

<b>Schools Management Forum</b>
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**Report of:**       **Craig Povey**

**Subject:**         **2023/24 Early Years Block Indicative Budget**

**Date:**            **18<sup>th</sup> January 2023**

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**1.0 Purpose of the report**

- 1.1 The purpose of this report is to provide an update to the Forum on unit rates for 2023/24.

**2.0 Summary**

- 2.1 To notify providers of the early years rates for 2023/24 including supplementary payments (mandatory and discretionary).
- 2.2 To agree central costs.
- 2.3 To agree SEN Inclusion fund.

**3.0 Background**

- 3.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the early years block is part of. The early years block is provided to the Local Authority to fund universal free entitlement for 3 & 4 year olds, qualifying 30 hours entitlement for 3 & 4 year olds and 15 hours funding for qualifying 2 year old entitlement, early years pupil premium (EYPP) (for qualifying children) and Disabled Access Funding (DAF) (for qualifying children). In addition, the early years block provides the Local Authority with funding for centrally provided early years support and an early year's inclusion fund.
- 3.2 The amount of funding received for the early years block is based upon an early years national funding formula (EYNFF). This formula provides funding at a unit value (differing for the 3 & 4, 2 year old, EYPP, DAF etc.) based upon the January census pre and during the financial year.

**4.0 Budget Allocations**

- 4.1 The following DSG allocations for early years were received from Education & Skills Funding Agency (ESFA) on 16th December 2022. Forum are reminded that at this point these allocations are only draft as they are based on the January 2022 census, the final allocation will be based on the January 2023 and January 2024 census and therefore as in previous years will not be known until after the end of the financial year.

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Description	2023/24 (Provisional) £
3 & 4 Year Old Universal Entitlement	7,420,912
3 & 4 Year Old Additional 15 hours	2,144,633
2 Year Old Entitlement	2,499,889
Early Years Pupil Premium (EYPP)	248,819
Disabled Access Fund (DAF)	86,112
Maintained Nursery Supplementary Funding	0
<b>TOTAL</b>	<b>12,400,365</b>

- 4.2 The DSG Early Years Block, 3 & 4 year old funding allocations are based on a unit rate of £5.23 per an hour. This is an increase of 26 pence per hour from 2022/23. The rate received for 3 & 4 year olds must cover the universal hourly rate, extended hourly rate, supplements, central allocation and SEN inclusion funds. Therefore, the full rate of £5.23 cannot be passed onto providers.
- 4.3 The DSG Early Years Block, 2 year old allocation is based on a unit rate of £5.63 per hour. This is an increase of 6 pence per hour from 2022/23.
- 4.4 The EYPP allocation is based on a unit rate of £0.62 per hour. This is an increase of 2 pence per hour from 2022/23.
- 4.5 The DAF allocation is based on £828 per child, this is an increase of £28 from 2022/23.

## 5.0 Supplementary Payments

- 5.1 Funding supplements are amounts of funding paid to providers in addition to the base rate to reflect local needs or policy objectives. These only apply to 3 & 4 year old funding. This is paid from the £5.23 unit rate paid to local authorities.

There are no supplementary payments for 2 year olds.

- 5.2 Middlesbrough Borough Council pay the following supplementary payments:
- Deprivation (mandatory)
  - Flexibility (discretionary)
- 5.3 The terms and conditions of the DSG Early Years grant stipulates that the total planned value of funding supplements, must not be more than 10% of the total value of planned formula to providers.

## 6.0 Middlesbrough’s Early Years Rates 2023/24

6.1 The following table below summarises the early years funding rates.

<b>3 &amp; 4 Year Old Funding</b>	<b>2023/24 Rate £</b>
All providers - Universal Entitlement, per hour per child	4.58
All providers - Additional 15 hours, per hour per child	4.58
Deprivation (budget)	230,000
Flexible supplementary payment	0.81
<b>2 Year Old Funding</b>	
All providers – per hour per child	5.63

6.2 The rates above are paid in line with the following notes.

6.3 The 3 & 4 year old rate is a universal hourly rate paid to all providers for all qualifying children. This rate covers payments for both the universal 15 hour entitlement and the 30 hours enhancement for working parents. The hourly rate paid to providers will increase by 23 pence per hour, providing a 5.3% increase.

6.4 Although this increase has been costed as affordable, it is dependent on the actual number of children in the April and October census (as these are not captured in the funding allocation), and any potential post impact of the Covid pandemic, therefore this increase does come with a small risk of budget overspend. However, it is estimated that if any overspend did occur, it could be funded through the reserve currently and anticipated held from 2022/23. If an overspend did occur, the future year’s hourly rates would need to be reviewed.

6.5 The deprivation supplement is a mandatory supplement in the formula. The supplement is paid based on pupil premium children in the spring term. The payment is made by pro rata the deprivation budget by the number of children who are eligible for pupil premium in the spring term.

6.6 The flexibility payment is also a supplement in the formula, however this is not mandatory. It is paid to providers who offer flexibility in their offer, this will continue to be paid at 81 pence per hour.

6.7 In addition to the universal base rate, EYPP is paid to qualifying children at the rate received, currently £0.62 per hour, and this is an increase of 2 pence per hour from 2022/23. (passed on in full)

6.8 A disabled access fund (DAF) is paid to settings for qualifying children at £828 per year in line with the national guidance, and is an increase of £28 from 2022/23. (passed on in full)

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- 6.9 The two year old rate of £5.63 per hour is paid to all providers. This is an increase of 6 pence from 2022/23 to 2023/24 per hour which is a 1.1% increase from 2022/23. This means that the full rate received from the DfE is paid across to providers.

### **7.0 SEN Inclusion**

- 7.1 SEN inclusion fund is a mandatory requirement of the early year's formula. An allocation of £300,000 has been set aside for SEN inclusion in 2023/24, of which £150,000 funded from DSG Early Years and £150,000 funded from DSG High Needs. This is an increase of £50,000 from 2022/23. This allocation covers children accessing universal entitlement and also children accessing the 30 hour entitlement.

### **8.0 Central Funding**

- 8.1 The Local Authority to retain an element of 3 & 4 year old to be held centrally to contribute towards the Early Years' and Primary Support service and SEN Inclusion Fund. This central allocation represents 1.5%, £144.5k which includes SEN Inclusion £126K (compared to 2022/23, 3.17%) of the 3 & 4 year old 2023/24 funding allocation and is therefore within the maximum 5% allowable for 2023/24.
- 8.2 98.5% of the funding received is passed on to providers through hourly rates, supplements etc.

### **9.0 Recommendations**

- 9.1 That Schools Management Forum approve the central allocation.
- 9.2 That Schools Management Forum note the proposed early years' formula and rates for 2023/24.
- 9.3 That Schools Management Forum note the potential risk of the proposed increase in rates for 2023/24.
- 9.4 That Schools Management Forum approve the SEN Inclusion Fund total budget of £300k.