



Northumberland
County Council



Northumbria Healthcare
NHS Foundation Trust

Planning for NMW, NLW and NI Increases from April 2025

21st January 2025

www.northumberland.gov.uk

Agenda

- **Introduction**
- **Employer National Insurance Contributions (NICS) 2025/26**
- **NLW and NMW Increases**
- **New proposed funded entitlement rates for 2025-2026**
- **Ways to navigate change and mitigate NICS costs - Under 25's Apprenticeships, employing under 21 yr olds and Salary Sacrifice.**

Introduction

Sound financial management is an essential skill which underpins robust sustainable childcare.

- We know that primarily settings managers are trained EY practitioners with little to no formal financial management training underpinning the necessary skills to plan for change.
- Feedback from our recent survey confirmed this, with requests for support in helping to plan for forthcoming budgetary changes, effective April 2025.
- Settings will need to understand their own individual financial position when considering the Autumn budget changes and how they can plan and navigate the financial impact.

Increases in Pay Rates, NICS and general overhead costs will add complexities to financial planning and sustainability.

Employers National Insurance Contributions (NICS) changes from April 2025

- Secondary Threshold - will reduce from £9,100 to £5,000 per year.
- Secondary Class 1 NICS Rate - will rise from 13.8% to 15%.
- Employment Allowance - will increase from £5,000 to £10,500.

Employers National Insurance Contributions (NICS) Changes from April 2025

	2024-2025				2025-2026				Increase per staff
	Rate	Hrs	Gross	Employer NI	Rate	Hrs	Gross	Employer NI	
Staff 1	15	40	31200	3050	15.77	40	32802	4170	1120
Staff 2	14	40	29120	2763	14.77	40	30722	3858	1095
Staff 3	11.44	30	17846	1207	12.21	30	19042	2106	899
Staff 4	11.44	30	17846	1207	12.21	30	19042	2106	899
Staff 5	11.44	30	17846	1207	12.21	30	19042	2106	899
Staff 6	11.44	16	9518	58	12.21	16	10156	773	716
Staff 7	11.44	16	9518	58	12.21	16	10156	773	716
Staff 8	11.44	16	9518	58	12.21	16	10156	773	716

NLW & NMW Increases from April 2025

- **National Living Wage** - increases to £12.21 (6.7% increase)
- **National Minimum Wage** for 18-20 year olds - increases to £10.00 (16.3% increase)
- **National Minimum Wage** for 16-17 year olds - increases to £7.55 (18% increase)
- **Apprentice Rate** - increases to £7.55 (18% increase)

Navigating Change

Change will pose significant challenges for many settings, but understanding and evaluating your current financial position and adjusting your strategies early can help to navigate increased costs. Areas to consider:

Delivery Models

- Consider current delivery models and how to maximise occupancy e.g. do you need to consider full days rather than maximise your morning sessions which leaves afternoon vacancies harder to fill?- this should also link to your break even

Ratios

Do you fully utilise the flexibility available under the EYFS?

- 1-13 or 1-5 ratio
- (if unsure of your best model speak to PP's)

Navigating Change

Recruitment

- Do you really need to recruit?
- Can staff be moved around to maximise skills and qualification levels?
- Can you take on an apprentice? - this will help to mitigate the NI contribution.
(See Amy Greer slides below)

Payroll and Financial Forecasting

- Are you planning to carry out a full financial review including cash flow forecasts and reviewing parental fee rates?
- Do you use financial expert to support e.g. accountant, payroll, book keeper?
- Do you have access to an NI calculator?
- Do you need support to ensure you have a robust financial management system?

Proposed Funding Rates 2025-26

Entitlement	Current 24/25	Proposed 25/26	% increase from DFE	% increase passported by NCC
3-4-year-olds	£5.20	£5.50	4.4%	5.7%
2-year-olds	£7.27	£7.55	2.9%	3.9%
Under 2-year-olds	£9.87	£10.25	2.6%	3.9%
EYPP – (first 15 hours all age ranges)	68p	£1	47%	47%
EYPP +	76p	76p	-	0%
EYPP and EYPP +	£1.44	£1.76	-	22%
DAF - all age ranges annually	£910	£938	3.1%	3.1%

[Schools Forum Papers](#) : Link to full details of Early Years Block (Page 53)

Northumberland Skill Apprenticeship Offer

- **Early Years Apprenticeships currently offered:**
- Level 2 Early Years Practitioner – **15 months in duration.**
- Level 3 Early Years Educator – **21 months in duration.**
- If settings are classed as a large employer (*more than 50 employees*) the apprenticeship cost is fully funded. For smaller settings, a 5% contribution will be required (*Level 2 - £200, Level 3 - £350*).
- This contribution will be waived if the apprentice being taken on is aged 16-18 or 19-25 and has an EHCP or has been in care.



Northumberland Skills Apprenticeship Offer

Apprentices are required to undertake one face-to-face classroom session every 3 weeks at a Northumberland Skills. There is also the potential for in-house training in which lecturers visit the setting.

For apprenticeship recruitment or more info please contact:

Amy Greer

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Scan me!



Financial Incentive Pilot Bonus Scheme

Good news!

- The Financial Incentive Pilot, due to end in December 2024, will continue until March 2025.
- Continuation of the Pilot is at the discretion of each Pilot LA.

Rationale

- Continuation supports the ongoing childcare expansion and roll out.
- Helps settings locally to maximise funding and recruitment opportunities.
- Some eligible recipients were not due to start their contracts until January.
- Allows time for some potential eligible Apprentices to complete their EPA.
- Survey feedback was in favour.

Wizard Updates

In the funding breakdown module, you will now see an entitlement breakdown option providing child level funding information to help you reconcile your entitlement payments per child

The screenshot displays the 'The Wizard' interface for Northumberland County Council. The header shows 'Northumberland DEMO Provider' and 'The Wizard'. The main content area is titled 'Funding Breakdown' and features a dropdown menu labeled 'Entitlement Breakdown'. On the left, a navigation sidebar lists various modules, with 'Funding Breakdown' highlighted in orange. The sidebar items include: Home, Working Families Eligibility Checker, Working Families Entitlement Summary, Disadvantaged 2YO Eligibility Checker, Disadvantaged 2YO Entitlement Summary, EYPP Eligibility Checker, EYPP Entitlement Summary, Payment Claim, DAF Claim, Funding Breakdown (highlighted), Questions, Key Dates, and Provider Messages.

Wizard Updates

Northumberland

The Wizard

Demo Provider

Funding Breakdown

Entitlement Breakdown ▾



This is a breakdown of your entitlements for the **2024-25 Autumn Term**.

Entitlements are funding calculations based on the information we receive (such as headcount) which are broken down into funding Payment Schemes: 2YO, EYPP, etc. These entitlements can change over time if further information is provided, this will be indicated by the version and date the system recalculated funding.

Child Firstname	Child Surname	Entitlement Type	Amount (£)	Calculation Date	Calculated Hours	Term
J*****	S*****	Under 2 Year Old Working Families with 11 digit codes	2072.70	10/12/2024	210	2024-25 Autumn
J*****	D*****	2 Year Old Working Families with 11 digit codes	1526.70	10/12/2024	210	2024-25 Autumn

Useful Links

NICS Changes 2025-26 - [NICS Changes 2025-26](#)

Salary Sacrifice - [Salary sacrifice for employers - GOV.UK](#)

Childcare Works - [Early Years Toolkit](#)

Childcare Choices Resources for Providers - [Provider guidance and resources | Childcare Choices](#)

Flexible Working Act

<https://www.gov.uk/flexible-working>

<https://www.acas.org.uk/acas-code-of-practice-on-flexible-working-requests/html>

Any queries, please contact

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