenced funding elements; Maintained Nursery School Supplement (MNS), Disability Access Fund (DAF) and Early Years Pupil Premium (EYPP) are not included in the figures below.

Table 7 Budget Estimate - Free Entitlements 2024-25

Duraidan Allacations	Model A £'000s	%	Model B £'000s	%
Providers Allocations:				
Under 2's	1,789	94%	1,799	94.50%
2 year olds	3,374	94%	3,392	94.50%
3 & 4 year olds	11,057	94%	11,115	94.50%
SEN Inclusion fund	345	2%	259	1.50%
Central Element	690	4%	690	4%
	17,255		17,255	
Illustrative LA funding allocations Nov'23 -				
Entitlements	17,255		17,255	

6. Consultation questions

- 6.1 The proposed consultation questions include in principle questions and support for the central retention percentage for 2024-25.
- 6.2 The first question relates to the central retention.

Q1:-Local authorities are allowed to retain up to 5% of the individual entitlements for central support expenditure. Do you support a local cap on the central element at 4% for 2024-25, ensuring further funding is available for higher hourly rates / SEN inclusion funding to providers?

- Yes
- No. (state reasons & %)
- Unsure
- Comments
- 6.3 RBWM proposes a consistent approach to the funding of each entitlement that applies two supplements to each age group plus the base rate. Guidance from the ESFA states the importance of recognising deprivation within the local funding approach to ensure that funding is targeted at those areas and cohorts that need it most.
 - Q2. Do you agree with the RBWM proposed approach to fund all entitlements via a base rate and two supplements; deprivation and quality?

Please note that for the 3 and 4 year old entitlement the deprivation supplement is mandatory and ESFA has stated the importance of recognising deprivation in the local funding approach for two year old funding for 2024-25.

- Yes
- No
- Unsure
- Comments
- 6.4 Two year old funding is split into 2 entitlements; disadvantaged pupils and eligible working parents. RBWM proposes to fund all two year olds on the same base rates plus supplements, recognising levels of deprivation and quality'.

Q3: Do you agree with the RBWM proposed approach to fund the same rates for two year old disadvantaged pupils and two year old working parents? Each setting would receive the base rate + two supplements banded high to low, recognising deprivation and quality (see appendix B for more detail on the supplement bandings).

- Yes
- No Two separate rates for disadvantaged and working parents. Please state reasons.
- Unsure.
- Comments.
- 6.5 Financial model A replicates the current funding model allocating 9% of the budget through provider supplements with SENIF at 2% & B model allocates 7% through provider supplements with SENIF at 1.5%.

Q4: Which of the two models (A & B) do you support?

- Model A.
- Model B.
- Unsure.
- Comments.
- 6.6 SENIF Matrix values Inflation uplift 2024-25.

Q5: Do support the proposed inflation uplift for the SENIF matrix values of 4%?

- Yes
- No
- Comment

SENIF Matrix Values	2023-23 Termly £	Annual £	2024-25 Termly £	Annual £
Band A – Low /Emerging Band B – Moderate - High Band C - individual rates	600 1,060 N/A	1,800 3,180	625 1,105 N/A	1,875 3,315

- 6.7 The consultation results will be reported to the Schools Forum at the next meeting on the 16th May 2024. Providers will be sent the new 2024-25 base rates and the final agreed table of supplements in February 2024.
- 6.8 A review of all funding allocations will take place in 2025-26 to assess the final 2024-25 allocations and level of supplements generated by the new entitlements.

7. Early Years Funding Notification Summary

7.1 On the 29th November 2023 the ESFA published the outcome of the Early Years Funding consultation and updated the operational guidance relating to 2024-25 Early years funding. Included in the announcement are the funding rates for each local authority for both existing and new early years entitlements.

Table 8 Early Years Block Funding.

	2023-24	2024-25	
Early Years Block	DSG	ESFA	
	Census	Estimate	
	PTEs	PTEs	Notes
<u>Entitlements</u>			
Under 2's	N/A	267	22 weeks (Sept-March)
2 year olds	156	682	
3 + 4 year olds:			
Universal	2,298	2,298	
Additional	861	861	
	£'000	£'000	
Early years Funding			
Under 2's	N/A	1,903	Part year funding
2 years old	610	3,590	
3 + 4 year olds:			
Universal	7,349	8,554	
Additional	2,756	3,208	
MNS Supplementary	478	585	
EYPP	40	66	December notification
DAF	34	63	December notification
	11,267	17,969	

8. Table 9 Dedicated Schools Grant 2024-25 - Grant notification

Dedicated Schools Grant	2024-25 Provisional Funding Notification	2024-25 Settlement 19th December 2023	Draft Budget 2024-25	Current Budget 2023-24	Change in funding between years
	£'000s	£'000s	£'000s	£'000s	£'000s
Gross Block Funding:					
High Needs	29,141	29,145	29,145	28,335	810
Central school services	966	971	971	995	(24)
Indicative Early Years.		17,969	17,969	11,268	6,701
Schools - Delegated formula					
budget.	116,235	116,104	116,104	108,774	7,330
Schools - Pupil Growth Fund		828	828	1,039	(211)
Gross DSG Budget	146,342	165,017	165,017	150,411	14,606
Less Grant Deductions:					
Direct Funding Estimate		(1,524)	(1,524)	(1,435)	(89)
Academy Recoupment Estimate			(77,217)	(73,331)	(3,886)
DSG Budget Estimate	146,342	163,493	86,276	75,645	10,631

- 8.1 The table 9 above compares the current budget for the financial year 2023-24 to the latest 2024-25 DSG funding notification from the ESFA, sent to Local authorities on the 19th December 2023.
- 8.2 The 2024-25 Early Years block funding will remain indicative. The block notification is currently based on estimated Part time equivalents (PTEs) numbers for the new entitlements and will be updated for actual PTE's per term, along with the annual recalculation of the 3 & 4 year old funding based on the two January census counts. Further details can be found in the Early Years Operational Guidance.
- 8.3 School Pupil growth funding has decreased by 20% from the current year. The fall is mainly due to lower NOR in the primary sector and errors in individual schools' census returns.
- 8.4 Schools block delegated formula funding for 2024-25 now includes the 2023-24 Mainstream Schools Additional grant funding (MSAG). Schools will no longer receive a separate grant for MSAG from the 1st April 2024.
- 8.5 The Central School Services block (CSSB) has decreased overall. The historic element of this block funding, which contributes to combined budgets, has been decreased by 20%. The ESFA state that they will continue to decrease this element by 20% each year.

9. FINANCIAL DETAILS / VALUE FOR MONEY

9.1 The Dedicated Schools Grant (DSG) is an annual ringfenced grant. All proposals within this report are within the DSG grant funding and comply with the Operational Guidance 2024-25.

10. LEGAL IMPLICATIONS

10.1 There are no legal implications directly arising from this report.

11. RISK MANAGMENT

11.1 There are no potential risks directly arising from this report. The proposals are within the RBWM Dedicated Schools Grant ring fenced funding.

12. POTENTIAL IMPACTS

- 12.1 Equalities. Equality Impact Assessment is shown below in Appendix A. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. It has been assessed that there are no Equality Impact risks arising from this report. Link to Equality Impact Assessments.
- 12.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.
- 12.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

13. CONSULTATION

- 13.1 The 2024-25 funding consultation was sent to all RBWM Early years providers by Monday 22nd January 2024.
- 13.2 Financial reporting including the Dedicated Schools Grant is regularly provided to the RBWM commissioners and the Achieving for Children Board.

14. TIMETABLE FOR IMPLEMENTATION

14.1 There is no timetable for implementation arising from this report. Annual formula funding consultation process with the Schools Forum to comply with the School and Early Years Finance regulations.

15. BACKGROUND DOCUMENTS

- 15.1 This report is supported by the following background documents:
- Schools Forum Powers and Responsibilities.
- School Finance Regulations
- Early years Operational Guidance 2024-25.

16. APPENDICES

- Appendix A Equality Impact Assessment.
- Appendix B Early years rates and supplements.
- Appendix C Early Years SEN Inclusion.

17. Consultation

Name of consultee	Post held	Date sent	Date returne d
Mandatory:	Statutory Officers (or deputies)		
Elizabeth Griffiths	Executive Director of 05.01.24 Resources/S151 Officer		
Emma Browne	Director of Law, Strategy & 05.01.24 Public Health/ Monitoring Officer		
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)		
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer		
Mandatory:	Procurement Manager (or deputy) - if report requests approval to go to tender or award a contract		
Lyn Hitchinson	Procurement Manager	05.01.24	08.01.2 4
Mandatory:	Data Protection Officer (or deputy) - if decision will result in processing of personal data; to advise on DPIA		
Samantha Wootton	Data Protection Officer	05.01.24	
Mandatory:	Equalities Officer – to advise on EQiA, or agree an EQiA is not required		
Ellen McManus- Fry	Equalities & Engagement Officer	05.01.24	
Other consultees:			
Directors (where relevant)			
Stephen Evans	Chief Executive		

Andrew Durrant	Executive Director of Place		
Kevin McDaniel	Executive Director of Adult		
	Services and Health (DASS)		
Lin Ferguson	Executive Director of Children's	05.01.24	05.01.2
_	Services and Education (DCS)		4

Confirmation relevant Cabinet	Cabinet Member for Children's Services & Education	Cllr A Tisi. 05.01.24
Member(s)		
consulted		

REPORT HISTORY

Decision type:	Urgency item?	To follow item?
For information	No	No
Report Author: Tracey Anne Nevitt, Finance Business Partner, AFC		

Equality Impact Assessment Appendix A

For support in completing this EQIA, please consult the EQIA Guidance Document or contact equality@rbwm.gov.uk

Royal Borough of Windsor & Maidenhead

1. Background Information

Title of policy/strategy/plan:	Dedicated Schools Grant
Service area:	Schools and Early Years
Directorate:	Children's Services

Provide a brief explanation of the proposal:

- What are its intended outcomes?
- Who will deliver it?
- Is it a new proposal or a change to an existing one?

The intended outcome of the proposal is to provide Schools Forum with an updated on the providers responses to the funding consultation.

This is not a new proposal and is a requirement to inform Schools Forum of the financial position of the Dedicated Schools Grant.

2. Relevance Check

Is this proposal likely to <u>directly</u> impact people, communities or RBWM employees?

- If No, please explain why not, including how you've considered equality issues.
- Will this proposal need a EQIA at a later stage? (for example, for a forthcoming action plan)

No.

The formula funding proposals do not directly impact on pupils and other stakeholders.

If 'No', proceed to 'Sign off'. If unsure, please contact equality@rbwm.gov.uk

3. Evidence Gathering and Stakeholder Engagement
Who will be affected by this proposal?
For example, users of a particular service, residents of a geographical area, staff
Stakeholders will not directly be affected by the proposals included within this report.
Among those affected by the proposal, are protected characteristics (age,
sex, disability, race, religion, sexual orientation, gender reassignment,
pregnancy/maternity, marriage/civil partnership) disproportionately represented?
For example, compared to the general population do a higher proportion have disabilities?
There is nothing in the report which is considered to impact on this protected characteristic.
What engagement/consultation has been undertaken or planned?
How has/will equality considerations be taken into account?
Where known, what were the outcomes of this engagement?
Schools Forum is actively engaged throughout the Schools Formula budget setting. Final schools' formula allocations are submitted to the ESFA for checking and validation.
What sources of data and evidence have been used in this assessment? Please consult the Equalities Evidence Grid for relevant data. Examples of other possible sources of information are in the Guidance document.
Not Applicable

4. Equality Analysis

Please detail, using supporting evidence:

- How the protected characteristics below might influence the needs and experiences of individuals, in relation to this proposal.
- How these characteristics might affect the impact of this proposal.

Tick positive/negative impact as appropriate. If there is no impact, or a neutral impact, state 'Not Applicable'

More information on each protected characteristic is provided in the Guidance document.

	Details and supporting evidence	Potential positive impact	Potential negative impact
Age	The reported grant does impact on pupils within this protected characteristic; however, as school funding is on a formula basis impact has already been considered within previous reports and decision-making processes	Yes	Not Applicable
Disability	There is nothing in the report which is considered to impact on this protected characteristic	Not applicable	Not Applicable
Sex	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Race, ethnicity and religion	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Sexual orientation and gender reassignment	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Pregnancy and maternity	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Marriage and civil partnership	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Armed forces community	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Socio-economic considerations e.g. low income, poverty	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable
Children in care/Care leavers	There is nothing in the report which is considered to impact on this protected characteristic	Not Applicable	Not Applicable

5. Impact Assessment and Monitoring If you have not identified any disproportionate impacts and the questions below are not applicable, leave them blank and proceed to Sign Off.
What measures have been taken to ensure that groups with protected
characteristics are able to benefit from this change, or are not disadvantaged
by it? For example, adjustments needed to accommodate the needs of a particular group
Not Applicable
Trott Applicable
Where a potential negative impact cannot be avoided, what measures have
been put in place to mitigate or minimise this?
 For planned future actions, provide the name of the responsible individual and the target date for implementation.
Not Applicable
How will the equality impacts identified hore he manifered and reviewed in the
How will the equality impacts identified here be monitored and reviewed in the future?
See guidance document for examples of appropriate stages to review an EQIA.
Not Applicable
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6. Sign Off

Completed by:	Date:
Tracey Anne Nevitt	
Approved by:	Date:
Louise Dutton	

If this version of the EQIA has been reviewed and/or updated:

Reviewed by:	Date: