

## Schools Forum – 10 December 2024

<b>Title of paper:</b>	Early Years Central Expenditure 2025/26
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### **Summary**

The national Early Years (EY) funding arrangements introduced in April 2017 included 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.

Since its introduction, this proportion of retained central spend has been capped at 5%, with 95% being passported to the sector. The proportion able to be retained for central spend is expected to be decreased to 4% in 2025/26, with 96% being passported to the sector. This is expected to change again to 3% and 97% respectively once the new early year entitlements are fully embedded (subject to no national policy changes).

Approval is subject to compliance with this regulation when the 2025/26 Schools Budget is finalised. This paper requests approval of the Early Years Central Expenditure Budget for 2025/26.

In addition, once the final settlement has been issued around 19 December 2024, the following actions will be undertaken:

- consultations around the local funding formula for 2025/26 to be progressed by senior officers from Finance and Early Years, in discussion with Schools Forum Consultation Group;
- base rates for 2025/26 will need to be established and confirmed by the DfE (see above) and we will be working towards ensuring that we can maintain and increase the 2024-25 mid-year base rate increase into 2025/26;
- need to consider EY SEND elements which also affect schools (HLN and SENIF).

### **Recommendation:**

<b>1</b>	To approve Early Years Central Expenditure of £1.025m for 2025/26.
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## **1 Reasons for Recommendations**

- 1.1 The requested EY central expenditure of £1.025m is at the same level as that approved for 2024/25. 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 Retaining only the essential amount for central expenditure, within the allowed retention percentage, will allow for the maximum available funding to be passported in hourly rates as part of the local early years funding formula for 2025/26.
- 1.3 With this level of central expenditure, the LA should meet the 96% pass-through regulation. The final pass-through percentage to be published on the Section 251 Statement for 2024/25 Outturn is likely to be 95%. This is based on the same central expenditure budget of £1.025m and a contribution from all the early years entitlements funding streams available in the relevant financial year.

## **2 Background**

2.1 The funding will enable the Early Years Team to carry out the below Local Authority duties under the Childcare Act 2006/Education Act 2014/Children and Families Act 2014, primarily to focus on the sufficiency duty linked to childcare and early education places which supports economic growth, stability and better outcomes for children in their early years, preparing them for their statutory school years.

- Support provision of all the early years entitlements for all eligible children, including sufficiency of quality and accessible provision, measuring uptake and support with Ofsted requirements;
- Disseminate relevant National and Local Early Years policies and funding opportunities, strategically and operationally, including all stakeholders;
- Collect and quality assure EYFSP data for submission to the DfE, offer training in EYFS assessment, and support providers with completion of the EYFS Profile Summaries where needed, improving the outcomes for all children under 5;
- 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, for example, a proportion of face-to-face training as well as utilising online platforms;
- In line with current statutory guidance, ensure that 100% of the Directory of Providers have a current Provider Agreement and complete the annual Early Years Census, and that accurate payments are made in a timely manner.

### **Overview of Current Position – Key Points**

#### **❖ Early Years Foundation Stage (EYFS) Profile Data 2024**

Three 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 2023/24 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.
- A Summer Term Data Briefing was held to support schools to understand the implication of the 2024 Early Years Foundation Stage Profile Data with regards to the cohort transitioning into year one, and the future cohort entering into the Reception class.

**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.

We continue to offer face-to-face training, in addition to online sessions, thus offering a blended approach.

Sessions were accessed by:

- 295 practitioners (an increase of 36 practitioners) from 74 settings (14 PVI settings and 60 schools);
- Representatives from 12 of the 13 Academy Trusts within the City including LEAD, Transform, NOVA, Raleigh, Djanogly, Flying High 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 2024/25.

**Quality Assurance Support** was offered to validate schools and PVI data to ensure accuracy of data. 7 schools received telephone or email support, and a quality assurance session designed specifically for PVIs with Rising Fives was attended by all 4 settings who were completing EYFSP for children in their setting. Two settings received an individual visit, along with two childminders. In addition to this, drop-in sessions were offered to all schools, 2 schools attended to talk through specific children ahead of submitting their data.

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

<b>Good Level of Development</b>											
	Old Framework							No Data	New Framework		
Year	2013	2014	2015	2016	2017	2018	2019	2020 & 2021*	2022	2023	2024 (Provisional)
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	60.3% (-6.6)	63.2% (+2.9)	63.6% (+0.4)
National	52%	60%	66%	69.3 (+3.3)	70.7 (+1.4)	71.5 (+0.8)	71.8 (+0.3)	N/A	65.2% (-6.6)	67.2% (+2.1)	67.7% (+0.5)
Difference	-12	-13	-8	-5.8	-4.5	-3.9	-4.9	N/A	-4.9	-4.0	-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, along with being able to identify three year trends.

## Biggest Gaps with National

Prime:	Gap difference compared with 2023	Specific:	Gap difference compared with 2023
Speaking -3.2	+1.5	Word reading – 7.2	-0.4
Listening and Attention -2	+0.8	Number patterns -5.5	+0.7
Managing Self -2.2	+0.5	The Natural World -5.3	+1.8
Fine Motor -2.1	+0.6	Comprehension -5.1	+0.5

Throughout the Nursery/F1 and Rising 5's/F2 Agreement Trialling sessions 6 of the 7 areas of learning were covered. This has contributed to the gap narrowing with National. Although literacy was covered, last year we had a focus on developing writing and not reading – as this had been a focus the previous year. This will be an explicit focus for this year's agreement trialling sessions.

**Statistical Neighbours:** Manchester, Wolverhampton, Southampton, Sandwell, City of Bristol, Birmingham, Portsmouth, Salford, Coventry, City of Kingston Upon Hull – these have changed from previous years as Derby is no longer statistical neighbour and instead, we are now a statistical neighbour with Portsmouth.

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	60.91	60.3	-0.61
2023	63.69	63.3	-0.39
2024	Due 30.11.2024	Due 30.11.2024	Due 30.11.2024

Following the release of this information on 30 November 2024, our goal for 2025 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. Some schools are also reporting an increase in children entering school with additional needs.

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.

## **Next Steps:**

- Continue to offer Agreement Trialling, online and face-to-face, throughout 2024/25, 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, drop-in sessions 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.
- Hold data briefings for partners both within the LA and outside to ensure that they understand the EYFSP data.
- Hold a more in-depth data briefing for FS leads to support them to understand and unpick their own EYFSP data.
- We are planning to work with colleagues across the sectors to produce relevant research and practical resources to address the identified gender gap.

### ❖ **Early Years Entitlements Funding**

This year has seen the introduction of the new entitlements. From April 2024, working parents of 2-year-olds have been able to access 15 hours of funded early years provision and from September 2024, working parents of children from 9 months of age have also been able to access 15 hours. The final aspect of the new entitlements will be introduced in September 2025, with the increase to 30 hours of funded early years provision for all working parents of children from 9 months+.

In regard to 2-year-olds, for families who meet both the disadvantaged and the working parent element, the government continues to ensure that the disadvantaged element takes precedence – with the 15 eligible hours being claimed under disadvantaged entitlement rather than working parent entitlement. From September 2025 this will continue and for those parents who continue to be entitled to both aspects, they will be able to split their entitlement and chose where the disadvantaged element (which is to be renamed families of 2-year-olds receiving additional support) can be taken. This is particularly important if we continue to have a different hourly rate and if parents fall out of eligibility for the working parent entitlement.

Early Years Pupil Premium (EYPP) funding has also been made available for all eligible children receiving their early years entitlements this financial year, which has seen an extension in the age range of eligibility for EYPP down to 2-year-olds in April 2024 and children aged 9 + months from September 2024.

The above changes have meant that the volume of claims compared to the last financial year have steadily increased, with a notable increase in the number of childminder claims.

The early years entitlements funding for children in the in the PVI sector is summarised below, broken down by term for 2024/25 academic year;

	<b>NEF (including supplements)</b>	<b>Disadvantaged 2's</b>	<b>Working Parent 2's</b>	<b>EYPP</b>
<b>Autumn 2023</b>	£2,181,162.77	£1,379,221.44	-	£39,259.03
<b>Spring 2024</b>	£2,434,153.43	£1,112,222.89	-	£43,129.71
<b>Summer 2024</b>	£2,945,604.09	£1,237,128.31	£985,285.71	£96,305.03

The work we identified last year to support schools around eligibility checking and claiming funding for eligible children has been positive and has resulted in a small increase in schools receiving funding, with a greater awareness around implementing the correct processes. We continue to dedicate time for schools briefing sessions, just ahead of the new financial year and the portal training will continue each term to build on these improvements.

#### ❖ **Early Years EYFS CPD Training Opportunities Programme**

Early Years branded courses have continued to be in high demand to support the local early years workforce to meet their statutory duties, Ofsted requirements and EYFSP assessment. In response to sector demand, we have continued to offer a range of online, face to face and blended learning courses, offering 23 different courses during the 2023/24 academic year, covering topics such as maths, safeguarding, safer recruitment, curriculum content, SEND, funding, EYFSP and interactions as an example, with all of our blended Paediatric First Aid courses reaching maximum bookings months in advance. Our CPD offer is enhanced through a wealth of training and resources also available via our website.

In addition, we have offered specific termly Networks for SENCO's, Childminders, Room Leaders, Leadership and Designated Safeguarding Leads. Network sessions are well attended, encourage partnership working and sharing of good practice and always receive positive evaluations. Almost 70% of group-based settings signed up to our Leadership and SENCO Network Membership and our 3 DSL Networks alone saw attendance of nearly 280 delegates, representing over 60 city early years settings in the PVI sector.

Furthermore, based on demand and current local and national priorities, we also introduced tailored briefing sessions on data, becoming a childminder, the introduction of the new early years entitlements and wraparound childcare programme, in addition to our Annual Business Meeting and Schools Briefing on the early years entitlements and funding specifically.

Ongoing sector consultation and review of previous CPD opportunities supports the planning of the current and future CPD offer, which is continually reviewed and adapted to meet the emerging needs of the workforce and national policy, whilst ensuring that courses remain accessible.

#### ❖ **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. Our aim is to work in partnership with all existing and potential providers, ensuring financial sustainability and community accountability to ensure these places are secured with a long-term plan.

In the Spring Budget 2023 the move towards provision of 30 hours childcare for every child over the age of 9 months with working parents was announced, with responsibility for delivering this agenda sitting with LA's. The delivery of this major expansion is being rolled

out in phases. In April 2024, working parents of 2-year-olds became eligible to access 15 hours childcare support, with this extending down to working parents of children aged 9 months + from September 2024. The final phase of the roll out will complete in September 2025 when working parents of children under the age of 5 entitled to 30 hours of childcare per week. 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 and we are working with the sector to embed the current entitlements and prepare for the final phase of delivery.

In addition, 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 wraparound agenda was initially promoted to be available from September 2026, but has been escalated from September 2024 onwards, and we continue to work to meet these prioritised requirements.

The last Full Childcare Sufficiency Assessment (CSA) was in Summer 2023, followed by a refresh in Spring 2024 which focused on ensuring sufficient childcare places in respect of the recent and current expansion of the early years entitlements for children under the age of 5 and for wraparound childcare, before and after school, for primary school aged children. This refresh indicated sufficient childcare places across all age groups, based on the number of vacancies reported and enabled us to identify priority wards where additional provision may be needed to accommodate the expansion in the early years entitlements and targeted work is underway in these areas.

Summer 2024 participation data for all 2-year-olds, both the disadvantaged 2-year-old entitlement and the working parent entitlement, was 76%. In relation to the new working parent entitlements that have been phased in during Summer and Autumn 2024, the current term has seen HMRC issue 1375 eligibility codes, 1227 of which have been validated, equivalent to 89.2%.

Full actual participation reports for all entitlements are being worked upon with colleagues in the DAISI Team and Autumn 2024 Term participation figures will be known in December 2024.

The majority of provision for children aged 2 years and under is primarily in the PVI sector, with only a handful of schools offering provision for children from the term after they turn 2 years of age. The next notable increase is in the term children turn 3 years of age, when considerably more schools begin to offer provision, with the vast majority of schools and PVI settings offering provision for 3 and 4 year olds.

Whilst there is sufficient provision for 3 and 4 year olds across both the schools and the PVI sector, slightly more children access their 3 and 4 year old provision in schools, potentially due to availability in location, whereabouts of older siblings or the assumption that accessing this provision will result in securing a school place at statutory school age.

Our latest information suggests the LA is in a strong position for having sufficient provision in the City to support the national expansion of early years entitlements for working parents. As these national childcare reforms are introduced and embedded, the Early Years Team will continue to monitor childcare sufficiency across the City, ensuring existing provision, specifically that for disadvantaged 2-year-olds and children with SEND, is not displaced by the new working parent entitlements and will work to ensure the LA continues to meet its statutory sufficiency duties.

## ❖ **Ofsted Gradings**

The quality of childcare remains high in Nottingham with 99% of Day Nurseries and Pre-schools and 98% of Childminders in the private, voluntary and independent (PVI) sectors 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 20.02.2024, released by Ofsted 31.08.2023

<b>All Early Years Settings (Day Nurseries, Pre-Schools and Childminders)</b>			
<b>Ofsted data</b>	<b>National</b>	<b>East Midlands</b>	<b>Nottingham City</b>
Outstanding	14%	7%	2%
Good	83%	89%	97%
Requires Improvement	2%	2%	0%
Inadequate	1%	2%	1%

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

<b>Day Nurseries &amp; Pre-Schools</b>	<b>Current numbers</b>	<b>Ofsted Grade % overall</b>	
Outstanding	2	3%	87%
Good	59	84%	
New Settings (awaiting Inspection)	8	11%	11%
Requires Improvement	0	0%	2%
Inadequate	1	2%	
<b>Total</b>	<b>70</b>	<b>100</b>	

2.2 **Table 1** shows an indicative breakdown of the central expenditure budget.

<b>TABLE 1: Breakdown of Central Expenditure Budget £m</b>			
<b>Expenditure Category</b>	<b>2024/25</b>	<b>2025/26</b>	
Staffing – including on costs	0.878	0.878	See Table 2 for funded posts
Non-Staffing Costs	0.147	0.147	Facilities, managerial overheads & costs to support the activity of the Team
<b>TOTAL</b>	<b>1.025</b>	<b>1.025</b>	

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

<b>TABLE 2: Early Years Posts</b>	
<b>Role</b>	<b>FTE</b>
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
Early Years Entitlements Funding Administration	2.0
Administrator	1.12
Safeguarding Co-ordinator	1.0
Family Information Officers	1.8
Family Information Directory Coordinator	1.0
<b>TOTAL</b>	<b>18.3</b>

### **3 Other options considered in making recommendations**

3.1 None.

### **4 Outcomes/Deliverables**

4.1 An agreed approach to setting the 2025/26 Early Years budget, which meets the regulations, as outlined in the Early Education and Childcare Statutory Guidance for Local Authorities (April 2024).

### **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 the early years entitlements. The EYNFF rates for funding coming into the Local Authority in 2025/26 for all early years entitlements have not yet been announced. However, we are anticipating the government to increase the base rates and anticipate using these revised published rates for Under 2s (9 – 23 months), 2 and 3 & 4 years olds. Confirmation of the funding rates and indicative early years block allocations for 2025/26 are expected in mid-December 2024.

6.2 The proposed central expenditure budget is based on a contribution of £0.716m from the 3 and 4 year old funding, £0.209m from 2 year old funding and £0.100m from Under 2s (9 – 23 months). Based on the expected hourly funding increases, our projected 3- and 4-year-old funding allocation for 2025/26 will be similar to current year levels, 2024-25 £18.401m, our projected 2 year old funding allocation will be £8.221m and under 2s (9 – 23 months) will be £2.729m.

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. The additional base rates increases will be notified in December 2024, however we are anticipating an increase that will mean that the 96% pass-through requirement is able to be met and the percentage of retained central expenditure budget being slightly less than 4% (3.75%) of the projected total 3 & 4 year old funding expected to be received in 2025-26.

- 6.4 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.

Sadrul Alam, Strategic Finance Business Partner (Interim) – 14 November 2024

## **7 Legal Colleague Comments**

- 7.1 The School and Early Years Finance and Childcare (Provision of Information about Young Children) (Amendment) (England) Regulations 2024 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 2024-2025 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 - 19 November 2024

## **8 Other relevant comments**

### **8.1 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.

Louise Hobbs, HR Consultant (Education Strategy) - 20 November 2024

## **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 2024).