



**Subject Heading:**

**Early Years Funding**

**Report Author:**

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Manager**

**Eligibility to vote:**

**All school and academy members and  
the representative of the PVI sector**

### SUMMARY

This report provides details of the reduction in Early Years Block funding received from the DfE for 2022-23 and details of additional funding announced for the current and future financial years.

### RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the details of the funding reduction for 2022-23 and the additional funding for 2023-24

### REPORT DETAIL

#### **2022-23 financial year funding adjustment**

The Early Years Block of the Dedicated Schools Grant is calculated using data collected at the January census each year. An adjustment is made to the indicative funding received for the autumn and spring terms to reflect the hours recorded at the January census that fell within the financial year. This adjustment takes place after the end of the financial year, usually in July. In the past Havering has seen funding both increased and decreased.

Initial funding for the whole of the 2022-23 financial year was calculated using January 2022 census data. In the final allocation, funding for the autumn and spring terms was recalculated using data from the January 2023 census.

#### 2022-23 financial year

Term	Census data used	
	Indicative allocation	Final allocation
Summer 2022	January 2022	January 2022
Autumn 2022	January 2022	January 2023
Spring 2023	January 2022	January 2023

The final 2022-23 Early Years Block allocation, released in July 2023, shows a reduction of £195,305.

Element	Initial EY Block 2022-23 £	Final EY Block 2022-23 £	Adjustment 2022-23 £
2 year old entitlement	1,833,143	1,776,603	-56,540
Universal 3&4 year old entitlement	13,404,796	13,199,248	-205,548
Extended 3&4 year old entitlement	5,722,213	5,790,750	68,537
EY Pupil Premium	116,482	114,728	-1,754
Disability Access Fund	64,800	64,800	0
<b>Total</b>	<b>21,141,434</b>	<b>20,946,129</b>	<b>-195,305</b>

An estimate of the likely reduction in funding was calculated prior to the closure of the 2022-23 accounts and a reduction of £187,963 included in the outturn figures reported to the Schools Forum at the meeting of 15<sup>th</sup> June 2023. The release of the final allocations for 2022-23 has the effect of reducing the overall underspend in Early Years from £200k to £193k. As reported to the Schools Forum this underspend is needed to meet an increase in the number of children attracting Early Inclusion Funding.

#### Funding for 2023-24 and future financial years

At the meeting of the Schools Funding Forum on 15<sup>th</sup> June 2023 details were provided of additional funding for Early Years announced in the spring budget. These are:

- An additional £204m for 2023-24
- An additional £288m for 2024-25

This additional funding converts to average hourly rates at which local authorities are funded as follows:

Financial year	Under 2 year olds	2 year olds	3&4 year olds
2022-23	-	£5.77	£5.04
2023-24 (April – August)	-	£6.00	£5.29
2023-24 (September – March)	-	Around £8.00	£5.50
2024-25 ( <b>provisional estimate</b> )	Around £11.00	Around £8.00	tba

The use of the additional funding for the current financial year was prescribed by the DFE. All additional funding is passed on to providers in the form of supplementary rates for the autumn and spring terms.

Funding rates for 2023-24:

Funding Factor	Funded age of the child	2023-24 Funding Rate Apr-23 to Mar-24 SU23/AU23/SP24	2023-24 Early Years Supplementary Grant Funding Rate Sep-23 to Mar-24 AU23/SP24
<b>Factor 1</b> Base rate	<b>Two year olds</b> (includes an in-built deprivation rate)	£6.46 per hour	£2.12 per hour
	<b>Three and four year olds</b> Universal 15 hours funding Extended 30 hours funding	£5.34 per hour	£0.19 per hour
<b>Factor 2</b> Deprivation Funding rate	<b>Three and four year olds</b>	IDACI A - £0.77 per hour	n/a
		IDACI B - £0.58 per hour	n/a
		IDACI C - £0.55 per hour	n/a
		IDACI D - £0.50 per hour	n/a
		IDACI E - £0.32 per hour	n/a
		IDACI F - £0.26 per hour	n/a
<b>Factor 3</b> Early Years Pupil Premium (EYPP)	<b>Three and four year olds</b>	£0.62 per hour	£0.04 per hour
<b>Factor 4</b> Disability Access Funding (DAF)	<b>Three and four year olds</b>	£828 per annum	£30.92 per annum
<b>Factor 5</b> Inclusion Fund	<b>Two, Three and Four year olds SENIF/EIF</b>	£5.34 per hour	n/a
	<b>Two year olds Complex Needs/EHCP</b>	£4.70 per hour*	n/a
	<b>Three and Four year olds Complex Needs/EHCP</b>	£5.82 per hour*	n/a

\* This is the sum required to bring the total hourly funding for a child to £16.50. This is the hourly rate paid in support of an EHCP for a pupil in Years R -11.

## The expansion of funded childcare

As well as increased funding for 2 and 3&4 year olds, the spring 2023 budget contained an announcement on the expansion of funding childcare and set out the following timetable:

Autumn 2023	<ul style="list-style-type: none"> <li>• Childminder grants become available</li> <li>• Staff : child ratio change from 1:4 to 1:5</li> </ul>
April 2024	<ul style="list-style-type: none"> <li>• 15 funded hours for working parents of 2 year olds introduced</li> </ul>
September 2024	<ul style="list-style-type: none"> <li>• National wraparound support begins</li> <li>• 15 hours for working parents of children 9 months plus introduced</li> </ul>
September 2025	<ul style="list-style-type: none"> <li>• 30 hours for all working parents of children from 9 months to primary school age introduced</li> </ul>
September 2026	<ul style="list-style-type: none"> <li>• All schools to offer 8am – 6pm wraparound care on their own or in partnership</li> </ul>

The activities funded by the allocations for 2 and 3&4 year olds will change with the expansion.

To fund	2023-24 allocation for		2024-25 allocation for	
	2 yr olds	3&4 yr olds	2 yr olds	3&4 yr olds
Hourly base rate	✓	✓	✓	✓
Supplements	X	✓	✓	✓
In year contingency	✓	✓	✓	✓
Inclusion fund	X	✓	✓	✓
Central retention	X	✓	✓	✓