

Schools Forum Agenda Pack – Item 6

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Report title:	Dedicated Schools Grant 2024-25 Early Years Budget
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PURPOSE OF REPORT

The purpose of this report is to set out the latest information on the 2024/25 Early Years Block Dedicated Schools Grant (DSG) allocation covering:

- DSG Early Years Block formula changes
- Southwark Early Years formula changes
- Early Years Teacher Pay Addition Grant

RECOMMENDATIONS

Schools Forum is asked

1. To agree that nursery schools agree the distribution of the Maintained Nursery Schools Supplementary Funding between themselves.
2. To note:
 - the DfE consultation response
 - the contents of the Southwark Early Years funding formula consultation
 - the details of the Early Years Teacher Pay Addition Grant
 - the position of the SENDIF budget

BACKGROUND

1. The Dedicated Schools Grant (DSG) is broken down into four blocks; one of those blocks is the Early Years Block. The Department for Education (DfE) will initially estimate each LA's 2024/25 funding based on the January 2023 pupil numbers. The DfE usually announces this estimate mid-December.
2. The DfE will amend the 2024/25 Early Years Block amount during the financial year, to reflect the January 2024 census numbers and again after the financial year has finished (July 2025), to reflect the January 2025 census. At this point, the summer term DSG funding of the 2024/25 financial year will be based on January 2024 pupil numbers and the autumn and spring terms' DSG funding will be based on January 2025.
3. The 2023 Spring Budget announced additional funding for the existing early years entitlements for disadvantaged 2-year-old children and 3 and 4-year-old children for the 2023/24 (£204m) and 2024/25 (£288m) financial years. These amounts are on top of the previous settlements for those years. These amounts will be delivered through the Early Years Supplementary Grant in the 2023/24 financial year and through the Early Years DSG Block in the 2024/25 financial year
4. A further addition will now be made in relation to the September 2023 teacher pay increase. £12.5m will be delivered through the Early Years Teacher Pay Addition Grant in the 2023/24 financial year and £22.5m will be delivered through the DSG Early Years block in the 2024/25 financial year.
5. The 2023 Spring Budget also announced the extension of early years provision as follows:
 - From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year),
 - From September 2024 this will be extended to parents of 9 month to 3-year-olds, and
 - From September 2025 working parents of 9 month to 3-year-olds will be able to access 30 free hours per week (38 weeks a year).

KEY ISSUES FOR CONSIDERATION

DSG Early Years Block Funding Formula 2024/25

The (phased) extension of provision to 9-month-old pupils from eligible households has led the DfE to review the DSG funding formula for the early years block. There are no proposed changes to the 3&4 year-old funding formula, but there are proposed changes to the 2 year-old formula and a proposed new formula to provide funding for under-twos. The changes detailed in the October 2023 Schools Forum Early Years Block report are summarised in the table below:

	2023/24 Formulas		2024/25 Formulas		
	3 & 4yo	2 yo	3 & 4yo	2 yo	Under 2's
Hourly Rate	Yes	Yes	Yes	Yes	Yes
Supplements	Yes		Yes	Yes	Yes

Early Years Pupil Premium	Yes		Yes	Yes	Yes
Disability Access Fund	Yes		Yes	Yes	Yes
MNS Supplementary Funding	Yes		Yes		
SEND Inclusion Fund	Yes		Yes	Yes	Yes

The DfE published their response to the consultation on November 29th. The proposals contained in the consultation document will be implemented without amendment.
Southwark Early Years Funding Formula 2024/25

The DfE are also proposing changes to the framework determining how LA's distribute funding to providers. The proposals detailed in the October 2023 Schools Forum Early Years Block report are summarised in the table below:

	2023/24 Formulas		24/25 Formula s		
	3&4yo	2yo	3&4yo	2yo	Under 2's
Hourly Rate	Yes	Yes	Yes	Yes	Yes
Deprivation Supplement	Yes		Yes	Yes	Yes
Teacher Pay Supplement	Yes		Yes		
Early Years Pupil Premium	Yes		Yes	Yes	Yes
Disability Access Fund	Yes		Yes	Yes	Yes
MNS Supplementary Funding	Yes		Yes		
SEND Inclusion Fund	Yes		Yes	Yes	Yes

The DfE proposals also cover-

Minimum Passporting Percentage - LA's must pass at least 95% of their funding to providers.

Contingency - LA's can set aside a contingency to help manage fluctuations in take-up. It was our intention to bring the results of the consultation on our proposals to this Schools Forum meeting, but the DfE response to their consultation was only published on November

29th, this has not been possible. The consultation has now commenced and will conclude early in the Christmas school holidays.

The only change to the DfE's proposals is that the use of a deprivation factor in the new 2 year-old and under-2 formulas will be optional rather than mandatory. Southwark's proposal remains that the deprivation factor will be used at all ages in order to reflect the higher costs that settings will incur when providing for pupils from deprived areas.

Early Years Teacher Pay Additional Grant

1. Southwark has been allocated £107k of Early Years Teacher Pay Additional Grant (EY TPAG). This has been calculated using £0.05 per 3&4 year old hour (£82k) plus £25k for the Maintained Nursery School Supplementary Grant.
2. The EY TPAG must be fully distributed to early years providers.
3. For the 2024/25 financial year, the annual equivalent of the grant funding will be added to the DSG Early Years block.
4. The Early Years formula already contains a supplement factor to distribute the former Teacher Pay Grant. This factor will be used to distribute the £82k for 2023/24 and the full year equivalent will be added to the pot for that factor in 2024/25.
5. There is already a Maintained Nursery School Supplementary Funding formula for 2024/25 agreed by the MNS headteachers. The £25k will be distributed via this formula for 2023/24 and the annual equivalent will automatically be added to the pot for the MNS formula for the year.

There is no mention of updating the allocation based on the January 2024 census data.

Special Educational Needs & Disability Inclusion Fund (SENDIF)

1. Local Authorities are currently required to establish a SENDIF to work with providers to address the needs of individual children with SEN who are taking up the 3&4 year old entitlements. From April 2024 this requirement will be extended to children taking up the 2 year-old entitlement, and from September 2024 to children taking up the under-2 entitlement.
2. It is expected that LA's will pass the majority of their SENDIF to providers on a case by case basis, but it can also be used to fund specialist SEN services.
3. The SENDIF is open to all providers of the early years entitlements and does not preclude providers from making Education, Health & Care Plans (EHCP's).
4. Southwark currently has a SENDIF budget of £250k which is all available to providers (i.e. no amount is used to fund services). In the 2021/22 financial year £255k of awards were made and in 2022/23 £300k. These levels of spend followed a streamlining of the application process and an increase in the grant amount.
5. A benchmarking exercise shows that Southwark sets aside the lowest early years block SENDIF amount of inner-London boroughs as a percentage of the available funding. If Southwark were to raise its percentage (1.2%) to be second lowest a further £20k would be required, to be third lowest would require £75k and to be at the inner-London average a further £550k would be required.
6. It is possible to supplement the early years SENDIF contribution with a high needs block contribution. Of the eleven other inner-London boroughs, only 3 contribute to

the SENDIF from their high needs block. Any high needs contribution from Southwark would be subject to safety valve restrictions.

7. It is the LA's intention to bring proposals to the Forum for an increase in the amount of SENDIF set aside from the 2024/25 early years block.