

**Item 8**

**Recommendations of the Early Years Block Working Group**

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**Brief Summary**

On 12 March 2024, the Early Years Block Working Group considered several reports, including:

- **Schools Forum Membership**
- **Early Years Block Budget 2024/25**
- **Early Years Rates 2024/25**
- **Early Years Inclusion Fund Meeting Update**
- **Early Educations Funding headcount and Interim Payments 2024**

A summary of the information presented, and the Working Group's recommendations are provided in this report.

**Recommendations**

The Forum is asked to:

- a) Note the report from the Early Years Block Working Group held on 12 March 2024.
- b) Ratify the Working Group's recommendations.

**Detail**

On 12 March 2024, the Early Years Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

**8.1 Schools Forum membership**

The Early Years Block noted the Schools Forum Membership outlined in Item 6.1.

The Working Group.

- a) Noted the information.

**8.2 Early Years Block Budget 2024/25**

At the Schools Forum on 11 January 2024, decisions, and recommendations about the 2024/25 Schools Budget were agreed.



In connection with the Early Years Block, the Forum unanimously supported the 2024/25 Early Years Block proposals, therefore the 2024/25 rates are as follows:

### *3 and 4-year-old entitlements*

Due the increased funding Lancashire has received, the Lancashire base rate for 3 and 4-year-old entitlements is £5.41 per hour in 2024/25, an increase of £0.33 per hour from 2023/24.

The 2024/25 funding rates:

2023/24 Base rate	£5.08 per hour
2024/25 DfE uplift	£0.27 per hour
2024/25 Additional funding from within the Early Years Block	£0.06 per hour
2024/25 Base rate	£5.41 per hour

### *3- and 4-year-old Supplementary funding hourly rate for maintained nursery schools*

Lancashire will receive a £0.63 increase in the supplementary funding hourly rate for maintained nursery schools in 2024/25, which will be passed to the maintained nursery schools, providing a revised hourly supplement rate of £5.18 per hour.

### *2-year-old entitlement*

Following the Early Years 2024/25 funding announcements, it was agreed in conjunction with the Early Years Working Group that Lancashire adopts one single funding rate for 2-year-old entitlements, plus a deprivation supplement based on a similar mechanism to that which currently exists within the 3- and 4-year-old formula.

Therefore, the Lancashire base rate for 2-year-olds will be £7.10 per hour from April 2024, plus a deprivation supplement where necessary.

### *Under 2-year-old entitlement*

From September 2024, the base rate will be set at £9.51, plus a deprivation supplement based on a similar mechanism that currently exists within the 3- and 4-year-old formula.

### *Early Years Pupil Premium*

Lancashire will increase our early years pupil premium rate by 2p to 68p per hour, equivalent to up to £387 per eligible child per year, for 2024/25, in line with national announcements.

### *Disability Access Fund*

Lancashire will increase the disability access fund by £29 to £910 per eligible child per year for 2022/23, in line with national announcements.

### *Special Educational Needs Inclusion Fund*

Local authorities are now required to have a Special Educational Needs Inclusion Fund for all eligible 3 and 4-year-olds, 2-year-olds and under 2's (from September 2024) who are taking up the free entitlements, regardless of the number of hours taken. For 2024/25 the Lancashire fund will total £2.65m due to the increased demands and extended entitlements.



On 18 January 2024, the County Council's Cabinet formally approved the Schools Budget for 2024/25.

Some elements of the Schools Budget require compliance checking by the ESFA and approval was received on 20 February 2024.

Early Years budget statements for 2024/25 were prepared and issued on 28 February 2024.

The Working Group.

- a) Noted the information.

### 8.3 Early Years Rates 2024/25

The working group were presented a breakdown of the 2024/25 rates. It was noted that local authorities are required to pass-through at least 95% of their 3 and 4-year-old funding to early years providers.

Lancashire is one of only four LA's nationally that do not use any EY funding for centrally retained services.

Lancashire is funded based on January Census. No funding received for supplementary hours, however Lancashire fund settings for supplementary hours. Due to this, actual funding rate paid to providers is higher than funding received from DfE. A breakdown is provided below.

2 YO 24-25		3/4 YO 24-25	
24-25 Base Rate + Average Deprivation Rate	£7.48	24-25 Base Rate + Average Deprivation Rate	£5.50
Estimated Full Year Hours	5,036,781	Estimated Full Year Hours	14,448,275
Total Supp Hours Jan 23	24,906	Total Supp Hours Jan 23	39,681
Estimated Full Year Supp Hours	86,038	Estimated Full Year Supp Hours	137,078
Total Amount Paid	£37,699,845	Total Amount Paid	£79,531,002
Total Supp Hours Paid	£643,990	Total Supp Hours Paid	£754,552
Total Hours Paid - Total Supp Hours Paid	£37,055,855	Total Hours Paid - Total Supp Hours Paid	£78,776,449
Percentage of Supp Hours Paid	1.71%	Percentage of Supp Hours Paid	0.95%
Average IDACI Rate	£0.38	Average IDACI Rate	£0.09
Total Amount Paid	£37,699,845	Total Amount Paid	£79,531,002
Total Hours - Total Supp Hours	4,950,742	Total Hours - Total Supp Hours	14,311,196
Total Amount Paid/Net Funded Hours	<b>£7.61</b>	Total Amount Paid/Net Funded Hours	<b>£5.56</b>
Additional Supplementary Funding Rate	<b>£0.13</b>	Additional Supplementary Funding Rate	<b>£0.06</b>
Average Rate Paid Minus DfE Funding	<b>-£0.07</b>	Average Rate Paid Minus DfE Funding	<b>-£0.09</b>

The Working Group.

- a) Noted the information and the presentation.
- b) Requested this information to be shared at the Schools Forum.



## 8.4 Early Years Inclusion Fund Update

The working group received a verbal update from the Early Years Inclusion Fund meeting which was held on 29<sup>th</sup> February 2024. Key issues from the meeting were discussed at the working group. A summary is provided below;

### Inclusion Fund payments

Area Managers Jill Jones and James Lambert attended the meeting to discuss issues with the current system and delays in payments.

The team to enquire if PVI's can be moved onto immediate payment terms on Oracle Fusion and circulate the link to update contact details for remittance advice. At the next area managers meeting, they will review the current processes and look at ways to align the area teams. The Inclusion service are currently creating a clear Inclusion fund/EHCP process and guidance notes for settings.

Members were advised to raise any specific issues to the area manager.

### Inclusion Fund Paperwork

Members raised the application process for accessing the Inclusion Fund, especially in cases where an EHCP has been agreed. Helen Connolly to set up a working group to review the paperwork early in the Summer term.

Members with suggestions to improve the paperwork process were advised to contact the Early Years Block Chair.

### SEN Inclusion Fund Monitoring 2023/24

Financial year 2023/24 current spend of £1.4m which is £900k overspent. A report from the Inclusion Service was presented at the meeting.

### SEN Inclusion Fund 2024/25

As agreed at the Schools Forum on 11<sup>th</sup> January 2024, due to significant increase in demand the SEN Inclusion Fund for 3- and 4-year-olds will increase from £500k to £1.85m for 2024/25. In addition to this, due to the extended entitlement access to the fund will also be required for 2-year-olds, set at £500k and under 2s (September 2024) set at £300k. = 2.65m

There is also an increase in fund B to £83 per week for 2024/25.

### EHCP's

Local delays are somewhat due to national recruitment issues for Educational Psychologists, the LA currently has five full time vacancies.

### Early Years SEN Units

Early Years SEN summits will be taking place in the Summer Term and updated will be provided following these meetings.

### SEND Inspection



Members raised that no communication has been sent to the sector in regards to the upcoming LA SEND inspection. Action - Lizz Tattle to send communications out asap.

The Working Group.

- a) Noted the information.

## **8.5 Early Educations Funding headcount and Interim Payments 2024**

A report was presented at the working group due to recent feedback from a small number of nurseries and several childminders raising concerns about the current payment terms. This is a particular concern for providers due to the increase in numbers of funded children from April 2024 onwards, and the resulting decrease in 'private' income. Several providers are now requesting monthly payments.

Therefore, a consultation will be arranged shortly to gather the views of the sector. It is envisioned the consultation will open shortly and analysis will be reviewed by the working group during an extraordinary meeting in May to allow processes to be implemented for September. The outcome will be reported during the Summer Term meetings.

The Working Group.

- a) Noted the information.
- b) Welcomed the consultation and the extraordinary meeting to review the results.

## **8.6 Early Years Deprivation Rates 2024/25**

It was reported at the working group that since the release of the 2024/25 budget statements, unfortunately the authority have identified that there has been a data error in the deprivation rate calculations. The Index of Multiple Deprivation (IMD) data was used instead of the Income Deprivation Affecting Children Index (IDACI) which has resulted in some rates being incorrect.

To protect settings in 2024-2025 that would face a reduced rate as a result of this error, it was proposed to the working group that the original deprivation rates will be honoured where the correct rates for 2024-2025 are less.

This protection would only apply from 1 April 2024 to 31 March 2025. In addition, deprivation rates for the 2025-2026 financial year will be re-calculated using child level postcodes/data from the Autumn 2024 claims.

The new deprivation rates will be updated in the Provider Portal towards the end of March/early April 2024.

The Working Group.

- a) Noted the information.
- b) Supported the proposal to honour deprivation rates stated on the 2024/25 Budget statements for this year only.

