

**Early Years Funding Formula 2024 2025 – School Forum 25th
January 2024**

Prepared By:	Rachel Setter, Emma Kerridge and Rob Parr
1. Purpose	
1.1 The purpose of this paper is to request approval on the local funding formula for the new Early Years entitlements.	
2. Rationale	
2.1 The DfE has confirmed the uplifted funding rates for all Early Years Entitlements which includes the rates to deliver the expansion to offer 15 hours of free early education and care per week (over 38 weeks a year) to working parents of two-year-olds from April 2024 and children from age 9 months from September 2024.	
2.2 2.88% is retained for deprivation entitlements, paid back to providers who are supporting children living within the top 30% most deprived post codes. We are proposing to maintain 2.88%	
2.3 2.55% is retained for Activity led Funding for Inclusion (ALFI) Panel, PVI providers are able to apply for funding to support children who experience SEND. ALFI is topped up by £100K from the high needs block funding. Currently School managed Early Years providers are not able to apply to ALFI panel. We are proposing to maintain 2.55% which would support School managed Early Years providers accessing ALFI Panel.	
2.4 Historically Torbay have retained 5% of the overall budget to pay for systems (Synergy) and staff costs including Early Years Finance and Business Manager and Early Years Advice and Guidance Services.	
2.5 Due to the expansion of the entitlements, retaining 5% would increase the current retained budget by £227,450. The DfE are encouraging Local Authorities reduce their retained budget to 3% over a period of time to ensure Early Years Providers are benefitting directly from the expansion.	
2.6 In Torbay, retaining 3% would be less than the current retained budget of £382,489 which is why we are requesting 3.5%. 3.5% would be a £44,468 uplift which would be spent on the re-procurement of the current Early Years System (Synergy). With the further expansion of EY funding in 2025/26 we would look to move toward a retained budget of 3%.	

3. Proposal:

3.1 We are proposing retaining 2.88% for deprivation and current formula remain the same to encourage to provide spaces to children who are disadvantaged.

3.2 We are proposing retaining 2.55% for ALFI panel remain the same. However, the uplift would be used to increase the hourly rate from £9 per hour to £10 per hour and School managed Early Years Providers will be able to apply to panel.

3.3 We are proposing the £100K from the high needs block remain in place for ALFI Panel whilst we monitor the potential increase in demand.

3.4 We are proposing retaining 3.5% to pay for systems (Synergy) and staff costs including Early Years Finance and Business Manager and Early Years Advice and Guidance Services.

3.6 This proposal would mean providers receive 96.5% of the total funding allocation.

4. Financials

4.1 See Appendix 1.

4.2 Appendix 1 details the hourly rate uplift for providers depending on the level of retained budget from the current 5% to the proposed 3.5%.