

REPORT TO:	Schools Forum
DATE:	21 February 2024
REPORTING OFFICER:	Operational Director – Finance
PORTFOLIO:	Children & Young People
SUBJECT:	DSG Early Years Block 2024-25
WARD(S)	Borough wide

1.0 **PURPOSE OF THE REPORT**

To update and seek Schools' Forum recommendations on the Dedicated Schools Grant (DSG) 2024-25 for Early Years.

2.0 **RECOMMENDATION: That:**

Schools' Forum note and comment on the 2024-25 hourly rates and supplements for the Early Years Formula applicable from the 1st April which are currently being consulted on with the sector.

3.0 **SUPPORTING INFORMATION**

3.1 **Dedicated Schools Grant (DSG) settlement**

The 2024-25 DSG settlement was announced on 19th December 2023 allocating Halton a total of £154.497m, which is broken down as £111.188m for the Schools Block, £0.747m for the Central Schools Services Block, £27.007m for the High Needs Block, and £15.554m for the Early Years Block. The Early Years, this year is a significant increase on last year as the formula has been adjusted nationally to provide additional support for 2 year olds and under 2 two year olds.

Schools' Forum approved the Schools and Central Schools Support Services (CSSB) block determinations and formula unit values at their meeting of 17th January 2024, with Early Years and High Needs to be considered at this meeting, 21st February 2024.

3.2 **Early Years Block**

The DSG announcement has provided an indicative Early Years allocation which includes the up-to-date hourly rates to be used in Halton's determination of the under 2, 2, 3 and 4 year old early education funding entitlement to Maintained Nursery Schools, Nursery Classes, and Private Voluntary and Independent (PVI) settings including Childminders.

The 2024-25 allocation remains indicative until after the January 2024 early years headcount has been collated, validated and used by the DfE to inform Halton's actual Early Years Block allocation to be notified in July 2024.

The indicative allocation for 2024-25 is £15.554m which is £5.779m greater than 2023-24, this reflects the national change to enhance the 2 year old offer and create a new under 2s offer. This indicative amount may decrease in line with the current demographic trends. Forum should be aware that, whilst the level of funding allocation may ultimately decrease, this will not cause any financial burden on the Early Years DSG position as there will be a corresponding reduction in funding allocated to providers due to their decreased pupil numbers on roll.

The indicative rates and DSG allocations are provided within the table below:

Funding Stream	Hourly Rate/Rate	Number of Entitlements	Total Indicative Funding	Hourly Rate Variance to 2023/24
Universal Entitlement for 3 and 4 year olds	5.72	1700.73	5,545,060	0.52
Additional 15 hours entitlement for eligible working parents of 3 and 4 year olds	5.72	883.51	2,880,596	0.52
2 year old disadvantaged entitlement	8.20	423.34	1,978,691	2.49
2 year old entitlement for working parents	8.20	539.57	2,521,950	-
Under 2s entitlement	11.18	273.38	1,742,141	N/A
Early Years pupil premium for 3 and 4 year olds	0.68	462.53	179,277	
Early Years pupil premium for 2 year olds	0.68	269.23	104,354	
Early Years pupil premium for under 2 year olds	0.68	13.46	5,217	
Disability Access Fund for 3 and 4 year olds	910	94	85,540	
Disability Access Fund for 2 year olds	910	33	30,030	-
Disability Access Fund for under 2 year olds	910	9	8,190	-
Maintained Nursery School supplementary funding	4.64	179	473,419	0.84
Total Early Years Funding Block			15,554,465	

As mentioned above, a consultation exercise with the sector has been undertaken and the results are currently being collated and findings will be taken into consideration. Given the changes within the block it was thought appropriate to consult more widely and this is in line with the majority of other local authorities. The consultation presented a proposed methodology for allocation and asked a number of questions around the methodology, the key slide is below along with the proposed indicative rates to providers.

Proposed Banding Allocations						
Funding Stream	LA Retention	Base Rate	Depreavtion	Quality	SENIF	Contingency
Under 2 year olds	2.5%	96.0%	0%	0%	0.5%	1%
2 year olds	2.5%	96.5%	0%	0%	0.7%	0.3%
3 and 4 Year olds	2.5%	90.8%	3%	2.5%	1%	0.2%

Proposed allocation by percentage across the funding elements.

Schools' Forum are required to comment on the hourly rates and supplements to be applied to the 2023-24 Early Years Single Funding Formula (EYSFF) determinations for all providers as follows:

Halton's Indicative Funding Rates			
	Base Rate	Deprivation Rate	Quality Rate
3 and 4 year olds	5.19	0.17	0.14
2 year olds	7.91	0.00	0.00
Under 2s	10.73	0.00	0.00

It is also proposed to passport the full Maintained Nursery Supplementary grant direct to maintained nursery schools. Actual deprivation allocations will vary by postcode analysis.

The pass-through rate is proposed at 97.5% which is consistent with the previous year.

4.0 FINANCIAL IMPLICATIONS

4.1 The financial aspects outlined throughout this paper have been developed accordance with statutory financial regulations and operational guidance relevant to the Dedicated Schools Grant (DSG) requirements.

4.2 The proposals included within this paper are all funded from within the available Dedicated Schools Grant (DSG) block allocations provided for 2024-25.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

To ensure that in Halton children and young people are safeguarded, healthy and happy, and receive their entitlement of high quality services that are sensitive to need, inclusive and accessible to all.

5.2 Employment, Learning & Skills in Halton

To create an economically prosperous Borough that encourages investment, entrepreneurship, enterprise and business growth, and improves the education, skills and employment prospects of our residents and workforce so they can share in all the opportunities Halton affords.

5.3 A Healthy Halton

None

5.4 A Safer Halton

None

5.5 Halton's Urban Renewal

None

6.0 RISK ANALYSIS

- 6.1 Failure to comply with the statutory financial regulations and operational guidance relevant to Dedicated Schools Grant (DSG) requirements could result in formal intervention by the Department for Education (DfE).

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The Local Authority must discharge its statutory responsibilities in relation to all schools and settings.

8.0 CLIMATE CHANGE IMPLICATIONS

None

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Background papers and further information, including the statutory guidance that has informed this report, can be obtained via Gov.uk

For any enquiries contact Naheem.Shafiq@halton.gov.uk.