

Report to: Schools Forum

Date of Meeting(s): 19th January 2023

Subject: Early Years Funding Formula 2023/24

Report of: Colette Dutton – Director Children and Families

Contact Officer: Mark Rotheram Strategic Finance Manager
Jayne Challiner Service Manager Early Years

Summary: To update Schools Forum on the Early Years DSG allocation for 2023/24

Recommendation(s): For Schools Forum to note the contents of the report and agree the proposed rates and level of central spend.

Implications:

*What are the **financial** implications?* Contained within the report

*What are the **staffing** implications?* n/a

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description

1. Introduction

- 1.1 The early years national funding formula for 3- and 4-year olds consists of a universal base rate including factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language.
- 1.2 The formula also includes an area cost adjustment multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and Nursery Rates Cost Adjustment (NRCA) to indicate cost of premises.
- 1.3 The formula rate for Wigan was £4.61 per hour for 22/23 and this has been increased to £4.90 per hour for 2023/24. Within the revised rate there is a specified amount of £0.06 per hour to cover funding previously allocated through the Teachers Pay and Pension Grants (TPPG). Funding for the most disadvantaged 2-year olds has increased from £5.67 to £5.73.
- 1.4 The funding for Early Years Pupil Premium has increased from 60p to 62p per hour for the 15 hours universal element. Local authorities must fund all eligible early year's providers in their area at the national rate of £0.62 per hour per eligible pupil up to a maximum of 570 hours (£353.00 per year). Where a child is also eligible for the additional 15 hours entitlement for working parents, EYPP is paid on the universal 15 hours only, up to a total of 570 hours in the year.

2. Our Proposals

- 2.1 The current rates agreed last year are contained in the table below. From the 29p increase (£4.61 to £4.90), given the current financially challenging circumstances, we recommend that all of this 29p increase is passed through to the 3- and 4-year-old rate (increased from £4.28 per hour to £4.57 per hour) across the sector and retain the current FSM and Deprivation rate. The balance is to be retained at current levels to support the continuing increasing in demand for additional SEND support and to contribute towards the raising attainment team, inclusion team and operational team in early years as per the 20/21 agreement.
- 2.2 Local authorities are required to plan to pass-through 95% of their 3- and 4-year-old funding from the government to early years providers. This pass-through requirement ensures that the vast majority of government funding reaches providers so that they can deliver the government's free entitlements. As detailed above in recognition of the challenging financial environment the proposal is to increase the hourly rate to £4.57 which will increase Wigan's pass-through rate for 2023/24 to 97.2% from the previous 96.3% through allocating more of the funding through the hourly rate.
- 2.3 The retained funding will continue to support staff within the Early Years Teams and also funding to settings. This includes;
 - quality assurance
 - training
 - speech and language support
 - safeguarding
 - sufficiency

- SEN inclusion fund (3 / 4-year olds) – further details can be requested from the Early Years Team.

- 2.4 In addition to this centrally retained fund we currently top slice 10p from the hourly rate from 2-year-old funding to help fund the continued year on year increase in SEN support. We would like to continue to top slice the 10p. The rate paid to providers will now be £5.63 per hour.
- 2.5 The local authority also receives **disability access funding** which has increased from £800 to £828 per child. This is awarded to children in receipt of DLA (Disability Living Allowance).
- 2.6 **Maintained Nursery Schools (MNS)** – The indicative allocation for Wigan for April 2023 to March 2024 is £324,467 (22/23 indicative allocation £195,643). This higher allocation for 23/23 is as a result of Central Government reforming the distribution of supplementary funding for maintained nursery schools to ensure it is shared more evenly across all Local Authorities with MNSs. A minimum and a cap on the hourly funding rate that local authorities can receive for their MNSs has now been introduced. In addition the funding that MNSs previously received through the TPPG has now been mainstreamed. In order to avoid double funding of the TPPG £10,246 has been removed from the indicative allocation detailed above and will be paid through the enhanced hourly rate. The indicative allocation is based on the number of part-time equivalents (PTEs) taking up the universal 15 hours in MNS as recorded on the January 2022 schools, early years and AP censuses. The final allocations will be based on 5/12ths of the January 2023 PTE census numbers and 7/12ths of the January 2024 PTE numbers.

Table 1

Early Years Block - Proposed Rates / Payments Three- and Four-Year Olds			
		22/23	23/24
Payment	Recipient		
		per hour	per hour
Free Entitlement 3- & 4-year-old	Maintained Nursery Schools	4.28	4.57
Free Entitlement 3- & 4-year-old	Maintained Nursery Classes	4.28	4.57
Free Entitlement 3- & 4-year-old	PVI's	4.28	4.57
FSM Supplement	Maintained only (per meal)	2.50	2.50
Pupil Premium	All Sectors	0.60	0.62
Deprivation Supplement	All Sectors	0.33	0.33

3. Conclusions

- 3.1 Forum members to note the contents of the report.

3.2

Forum members to agree to the rates proposed for 2-, 3- and 4-year olds, the retention for central services and the top slice of 10p from the 2-year-old funding to continue.