

Schools Forum – 05 December 2023

Title of paper:	Early Years Central Expenditure 2024/25
Corporate Director/Director:	Catherine Underwood, Corporate Director for People Nick Lee, Director of Education
Report author and contact details:	Kathryn Bouchlaghem, Head of Service, Early Years Kathryn.bouchlaghem@nottinghamcity.gov.uk Collins Elechi, Senior Commercial Business Partner Collins.elechi@nottinghamcity.gov.uk
Other colleagues who have provided input:	Louise Hobbs, HR Consultant Ann Barrett, Team Leader Legal Services
Summary	
<p>The national Early Years (EY) funding arrangements introduced in April 2017 include a national formula for allocating the EY block to Local Authorities and regulations around the proportion of EY funding that can be retained for central spend. This is to ensure a high 95% pass-through of funding to providers. This pass-through is expected to increase to 97% once the new extended early years entitlements are embedded over the next 2 years. Approval is subject to compliance with this regulation when the 2024/25 Schools Budget is finalised. This paper requests approval of the Early Years Central Expenditure Budget for 2024/25.</p> <ul style="list-style-type: none"> <i>Base rates for 2024-25 to be confirmed by the DfE in December. However, as per the Local Authority Readiness document, which cites indicative funding rates, the indicative rate for 2 year olds for 2024-25 is £8.27 and the rate for under 2 year olds is £11.31. There are no indicative allocations for 3 and 4 year olds at this time. This document also states that “We encourage colleagues at Nottingham to examine the indicative funding rates for their area and to treat these as a likely underestimate of the actual rate available from April 2024”. We therefore expect the hourly rate to increase significantly when the rates are confirmed and certainly not decrease from the current allocation.</i> 	
Recommendations:	
1	To approve Early Years Central Expenditure of £1.025m for 2024/25.

1 Reasons for Recommendations

- 1.1 The requested EY central expenditure of £1.025m is at the same level as that approved for 2023/24. It is projected that this level of central expenditure is sufficient to maintain the costs of the team and the activity outlined in Section 2 of this report.
- 1.2 This will allow the full increases in the 2 year old and 3 and 4 year old hourly funding rates for 2024/25 to be pass-ported on to schools and providers.
- 1.3 With this level of central expenditure, the LA should comfortably meet the 95% pass-through regulation. The final pass-through percentage to be published on

Section 251 statement outturn for 2023.24 is 95%. This was based on the same central expenditure budget of £1.025m and the same split of contributions between 2 year old and 3 and 4 year old funding streams.

2 Background

2.1 The funding will enable the Early Years Team to carry out the following Local Authority duties under the Childcare Act 2006/Education Act 2014/Children and Families Act 2014:

- Ensure sufficient quality childcare and early education places which supports economic growth and stability for employment;
- Support provision of all 2, 3 and 4 year olds, including sufficiency of quality and accessible provision, measuring uptake and support with outreach message;
- Disseminate relevant National and Local Early Years policies and funding opportunities;
- Ensure that training in EYFS assessment, and support with completion of the EYFS Profile Summary, is available to all providers who need it;
- Raising awareness of the Speech, Language and Communication strategy, 0-5 years, for the City;
- Produce robust and comprehensive Continuous Professional Development (CPD) opportunities, for the early years' workforce, that reflect demand and need based on data and consultation with the workforce;
- Ensure that 100% of the Directory of Providers have a current Provider Agreement and complete the annual Early Years Census, and that payments are made in a timely manner.

Overview of Current Position – Key Points

❖ Early Years Foundation Stage (EYFS) Profile Data 2023

Two years into the new Statutory EYFS Framework, which covers all aspects of teaching, learning and assessment for all of those providers working within early years, the LA (Early Years Team) has continued to provide support to practitioners and settings, across the early years sectors, to ensure that quality of provision and outcomes for children have remained a priority as this new framework has been embedded.

Communication and dissemination of information continues to be critical:

- Sessions were held each term throughout the 2022/23 academic year for Head Teachers, Senior Leaders, Leaders and Managers. Private, Voluntary and Independent (PVI) and School Practitioners enable us to continue to support effective application.
- Termly Head Teacher Briefings continued to share updates relating to trends identified through the EYFSP data.

- Working parties continued for both the PVI and School Sectors. These enabled us to hear about the changing needs within the sectors and plan appropriately for any extra support needed. The success of these working parties has led to them continue into the 2023/24 academic year.

Agreement Trialling has been an integral part of support for providers to raise outcomes for our youngest children. We have used this forum to address the trends identified from the EYFSP data and have provided targeted support around understanding, resourcing and moderating our weakest areas of attainment. In response to an identified need in addressing practitioner’s confidence to support the increasing number of children in settings with very unique needs as a result of the COVID-19 pandemic, our discussions have also incorporated SEND support in this area.

In the academic year 2022/23, we resumed face-to-face training, in addition to continuing with some online sessions, thus offering a blended approach.

Sessions were accessed by:

- 259 practitioners from 82 settings (16 PVI settings and 66 schools)
- Representatives from 10 of the 12 Academy Trusts within the City including LEAD, Transform, NOVA, Raleigh, Djanogly and Our Lady of Lourdes.
- Feedback was extremely positive in 100% of evaluations with requests to repeat a similar level of training and support in the next academic year. Therefore, we will continue to offer a blended delivery approach and SEND support in these sessions in 2023/24.

Quality Assurance Support was offered to validate schools and PVI data to ensure accuracy of data. 12 schools received telephone or email support and a quality assurance session designed specifically for PVI’s with Rising Fives was attended by all 6 settings who were completing EYFSP for children in their setting.

The LA’s statutory responsibilities remain to:

- Collect EYFSP data, quality assure it and submit it to the DfE
- Offer training in EYFS assessment and the completion of the EYFSP summaries to all providers who need it
- Improve the outcomes for all children under 5 in accordance with the Childcare Act 2006

Early Years Foundation Stage Profile (EYFSP) Data (Provisional)

Year	Good Level of Development										
	Old Framework							No Data		New Framework	
	2013	2014	2015	2016	2017	2018	2019	2020*	2021*	2022	2023
Nottingham City	40%	47% (+7)	58% (+11)	63.5 (+5.5)	66.2 (+2.7)	67.6% (+1.4)	66.9% (-0.7)	N/A	N/A	60.3% (-6.6)	63.2% (+2.9)
National	52%	60%	66%	69.3 (+3.3)	70.7 (+1.4)	71.5 (+0.8)	71.8 (+0.3)	N/A	N/A	65.2% (-6.6)	67.3% (+2.1)
Difference	-12	-13	-8	-5.8	-4.5	-3.9	-4.9	N/A	N/A	-4.9	-4.1

*No data was collected in 2020 and 2021 due to the COVID-19 Pandemic.

- 2022 was the first year of the revised Statutory Framework so we are now able to make direct comparisons against previous results, comparing 2023 data with attainment in 2022.

Nottingham v National

Characteristic	2022	2023	Difference
GLD - Nottingham	60.3	63.2	+2.9
GLD - National	65.2	67.3	+2.1
Gap	4.9	4.1	+0.8

Nottingham v Regional

Characteristic	2022	2023	Difference
GLD - Nottingham	60.3	63.2	+2.9
GLD - Regional	64.6	66.8	+2.2
Gap	4.3	3.6	+0.7

- Success was seen across all areas targeted during Agreement Trialling sessions, for example, reading increased by 1.2% in comprehension and 3.1% in word reading, after focusing on this area in both the Spring and Summer terms.

Biggest Gaps with National	
Prime:	Specific:
Speaking -4.7	The Natural World -7.1
Listening and Attention -2.8	Word Reading -6.8
Managing Self -2.7	Number -6.2
Fine Motor -2.7	Number Patterns -6.2

Ranking *(please note these are previous figures, to be updated after the release on 30th November 2023)*

- Nottingham's ranking is 130/151 (2016 – 138/151)
- LA maximum (2017) is 78.9% (Lewisham)
- LA minimum (2017) is 59.8% (Halton)

Statistical Neighbours: Derby, Sandwell, Manchester, Coventry, Birmingham, Wolverhampton, City of Bristol, City of Kingston Upon Hull, Salford, Southampton

Year	Statistical Neighbours %	Nottingham City %	Difference
2014	57.2	46.5	-10.7
2015	62.6	58	-4.6
2016	65.2	63.5	-1.7
2017	67.0	66.2	-0.8
2018	68.1	67.6	-0.5
2019	68.6	66.9	-1.7
2022	xxx	xxx	xxx
2023	xxx	xxx	xxx

Following the release of this information on 30th November 2023, our goal for 2023 will be to close any gaps with our statistical neighbours.

Prior to the COVID-19 pandemic, we know that children in Nottingham City generally started school below age related expectations. Research (Coram, January 2022) has shown that areas with high deprivation were disproportionately impacted by the pandemic.

Since the pandemic, practitioners are reporting that children are entering school with greater personal, social and emotional needs, significant personal needs and poor communication and language.

Taking this into account, though some children do not reach expected levels at the end of EYFS, they do make good progress from their starting points, and progress has been identified in the vast majority of areas, resulting in Nottingham closing the regional and national gap by 0.7% and 0.8% respectively.

Next Steps:

- Continue to offer Agreement Trialling, online and face-to-face, throughout 2023/2024, for all practitioners working with 3 - 5 year olds, focusing on children who are not yet on track.
- Through our free 'New to EYFSP' training and quality assurance support we will support practitioners (both schools and PVI) new to completing the profile.
- Continue to offer Summer Term support visits and set up a moderation session to support PVI settings completing the EYFSP.
- Continue to present at Head Teacher Briefings (with a focus on data outcomes for the Autumn Term)
- Hold a Leaders Briefing to present and explain the current EYFSP data to enable Senior Leaders in schools to plan effectively for their Y1 cohort using their EYFSP data to inform next steps, as well as informing development areas in Early Years.
- Continue to run termly Working Party meetings
- Complete a piece of work to further unpick the gender gap – working with schools and PVIs to establish where the gaps start and finding ways to address these gaps early.

❖ Early Years Entitlements Funding

The early years entitlements funding for 2, 3 and 4 year old places in the PVI sector is summarised below, broken down by term for 2022/23 academic year;

	NEF (including supplements)	ELP	EYPP
Autumn 2022	£2,051,479.85	£941,305.87	£41,950.50
Spring 2023	£2,365,889.75	£808,776.48	£46,108.50
Summer 2023	£2,953,776.21	£801,316.71	£58,721.28

Schools have received continued support with their Early Years Headcount returns made via the portal and are continuously equipped with the necessary information around eligibility to enable children to be correctly admitting and mitigate against funding being lost. Weekly communication has been via email or phone to ensure smooth submissions ahead of the deadline.

Although steady progress has been made this year with schools in understanding these processes, the key issues mentioned in the previous report remain, particularly where there have been staff changes:

- Some schools not checking for 2 year old funding eligibility in rising 3's, meaning **some schools are 'taking the hit' financially** for eligible children who could receive funding
- Some schools not checking eligibility for Early Years Pupil Premium, meaning some schools are **losing out on funding for eligible children**
- Admitting children to a 30 hour place, without ensuring the code is in date, means children could be **accessing a place that isn't eligible for funding** in line with HMRC regulations

We will continue to offer dedicated Schools Portal training sessions each term and consider a dedicated Early Years Funding Briefing Session for Head Teachers during the 2023/24 academic year.

❖ Early Years EYFS CPD Training Opportunities Programme

The demand from both the Maintained and PVI sector for EY branded courses to support them to meet their statutory duties, Ofsted requirements and EYFSP assessment remains high. To meet these needs we have continued to offer a range of online, face to face and blended learning courses, including a variety of network sessions to encourage partnership working and sharing of good practice. Attendance figures remain consistent and match closely to those of previous years.

2022 - 2023 Financial Year:		
Sector	Number of courses	Attendance
Maintained Schools and Academies specific	40	412
PVI Day Nurseries, Pre-Schools and Childminders	91	1,469
All Sector (e.g. Blended Paediatric First Aid etc.)	22	141 PVI 40 Schools
Annual Business Meeting	1	122
Total: Financial Year 2022 – 2023	154	2,184

April 2023 – November 2023:		
Sector	Number of courses	Attendance
Maintained Schools and Academies specific	28	238
PVI Day Nurseries, Pre-Schools and Childminders	56	689
All Sector (e.g. Blended Paediatric First Aid etc.)	13	77 PVI 22 schools
Total: April – November 2023	97	1,026

Ongoing sector consultation supports the planning of the CPD offer, which is continually reviewed and adapted to meet the emerging needs of the workforce and national policy, whilst ensuring that courses are accessible. Despite the current economic climate, the demand for the CPD offer is still high particularly for statutory training and new national

policy briefings. The training is also supported by making resources available via our website.

❖ Sufficiency Duty

Sufficient, accessible and high-quality childcare is significant in promoting school readiness; widening access to employment and study for parents; as well as maximising opportunities for families to benefit from the economic, social and health benefits of employment.

The pandemic continues to impact the childcare sector as some providers struggle to regain their pre-pandemic occupancies, in part due to shifting attitudes to employment and working arrangements (e.g. hybrid working). For families, rising costs are forcing parents to reconsider household budgets, re-prioritising essential costs, with childcare potentially being a non-essential cost. Childcare businesses are experiencing the same pressures, with the addition of increased business rates and staffing costs. Combined with a national early years staffing crisis, and proposed local reductions to council buildings (some rented by childcare providers); childcare businesses are being placed at risk. A number of providers are operating at reduced capacity, currently unable to recruit suitable early years staff.

Overall, Nottingham has seen a 3.5% decrease in the number of registered childcare providers since January 2022 which is below national average.

Early Years Funded Entitlements

Funded age range	Sector	Number of Children	Percentage of all funded children that term	Data source
3 & 4 year old universal provision	Schools	3,188	59%	Summer Term 2023 participation data, Childcare Sufficiency Assessment
	PVI	2,201	41%	
2 year old provision	Schools	108	10%	Summer Term 2023 participation data, Childcare Sufficiency Assessment

Schools: Two Year Provision (separate facility – children from the term after they turn 2 years old)

School	Registered number of places	Average Capacity
Sycamore Primary	15 (30 sessions)	Limited vacancies
Djanogly Sherwood Rise	16 (32 Sessions)	Limited vacancies
Milford Academy	8 (16 sessions)	Limited vacancies

On average, 20 additional schools take children the term they turn three, equating to approximately 60 additional funded 2 year olds in schools

In the Spring Budget 2023 the Chancellor announced a move towards 30 hours childcare for every child over the age of 9 months with working parents. The responsibility for delivering this agenda sits with LA's.

To enable childcare providers to prepare to deliver such a major expansion, it will be rolled out in phases to ensure sufficient places and staff ready to meet increased demand.

The expansion delivery phases are:

- April 2024 – working parents of 2 year olds able to access 15 hours childcare support
- September 2024 – 15 hours childcare support extended to working parents of children from the age of 9 months to 3 year olds
- September 2025 - working parents of children under the age of 5 entitled to 30 hours of childcare per week
- By September 2026, all parents and carers of primary school-aged children who need it will be able to access term time childcare in their local area from 8am-6pm. Parents will be required to pay for this service but, support with costs will be available to eligible parents through Universal Credit childcare and Tax-Free Childcare.

This expansion will undoubtedly change both the supply of, and demand for, early years provision in the City, making the Childcare Sufficiency Assessment even more critical as we plan and monitor for these changes.

Timely, accurate information and support both to providers, internal and external colleagues, wider partners and parents are all essential in ensuring effective delivery of this agenda in Nottingham City. The Early Years Team will ensure a Communication Strategy around this expansion to support delivery and uptake.

Ofsted Gradings

The quality of childcare remains high in Nottingham with 97% of day nurseries and pre-schools and 97% of childminders in the PVI sector graded as newly registered, met, good or outstanding by Ofsted.

Figure 1. Nottingham City Ofsted Grades Compared to National and Regional Data

Most recent Ofsted data available up to 31/03/2023, released by Ofsted 29/06/2023

All Early Years Settings (Day Nurseries, Pre-Schools and childminders)			
Ofsted data	National	East Midlands	Nottingham City
Outstanding	14%	7%	2%
Good	82%	89%	93%
Requires Improvement	2%	2%	1%
Inadequate	1%	2%	3%

Figure 2. Nottingham City Ofsted Grades for Day Nurseries and Pre-Schools

Day Nurseries & Pre-Schools	Current numbers	Ofsted Grade % overall	
Outstanding	2	3%	87%
Good	59	84%	
New Settings (awaiting Inspection)	7	10%	10%
Requires Improvement	0	0%	3%

Inadequate	2	3%	
Total	70	100	

2.2 **Table 1** shows an indicative breakdown of the central expenditure budget. The exact split of the budget will be finalised during the course of the Council's wider 2024/25 budget setting process, taking into account the calculation of detailed salary budgets for example.

TABLE 1: Breakdown of Central Expenditure Budget £m			
Expenditure Category	2023/24	2024/25	
Staffing – including on costs	0.878	0.878	See Table 2 for funded posts
Non staffing – facilities, managerial overheads, support costs	0.147	0.147	Rent, insurance, other non-pay costs to support the activity of the Team
TOTAL	1.025	1.025	

2.3 Table 2 shows early years funded posts included in the staffing costs in **Table 1**:

TABLE 2: Early Years Posts	
Role	FTE
Head of Service, Early Years	0.8
Programme/Project Management	1.8
EYFS Support Workers	5.4
Teaching & Learning Specialists	1.6
Childcare Workforce Development/Training	1.8
2, 3 and 4 Year old funding administration	2.0
Administrator	1.12
Safeguarding post	1.0
Family Information Officers	1.8
Family Information Directory Coordinator	1.0
TOTAL	18.3

3 Other options considered in making recommendations

3.1 None.

4 Outcomes/Deliverables

4.1 An agreed approach to setting the 2024/25 Early Years budget, which meets the regulations, as outlined in the Early Education and Childcare Statutory Guidance for Local Authorities (April 2023).

5 Consideration of Risk

5.1 N/A

6 Finance Colleague Comments (including implications and value for money/VAT)

6.1 The proposed Early Years central expenditure will be funded from allocations for 2, 3 and 4 year olds. The EYNFF rates for funding coming into the Local Authority in 2024/25 for 2 year olds and 3 & 4 year olds have not yet been announced, but we anticipate to use the recent published supplementary rates for 2 and 3 & 4 year olds, however, we will report to Schools Forum in January 2024 upon receipt of 2024/25 EY settlement in December 2023.

The supplementary rate was an uplift of 1%, from £4.96 to £5.01 an increase of £0.05 for 3 & 4 year olds, and 31.8% from £5.66 to £7.46 increased by £1.80 for 2 year olds.

6.2 The proposed central expenditure budget is based on a contribution of £0.960m from the 3 and 4 year old funding and £0.065m from 2 year old funding. Based on the expected hourly funding increases quoted in paragraph 6.1, our projected 3 and 4 year old funding allocation for 2024/25 will be £16.363m and our projected 2 year old funding allocation will be £4.464m.

6.3 The pass-through calculation as set out in the regulations is based on the effective overall hourly rate planned for distribution to providers (including supplements, SEN Inclusion Fund and contingencies) as a proportion of the LA's funding rate. This additional £0.05/hour means that the 95% pass-through requirement is comfortably met despite the retained central expenditure budget being slightly over 5% (5.1%) of the projected total 3 & 4 year old funding received. In 2023/24 with the same £1.025m planned central expenditure, the calculated pass-through % as shown in January Schools Forum budget report was 95%.

6.4 There is no pass-through requirement for 2 year old funding. However, the £0.065m planned contribution to central expenditure from 2 year old funding represents only 1%.

6.5 It has been assessed that the requested early years central expenditure of £1.025m will be sufficient to fund the existing staffing structure and maintain current levels of activity.

Collins Elechi, Senior Commercial Business Partner – 08 November 2023

7 Legal Colleague Comments

7.1 The School and Early Years Finance (England) Regulations 2023 make provision for local authorities' financial arrangements in relation to the funding of maintained schools and providers of funded early years provision in England for the financial year 2023-2024 and the Council must ensure that it complies with its obligations in accordance with these Regulations. Financial advice in that respect is given above and in the main body of the report.

7.2 The Forum has decision making powers in relation to (amongst other things,) agreeing centrally retained budgets and funding for central early years expenditure

and therefore the Recommendations appear to be within the Forum's decision making powers.

Ann Barrett, Team Leader Legal Services - 22 November 2023.

8 Other relevant comments

Human Resources

The report requests £1.025m (made up of staffing and non-staffing values) to continue the work of the Early Years Team, at an FTE value of 18.3.

There are no direct Human Resources implications as part of this report if recommendations are approved.

If recommendations are not approved, there would be workforce implications as a direct result of this, due to all employees in the Early Years Team being on permanent contracts. If workforce reductions are required, a genuine and meaningful consultation process should commence with Trade Unions and affected staff, with the correct policies and procedures being adhered to, with HR support provided. Finance colleagues would need to take into consideration any redundancy costs in relation to this.

Management have confirmed that the Safeguarding role is currently vacant which Management will need to ensure that recruitment is conducted through the appropriate processes for the newly created roles, with a CLT panel approval process in place during spending controls for all posts.

Louise Hobbs, HR Consultant – Education Strategy
louise.hobbs@nottinghamcity.gov.uk 0115 876 3174
Comments provided: 22 November 2023

9 Crime and Disorder Implications (If Applicable)

9.1 N/A

10 Social value considerations (If Applicable)

10.1 N/A

11 Equality Impact Assessment (EIA)

11.1 EIA not required as report does not recommend any changes to services/provisions.

12 Data Protection Impact Assessment (DPIA)

12.1 A DPIA is not required.

13 Carbon Impact Assessment (CIA)

13.1 A CIA is not required.

14 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None.

15 Published documents referred to this in this report

- 15.1 Childcare Act 2006, Education Act 2014, Children and Families Act 2014, Early Education and Childcare Statutory Guidance for Local Authorities (April 2023).