

Schools Forum Agenda Pack – Item 8

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Report title:	Dedicated Schools Grant – 2023-24 Early Years budget
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1. Executive Summary

This report sets out the provisional thinking on the 2023/24 Early Years Block, Dedicated Schools Grant (DSG) allocation. It asks for Forum members to comment on the proposals.

2. Schools Forum Actions

The Schools Forum is asked

i) To agree

- to consult early year providers on introducing a quality factor into the early years formula.
- that nursery schools agree the distribution of the supplementary funding (estimated at £1.2m) between themselves.
- that the central retentions budget should be set at £875k as per Section 5.2

ii) To comment on the estimated hourly rate increases

- 3 and 4 year olds' from £6.00 per hour to £6.15
- 2 year olds' from £6.25 per hour to £6.70.

3. Background

- 3.1 The Dedicated Schools Grant (DSG) is broken down into four blocks; one of those blocks is called the Early Years Block. The Department for Education (DfE) initially estimates each Local Authority's (LA's) 2023/24 funding based on the January 2022 pupil numbers. The DfE are expected to announce the position for 2023-24 in the middle to late December, although the announcements they made last July gives us an idea of the likely funding
- 3.2 The DfE will still amend the funding during the financial year to reflect the January 2023 census numbers and again after the financial year has finished to reflect the January 2024 census.
- 3.3 A consultation took place on early years funding earlier in the year, while it closed on the 16 September we still await the outcome, but from this we can glean some of the likely funding consequences.

3.4 3 & 4 year old funding

There is a new minimum 1% increase for all Local Authorities. This is an improvement for Southwark as we are one of the authorities that has not been receiving any increase in the hourly rate over the past few years, as we have been capped due to our existing high level of funding relative to other boroughs. This allows an estimated increase to the hourly rate for next year of 15p. This is slightly higher than 1% the extra realigns the income to the expenditure.

3.5 2 year old funding

As a result of proposed changes to the area cost adjustment, Southwark is one of the boroughs whose increase in funding would exceed the capping threshold 8.6%, so we will have to wait for the following year to receive the full increase. This allows an estimated increase to the hourly rate for next year of 45p.

3.6 Maintained Nursery Schools (MNS) Supplementary Protection

Nationally an extra £10m has been added to the MNS supplementary protection. There is no expected changes for us, as under the consultation we are neither capped under the proposals and we do not benefit from the floor that has been set. The previously announced increase of 3.1% still does apply though. It is suggested the Nursery schools agree the method of distribution between themselves of the expected protection of £1.2m.

3.7 Current Teacher Pay & Pension Grant

The consultation proposes to add the current schools' grants to the main early years funding formula for nursery settings rather than being paid as a specific grant based on cost to the school. There is no schools ring-fence, so the funding formerly received by schools would be spread across all providers. If no action were taken, this would mean schools losing out on 45% of their current funding from the grants, which is the equivalent of a 15p cut in the hourly rate (and this includes the new 1% increase). This would clearly have a material impact on nursery provision in schools.

The Department for Education have recognised this and have suggested to avoid turbulence that the use of the quality factor be added to local authoritys' early years formulae to address the issue if so wished. This quality factor allocation could be determined by the number of qualified teachers a setting has. Using teacher numbers would re-direct the funding back to those settings who previously received the teachers' pay and pensions grant, plus any other settings with qualified teachers.

3.8 While we currently we do not have a full set of qualified teacher numbers in all early year settings, appendix A gives some initially modelling.

As this is a formula change, all Early Years settings will need to be consulted. The Schools Forum is asked whether they wish the Local Authority to proceed with a consultation on this matter with early year settings during December. The outcome of the consultation would be reported to the Schools Forum at the January 2023 meeting for a final decision on the matter.

4 Funding Rates for 2023/24

The tables below show the estimated hour rates for 2, 3 and 4 year olds as shown in earlier paragraphs.

4.1 EYSFF Base Rates – 3 & 4 Year Olds

The outcome of the consultation on proposed changes in the funding formula used to fund local authorities has not yet been published. The estimates below assume the implementation of the proposals.

Provider	2022-23 3&4yo Base Rates £	Proposed 2023-24 3&4yo Base Rates £
MNS	6.00	6.15
Primary	6.00	6.15
PVI	6.00	6.15

4.2 EYSFF - Deprivation Rates For 3 & 4 Year Olds

No changes are proposed to the 3 and 4 year olds deprivation rates, which are the same for all provider types.

Proposed 2023-24 3&4yo Deprivation Rates

Provider	MNS £	Primary £	PVI £
IDACI 1	0.31	0.31	0.31
IDACI 2	0.62	0.62	0.62
IDACI 3	0.94	0.94	0.94
IDACI 4	1.25	1.25	1.25
IDACI 5	1.55	1.55	1.55

These rate are the same rates as 2022-23

4.3 EYSFF – Base Rates 2 Year Olds

The outcome of the consultation on proposed changes in the funding formula used to fund local authorities has not yet been published. The estimates below assume the implementation of the proposals.

Provider	2022-23 2yo Base Rates £	Proposed 2023-24 2yo Base Rates £
MNS	6.25	6.70
Primary	6.25	6.70
PVI	6.25	6.70

4.4 EYSFF – Deprivation Rates for 2 Year Olds

No changes are proposed to the 2 year old deprivation rates, which are the same for all provider types.

Proposed 2023-24 2yo Deprivation Rates

Provider	MNS £	Primary £	PVI £
IDACI 1	0.31	0.31	0.31
IDACI 2	0.62	0.62	0.62
IDACI 3	0.94	0.94	0.94
IDACI 4	1.25	1.25	1.25
IDACI 5	1.55	1.55	1.55

These rate are the same rates as 2022-23

5 Early Years Central Retentions

5.1 The LA retains a proportion of the Early Years Block in order to meet its statutory duties in respect of early education and childcare as set out in the Childcare Act of 2016 and related guidance. These include:

- Duty to secure free early education for all 3 and 4 year olds and specified 2-year-olds
- Duty to collect information about individual children receiving early years provision and supply that information to DfE (school and early years census)
- Duty to fund early education places in all sectors using a locally-determined, transparent formula: the early years single funding formula
- Duty to secure information, advice, and training for childcare providers in their area
- Duty to provide information, advice, and assistance to parents and prospective parents on the provision of childcare in their area.

These duties are delivered through three small teams within Children's & Adults services:

- The Free Early Learning Team (3 staff) manages the free early education offer process, including termly headcount/claims process, funding to early years settings and promoting the free entitlement to parents.
- The Early Years Quality Improvement Team (6 staff) provides information, advice, and support to the 150 early years group care settings and 350 childminders in Southwark.
- The Early Years Consultants (4 staff) in the Standards team provide information, advice, and support to schools in relation to the Early Years Foundation Stage.

5.2 For 2023-24 the limit for central retentions on the Early Years Block continues to be 5%. In 2022-23 this amounted to £921,000. With the fall in pupil numbers it is expected the early years block will decrease. Based on an estimate fall in pupil numbers of 4.8% this would mean the 5% central retention will fall from £921k to £875k. This reduction will be applied to Family Early Help Service in the light of their increased trading highlighted elsewhere on this agenda

	2022-23 Central Retention on Early Years Block	2023-24 proposed Central Retention on Early Years Block
	£000	£000
Early Years Teams Staffing	539	539

	2022-23 Central Retention on Early Years Block	2023-24 proposed Central Retention on Early Years Block
	£000	£000
Early Help Service (See below)	392	336
Total	921	875

- 5.3 The Family Early Help (FEH) and Transformation Service provides a team of 68 staff, directly delivering a whole family approach, and supports the integration of Under 5s work including the coordination of Children & Family Centres (CFCs). The whole family approach delivered by FEH Practitioners and CFC Family workers ensures that all children and adults within a household are offered support.
- 5.4 In 2020-21 there were 2,700 referrals made into the FEH service. Health is the largest referral source into FEH at 28%, with Education consisting of 23%. The age groups of referrals indicate the spread of concern:
- 26% Under 5
 - 40% Primary age
 - 34% Secondary age

From April 2021 – September 2021 of the 1691 children engaged with early help (i.e. new assessments or ongoing engagement) 32% were under 5, 28% aged 5-9, 32% 10-15 and 7% over 16.

Modelling of the impact of a quality factor on the early years formula						Item 8, Appendix A	
	Starting Point - 2021/22 Hourly 3&4yo Funding Plus Pay & Pension Grants		Position If Funding Is Shared Amongst All Providers		Position If Funding Is Shared Amongst Qualified Teachers Providers		
	£		£	£	£	£	
	School 1	201,583		194,056	- 7,527	198,888	- 2,695
School 2	298,154		291,920	- 6,234	299,189	1,035	
School 3	206,868		200,835	- 6,033	205,835	- 1,033	
School 4	274,674		268,801	- 5,873	275,494	820	
School 5	148,298		142,618	- 5,680	146,169	- 2,129	
School 6	271,276		265,737	- 5,539	272,353	1,077	
School 7	313,802		308,726	- 5,076	316,413	2,611	
School 8	202,378		197,306	- 5,072	202,219	- 159	
School 9	201,084		196,192	- 4,892	201,077	- 7	
School 10	143,087		138,347	- 4,741	141,791	- 1,296	
School 11	176,940		172,608	- 4,332	176,906	- 34	
School 12	150,704		146,424	- 4,280	150,070	- 634	
School 13	106,816		102,692	- 4,124	105,249	- 1,567	
School 14	121,906		118,260	- 3,646	121,204	- 702	
School 15	137,236		134,075	- 3,161	137,414	178	
School 16	67,956		64,809	- 3,147	66,423	- 1,533	
School 17	126,098		123,026	- 3,072	126,089	- 9	
School 18	77,441		74,373	- 3,068	76,225	- 1,216	
School 19	105,386		102,321	- 3,065	104,868	- 518	
School 20	122,525		119,560	- 2,965	122,537	12	
School 21	88,453		85,515	- 2,938	87,644	- 809	
School 22	69,632		66,759	- 2,873	68,421	- 1,211	
School 23	70,892		68,059	- 2,833	69,754	- 1,138	
School 24	101,177		98,421	- 2,756	100,872	- 305	
School 25	89,771		87,093	- 2,678	89,262	- 509	
School 26	76,742		74,094	- 2,648	75,939	- 803	
School 27	133,085		130,454	- 2,631	133,702	617	
School 28	155,686		153,110	- 2,576	156,922	1,236	
School 29	84,752		82,358	- 2,394	84,409	- 343	
School 30	135,990		133,673	- 2,317	137,001	1,011	
School 31	115,127		112,813	- 2,314	115,622	495	
School 32	71,870		69,730	- 2,140	71,467	- 403	
School 33	16,518		14,392	- 2,126	14,750	- 1,768	
School 34	62,982		61,002	- 1,980	62,521	- 461	
School 35	56,198		54,224	- 1,974	55,575	- 623	
School 36	120,943		119,034	- 1,909	121,998	1,055	
School 37	124,813		123,026	- 1,787	126,089	1,276	
School 38	167,408		165,644	- 1,764	169,769	2,361	
School 39	55,984		54,224	- 1,760	55,575	- 409	
School 40	80,476		78,830	- 1,646	80,792	316	
School 41	22,660		21,170	- 1,490	21,697	- 963	
School 42	86,236		84,772	- 1,464	86,883	647	
School 43	169,662		168,411	- 1,251	172,605	2,943	
School 44	56,332		55,246	- 1,086	56,621	289	
School 45	138,786		137,882	- 904	141,315	2,529	
School 46	69,146		68,245	- 901	69,944	798	
School 47	34,380		35,469	1,089	36,352	1,972	