

## Item 10

### Recommendations of the Early Years Block Working Group

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#### **Brief Summary**

On 3 October 2024, the Early Years Block Working Group considered several reports, including:

- **Early Years Block Funding 2025/26**
- **Early Years Educational Health Care Plan Funding**
- **Early Years Budget Grant 2024/25**
- **Wraparound Funding Updates**
- **Early Years Take up Analysis**
- **Early Years Inclusion Fund**
- **Scheme for Financing Schools in Lancashire 2024/25 Consultation Responses**

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 3 October 2024.
- b) Ratify the Working Group's recommendations.

#### **Detail**

On 3 October 2024, the Early Years Working Group considered several reports. A summary of the information presented, and the Working Group's recommendations are provided below:

##### **10.1 Early Years Block Funding 2025/26**

Across government, budgets for 2025-26 are yet to be finalised due to the change in government, this includes the 2025-26 Schools' Budget. Therefore, the ESFA has not been able to publish the schools and high needs operational guides in July as per normal practice. This has no implications to early years block funding as no updates are provided in the summer term.



The ESFA have stated that the annual funding cycle will differ from previous years. New timelines will be confirmed following decisions on the core schools budget settlement for 2025-26.

Schools Forum will be updated once the schools and high needs operational guidance is published by the ESFA. Members noted that this may impact the authorities funding timescales and the issuing of indicative funding rates for the Early Years sector.

The Working Group:

- a) Noted the report.

## 10.2 Early Years Educational Health Care Plan Funding

The working group considered a report outlining a proposal to transfer the funding of early years Educational Health Care Plans (EHCP) from early years to the high needs block.

The high needs block funding supports provision for pupils and students with SEND who require additional resources to participate in education and learning, from their early years to age 25 in schools and colleges (excluding students aged 19 to 25 who do not have an EHC plan or students who are over the age of 25) and pre-16 pupils in AP who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream schools. Children aged 0 to 5 with more complex needs and those with an EHC plan are also eligible to receive funding via the high needs block of the DSG.

All local authorities are therefore required to establish a SENIF in their local funding systems for eligible children with SEN taking up any of the free entitlements, regardless of the number of hours taken. This fund supports local authorities to work with providers to address the needs of individual children with low level or emerging SEND. The structure also supports local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014. Local authorities can establish their SENIF using funding from either one or both of their early years block and high needs block of the DSG.

Currently in Lancashire, funding for Early Years EHCP's and the SEN Inclusion Fund has been funded through the Early Years Block. The LA is proposing to move the EHCP expenditure to the High Needs Block in 2024/25. Future funding will be budgeted from the High Needs Block budget as part of the annual school budget setting process.

Expenditure for the previous financial year and the 2024/25 spend to date is provided below;

<b>2023/24</b>	
Inclusion Fund	£810,266
Early Years EHCP's	£648,388
<b>2024/25</b>	
Inclusion Fund	£295,903
Early Years EHCP's	£321,087



The Working Group:

- a) Noted the report.
- b) Supported the proposal to fund Early Years Educational Health Care Plans from the High Needs Block in 2024/25 and in future years.

### **10.3 Core Schools Budget Grant 2025/26**

The working group considered the proposed funding methodology of the allocation of the Early Years Budget Grant.

The Government added a notional £34 million to the early years national funding formula system and then used this to calculate the additional hourly rates needed to compensate for the cost of the additional teachers pay which was not accounted for at the time of the original allocations of early years funding. The Early Years Budget Grant will be paid to local authorities to cover the 7-month period between 1 September 2024 and 31 March 2025.

The ESFA will allocate the grant to the authority based on January 2023 census hours. The grant will be allocated to maintained nursery schools and classes based on the January 2024 census data, with funding aimed at classes staffed by teachers. Lancashire's allocation of the grant will be confirmed in November. For the 2025 to 2026 financial year, this will be incorporated into the local authority's core funding arrangements, through the early years funding block of the dedicated schools grant.

The grant will be paid in a single instalment in November. It must be passed on to providers and cannot be carried over to the next financial year.

The Working Group:

- a) Noted the report.
- b) Supported the proposed methodology of allocating the Core Schools Budget Grant for Early Years settings.

### **10.4 Wraparound Funding update**

Mel Foster, Operational Delivery Lead (Early Years Funding and Sufficiency), provided a verbal update at the working group around the Wraparound Funding Programme.

To date, over half of the capital allocation for expansion of Early Years settings has been allocated, with a focus on key areas of need across the district. A second phase will take place once priority areas have been reassessed.

The capital allocation for expanding Wraparound provision has been fully allocated, with a priority placed on new settings and value for money.

The Working Group:

- a) Noted the update.

### **10.5 Early Years Take up Analysis**

Mel Foster presented an Early Education Funding Update Report which outlines the early years take up.



Overall, the total number of Lancashire families that have become eligible for the expanded working families' entitlements since April is 15576. For the summer term this equated to 6187 families being issued with an eligibility code. 96.6% of the codes have been validated by providers. In summer term 2023-24 term 5635 2-year-old children accessed the new expanded working families' entitlements, 5265 of these children live in Lancashire which equates to 85% take up based on the number of codes issued to Lancashire children in summer 2024. Actual take up will be higher than this as some Lancashire children will be accessing provision in other local authority areas.

In addition to this, the working group were presented with a update on the payment terms.

The table below shows the % of providers that have opted into/out of monthly payments:

<b>Provider Type</b>	<b>Monthly Payments</b>	<b>One Interim &amp; One Balancing Payment</b>
Childminders	76%	24%
Day Nursery/Pre-schools	63%	37%

Payment dates are all the 7th of the month regardless of which option settings opted into. Payment will be processed 7-8 working days before the 7th to guarantee it will hit bank accounts by 7<sup>th</sup>, It takes 3-7 working days for payments to clear. This does mean funds might hit accounts slightly earlier, however we cannot process the payments any later from Synergy as there are 916 providers, and some fail the payment validations when they hit Oracle Fusion.

The working group were also updated on the number of net closures within Lancashire. Overall, the number of closures remain low in Lancashire.

The Working Group:

- a) Noted the update.
- b) Thanks the Early Years Funding team for transition and support to settings since the roll out of the extended entitlements.

### **10.6 Early Years Inclusion Fund**

The working group received a verbal update from the Early Years Inclusion Fund meeting which was held on 27<sup>th</sup> September 2024.

The following key items were noted by members.

#### *Inclusion Fund Spend*

It was noted the Summer Term spend on the Inclusion Fund and EY EHCP's is £616,991. A report outlining the breakdown of the fund will be provided at the next working group.

#### *Process and Payments*



It was acknowledged that there are some issues with the current processes in place for applying for inclusion fund and the processing of payments. A working group will therefore be established to review the processes.

The Working Group:

- a) Noted the information.

## 10.7 Scheme for Financing Schools in Lancashire 2024/25 Consultation Responses

The working group reviewed the Scheme for Financing Schools consultation responses. The School Standards and Framework Act 1998 requires local authorities to publish a scheme for financing schools, which details the financial relationship with the maintained schools in the council. Any amendments to schemes must be the subject of consultation with all schools and be approved by the Schools Forum.

In March 2024, the DfE issued a 16th update to Statutory Guidance on schemes, which amended the guidance for the 2024 to 2025 financial year. In addition to some minor edits to wording, the main change highlighted by the DfE is that in the 'Borrowing by schools' section to reflect the introduction of the International Financial Reporting Standard 16 (IFRS16) and the Secretary of State providing blanket consent to certain categories of finance lease.

The main changes to the scheme incorporate the updated DfE guidance as noted above in section 3.6. In addition, the Authority has amended section 4.2 'Controls on surplus balances' in light of the recent implementation of clawback.

The Authority has also reviewed the Lancashire scheme to refine the document and reference the latest DfE guidance where necessary.

A revised draft Lancashire Scheme, incorporating the proposed DfE can be viewed [here](#).

On 10 July 2024, the county council issued a consultation with maintained schools, seeking views on the proposed scheme changes and provided an eform to facilitate responses.

29 responses were received in the consultation and an analysis is provided below:

Do you support the changes to the Lancashire scheme for financing schools that are being introduced as a result of the updated DfE scheme guidance?		
Yes	20	69%
No	1	3%
Not Sure	8	28%
<b>Total</b>	<b>29</b>	<b>100%</b>

As can be seen, 69% of responses supported the proposed amendments, 3% responses opposed and 28% unsure.

Comments received from schools during the consultation period:



*It is the very end of term, you expect me to take in a lengthy document that I don't understand? I think it is disgraceful. I recorded teams meeting would've been more helpful so that HTs can make an informed decision.*

*I am new to the role of School Business Manager I am in support of the scheme amendments as I would like to believe that you have taken experience and knowledge available to ensure they will be in the best interest of schools.*

*I do not agree with schools being subject to clawback on budget balances. As a Headteacher of a school with a volatile pupil roll due to high levels of transience, the clawback system penalises the school for planning effectively for changes in future pupil numbers.*

The Working Group:

- a) Noted the report and consultation responses from schools.
- b) Supported the proposed amendments and recommended the scheme for publication.

### **Any Other Business**

Officers raised the following items under any other business.

#### *Nursery Classes*

DfE have recently announced a plan to deliver 3,000 nurseries by upgrading spare spaces in primary schools.

From next month, schools will be invited to bid for a share of £15 million capital funding, with capacity in the programme to deliver up to 300 new or expanded nurseries in this first round.

Schools will need to demonstrate how their proposals will respond to need in their local area, supporting the 2025 expansion of government-funded hours of childcare and early education for working parents to 30 hours a week. Guidance to support this will be issued shortly.

#### *Breakfast Clubs*

The programme will invite up to 750 state-funded schools in England with primary aged-pupils to work with the Department for Education (DfE). It will focus on how breakfast clubs can be delivered in a way that:

- builds on what is already happening in schools
- meets the needs of parents
- ensures children start the day ready to learn

DfE will also work with the sector, including local authorities and childcare providers, businesses and charities to consider the best approaches to delivering breakfast clubs in schools.



Further information on how schools can take part in the scheme, and the model the scheme will follow, will be shared in the second half of the autumn. Early adopter schools will be confirmed by early 2025 and the scheme will launch in the summer term (April 2025).

*Early Years SEND Conference*

The Early Years Sector are arranging a SEND conference with officers. Details will be sent to settings shortly.

The Working Group:

- a) Noted the items.

