

TITLE	2023/24 Final Early Years Budget
FOR CONSIDERATION BY	Schools Forum on 15 March 2023
WARD	None Specific;
LEAD OFFICER	Director, Children's Services - Helen Watson

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to:

- approve the centrally retained element of the 2023/24 Early Years Budget which will be used to fund the associated statutory duties of the Local Authority. The amount being requested is £580,263 which is 4.7%;
- note the proposals to increase the following rates:
 - Base rate for 2 year olds by 50p per hour
 - Base rate for 3 and 4 year olds by 30p per hour
 - Quality Supplement by 5p per hour
 - Maintained Nursery Supplement by £130,000
 - Early Years Inclusion Fund by £50,000

SUMMARY OF REPORT

The report provides an analysis of the initial 2023/24 budget allocation for Early Years announced by the Department for Education (DfE) on 16th December 2022. The block allocations are based upon the Early Years census from January 2022 and will in due course be updated to reflect the January 2023 census data.

From the census data and budget information currently available, discussions have taken place with the Early Years Task and Finish Group and the proposals put forward will allow for an increase in funding for all providers supporting provision for 2 year olds, of 50p per hour, and for 3 and 4 year olds of 30p per hour. They will also allow for an increase to the Quality Supplement of 5p per hour, an increase to the Maintained Nursery Supplement of £130,000 and an increase to the Early Years Inclusion Fund of £50,000.

Confirmation of the rates for schools with Early Years provision will be notified as soon as possible and for other Early Years providers no later than 31st March 2023.

2023/24 Early Years Budget March 2023

.01 Purpose of the Report

This report provides the Schools Forum with details of the 2023/24 Early Years' Budget, and the proposed level of the centrally retained element used to fund the Local Authority's statutory duties.

.02 Recommendations

Schools Forum is asked to:

- approve the centrally retained element of the 2023/24 Early Years Budget, which will be used to fund the associated statutory duties of the Authority. The amount being requested is £580,263 which is 4.7%, which is below the 5% allowable;
- note the proposals to increase the following rates:
 - Base rate for 2 year olds by 50p per hour
 - Base rate for 3 and 4 year olds by 30p per hour
 - Quality Supplement by 5p per hour
 - Maintained Nursery Supplement by £130,000
 - Early Years Inclusion Fund by £50,000

.03 Background

Since its introduction in April 2017, the Early Years' National Funding Formula (EYNFF) has set the hourly funding rates that each local authority is paid to deliver the universal and additional free entitlements for three and four year olds.

Local authorities are required **to pass 95%** of their three and four year old funding from Central Government onto Early Years' providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.

.04 2023/24 Budget Setting

The national hourly funding rates for 2023/24 have been increased as follows:

- 2 year old funding rates have increased from £6.11 to £6.72 per hour
- 3 & 4 year old funding rates have increased from £5.28 to £5.59 per hour

For Wokingham, the initial allocation for the Early Years Block in 2023/24 is £12,614,652 which is based on the January 2022 census.

The Authority is permitted to retain 5% of the allocation to meet its statutory duties. Taking into account that our allocation will change once the January 2023 census is taken into account, we are proposing retaining 5% of our initial allocation less 5% of the amount we are anticipating will be recouped in July 2023.

For 2023/24 this amount is £580,263 (was £549,938 in 2022/23) as set out in Table A and B. Table A also provides a detailed analysis of the December 2022 allocation.

Finance staff and Early Years colleagues have met with the Early Years Task and Finish Group to discuss the proposals for 2023/24 and the consensus view is that we will be able to increase the rates payable to all providers supporting 3 and 4 year olds by 30p per hour, and those supporting 2 year olds by 50p per hour.

We will also be able to increase the Quality Supplement by 5p per hour to reflect that the Teacher's Pay and Pension Grants (TPPG) received separately by maintained nurseries and maintained nursery classes in previous years are now rolled into the base rate into the LA. This means that as well as our maintained nursery and maintained nursery classes, other early years settings with a practitioner with Qualified Teacher Status (QTS) or relevant Early Years level 6 qualification, will receive the extra 5p per hour.

We have also increased the maintained nursery supplement by £130,000. This is to reflect the additional income the LA has received in respect of our maintained nursery. The total amount received by the LA included an element for TPPG, so this has been taken off so that the nursery isn't double funded.

We have also increased the amount available in the Early Years Inclusion Fund (EYIF) by £50,000. Successful applications for EYIF funding for individual pupils will see an increase in the hourly rate from £5.30 to £7.95.

The Provider Reserve Fund has been set at £173,052 (£162,792 in 2022/23) which is the same part time equivalent (PTE) as 2022/23. Setting the reserve at this level aims to strike a balance between allowing for changes in activity in-year while ensuring rates paid to settings are maximised from the outset.

The element of funding retained by the LA provides a contribution to Early Years Services. In particular, the Early Years Team (which is an amalgamation of the Early Years and Child Care Team and the Early Years Inclusion Service) which provides the following services:

- Provider Agreement with Terms and Condition to all Early Years providers which includes PVI's, Schools with Nursery provision, Childminders and maintained nursery.
- Direct work with settings, to support quality - ensuring that the Council meets its statutory obligations under the Early Education and Childcare Statutory Guidance document (2018)
- Support to settings to ensure sufficiency of places in the Borough

- Training to providers
- Support to settings to ensure inclusive provision for all children
- Presentation and briefing at Early Years' Forum
- Monitoring the termly adjustments and verifying census information from providers to enable the correct funding to go to providers
- Financial management of supplements and free entitlement, including DAF and EYPP
- SEN Early Years inclusion
- Delivery of Early Years Inclusion Fund

Some of the other support to the Early Years' Team which is required for the delivery of the service include:

- Leadership support;
- Data and performance analysis;
- Finance, I.T., HR, Legal and other support costs;
- Property services etc.

Early Years is part of the Learning, Achievement & Partnership Service (LAP) within Children's Services. A strategic review of LAP is currently being undertaken as part of ongoing development and improvement work within the local authority. Following the departure of the Early Years' Service lead in April 2022 the Early Years and Child Care Team and the Early Years Inclusion Service have been brought together. This has created increased opportunities for joint working with the aim of providing a continuum of support to Early years providers.

The reconfigured service consists of three Early Years Advisors, Early Years SENCo, Early Years Inclusion teacher and two recently appointed Portage Workers. We are currently commissioning support from a specialist Educational Psychologist. Team supervision is provided by a specialist EP. The team is currently going out to recruit an additional Inclusion Advisor.

05. **Financial Summary**

A summary of the Early Years Budget Proposals for 2023/24 is set out in the Tables attached.

Table A provides details of the Early Years Indicative Allocation to the Local Authority.

Table B provides a breakdown of the proposed allocation of the Early Years Budget to providers.

Table C shows the compliance funding for 3 and 4 year olds demonstrating that 96.5% of funding based on the DfE methodology has been "passed through" to Providers. The pass-through rate was 96.2% in 2022/23.

06. **Members of the Task and Finish Group**

Ian Morgan	Little Ducklings Day Care - EY Rep - Schools Forum
Kerrie Clifford	Ambleside Nursery - EY Rep - Schools Forum
Karen Edwards	Acorns Day Nursery

Katherine Vernon
Schools Finance Manager
March 2023

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