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Early Years funding formula 2024/25

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As a result of the government's expansion of childcare programme the following changes are planned:

- **September 2023** - Increase in funding rates implemented to early years providers
- **April 2024** - Increase in funding rates to early years providers and changes to early years funding formula
- **April 2024** - Two year olds of working parents entitled to 15 hours of funded childcare for 38 weeks (from term after 2nd birthday)
- **September 2024** - 9 month old to school age of working parents entitled to 15 hours of funded childcare for 38 weeks (from term after turning 9 months)
- **September 2025** - 9 month old to school age of working parents entitled to 30 hours of funded childcare for 38 weeks (from term after turning 9 months)

Early years funding formula 2024/25

Deprivation rates

Currently a deprivation rate is applied to funding for 3 and 4 year olds. From 2024/25 onwards we will also apply a deprivation rate on funding for 2 year olds. We consider that it is broadly felt more intense support is needed for two years living in more deprived areas and it would therefore be appropriate to apply a deprivation supplement in accordance with government recommendations.

For 2024/25 we will calculate rates using historic data for eligible two year olds (those eligible as in receipt of government benefits) during the previous financial as this is the most reliable information available. We will apply the deprivation rate to all eligible two years eg those of working parents and those entitled due to parents being in receipt of certain government benefits.

The actual amount payable to each setting for deprivation will vary according to the number of children registered in deprived postcodes using historic data for 2023. The overall average rate is shown as an indication.

The minimum rate payable eg if no children were registered in deprived post codes would be the base provider rate.

We will continue the existing basis of calculation for 3 and 4 year olds and replicate this for 2 year olds. Any new settings applying for funding part year would not be entitled to a deprivation supplement until the following financial year. If this caused difficulty we may consider as appropriate.

SEN inclusion fund

For 2024/25 onwards there is a government requirement to extend the SEN inclusion fund to include all eligible funding bands. We will:

- Maintain the existing fund for 3 and 4 year olds £60,000 (plus £30,000 from higher needs block)
- Allocate SEN inclusion funding £30,000 for 2 year olds
- Allocate SEN inclusion funding £15,000 for under 2 year olds

The amounts allocated for 2 year olds and under are likely to need higher revisions in future years once the full effect of the additional entitlements is implemented.

Quality supplement

The existing quality supplement payable for teacher led provision support for 3 and 4 year olds will continue to apply. This equates to

8p per hour.

Eligible settings will need to claim this entitlement by completing a declaration. The final date for submission of claims will be **31 March 2024**. We will not accept claims after this date and will also be unable to accept part year claims eg if a teacher is employed during part of the year as this could have an adverse impact on the overall budget.

Teachers pay and pension grant

The existing formula will be applied to school nurseries. A provisional allocation of £118,000 will be distributed by means of a supplement to the 3 and 4 year old hourly rate of 28p. This is equivalent to the allocation we receive from government to cover early years teachers pay and pensions and is added to the overall early years allocation.

Local authority retention

Regulations currently allow local authorities to retain up to 5% of funding towards their central costs for administration of grant funding, support etc. We will retain an overall 3.6% towards our costs and this has been factored into the calculations. Our overall aim is to continue to pass as much as possible through to providers.

Early years pupil premium

For 2024/25 this is set at 68p per hour per eligible child.

Disability access fund

For 2024/25 this is set at £910 per eligible child.

Rates payable to settings for 2024/25

The overall hourly rates are based on the funding allocations that have been awarded to Blackpool by the Department for Education.

	Eligible under 2 year olds from September 2024	Eligible 2 year olds from April 2024	3 and 4 year olds from April 2024
Base hourly rate payable to providers	£10.13	£7.51	£5.14
Previous base rate Sept 2023		£7.11	£4.96
Deprivation top 0-10% postcodes		£0.16	£0.16
Deprivation 11-20% of deprived postcodes		£0.08	£0.08
Deprivation 21-30% of deprived postcodes		£0.04	£0.04
Indicative average deprivation rate		£0.11	£0.08
Quality supplement for teacher led provision			£0.08
Teachers pay and pension for school nurseries			£0.28

Consultation

Early years providers and schools forum were consulted on our funding formula proposals during January 2024.

Responses were received from 25 settings, representing a 27% response rate.

Under 2 year olds

- Most respondents agreed with the proposed rates
- A few felt they were too low or too high
- Most respondents agreed to the proposed SEN inclusion fund

2 year olds

- Over 75% of respondents agreed with the proposed rates

- Over 75% of repondents agreed with the proposed deprivation formula and rates
- Most providers agreed with the proposed SEN inclusion fund

3 and 4 year olds

- Most providers felt that the proposed rate was insufficient
- Most providers agreed with the continuation of the existing deprivation formula and rates
- Most providers agreed with the continuation of the current SEN inclusion fund amount

Quality supplement

- Approximately half of respondents agreed there should be a quality supplement for teacher led provision
- A few felt this was too low or too high

Other comments/views

Comments	Council response
The rate for 3 and 4 year olds is too low	The overall allocations are decided by DFE and we have no control over this.
The rate for 2 year olds is too high, could this be reduced to increase the 3 and 4 year old rate?	As above. The higher rates reflect higher levels of support and ratios required. Reducing one age band by a set amount would not increase the other band by the same proportion due to different attendance levels etc.
Blackpool funding rates are lower than other areas	Our rates are broadly comparable with other North West authorities. The overall rates are calculated by DFE. The DFE use an area cost adjustment factor which can result in differences in rates between regions. This is beyond our control.
The overall increases are only about 3.6%	There was a special one off rate increase in September 2023, which would not normally apply. The average annual rate increase comparing April 2023 to April 2024 is approx 11%.
Teachers pay should not come out of the Early Years grant	DFE apportion the funding via this route, and is beyond our control. A seperate additional amount is added to the grant by DFE to reflect this and we do not feel there is a negative impact on providers. We are effectively passing through the additional settlement to schools to reflect their additional expenses for pay and pension schemes.
We should not have deprivation rates	There is a mandatory government requirement that the EY funding formula includes a deprivation formula. Most providers said it is appropriate to have seperate deprivation funding.
Deprivation rates should be the same for 3 year olds and 2 year olds	We use the same formula and the deprivation rates are the same for both age groups. The overall average across all providers works out higher for 2 year olds because currently there are more 2 year old parents that live in areas of higher deprivation when compared to 3 and 4 year olds. This will fluctuate as attendance patters change throughout the year

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