

Schools Funding Forum 20th October 2022

ITEM 5

Subject Heading:

Early Years Funding 2022-23 review of rates

Report Author:

Nick Carter – Principal Finance Officer (Schools)

Eligibility to vote:

All members

SUMMARY

This report provides options for the use of brought forward balances in the Early Years Block of the Dedicated Schools Grant.

RECOMMENDATIONS

That the Schools Funding Forum agrees that options on the use of funding should be referred to members of the Early Years Provider Reference Group.

REPORT DETAIL

At the end of the 2021-22 financial year there were unspent sums allocated from the Early Years Block of the DSG as follows:

Provision for 2 year olds	<u>£65k</u>
Provision for 3&4 year olds	£100k
Provision for Early Inclusion Funding	<u>£53k</u>
Total for 3&4 year olds	£153k
Total 2, 3&4 year olds	£218k

In July 2022 the LA received notification from the DfE of the funding adjustment for 2021-22, which recalculated the allocation for autumn 2021 and spring 2022 using January 2022 census data. This year, unlike for 2020-21 there was an increase in funding as follows:

Funding for 2 year olds	£41k
Funding for 3&4 year olds	£299k
Total 2, 3&4 year olds	£340k

Taking the underspend and funding adjustments for 2021-22 there is £106k available for 2 year funding and £452k available for 3&4 year old funding.

Funding options

Appendices A and B shows figures for two options for the use of the funding available. In these calculations the estimated pupil numbers have been calculated based on the summer 2022 census data, using the typical change in numbers between the summer, autumn and spring terms. This means the funding figure used is one based on an estimate of numbers for the 2022-23 financial year, rather than the provisional allocation released by the DfE. In effect this means that the funding figure includes an estimate of the funding adjustment for 2022-23 that will be made by the DfE in July 2023.

In Option A, all the available funding, barring a sum held as a contingency for an increase in numbers, is distributed via an increase in the hourly base rate and the hourly inclusion rate. The hourly rate for 2 year olds would increase from £5.97 to £6.40. The hourly rate and inclusion funding rate for 3&4 year olds would increase from £5.19 to £5.35.

In the funding consultation with early years providers at the start of the year, one option involved the creation of a Sustainability Fund, the primary purpose of which would be to provide financial support during a temporary period of threatened business viability. The result of the consultation showed that a substantial majority of providers preferred the option of a higher hourly rate with no sustainability fund.

With additional funds now available, Option B revisits the creation of a Sustainability Fund. If a fund of £150k were created, the hourly base rate and inclusion rate for 3&4 year olds could be increased from £5.19 rate to £5.30, five pence less than without a fund. Five pence an hour equates to £28.50 a year for a 15 hour per week child.

The case for a Sustainability Fund, and the circumstances in which it which it would be used, will be included in the documentation for EYPRG members to consider.

In both Options A and B, the increase in the hourly rate would be backdated to 1 April 2022.

Timescale

Having sought the views of EYPRG, the LA would report back to the Schools Funding Forum at the next meeting on 1 December 2022 for ratification. Any

increase in funding, including that backdated, could then be included in December payments to providers.

Projected EY funding position 2022-23

Appendix A - Available funding released through base rate and inclusion funding

Two year old		Three/Four Year Old	
Original rate 22-23	£5.97		£5.19
Proposed Rate	£6.40		£5.35
Increase	£0.43		£0.16

Reference - 23-24 indicative rate	£6.48	£5.72 <-- 6p is TTPG transfer for mainstream schools
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2022-23 estimated funding from DfE

	Funding rate	Cohort	Weeks	Total LA funding	Funding rate	Cohort	Weeks	Total LA funding	Retention
Total estimated funding	6.03	533.34	38	1,666,694 *	5.59	6002.89	38	19,606,917 *	
Previous year (21-22) adj (Jul-22)				41,036				299,434	
Previous year cfwd (21-22)				65,364				152,901	
Central retention (funded from Estimated funding)								790,000	4.03%
Available to distribute				1,707,730				19,269,252	

2022-23 estimated funds distributed to providers

	Funding rate	Cohort	Weeks	Total to providers	Funding rate	Cohort	Weeks	Total to providers
Base rate funding								
Summer term	6.40	500.36	13	624,447	5.35	6956.77	13	7,257,646
Autumn term	6.40	358.59	14	481,945	5.35	4985.68	14	5,601,417
Spring term	6.40	450.32	11	475,540	5.35	6261.09	11	5,526,977
Total				1,581,931				18,386,040
Inclusion Fund					5.35	138	38	420,831
IDACI								401,227
Sustainability Fund								0
Total estimated payments				1,581,931				19,208,098
In year balance 2022-23				84,763				61,155

* These figures includes an estimate of the retrospective funding adjustment for 2022-23 that will be release by the DfE in July 2023

Projected EY funding position 2022-23

Appendix B - Available funding released through base rate and inclusion funding with the creation of a sustainability fund

Two year old		Three/Four Year Old	
Original rate 22-23	£5.97		£5.19
Proposed Rate	£6.40		£5.30
Increase	£0.43		£0.11

Reference - 23-24 indicative rate	£6.48	£5.72 <-- 6p is TTPG transfer for mainstream schools
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2022-23 estimated funding from DfE

	Funding rate	Cohort	Weeks	Total LA funding	Funding rate	Cohort	Weeks	Total LA funding	Retention
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Summer term	6.40	500.36	13	624,447	5.30	6956.77	13	7,189,818
Autumn term	6.40	358.59	14	481,945	5.30	4985.68	14	5,549,067
Spring term	6.40	450.32	11	475,540	5.30	6261.09	11	5,475,323
Total				1,581,931				18,214,208
Inclusion Fund					5.30	138	38	416,898
IDACI								401,227
Sustainability Fund								150,000
Total estimated payments				1,581,931				19,182,333
In year balance 2022-23				84,763				86,920

* These figures includes an estimate of the retrospective funding adjustment for 2022-23 that will be release by the DfE in July 2023