
Schools Forum 16 April 2024

Report of the Director of Children's Services

School and Early Years Finance and Childcare (England) Regulations 2024

Purpose

1. To provide Schools Forum with an update in respect of the latest amendments to the School and Early Years Finance and Childcare (England) Regulations 2024 as advised by Central Government.

Schools Forum Role and Responsibilities

2. To be aware of the regulatory framework which governs the financing of schools and the use of the Dedicated Schools Grant.

Recommendation

3. Schools Forum to note the amendments to the School and Early Years Finance and Childcare (England) Regulations 2024 with the effective date to be confirmed and relating to financial year 2024/25 only.

Background

4. The School and Early Years Finance and Childcare (England) Regulations 2024 were laid before Parliament on 22 January 2024 with the effective date to be confirmed.
5. They set the parameters that local authorities must abide by in determining schools' budgets, and the budgets which are allowed to be retained centrally by local authorities. They also set out how local authorities are to allocate funding to maintained schools and private, voluntary and independent early years providers through locally determined funding formulae.

6. The 2024 Regulations relate to 2024/25 financial year only.
7. An explanatory memorandum which summarises the changes is attached at Appendix A for information.
8. A copy of the School and Early Years Finance and Childcare (England) Regulations 2024 is available at:

<https://www.legislation.gov.uk/uksi/2024/66/contents/made>

Summary of Changes

9. Low Prior Attainment

The low prior attainment factor is used in the NFF to direct more funding towards pupils with additional needs and has been mandatory for local authorities to use since 2023-24. It must be applied for primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP) and secondary pupils not reaching the expected standard at the end of Key Stage 2 in reading, writing or maths.

In 2023-24, local authorities were required to use 2019 assessment data as a proxy for the calculation of low prior attainment funding with regard to year groups which did not sit assessments in 2020 and 2021 due to the COVID-19 pandemic. 2022 assessment data is now available (for the first time) to be used in the NFF calculations for 2024-25, and so it is used as a proxy for the cancelled assessments from 2021. These regulations require local authorities to likewise use 2022 data as a proxy for 2021, with 2019 data to be used as a proxy for the cancelled assessments in 2020 (which also follows the approach taken in the NFF).

10. Changes to Growth and Falling Rolls Funding

From 2024-25 local authorities must provide additional funding where a school or Academy has agreed with the local authority to provide an extra class in order to meet basic need in the area (either as a bulge class or as an ongoing commitment)

Since the introduction of the NFF in 2018-19, local authorities have been able to operate a falling rolls fund to support schools which see a short-term fall in the number of pupils on roll. For the first time, in 2024-25 funding will be allocated to local authorities on the basis of falling rolls, as well as growth.

Local authorities will continue to have discretion over whether or not to operate a falling rolls fund in 2024-25. Where local authorities operate a fund, they will only be able to provide funding where the 2022 school capacity data (SCAP) shows that school places will be required in the subsequent three to five years. The previous restriction that this funding can only be provided to schools judged “Good” or “Outstanding” in their latest Ofsted judgement will be removed from 2024-25.

11. Early Years Funding

From April 2024 the Government will be funding, and local authorities will be required to provide, the following additional FEYEs for eligible children of working parents:

- 15 hours for 38 weeks of the year for children aged two years from 1 April 2024
- 15 hours for 38 weeks of the year for children aged nine months to two years from 1 Sep 2024
- 30 hours for 38 weeks of the year for children aged nine months to two years, from 1 Sep 2025

Additionally, from April 2024, the government will fund, and local authorities will be required to provide, EYPP and DAF funding for each qualifying disadvantaged and disabled child of any age who is in receipt of the FEYEs.

12. Social Deprivation for Early Years

For three- and four-year-olds, the 2023 Regulations require a local authority to take into account in their formula at least one factor based on the incidence of social deprivation in pupils or children in its area. This is optional for disadvantaged two year-olds.

The 2024 regulations maintain the mandatory social deprivation supplement in respect of three- and four-year-olds, and extend the option for including a deprivation supplement in respect of all children aged two and under.

13. Early Years Pupil Premium (EYPP)

The 2024 regulations extend eligibility for EYPP to all children eligible for any of the new FEYEs, including the current disadvantaged two-year-old entitlement, provided that they meet the other eligibility criteria (which remain unchanged).

The Regulations require a local authority to use the same rate (at least 68 pence per hour per child) for all amounts included in respect of the EYPP.

14. Disability Access Fund (DAF)

The 2024 regulations extend eligibility for the DAF to all children eligible for any of the FEYEs, including the current disadvantaged two-year-old entitlement and each of the new entitlements, provided that they meet the other eligibility criteria (which remain unchanged).

The Regulations require a local authority to include the same quantum of funding per eligible child, for all amounts included in respect of the DAF, which must be at least £910 per child per year.

15. Early Years 95% Pass Through Requirement

The 2024 regulations extend the requirement for a local authority to pass through to their providers at least 95% of their annual DSG funding allocation to the FEYEs for children aged two and under and clarify that this requirement applies separately to the entitlements for: nine months-old children up to two-year-olds of working parents, two-year-old children of working parents, two-year-old children from disadvantaged families, three- and four year- olds (universal and additional hours).

The regulations clarify that EYPP and DAF funding are excluded from the 95% pass through calculation.

16. 12% Early Years Discretionary Funding Cap

As a consequence of extending the use of a discretionary social deprivation supplement in respect of all children aged two and under, these Regulations extend the 12% discretionary funding cap requirement to apply in respect of all children aged two and under. “Discretionary funding” continues to mean any amount attributable to

the social deprivation supplement and any amount included by taking into account the additional requirements. These Regulations also clarify that any amounts included by a local authority in respect of the EYPP and the DAF are not included for the purpose of calculating the 12%.

17. Local Authority Funding Rates: Two Year Olds

For the 2024-25 financial year, we are replacing our current formula used to fund local authorities for delivering the disadvantaged two-year-old entitlement with a single formula for funding all entitlements for children aged two and under – the disadvantaged two-year-old entitlement. This formula will be used to create a single hourly funding rate used to calculate each local authority's 2024-25 DSG funding allocations for delivering FEYEs for children under the age of two, and a separate single rate for two-year-olds.

18. Special Educational Needs Inclusion Fund ("SENIF")

The 2024 regulations require local authorities to have a SENIF to be used to support all children with SEN, who are eligible for, or are taking up, the new and existing entitlements, regardless of the number of hours taken.

19. Early Years Census

The 2024 Regulations amend the Schedule to the Childcare (Provision of Information About Young Children) (England) Regulations 2009, to simplify how information about a "stretched" free entitlement is provided and recorded. The current Schedule requires early years childcare providers and early years childminder agencies to undertake a complicated calculation based on the total number of funded hours in the spring term and an assumption that the spring term is 13 weeks long which is confusing and burdensome. The amendments made by these Regulations allow early years childcare providers and early years childminder agencies to record the number of free hours taken up in a census week (usually in January each year) and the number of weeks that the child is expected to take their funded hours across the funding period in line with the arrangements made between a child's parent and the provider. These amendments will reduce administrative burdens on early years childcare providers and early years childminder agencies and will support more accurate funding calculations.

HTCF - Budget Working Group Discussed – Yes 9 April 2024

Finance

20. From 1 April 2006, the Schools Budget has been funded by a direct grant: Dedicated School Grant (DSG).

Law

21. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance and Childcare (England) Regulations 2024.
22. The Schools Forum is a statutory decision making and consultative body constituted in line with the School Standards and Framework Act 1998, and its associated regulations, including the Schools Forum (England) Regulations 2012, to enable members of the local school community to work in partnership with Dudley Metropolitan Borough Council when making decisions about school funding and finances.

Risk Management

23. There are no material risks to the Council's Risk Management Framework resulting from the contents of this report.

Equality Impact

24. This report has no direct implications for the Council's commitment to equality and diversity.

Human Resources /Organisational Development

25. This report has no direct implications for organisational development, human resources or service transformation.

Commercial/Procurement

26. There is no impact on the potential to commercially trade and no impact on our customer base.

Environment / Climate Change

27. This report has no direct implications on the environment or the Council's work in addressing Climate and achieving Net Zero target by 2041.

Council Priorities and Projects

28. The 2022/2025 Council Plan is clear in its ambitions for educational outcomes including raising skills, educational and work potential, increasing good or better schools and closing the gap for disadvantaged pupils. This report relates to the use of the Dedicated Schools Grant funding to support the educational outcomes of children and young people in the borough. As a result of the Council's focus on an Improvement and Sustainability Programme, the current Council Plan has been paused to allow a new one-year plan which will reflect the focus on improvement and financial sustainability.



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