

**Name of meeting:** Cabinet  
**Date:** 23<sup>rd</sup> January 2024  
**Title of report:** Report seeking approval for Kirklees' School Funding arrangements for financial year 2024/2025

**Purpose of the Report**

This report sets out the proposed Dedicated Schools Grant (DSG) funding arrangements for 2024/2025 in each of the four funding areas:

- Schools
- Central Schools and Services Block (CSSB)
- High Needs
- Early Years

The proposals will form part of the formal submission by Kirklees Council to the Education & Skills Funding Agency (ESFA) in January 2024 for executive agency approval on behalf of the Department for Education (DfE).

<b>Key decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	Yes, the schools funding distribution affects all schools in every ward in Kirklees.
<b>Key decision - is it in the <a href="#">Council's Forward Plan (key decisions and private reports)</a>?</b>	Yes Private report/appendix: No
<b>The decision - is it eligible for "call in" by <a href="#">Scrutiny</a>?</b>	Yes
<b>Date signed off by Strategic Director &amp; name</b>	Tom Brailsford 15 <sup>th</sup> January 2024
<b>Is it also signed off by the Service Director for Finance?</b>	Isabel Brittain 15 <sup>th</sup> January 2024
<b>Is it also signed off by the Service Director – Legal, Governance &amp; Commissioning Support?</b>	Julie Muscroft 15 <sup>th</sup> January 2024
<b>Cabinet member <a href="#">portfolio</a></b>	Cllr Elizabeth Reynolds – Learning and Aspiration  Cllr Graham Turner – Finance and Regeneration

**Electoral [wards](#) affected:** All Wards

**Ward councillors consulted:** None

**Public or private:** Public

**GDPR:** There is no personal data contained within this report.

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## 1. Summary

This report sets out the arrangements that have been consulted with School Forum and constituent groups for the funding of local schools and academies for the funding year 2024/2025. The main elements which require Cabinet approval are: -

- The specific funding factors to be used and the relative weightings and values of the funding factors.
- To note any exceptions applications to the Education & Skills Funding Agency (ESFA) and approvals given.
- Central budget provision within the Dedicated Schools Grant Schools Block of funding, the Central School Services Block, and the Early Years Block.
- De-delegation arrangements for mainstream maintained schools

## 2. Information required to take a decision.

### 2.1 Background

#### Dedicated Schools Grant

2.1.1 Dedicated Schools Grant (DSG) is the funding that is provided to Councils in four blocks to fund:

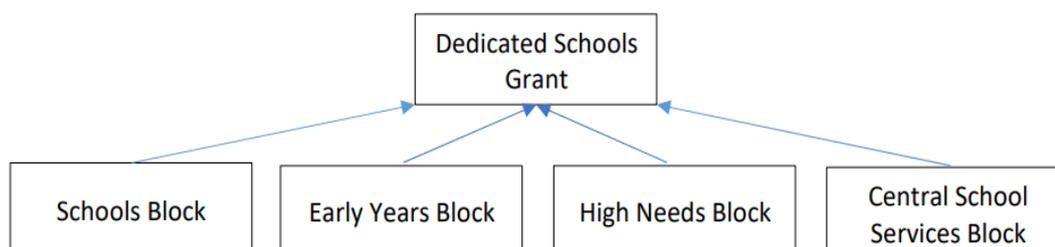
Schools Block - statutory school age education (4–16-year-olds).

High Needs Block - children and young adults from birth to age 25 having Special Education Needs & Disability (SEND).

Early Years Block - the free entitlement to early education and childcare provision for 3 and 4 year-olds and for disadvantaged 2-year-olds.

Central Schools Services Block (CSSB) - to pay for some of the Council's statutory and regulatory duties they have for all pupils educated within the borough.

2.1.2 Allocations to Kirklees for all four funding blocks within the Dedicated Schools Grant are now essentially determined by National Funding Formula (NFF) calculations.



## **Schools Forum and Council responsibilities for DSG**

- 2.1.3 Every local authority is required to have a Schools Forum to act as the main consultative group on revenue funding issues affecting local schools and related providers. The Schools Forums (England) Regulations 2012 determine the role, powers and responsibilities of the Forum. The local authority proposes and decides upon the shape and effect of school funding arrangements on an annual basis but must consult with the Schools Forum about changes to be made. There is also a requirement to consult annually with the Forum on both High Needs and Early Years funding arrangements.
- 2.1.4 Whilst Schools Forum has a generally consultative role, there are situations in which they have decision making powers. The areas on which schools forums make decisions on local authority proposals include:
- de-delegation from mainstream maintained schools budgets.
  - to create a fund for significant pupil growth.
  - agreeing other centrally retained budgets, including for local authority statutory responsibilities.
- 2.1.5 The maintained primary and secondary school representatives to the Forum decide on the arrangements that will apply for their phase (having consulted their constituencies). In cases where the Local Authority and the Forum cannot reach an agreement on central retention and de-delegation issues the Secretary of State for Education would adjudicate.

## **Formal submissions to the Education & Skills Funding Agency**

- 2.1.6 Any exceptions (disapplication) requests seeking permission to make variations to the operation of the schools funding formula were made before the ESFA deadline of 17<sup>th</sup> November 2023 (see Section 2.3 below for more details).
- 2.1.7 The structure of the local 2024/2025 schools funding arrangements and factor values used are required to be submitted to the ESFA by 22<sup>nd</sup> January 2024, based upon a pupil dataset provided by the ESFA which is derived largely from October 2023 pupil census information. The Authority Pro Forma Tool (APT) return to the ESFA is required to show that political approval has been or will be secured for the funding allocations reported. The submission of the funding figures to the ESFA by 22<sup>nd</sup> January 2024 must be regarded as an indicative return until Cabinet approval is achieved. If amendments are required a subsequent submission would have to be made.

## **Schools revenue funding issues for 2024/2025 discussed with Schools Forum and constituent groups**

- 2.1.8 These included the following: -
- The changes made to the National Funding Formula for schools for 2024/2025.
  - De-delegation arrangements for mainstream maintained schools
  - Central School Services Block (CSSB)
  - High Needs Block funding
  - Early Years Block funding

These topics are covered in more detail in sections 2.2 to 2.8 below, with the Forum's recommendations to Cabinet shown at section 3 below.

## **2.2 Direct National funding formula (NFF) transition for schools**

2.2.1 Local Authorities will be required to bring their own formulae closer to the schools NFF from 2024/2025:

- Local authorities must move their local schools funding formula factor values at least a further 10% closer to the NFF (building on the movement towards the NFF made in 2023 to 2024), except where local formulae are already mirroring the NFF. These criteria do not apply to optional, locally determined factors.
- local authorities must use the new national formulaic approach to schools with split sites.
- local authorities must follow the new local formula requirements for growth funding, whereby additional classes (driven by basic need) must be funded by at least the minimum funding level set out in the funding calculation. See Appendix B

## **2.3 Exceptional disapplication request made to the Education & Skills Funding Agency (ESFA):**

2.3.1 Local authorities can apply to the ESFA to use exceptional circumstances relating to school premises, for example rents, or joint-use sports facilities. Unavoidable rental costs for five schools have been submitted for approval based on the latest criteria issued by the ESFA.

## **2.4 De-Delegation Arrangements for Mainstream Maintained Schools (see Appendix C)**

2.4.1 Annual proposals on de-delegation are made by the local authority to maintained primary and secondary schools. The ESFA only permits de-delegation against a number of specified headings. The maintained primary and secondary schools representatives to the Schools forum formally decide on de-delegation issues on behalf of their phase.

2.4.2 The de-delegated budget arrangements proposed for 2024/2025 are: -

- Schools contingency
- Historic voluntary early retirements\*
- Free school meals eligibility checks
- Maternity, paternity and adoptive leave costs
- Trade union facilities time (maintained primary schools only)
- Public duties
- International new arrivals service
- School Improvement Commissioning

\* Separated out of schools contingency

2.4.3 De-delegation arrangements for 2024/2025 for the maintained schools were consulted upon between 21<sup>st</sup> November 2023 and 30<sup>th</sup> November 2023. A total of 19 responses were received from 102 maintained schools of which the majority who responded supported the proposals, Schools forum considered the responses and agreed to support the recommendation for 2024/2025. Please refer to Appendix C below for details of the 2024/2025 de-delegation deductions,

## Dedicated Schools Grant (DSG) Funding Settlement 2024/2025

### 2.5 DSG Schools Block

2.5.1 The 2024/2025 per pupil units of funding for the DSG Schools Block settlement are £5,143 (£4,892 2023-2024) per primary pupil and £6,657 (£6,344 2023-2024) per secondary pupil. These rates represent a 5.1% and 4.9% increase respectively on 2023-2024.

2.5.2 The confirmed Schools Block allocation for Kirklees for 2024/2025 has increased by £18.9 million (£349.2 million in 2023-2024 to £368.1 million for 2024/2025) which after taking account of the former Mainstream Schools Additional Grant (2023/2024) results in an overall increase of 1.9%. The Table below shows the breakdown of the funding:

Kirklees Council - Dedicated schools grant (DSG) 2024/2025					
Total Primary Schools	Total secondary schools	Total Premises factor	Growth funding	Total schools block	Total schools block (After NNDR deduction)*
£186,962,495	£176,464,964	£6,129,710	£1,577,825	£371,134,994	£368,079,003

*\*School Business Rates*

2.5.3 The Schools Block funding factors to be used in the 2024/2025 funding allocation to schools will largely be those prescribed by the National Funding Formula (see Appendix A below for a list of these funding factors and values).

2.5.4 In addition to the DSG National Funding Formula, the government announced additional funding for teachers' pay in July 2023. This will be allocated to mainstream schools through the **teachers' pay additional grant (TPAG)**. This is outside the NFF and is not included in the 2024/2025 funding calculations.

2.5.5 On the 13<sup>th</sup> October 2023 Schools Forum agreed a Schools Block Transfer of £2.6 million to the High Needs Block to support a range of investment measures as part of the broader Kirklees SEND transformation and Safety Valve agreement.

## 2.6 High Needs Block Funding 2024/2025

2.6.1 The settlement for 2024/2025 totals £65.948 million, before deductions, as shown in the table below:

Kirklees Council High Needs DSG Block Allocation								
Total high needs block before additional funding and deductions	Additional high needs funding	Total high needs block before deductions	Mainstream Academies Pre-16 special educational needs places funded at £6,000	Special Academies Pre-16 special educational needs places	Special Academies Post-16 special educational needs places	Special Academies Pre-16 alternative provision places	Alternative provision academies and free schools Further education (FE ) and independent learning provider(ILP) places	Total high needs block after deductions
65,947,973	0	65,947,973	624,000	1,630,000	240,000	1,040,000	3,282,000	59,131,973

2.6.2 Ongoing revisions to the national budget for the High Needs National Funding Formula have resulted in Kirklees being allocated £65.95 million for High Needs in 2024/2025 (**before deductions**) – a £2.86 million increase on 2023-2024 equivalent to a 5.1% increase.

2.6.3 Schools Forum agreed on 13th October 2023 to a funding transfer of £2.6million to High Needs from the Schools Block for 2024/2025. The intention is that the funding will support a range of investment measures as part of the broader Kirklees SEND transformation agenda.

2.6.4 The Council is now in the third year of the Safety Valve intervention programme, which offers support to Local Authorities with large DSG Deficits. This is an ongoing process with periodic updates reported to Cabinet working alongside the ESFA.

## 2.7 Early Years Block Funding 2024/2025

2.7.1 The initial settlement for 2024/2025 totals £48.7 million, as shown in the table below:

Funding stream	Confirmed rates	2024/2025 funding allocation
3 & 4 yr olds - Universal	£5.47	£19,818,869
3 & 4 yr olds - Extended	£5.47	£8,998,229
2 yr olds - Disadvantaged	£7.65	£5,564,260
2 yr olds - Working parent	£7.65	£7,685,382
Under 2s - (from Sept 24)	£10.41	£5,298,676
<b>Total place funding</b>		<b>£47,365,416</b>
Early Years Pupil Premium (EYPP)	£0.68	£855,198
Disability Access Funding (DAF)	£910.00	£316,680

Maintained Nursery School Supplementary Funding (MNSSF)	£4.93	£162,986
<b>Total Early Years Block</b>		<b>£48,700,280</b>

2.7.2 The Early Years block funding is estimated to increase by 59.7% from £30.5m in 2023-24 to £48.7m in 2024/2025. This increase is due to a significant expansion to the early years entitlements, commencing in April 2024.

2.7.3 The early years national funding formulae (EYNFF) are used to determine the hourly funding rates. The introduction of the new working parent entitlements for 2024 to 2025 that includes:

- an hourly funding rate for 9-months-olds up to 2-years for the new working parent entitlement (from 1 September 2024)
- an hourly funding rate for 2-year-olds which will be the same for both the disadvantaged and the working parent entitlements (from 1 April 2024)
- an hourly funding rate for 3 and 4-year-olds for the universal and additional hours entitlements

2.7.4 The hourly funding rate for 3 and 4-year-olds in 2024 to 2025 includes funding for teachers' pay and pensions. In 2023 to 2024 this was mainstreamed with the funding previously distributed through the teachers' pay grant (TPG) and the teachers' pension employer contribution grant (TPECG). In 2024 to 2025, this has also been mainstreamed with the funding being provided in respect of the September 2023 teachers' pay award, as well as the additional funding to support providers with the costs of employer contributions to the teachers' pension scheme which are due to increase from April 2024.

### **Early Years Block - Local consultation process and timelines**

2.7.5 Local Authorities are required to consult with early years providers each year, given the significant changes to the early years entitlements and further investment in early years it is especially important to seek the views of the sector. In addition to changes at a national level and the requirement to set the local early years funding formula, Kirklees Council is reviewing the management of the special educational needs inclusion fund (SENIF) referred to locally as SENDIF.

2.7.6 After receiving initial allocations from the DfE an online consultation was opened on Friday 15<sup>th</sup> December and will close at midnight on Sunday 21<sup>st</sup> January 2024. The consultation document covers the Early Years the funding formula factors and proposed changes to the SENDIF. Further details can be found below.

2.7.7 After the consultation provider feedback will be presented at the Early Years and Childcare Reference Group on 31<sup>st</sup> January 2024, the group's recommendations will be presented to Schools Forum on 9<sup>th</sup> February 2024. The Early Years and Childcare Reference Group includes provider representation for childminders, pre-schools, day nurseries, out of school provision and schools and academies with nursery provision.

## **Early Year Block Central Retention**

2.7.8 For 2024/2025, the 95% pass-through requirement will apply separately to the entitlements for:

- 9-months-old children up to 2-year-olds of working parents
- 2-year-old children of working parents
- 2-year-old children from disadvantaged families
- 3 and 4-year-olds (universal and additional hours)

2.7.9 The remaining 5% expenditure can be used for the following:

- centrally retained funding (for central services or services in-kind, including special educational needs and disability (SEND) services)
- transfer of funding to any of the other early years entitlements
- any extra hours that local authorities choose to fund in addition to the government's entitlement hours
- any funding movement out of the early years block

## **Early Block Provider Consultation**

Early year providers are being consulted on a number of factors within the local early years funding formula:

- Setting the provider base rates for the disadvantaged 2 year old entitlement and the working parent 2 year old entitlement.
- Consideration for a discretionary deprivation supplement for the disadvantaged 2 year old entitlement and/or the working parent entitlements for 2 year olds and under.
- Setting the central retention value, including proposals to increase the 2023-24 level to account for additional burdens resulting from the expansion to the early years entitlements (also see appendix B).
- Proposals for setting a contingency fund of approximately 0.8% to account for volatility particularly during implementation of the expanded to the early years entitlements.
- Proposal for a 2024/2025 transfer from the Early Years Block to the High Needs Block of £0.5m to support the Safety Valve agreement with the DfE.

A full copy of the consultation can be found in appendix E (section A)

## **Special educational needs and disabilities inclusion fund (SENDIF)**

2.7.10 Local authorities should establish SENDIFs for all children with SEN taking up the free early years entitlements.

2.7.11 SENDIF is intended to support local authorities to work with providers to address the needs of individual children with lower level or emerging SEN who are taking up the entitlements. Funding for SENDIF can come from both the Early Years block and High Needs block funding of the Dedicated Schools Grant. This fund will also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014.

2.7.12 Kirklees has historically provided extensive financial support compared to other Local Authorities in the Yorkshire and Humber region. Whilst our commitment to support inclusion within our local early years settings remains unchanged, the current strategy is under review.

2.7.13 It is acknowledged that demand for SENDIF in Kirklees has increased significantly over recent years. Expenditure on SENDIF in the financial year 2021-22 was £1.9 million and in 2022-23 was £2.3 million, with an estimated increase to £3.1 million for the current financial year (2023-24). The spend on SENDIF has increased each year and is not sustainable under the current funding model. Since the introduction of the Early Years National Funding Formula in 2017, a contribution of £50,000 from the Early Years block funding and £50,000 from the High Needs block funding has been allocated each financial year to the SENDIF budget. Kirklees Local Authority has subsidised the difference therefore funding the vast majority of the SENDIF.

2.7.14 It is proposed that £1 million is a reasonable contribution from the High Needs block to support SENDIF from April 2024. It is recognised that this is less than current and previous spend on SENDIF and so any increases to this will need to be allocated from the Early Years block. An increased contribution from the Early Years block will mean slightly less funding passed through the provider base rates for the new and existing entitlements.

2.7.15 In line with the changes to Government guidance there is a proposal to provide SENDIF for children accessing the free entitlements only, subject to cabinet approval. Illustrative figures presented are in line with those proposals. Arrangement for children who receive SENDIF outside the free entitlement will be subject to a future cabinet report.

## **SENDIF consultation**

The objective of the SENDIF consultation is twofold:

- Consulting on the value of SENDIF: Setting the value of SENDIF through contributions from the Early Years block funding.
- Consulting on the approach to allocating SENDIF: Seeking feedback on proposed options in the method of allocating SENDIF.

### **1. Options for setting the Value of the SENDIF:**

- a) £1 million (£1 million from the High Needs block funding and £0 from the Early Years block funding).
- b) £2 million (£1 million from the High Needs block funding plus £1 million from the Early Years block funding).
- c) £3 million (£1 million from the High Needs block funding plus £2 million from the Early Years block funding).

### **2. Options on the approach to allocating SENDIF:**

- a) Funding allocated solely through the Early Years Funding on an hourly basis in a similar way to the provider base rates.

- b) Children identified at SEN Support without the need for a Panel process. It is anticipated providers would submit details alongside their early years funding claims.
- c) Funding allocated by application based on individual need, i.e. continuing with a Panel approach. (Note, this will require more funding to be retained centrally hence reducing funding passed through to Early Years providers).

### Dependency between the local Early Year Funding formula and SENDIF

The table below shows the Early Years Block Funding allocation and formula elements for the current financial year (2023-24) and the impact on the provider base rates for each of the proposed options above. The funding amounts and provider base rates are for illustrative purposes, final formula funding and the provider base rates will be confirmed after the consultation (the actual funding allocation from the ESFA were not available at the time the consultation was launched).

		Illustrative rates based on options for the SENDIF value in 2024-25		
		Option A	Option B	Option C
* 2024-25 options Includes administration cost of SENDIF panels £57,258, this is subject to provider consultation on the allocation method for SENDIF	<b>Current formula &amp; rates 2023-24</b>	£1 million from the High Needs block funding and £0 from the Early Years block funding	£1 million from the High Needs block funding plus £1 million from the Early Years block funding	£1 million from the High Needs block funding plus £2 million from the Early Years block funding
<b>Total Early Years Block Funding</b>	<b>£32,300,000</b>	<b>£49,011,424</b>	<b>£49,011,424</b>	<b>£49,011,424</b>
Deprivation allocation	£320,000	See section A		
Early Years Contribution to SENDIF	£50,000	£0	£1,000,000	£2,000,000
Central retention *	£744,100	£968,553	£968,553	£968,553
Under 2s provider base rate (from Sept 2024)	n/a	£8.85	£8.71	£8.56
2-year-old (disadvantaged) provider base rate	£7.29	£7.34	£7.20	£7.05
2-year-old (working parent) provider base rate	n/a	£7.34	£7.20	£7.05
3- & 4-year-old (universal & extended) provider base rate	£5.03	£5.27	£5.14	£5.01

Decisions about the local early years funding formula must therefore be made in conjunction with decisions about the value of the SENDIF fund. These decisions cannot be made until the outcome of the consultation with providers is available and Schools forum has been consulted.

## 2.8 Central School Services Block (CSSB) 2024/2025

2.8.1 Kirklees has been allocated £38.60 for every 4 to 16 year-old pupil attending schools and academies in the borough (an increase from the £37.33 rate received in 2023-2024). A protected sum of £170,000 is included in CSSB to reflect historic annual pension commitments charged to the DSG.

- 2.8.2 A breakdown of proposed use of the CSSB can be found in Appendix B. A significant portion of this relates to funding for the range of statutory and regulatory duties (these used to be supported by Education Services Grant that ended in 2017) the Council has for all local pupils whether educated in maintained schools or academies.
- 2.8.3 The CSSB within the DSG allocates funding to Councils for a range of statutory and regulatory duties relating to all pupils within the authority no matter what type of school they attend. Although this funding comes directly to the Council, Schools forum has the responsibility for making an annual decision about the budget provision in response to local authority proposals. The allocation for 2024/2025 is shown below:

<b>Kirklees Council Central school services block (CSSB) 2024/2025</b>			
<b>CSSB Unit of funding</b>	<b>Number of pupils</b>	<b>Historic commitments</b>	<b>Total central school services block</b>
<b>£38.60</b>	<b>62,864</b>	<b>£170,000</b>	<b>£2,596,532</b>

### **3 Recommendations and decisions for the 2024/2025 DSG Schools Funding Formula from Kirklees School Forum**

- 3.1 To note the ESFA-approved exceptions application.
- 3.2 To note the engagement / consultative process undertaken in collaboration both directly with head teachers and through the Kirklees Schools forum to agree the details submitted in line with the national funding formula for schools and high needs.
- 3.3 To support the decisions made by Schools Forum relating to central budgets, de-delegated budgets and a fund for significant growth for 2024/2025 as detailed in this report.
- 3.4 Recommendation that Cabinet approve the final Kirklees' school funding formula for 2024/2025 submitted to the Education & Skills Funding Agency by the 22nd January 2024 deadline.

### **4 Implications for the Council**

- **Working with people**

The Schools Forum continues to support schools working collaboratively to effectively manage resources, particularly focussing on early intervention and prevention, reducing inequalities, and overcoming barriers to learning for children in their communities. The make-up of Schools Forum is a cross Section of the education system who engage and consult their relevant constituent groups as required.

- **Working with Partners**

Through Schools forum the Council works in partnership with local maintained schools, academies, and other providers to try to ensure the optimum distribution of dedicated schools grant within Kirklees. The Schools forum includes representation from the Private, Voluntary and Independent nursery and childcare sector and post-16 provider representation.

- **Place-based working**

The schools funding allocation recognises that the needs of different communities within Kirklees vary widely. Within the constraints of the national funding formula requirements, the allocation considers additional need funding factors to target support towards children from particularly disadvantaged backgrounds.

- **Climate Change and Air Quality**

There are no direct implications for climate change and air quality.

- **Improving outcomes for children**

Schools forum seeks to ensure that the fairest approach to funding across the schools system is in place, particularly at a time when financial pressures for schools are increasing. Maximising resources for teaching and learning, alongside the role that schools play in supporting children and their families and the wider community is crucial in ensuring that children have the best start in life.

- **Other (e.g., Legal/Financial or Human Resources) Consultees and their opinions**

The schools system is funded by the Council's annual Dedicated Schools Grant (DSG) funding allocation under section 14 of the Education Act 2002 and is managed in accordance with the Schools and Early years Finance (England) Regulations 2012 which, amongst other things, requires the Council to consult the Schools forum on certain matters when determining the school funding formula for 2024/2025 and the terms and conditions of the ring-fenced grant. The council must consider the outcome and take into account the responses from the consultation before making any decision.

In carrying out its functions the council must comply with its Public Sector Equality Duty under section 149 Equality Act 2010 before exercising any decision on a particular policy or strategy namely it must have due regard to the need to eliminate unlawful discrimination, harassment, victimisation; advance equality of opportunity between persons who share protected characteristics and those who do not, and foster good relations between those who share protected characteristics and those who do not.

## **5 Consultees and their opinions**

The Education and Learning Partnership Board sits alongside Schools forum as a consultative group. The two operate together in a complementary approach to work in partnership with our schools and settings. There are representatives from the school sector that sit on both the Education and Learning Partnership Board as well as Schools forum. The work of each body is supportive of a single strategic oversight of the system.

Schools forum consults with school groups through Kirklees high school headteacher, primary head teacher groups and School briefings. Non-school members from the early years' private, voluntary, and independent sectors, trade unions, and the Post 16 sector ensure consultation and feedback from their representative groups. Current discussions are focussed on the decisions required by the ESFA for the funding year 2024/2025.

The Early Years and Childcare Reference group consists of representatives from all sectors of the childcare market. This group consider proposals for the Early Years Funding Formula and monitors spending of the Early Years Block. The views of this group are reported to Schools Forum.

The Portfolio Holder for Learning and Aspiration chairs the Education and Learning Partnership Board and attends Schools Forum.

Updates for the Portfolio Holders for Children's Services are provided regularly.

## **6 Next steps and timelines**

Schools Forum will continue to help shape schools funding arrangements at their meeting on 19<sup>th</sup> January 2024, prior to the deadline for submission of the school funding allocations for 2024/2025 to the ESFA on 22<sup>nd</sup> January 2024.

Based on the ESFA funding timeline, it is expected that the local authority will inform maintained schools of their 2024/2025 budget shares by 29<sup>th</sup> February 2024. The ESFA will inform academies of their budget allocations for the academic year 2024/2025 by the 31<sup>st</sup> March 2024.

In order to provide schools with nursery classes with the full picture of their budget by the 29<sup>th</sup> February decisions about the Early Years funding formula and therefore SENDIF must be made by mid-February. It is therefore proposed that delegated authority is provided by cabinet to the Cabinet Member for Children, in consultation with the Strategic Director for Children's Services, to take account of the outcomes of the Early years provider consultation, the views of the Early Years Reference Group and Schools Forum and make a final decision on the Early Years local funding formula 2024/2025 and SENDIF funding arrangement. This will then allow for the implementation of the preferred SENDIF options.

## **7 Officer recommendations and reasons**

Members are asked to approve the following in accordance with the arrangements as set out in this report that have been consulted upon with School Forum for the funding of Local Schools and Academies for the funding year 2024/2025:

1. Note the disapplication request made to the ESFA and subsequently approved.
2. Note the ESFA-approved exceptions application.
3. To support the decisions made Schools Forum in terms of central budgets, de-delegated budgets and a fund for significant growth for 2024/2025 as detailed in this report and the accompanying appendices.
4. Approve Schools forum recommendations following the consultative process undertaken in collaboration with head teachers, through Schools Forum, to determine the ongoing local approach to the distribution of DSG Schools Block funding for 2024/2025.
5. Approve the submission of the schools funding formula to the ESFA for 2024/2025.
6. Delegate authority to the Cabinet Member for Children, in consultation with the Strategic Director for Children's Services, to take account of the outcomes of the provider consultation, the views of the Early Years Reference Group and Schools Forum and make a final decision on the Early Years local funding formula 2024/2025 and implementation of the preferred SENDIF funding options.

## **8 Cabinet portfolio holder's recommendations**

I recommend to cabinet that the officers recommendations above, in paragraph 7, should be accepted. In doing so I have to thank officers and members of the Schools Forum for the hard work that has gone into producing this set of budget proposals over the last few months.

Whilst it may appear that the Government has recognised the needs of schools in the most recent Budget settlements by providing an increase in the overall DSG of 6.3% it must also be recognised that schools and settings have not only been affected by the cost of living crisis and increased fuel bills in particular but also by an increase in demand for more complex support for our children. However, this welcome DSG increase finally comes after 13 years of cuts and underfunding of school budgets. So, whilst this recognition of some increased need is acknowledged and the realisation that schools cannot face any further reductions in real terms, it still does not unfortunately make up for the historic reduction in budgets and changing needs of our population.

This is particularly so in Kirklees, where, like many other local authorities we have a growing High Needs Deficit and although the Safety Valve programme has helped us all to balance our High Needs strategy, in Kirklees we continue to have one of the lowest funded early years sectors in the country despite being recognised as having some of the highest need. This will need to be addressed nationally going forward.

This year we are also having to transition closer to the NFF in the way in which we apportion this funding between schools, which means that we have less flexibility to use local discretion in reacting to local circumstances.

This central control over school finances also means that as a local authority we are not as able as we have been in the past, to provide additional support for example, to maintained schools where improvement is needed or also to recognise fully the needs of care leavers in our system. This will require close partnership working across our education system and I am confident that if we can develop the relationships that were strengthened in the production of this proposal, we will be able to face the challenges ahead.

These circumstances are frustrating, but by utilising the changes in the proposed school funding model it will give us the opportunity to continue to provide the best possible education and also places us in a better position going forward despite continuing national budget pressures.

I look forward to working with all schools in Kirklees to continue the strong partnership, between Officers, Schools Forum and Educational Leads, that has resulted in this proposal, as we all have the determination to provide the best possible education opportunities for all our children despite these challenging times.

## **9 Contact officer:**

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## **10 Background papers and history of decisions**

The following key reference documents are available on the GOV.UK website. Other, related documentation is also available on these web links.

1. Schools Funding 2024/2025

[Pre-16 schools funding: local authority guidance for 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118222/pre-16_schools_funding_local_authority_guidance_for_2024_to_2025.pdf)

2. Early Years Funding 2024/2025

[Early years funding: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118222/early_years_funding_2024_to_2025.pdf)

3. High Needs funding 2024/2025

[High needs funding arrangements: 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118222/high_needs_funding_arrangements_2024_to_2025.pdf)

4. A link to the Cabinet report on the Kirklees Schools funding formula for the previous year, 2023-2024 is provided below.

[summary report template \(kirklees.gov.uk\)](#)

## **11 Service Directors responsible**

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## Appendix A

# 2024/2025 ESFA APT December 2023 National Funding Formula Funding Rates

Factor	23-24 NFF including ACA	23-24 APT	Difference between 23-24 APT and 23-24 NFF	24-25 NFF including ACA	24-25 APT minimum	24-25 APT maximum
Primary basic entitlement	£3,394.54	£3,394.00	-£0.54	£3,562.61	£3,473.54	£3,651.67
KS3 basic entitlement	£4,785.77	£4,785.00	-£0.77	£5,022.85	£4,897.28	£5,148.43
KS4 basic entitlement	£5,393.86	£5,393.00	-£0.86	£5,661.96	£5,520.41	£5,803.51
Primary FSM	£480.08	£480.00	-£0.08	£490.08	£477.83	£502.34
Secondary FSM	£480.08	£480.00	-£0.08	£490.08	£477.83	£502.34
Primary FSM6	£705.11	£705.00	-£0.11	£820.14	£799.64	£840.64
Secondary FSM6	£1,030.16	£1,030.00	-£0.16	£1,200.20	£1,170.20	£1,230.21
Primary IDACI F	£230.04	£178.11	-£51.92	£235.04	£188.31	£240.92
Primary IDACI E	£280.04	£213.59	-£66.45	£285.05	£225.24	£292.17
Primary IDACI D	£440.07	£340.71	-£99.36	£445.08	£355.65	£456.20
Primary IDACI C	£480.08	£368.41	-£111.66	£485.08	£384.59	£497.21
Primary IDACI B	£510.08	£391.71	-£118.37	£515.09	£408.55	£527.96
Primary IDACI A	£670.11	£515.48	-£154.63	£680.12	£540.95	£697.12
Secondary IDACI F	£335.05	£257.73	-£77.32	£340.06	£270.47	£348.56
Secondary IDACI E	£445.07	£344.60	-£100.47	£450.08	£359.65	£461.33
Secondary IDACI D	£620.10	£478.56	-£141.54	£630.11	£502.72	£645.86
Secondary IDACI C	£680.11	£523.23	-£156.88	£690.12	£548.93	£707.37
Secondary IDACI B	£730.12	£562.07	-£168.05	£740.13	£588.88	£758.63
Secondary IDACI A	£930.15	£716.89	-£213.26	£945.16	£753.22	£968.79
Primary EAL	£580.09	£580.00	-£0.09	£590.10	£575.35	£604.85
Secondary EAL	£1,565.25	£1,565.00	-£0.25	£1,585.27	£1,545.64	£1,624.90
Primary LPA	£1,155.18	£1,155.00	-£0.18	£1,170.20	£1,140.94	£1,199.45
Secondary LPA	£1,750.28	£1,750.00	-£0.28	£1,775.30	£1,730.92	£1,819.68
Primary mobility	£945.15	£945.00	-£0.15	£960.16	£936.16	£984.17
Secondary mobility	£1,360.22	£1,360.00	-£0.22	£1,380.23	£1,345.73	£1,414.74
Primary lump sum	£128,020.48	£128,000.00	-£20.48	£134,422.85	£131,062.28	£137,783.42
Secondary lump sum	£128,020.48	£128,000.00	-£20.48	£134,422.85	£131,062.28	£137,783.42
Primary sparsity	£56,309.01	£56,300.00	-£9.01	£57,109.71	£55,681.96	£58,537.45
Secondary sparsity	£81,913.10	£81,900.00	-£13.10	£83,014.11	£80,938.76	£85,089.46
Middle-school sparsity	£81,913.10	£0.00	-£81,913.10	£83,014.11	£9,292.32	£85,089.46
All-through sparsity	£81,913.10	£0.00	-£81,913.10	£83,014.11	£9,292.32	£85,089.46
Split sites basic eligibility funding				£53,709.13	£52,366.40	£55,051.86
Split sites distance funding				£26,904.57	£26,231.96	£27,577.19
London fringe	1.0000	1.0000	0.0000	1.0000	1.0000	1.0000
					Rates Agreed by Schools Forum for inclusion in the APT	

## Appendix B

### Dedicated School Grant: Central Budget Retention 2024/2025 [for mainstream maintained schools and academies]

#### 1) Growth funding within the Schools Block

Budget provision	£	Notes
Pupil Growth Fund	600,000	Supports mid-year basic need pupil growth of sufficient scale to trigger a new class arrangement. Also supports schools struggling to meet the KS1 class size regulation. PGF is only allocated where a school cannot address the issue from its own budget resources
Future pupil growth	600,000	The Schools Block allocation includes an element of funding towards the cost of future pupil growth within the system. For 2024/2025, the balance of the growth funding needs to be retained by the LA to support those schools in the system affected by planned changes to address demand for pupil places in the area, e.g., new schools growing by one year group per annum, schools asked to vary their admission number to take in additional pupils in a 'bulge' class arrangement.
<b>TOTAL</b>	<b>£1,200,000</b>	

#### 2) The Central School Services Block (CSSB)

Budget Heading	Proposed Allocation 2024/2025 £
Servicing of Schools Forum	34,200
Standing Advisory Council on Religious Education (SACRE)*	45,000
Pupil Admissions Service	416,600
School Organisation & Planning	144,800
Finance Support Costs	12,700
Payroll Support Costs	15,400
Personnel Costs	8,800
School Reorganisation Support	322,700
Historic DSG pension commitments	170,000
Former Teachers Pay & Pension Grant funding in respect of centrally employed teachers – <i>Specialist Provision Coordination</i>	20,200
Former Teachers Pay & Pension Grant funding in respect of centrally employed teachers - <i>Looked after children</i>	6,200
Former Teachers Pay & Pension Grant funding in respect of centrally employed teachers – <i>Portex ICAN EYSEN</i>	13,700
National Copyright Licence charge	386,833
Per pupil allocation to the Council in respect of statutory and regulatory duties for all children in Kirklees	999,399
<b>TOTAL</b>	<b>2,596,532</b>

\* re-allocated from per pupil allocation for statutory and regulatory.

## Funding retained within the Early Years Block

Budget area	2023-24	Additional resources for 2024/2025	5% increase on 2023-24	Proposed amount 2024/2025	Description
Early Learning and Childcare	£614,300	£123,800	£36,905	<b>£775,005</b>	Free Early Education Funding, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	£74,800		£3,740	<b>£78,540</b>	Finance, payroll, HR, Legal, IT etc
Inclusion Support	£42,400		£2,120	<b>£44,520</b>	Contribution to the Inclusion Officer team
Miscellaneous	£12,600		£630	<b>£13,230</b>	Contribution to admissions, maternity, union duties etc.
SENDIF Panels		£54,531	£2,727	<b>£57,258</b>	Administration of the SENDIF Panels
<b>Total</b>	<b>£744,100</b>	<b>£178,331</b>	<b>£46,122</b>	<b>£968,553</b>	

## Appendix C

### De-Delegation 2024 / 2025 - Maintained Schools Only

De-Delegation Description	Primary per pupil rate 2023/2024	Proposed Primary per pupil rate 2024/2025	Secondary per pupil rate 2023/2024	Proposed Secondary per pupil rate 2024/2025
School Contingency	£11.37	£12.62	£14.25	£15.82
Voluntary Early Retirement (VER)*	£2.58	£2.86	£3.23	£3.59
Free school meals eligibility checks	£1.08	£1.20	£1.35	£1.50
Maternity, paternity, and adoptive leave	£30.79	£40.95	£30.79	£40.95
Trade union facilities time	£6.01	£6.67	£0.00	£0.00
Public duties	£0.17	£0.19	£0.21	£0.23
International new arrivals	£1.66	£1.84	£2.08	£2.31
School Improvement Commissioning	£4.73	£5.25	£12.61	£14.00
<b>TOTALS</b>	<b>£58.39</b>	<b>£71.58</b>	<b>£64.52</b>	<b>£78.40</b>

\*previously held within contingency

## Appendix D

### Meeting Schedule

Consultation focus	Meetings	Meeting date	ESFA response date
<b>Schools Block, High Needs Block and Central Schools Services Block</b>  <b>Implications of National Funding Formula for the Council and schools from 2024/2025</b>	Consultation & Engagement with schools	Block Transfer (Safety Valve) reviewed and agreed 13th October 2023.  De-delegations consultation / engagement 22nd November 2023 – 31st November 2023. Responses reviewed and de-delegations approved by Schools forum 1st December 2023	22 <sup>nd</sup> January 2024
	Schools Forum	19 <sup>th</sup> January 2024	
	Schools Funding paper to Cabinet	23 <sup>rd</sup> January 2024	
<b>Early Years Block</b>	Online survey	15 <sup>th</sup> December 2023 to 21 <sup>st</sup> January 2024	28 <sup>th</sup> February 2024
	In person and virtual briefing sessions	10 <sup>th</sup> , 11 <sup>th</sup> and 15 <sup>th</sup> January 2024	
	Early Years and Childcare Reference group	31 <sup>st</sup> January 2024	
	Schools Forum	9 <sup>th</sup> February 2024	



### Consultation on the Kirklees Early Years Funding Formula 2024/25

#### Introduction

In March 2023 the Department for Education (DfE) announced significant expansion to the early years entitlements to begin from April 2024.

The new entitlements mean that **eligible working parents** in England will be able to access 30 hours of childcare per week for 38 weeks per year from the term after their child turns 9 months up to when they start school. Rolled out as follows:

- From April 2024, 15 hours for 2-year-olds
- From September 2024, 15 hours will be extended to 9-month-olds and above
- From September 2025 all eligible working parents of 9-month-olds and above will be able to access 30 hours per week (38 weeks a year).

Over the summer of 2023 the DfE consulted on proposals to ensure the funding system will support the delivery of the new working parent entitlements for children aged 9 months old up to and including 2 years old from April 2024. The government's response to the [consultation](#) was published on 29 November 2023.

The main changes to the funding system include:

- the introduction of a **new national funding formula (NFF)** covering both the existing 2-year-old entitlement for disadvantaged children and the new working parent entitlements.
- **extending the 95% pass-through requirement** to the disadvantaged 2-year-old entitlement and the new working parent entitlements, this means that local authorities can retain a maximum of 5% of each of the funding streams for central administration.
- the **provider base rate for disadvantaged 2-year-olds** should be **at least equal to the provider base rate for 2-year-old children of working parents**.
- a **discretionary deprivation supplement** for the disadvantaged 2-year-old entitlement and the new working parent entitlements, (the deprivation supplement for 3- and 4-year-olds will remain mandatory).
- a **special educational needs inclusion fund (SENIFs)** for all children with special educational needs (SEN) taking up the new and existing entitlements.
- extending eligibility for **early years pupil premium (EYPP)** and the **Disability Access Fund (DAF)** to eligible children aged 2 years old and under accessing the entitlements.

#### Consultation process and timelines

Local Authorities are required to consult with early years providers each year, given the significant changes to the early years entitlements and further investment in early years it is especially important to seek the views of the sector. In addition to changes at a national level and the requirement to set the local early years funding formula, Kirklees Council is

reviewing the management of the special educational needs inclusion fund (SENIF) referred to locally as SENDIF.

This consultation document therefore has two parts; section A focuses on the funding formula provider base rates, supplements, contingency and central retention. Section B focuses on the proposed changes to the SENDIF.

### **After the consultation**

Provider feedback will be presented at the Early Years and Childcare Reference Group on 31 January 2024, the groups recommendations will be presented to Schools Forum on 9 February 2024. The Early Years and Childcare Reference Group includes provider representation for childminders, pre-schools, day nurseries, out of school provision and schools and academies with nursery provision.

## SECTION A – Funding Formula

### Funding Streams for 2024/2025

There will be three funding streams for local authorities:

- 9 months to 2-year-old working parents (15 hours) entitlement
- 2-year-old disadvantaged (15 hours) and working parents (15 hours) entitlement
- 3- & 4-year-old universal (15 hours) and extended (15 hours) entitlement

Kirklees Local Authority rates for 2024/2025 are confirmed in the table below alongside the national average. The three-and four-year-old rate includes a national average increase of 4.7%.

	Kirklees LA Current Base Rate 2023-24 (from Sept 23)	Kirklees LA Base Rate 2024/2025	National average Base Rate 2024/2025	National Base Rate range
<b>Under 2s</b>	n/a	<b>£10.41</b>	£11.22	£9.45 - £16.21
<b>2-year-olds</b> Disadvantaged and working parents	£7.32	<b>£7.65</b>	£8.28	£6.98 - £11.88
<b>3- and 4-year-olds</b> Universal & extended	£5.20	<b>£5.47</b>	£5.88	£5.47 - £9.04

The funding rate for the **Early Years Pupil Premium (EYPP)** will increase from 66p to **68p** per hour per eligible child, and the **Disability Access Fund (DAF)** will increase from £881 to **£910** per eligible child per year. 100% of these funds are passed onto providers.

Although this adds further investment to early years, Kirklees along with almost one third of other local authorities will still receive the lowest funding base rate in the country for three-and four-year olds from April 2024. Details of previous funding rates for the last three years can be found in Appendix A.

### Kirklees Early Years Block – Illustrative funding 2024/2025

Funding stream	Confirmed rates	2024/2025 Illustrative funding allocation
3 & 4 yr olds - Universal	£5.47	£19,818,869
3 & 4 yr olds - Extended	£5.47	£8,998,228
2 yr olds - Disadvantaged	£7.65	£5,564,260
2 yr olds - Working parent	£7.65	£7,685,381
Under 2s - (from Sept 24)	£10.41	£5,298,675
<b>Total place funding</b>		<b>£47,365,416</b>
Early Years Pupil Premium (EYPP)	£0.68	£1,123,374
Disability Access Funding (DAF)	£910.00	£359,650
Maintained Nursery School Supplementary Funding (MNSSF)	£4.93	£162,986
<b>Total Early Years Block</b>		<b>£49,011,424</b>

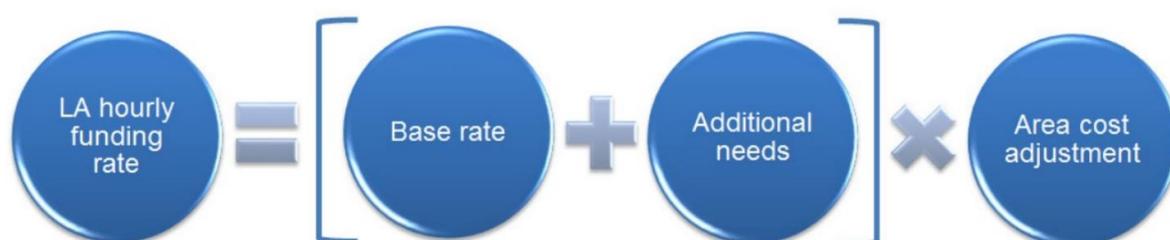
## Key areas included in the consultation

1. Setting the provider base rates for the disadvantaged 2 year old entitlement and the working parent 2 year old entitlement.
2. Consideration for a discretionary deprivation supplement for the disadvantaged 2 year old entitlement and/or the working parent entitlements for 2 year olds and under.
3. Setting the central retention value
4. Setting a contingency fund
5. 2024/2025 transfer from the Early Years Block to the High Needs Block
6. The special educational needs and disabilities inclusion fund (SENDIF) – setting the value and considering options for the method of allocation – details are included in section B.

### 1. Provider base rates for the disadvantaged 2-year-old and the working parent 2-year-old entitlements

The government are introducing a new national funding formula for the existing entitlement for disadvantaged 2-year-olds and for the new working parent entitlements for children aged 9 months up to and including 2 years old. The funding formula will follow the shape of the existing national funding formula for the 3 and 4-year-old entitlements. Like the 3 and 4-year-old formula, the new formula will feature:

- a universal base rate of funding for each child (89.5% of funding)
- an additional needs factor (10.5% of funding)
- an area cost adjustment (ACA) to reflect variations in costs across England



Although the new formula will follow the same structure as the existing 3 and 4-year-old formula, a slightly different approach is being taken to deprivation in the additional needs factor. A combination of free school meals (FSM) data and a measure based on the income deprivation affecting children index (IDACI) as proxies for deprivation, rather than FSM only.

Supporting children from disadvantaged backgrounds remains a priority. For this reason, the government require local authorities, through regulations, to ensure that the total funding rate (that is the provider base rate, plus supplements if applicable) for the disadvantaged 2-year-old entitlement is at least equivalent to the total funding rate for the 2-year-old working parent entitlement.

Because the national funding formula rates include an amount to reflect deprivation, it is suggested that the Kirklees provider base rate for disadvantaged 2-year-olds and for the new working parent entitlement for 2-year-olds is the same, however provider feedback is welcomed. Refer to pros and cons in the table on pages 5 and 6 for more information.

**2. Discretionary deprivation supplement for the disadvantaged 2 year old entitlement, the working parent 2 year old entitlement and the working parent under 2 year old entitlement.**

Funding supplements are amounts of funding paid to providers in addition to the provider base rates to reflect local needs or policy objectives. Local authorities may apply a permitted supplement to the base rate for any of the entitlements.

For the 3 and 4-year-old entitlements, it is mandatory for local authorities to include a deprivation supplement in their local funding formula, all other permitted supplements are delegated to local authority discretion.

For the 2-year-old entitlements and the entitlement for children aged 9 months up to 2 years old, all permitted supplements including deprivation are delegated to local authority discretion.

Local authorities are expected to ensure funding for deprivation is reflected in their approach to funding the entitlements, recognising the additional costs associated with supporting children from disadvantaged backgrounds. This could be achieved through a deprivation supplement, particularly if a single provider base rate is used for both 2-year-old entitlements.

As mentioned above, because the national funding formula rates include an amount to reflect deprivation, it is suggested that the Kirklees formula does not include a deprivation supplement for the disadvantaged 2-year-olds and for the new working parent entitlement for 2-year-olds and under, however provider feedback is welcomed. Refer to pros and cons in the table below for more information.

<b>Pros and Cons for proposals 1 and 2</b>			
Notes to consider:			
<ul style="list-style-type: none"> <li>• The national funding formula rates include an amount to reflect deprivation.</li> <li>• Early Years Pupil Premium is being extended to all of the entitlements hence funding will be supplemented for deprived children via this funding.</li> <li>• A deprivation supplement is <b>mandatory</b> for the 3- and 4-year-old entitlements.</li> <li>• A deprivation supplement will be <b>discretionary</b> for the entitlements for 2-year-olds and under.</li> <li>• There is uncertainty around the preparedness for April 2024 of third-party IT systems used by the local authority to administer early years funding.</li> </ul>			
	<b>Options</b>	<b>Pros</b>	<b>Cons</b>
<b>1</b>	<b>Same base rate for both 2-year-old entitlements</b> e.g. the disadvantaged 2-year-old entitlement and the working parent 2-year-old entitlement.	Simpler for all. Only one provider headcount required for all 2-year-olds. Hence providers will submit one estimate and one actual claim for all 2-year-olds.  No confusion over which headcount to add a child.	No additional funding built into the provider base rate for disadvantaged 2-year-olds.

2a)	<b>No deprivation supplement for any of the entitlements</b> e.g. the disadvantaged 2-year-old entitlement, the working parent 2-year-old entitlement and the working parent under 2-year-old entitlement	Simple to administer.  Funding maximised through the base rates.	No additional deprivation funding for children most in need.
2b)	<b>Deprivation supplement for the disadvantaged 2-year-old entitlement only</b>	Additional deprivation funding for children most in need.	Less funding passed through the base rate.  Current IT system would require two separate provider headcounts hence greater administration burden for all.
2c)	<b>Deprivation supplement for all the entitlements</b> e.g. the disadvantaged 2-year-old entitlement, the working parent 2-year-old entitlement and the working parent under 2-year-old entitlement	Funding formula would align with the 3- and 4-year-old entitlement as a deprivation supplement is mandatory for 3- and 4-year-olds.	Less funding passed through the base rates.  As the deprivation supplement is based on the income deprivation affecting children index (IDACI), funding may not be targeted at children most in need.

### 3. Central retention

Local authorities are required to pass through 95% of the early years funding to providers, for 2024/2025, the 95% pass-through requirement will apply separately to the entitlements for:

- 9-months-old children up to 2-year-olds of working parents
- 2-year-old children of working parents
- 2-year-old children from disadvantaged families
- 3 and 4-year-olds (universal and additional hours)

For 3 and 4-year-olds, there is no change, and the pass-through requirement will apply to the universal and additional hours in combination. But for 2-year-olds and under, the requirement will apply to each of the entitlements individually.

The 95% includes the following formula elements for each of the above entitlements separately:

- base rate funding for all providers
- supplements for all providers

- the funding paid directly to providers from the special educational needs and disabilities inclusion fund (SENDIF)
- contingency funding

Due to the significant expansion of the early years entitlements commencing in April 2024, it is proposed to increase the amount retained centrally by £123,800 to support administration and distribution of the early years funding, and to ensure sufficient, sustainable high quality provision. This is an increase of 16.6% compared with an increase of 60.6% to the Early Years Block. Also included in the proposed amount is the cost of administering the SENDIF panels, this is subject to the consultation on the SENDIF which is detailed in part B. The proposed amount also includes a 5% increase overall for inflation. After considering the proposed amounts to be retained centrally, the funding pass through would be 96.9% of the total early years block funding which exceeds the requirement of 95%. See table below for details.

Budget area	2023-24	Additional resources for 2024/2025	5% increase on 2023-24	Proposed amount 2024/2025	Description
Early Learning and Childcare	£614,300	£123,800	£36,905	<b>£775,005</b>	Free Early Education Funding, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	£74,800		£3,740	<b>£78,540</b>	Finance, payroll, HR, Legal, IT etc
Inclusion Support	£42,400		£2,120	<b>£44,520</b>	Contribution to the Inclusion Officer team
Miscellaneous	£12,600		£630	<b>£13,230</b>	Contribution to admissions, maternity, union duties etc.
SENDIF Panels *		£54,531	£2,727	<b>£57,258</b>	Administration of the SENDIF Panels *
<b>Total</b>	<b>£744,100</b>	<b>£178,331</b>	<b>£46,122</b>	<b>£968,553</b>	

\* Subject to the provider consultation on SENDIF detailed in part B.

#### 4. Setting a contingency

It is prudent to set aside a contingency given the size of the Early Years block and due to the significant expansion of the entitlements over the next two years which will inevitably bring some volatility. However, it is likely to take longer than two years for the entitlements to become fully embedded and take-up stabilise.

In addition to the above, with the rollout being staggered over three parts, the second and third taking place in September 2024 and September 2025 respectively, there is a risk of a shortfall of funding from the Department for Education (DfE). The reason being due to the difference between how funding is calculated for local authorities and then distributed from local authorities to providers. For example, the DfE will provide funding for 22 weeks for the autumn term 2024 and spring term 2025 whereas the local authority fund providers for a total of 26 weeks in the autumn and spring terms. To mitigate against this, alongside the proposal to set a contingency fund, the base rate for under 2s has been adjusted (reduced). The same risk will be applicable in September 2025 when the entitlements for working parents of 2-year-olds and under increase from 15 hours to 30 hours. From April 2026, the risk should be eliminated as there will be no changes mid-year.

It is proposed that a contingency fund of 0.8% from each funding stream is created. This is intended as funds which will be paid to providers and not used for any other purpose.

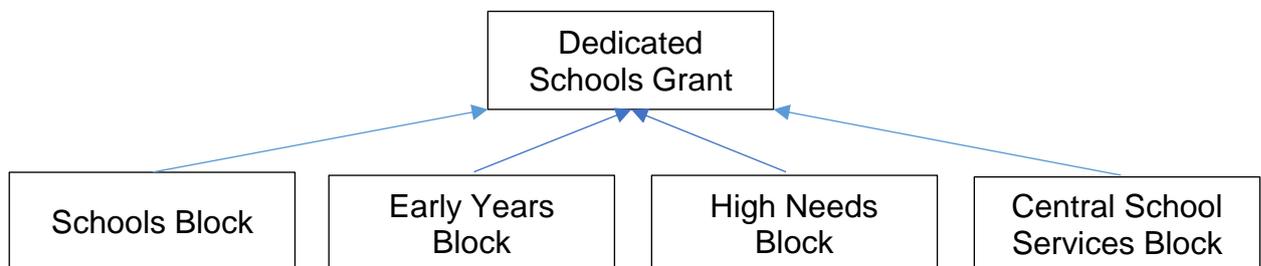
#### **5. 2024/2025 transfer from the Early Years Block to the High Needs Block**

The SEND Inclusion Fund (SENDIF) has historically been funded from the Council's General Fund Budgets. Education and Skills Funding Agency (ESFA) guidance states that SENDIF should be funded from the High Needs (HN) Block and/or the Early Years (EY) Block of the Dedicated Schools Grant (DSG). A decision was taken by the council in the financial year 2022/23 to transfer the funding of SENDIF to the HN Block from April 2023 onwards.

It is proposed, in line with ESFA guidance, that from the financial year 2024/2025 a block transfer of £0.5 million from the EY Block to the HN Block will be made to help fund the costs relating to SENDIF. As a result of overspending on the whole HN Block, the Council is working with the Department for Education (DfE) under an agreement, referred to as the Safety Valve agreement, which is expected to run until the financial year 2027/28. Whilst this will bring additional funding, the Council have agreed in principle with the DfE for an EY Block Transfer and for this to continue for the duration of the Safety Valve agreement to support financial sustainability, but this will be subject to review and consultation each year.

For context, the Council have also agreed in principle with the DfE for a Block Transfer from the Schools Block of the DSG which is expected to be £2.6 million in 2024/2025.

#### **Visual illustration of the make-up of the Dedicated Schools Grant**



## Formula options for 2024/2025

The current funding formula can be found in Appendix B.

Note: Example models using indicative rates are provided to demonstrate how changing one element of the formula could impact on other elements.

		Illustrative rates based on options for the deprivation supplement		
		Option A	Option B	Option C
* 2024/2025 options Includes administration cost of SENDIF panels £57,258, this is subject to provider consultation on the allocation method for SENDIF	<b>Current formula &amp; rates 2023-24</b>	No deprivation supplement for any of the entitlements i.e. 2 year olds and under	Deprivation supplement for the disadvantaged 2-year-old entitlement only	Deprivation supplement for all the entitlements
<b>Total Early Years Block Funding</b>	<b>£32,300,000</b>	<b>£49,011,424</b>	<b>£49,011,424</b>	<b>£49,011,424</b>
Deprivation allocation	£320,000	£320,000	£364,600	£457,600
Early Years Contribution to SENDIF	£50,000	See section B		
Central retention *	£744,100	£968,553	£968,553	£968,553
Under 2s provider base rate (from Sept 2024)	n/a	£8.90	£8.87	£8.85
2-year-old (disadvantaged) provider base rate	£7.29	£7.39	£7.38	£7.34
2-year-old (working parent) provider base rate	n/a	£7.39	£7.38	£7.34
3- & 4-year-old (universal & extended) provider base rate	£5.03	£5.27	£5.27	£5.27

## **SECTION B – The special educational needs and disabilities inclusion fund (SENDIF)**

### **Introduction**

This section aims to provide a clear understanding of SENIF, its current allocation approach, and the proposed changes, inviting feedback from early years providers. Your input is invaluable in shaping the future direction of support for young children with special educational needs and disabilities (SEND) in our community. Please note within Kirklees, the SENIF is referred to as 'SENDIF'.

### **Overview**

The objective of this consultation is twofold:

1. Consulting on the **value** of SENDIF: Setting the value of SENDIF through contributions from the Early Years block funding.
2. Consulting on the **approach** to allocating SENDIF: Seeking feedback on proposed options in the method of allocating SENDIF.

### **Background and Context**

As mentioned at the beginning of this document, the government have confirmed that from April 2024 local authorities should establish SENDIFs for all children with SEN taking up the free early years entitlements, currently this requirement applies to children aged three and four only.

SENDIF is intended to support local authorities to work with providers to address the needs of individual children with lower level or emerging SEN who are taking up the entitlements. Funding for SENDIF can come from both the Early Years block and High Needs block funding of the Dedicated Schools Grant. This fund will also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014.

All early years providers are required to have arrangements in place to identify and support children with SEN and/or disabilities and to promote equality of opportunity for children in their care. Kirklees Local Authority have invested in a number of initiatives to increase the support available for settings to meet SEND needs. This includes investment in enhancing the Early Years SEND outreach team, Inclusion Counts, and an enhanced SEND training offer which includes access to Dingley's Promise; all of which supports and empowers settings to promote inclusion and meet the needs of young children with SEND.

Kirklees has historically provided extensive financial support compared to other Local Authorities in the Yorkshire and Humber region. Whilst our commitment to support inclusion within our local early years settings remains unchanged, the current strategy is under review and we welcome your feedback to inform changes to SENDIF.

It is acknowledged that demand for SENDIF in Kirklees has increased significantly over recent years. Expenditure on SENDIF in the financial year 2021-22 was £1.9 million and in 2022-23 was £2.3 million, with an estimated increase to £3.1 million for the current financial year (2023-24). The spend on SENDIF has increased each year and is not sustainable under the current funding model.

Since the introduction of the Early Years National Funding Formula in 2017, a contribution of £50,000 from the Early Years block funding and £50,000 from the High Needs block funding has been allocated each financial year to the SENDIF budget. Kirklees Local Authority has subsidised the difference, therefore funding the vast majority of the SENDIF.

It is proposed that £1,000,000 is a reasonable contribution from the High Needs block to support SENDIF from April 2024. It is recognised that this is less than current and previous spend on SENDIF and so any increases to this will need to be allocated from the Early Years block. An increased contribution from the Early Years block will mean slightly less funding passed through the provider base rates for the new and existing entitlements hence your feedback is important.

In line with the changes to Government guidance there is a proposal to provide SENDIF for children accessing the free entitlements only subject to cabinet approval. Illustrative figures presented are in line with those proposals. Individual children who receive SENDIF outside of these entitlements will be reviewed.

## 1. Setting the Value of the SENDIF

The following options are proposed for the value of the SENDIF.

- a) £1 million (£1 million from the High Needs block funding and £0 from the Early Years block funding).
- b) £2 million (£1 million from the High Needs block funding plus £1 million from the Early Years block funding).
- c) £3 million (£1 million from the High Needs block funding plus £2 million from the Early Years block funding).

The table below shows the Early Years Block Funding allocation and formula elements for the current financial year (2023-24) and the impact on the provider base rates for each of the proposed options above. The funding amounts and provider base rates are for illustrative purposes, final formula funding and the provider base rates will be confirmed after this consultation.

		Illustrative rates based on options for the SENDIF value in 2024/2025		
		Option A	Option B	Option C
* 2024/2025 options Includes administration cost of SENDIF panels £57,258, this is subject to provider consultation on the allocation method for SENDIF	<b>Current formula &amp; rates 2023-24</b>	£1 million from the High Needs block funding and £0 from the Early Years block funding	£1 million from the High Needs block funding plus £1 million from the Early Years block funding	£1 million from the High Needs block funding plus £2 million from the Early Years block funding
<b>Total Early Years Block Funding</b>	<b>£32,300,000</b>	<b>£49,011,424</b>	<b>£49,011,424</b>	<b>£49,011,424</b>
Deprivation allocation	£320,000	See section A		
Early Years Contribution to SENDIF	£50,000	£0	£1,000,000	£2,000,000
Central retention *	£744,100	£968,553	£968,553	£968,553
Under 2s provider base rate (from Sept 2024)	n/a	£8.85	£8.71	£8.56
2-year-old (disadvantaged) provider base rate	£7.29	£7.34	£7.20	£7.05
2-year-old (working parent)	n/a	£7.34	£7.20	£7.05

provider base rate				
3- & 4-year-old (universal & extended) provider base rate	£5.03	£5.27	£5.14	£5.01

## 2. Process for allocating the SENDIF to settings

The current process for accessing SENDIF involves childcare providers submitting applications for additional funding to the termly SENDIF Panels for approval and subsequent allocation. This is time intensive and bureaucratic for everyone involved. There may be alternative ways to allocate the money to providers that will continue to support providers to be inclusive to those children with SEND.

The following options are proposed for the allocation of SENDIF.

- a) Funding allocated solely through the Early Years Funding on an hourly basis in a similar way to the provider base rates.
- b) Children identified at SEN Support without the need for a Panel process. It is anticipated providers would submit details alongside their early years funding claims.
- c) Funding allocated by application based on individual need, i.e. continuing with a Panel approach. (Note, this will require more funding to be retained centrally hence reducing funding passed through to Early Years providers).

Option	Pros	Cons
<b>A) SENDIF funding allocated solely through the Early Years provider hourly rates</b>	<ul style="list-style-type: none"> <li>No need for application or panel therefore time efficient</li> </ul>	<ul style="list-style-type: none"> <li>Funding is not determined specifically by individual SEND needs</li> </ul>
<b>B) SENDIF funding allocated to children identified with SEN Support without the need for a Panel process</b>	<ul style="list-style-type: none"> <li>Funding is directed to children with identified SEND</li> </ul>	<ul style="list-style-type: none"> <li>There would need to be a process established to claim for these children and allocate funding</li> <li>Would be a marginal increase to funding that is retained centrally for administration</li> </ul>
<b>C) SENDIF funding allocated by application based on individual need, i.e. continuing with a Panel approach.</b>	<ul style="list-style-type: none"> <li>Funding is directed to children with identified SEND</li> </ul>	<ul style="list-style-type: none"> <li>Time consuming for all</li> <li>Would increase funding that is retained centrally for administration hence less funding passed through the provider base rates</li> </ul>

## **Summary**

Provider participation in this consultation through the accompanying online survey questions is crucial. Your feedback will help shape the future allocation and utilisation of SENDIF, ensuring its effectiveness in supporting children with special educational needs.

Thank you for your engagement in this consultation process. Your input is instrumental in fostering an inclusive environment for all children in Kirklees.

## Kirklees Early Years Funding Formula rates recent history

Year	2 year olds		3&4 year olds Universal and Extended hours	
	Kirklees LA Base Rate	Provider Base Rate	Kirklees LA Base Rate	Provider Base Rate
2021-22	£5.36	£5.17 £5.33 <sup>1</sup>	£4.44	£4.27 £4.43 <sup>1</sup>
2022-23	£5.57	£5.38 £5.45/£5.50/£5.43 <sup>2</sup>	£4.61	£4.48 £4.55/£4.60/£4.53 <sup>2</sup>
2023-24	£5.63  £7.32 <sup>4</sup>	£5.60 £5.70 <sup>3</sup> £7.29 <sup>4</sup>	£4.87  £5.20 <sup>4</sup>	£4.70 £4.80 <sup>3</sup> £5.03 <sup>4</sup>

Year	Under 2s		Disadvantaged 2 year olds		Working parent 2 year olds		3&4 year olds Universal and Extended hours	
	Kirklees LA Base Rate	Provider Base Rate	Kirklees LA Base Rate	Provider Base Rate	Kirklees LA Base Rate	Provider Base Rate	Kirklees LA Base Rate	Provider Base Rate
2024/2025	£10.41	TBC	£7.65	TBC	£7.65	TBC	£5.47	TBC

<sup>1</sup> Temporary increase of 16p from Summer 2021 to Spring 2022, using the balance carried forward from 2020-21.

<sup>2</sup> Varying temporary increases from Summer 2022 to Spring 2023, using the balance carried forward from 2021-22.

<sup>3</sup> Temporary increase of 10p for Summer 2023, using the balance carried forward from 2022-23.

<sup>4</sup> Increase from Department for Education from September 2023. 33p for 3&4 yr olds, £1.69 for 2 year olds.

## Current Early Years Funding Formula (2023-24)

### Base rates

- £5.60 (permanent) Summer £5.70\* / Autumn & Spring £7.29\*\* for two-year olds
- £4.70 (permanent) Summer £4.80\* / Autumn & Spring £5.03\*\* for three- and four-year olds (universal and extended hours)

\* Temporary uplift added to the permanent base rates using the balance carried forward from 2022-23.

\*\* Increase to the funding rates from the Department for Education from September 2023.

### Deprivation

The allocation is £312,000, funding is allocated using the current metric IDACI (Income deprivation affecting children index) the rates are:

- Band A: £0.27
- Band B: £0.21
- Band C: £0.20
- Band D: £0.18
- Band E: £0.11
- Band F: £0.09

### SEN Inclusion Fund for three- and four-year olds

£50,000 contribution for low level and emerging needs SEN to support providers from all sectors delivering the free entitlement.

### Central retention

£744,100 is retained to fund quality improvement, administration costs associated with delivery of the free entitlements and SEN support. Kirklees retains only 2.5%, see table below. Local Authorities are permitted to retain 5% of the Early Years budget. The retention amount has remained the same since the introduction of the early years formula in 2017 with no adjustments for inflation for 5 years. In April 2023, a 5% increase was added for inflation.

Budget area	Budget	Description
Early Learning and Childcare	£614,300	Free Early Education, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	£74,800	Finance, payroll, HR, Legal, IT etc
Inclusion Support	£42,400	Contribution to the Inclusion Officer team
Miscellaneous	£12,600	Contribution to admissions, maternity, union duties etc
<b>TOTAL</b>	<b>£744,100</b>	

### Additional funding for eligible three- and four-year olds

100% of additional funding is passed directly onto providers.

- Early Years Pupil Premium, applicable to universal entitlement hours only, the hourly rate is £0.62 (April to August) £0.66 (September to March).
- Disability Access Funding (DAF), a lump sum payment of £828 (April to August) £881 (September to March), available each year to funded children in receipt of Disability Living Allowance (DLA).