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Report title:	2023-24 Early Years Block	
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1. Executive Summary

This report sets out the provisional Early Years Block, Dedicated Schools Grant (DSG) allocation for 2023-24 and provides details of the changes in comparison to 2022-23. It asks for Forum members to confirm the funding rates for early year's providers.

2. Schools Forum Actions

The Schools Forum is asked to agree

- 1 That a quality factor is added to the early years funding formula based on whether an early years provider has on its payroll an employee with qualified teacher status who is paid in line with the teachers' pay and conditions document.
- 2 The funding rates for Early Year providers of
 - 3 and 4 year olds base rate of £6.15 per hour (Section 4.1)
 - 3 and 4 year olds quality factor of £0.34 per hour (Section 3.7)
 - 3 and 4 year olds Disability Access Fund of £2,000 per year (Section 3.8)
 - 3 and 4 year olds deprivation funding rates (Section 4.2)
 - 2 year old funding of £6.80 per hour (Section 4.3)
- 3 That the central retentions budget should be set at £875k as per Section 5.2.

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 estimated 2023-24 early years funding for Southwark is £25.2m.
- 3.2 The DfE will 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 The details of the settlement are as follows:

Dedicated Schools Grant - Early Years Indicitive Allocations	2023/24	2022/23	Change
Hourly rate for 3 and 4 year olds	7.06	6.86	0.20
Number for 3 and 4 year old	3,806	4,039	-233
Indicative funding allocation for universal entitlement	15,317,595	15,794,080	-476,485
Number for 3 and 4 year old additional 15 hours entitlement	1,198	1,158	40
Indicative funding allocation for additional 15 hours entitlement	4,818,980	4,526,956	292,024
Hourly rate for 2 year old entitlement	7.56	6.87	0.69
Number for 2 year old entitlement funding	762	603	159
Indicative funding allocation for 2 year old entitlement	3,285,335	2,361,288	924,047
Indicative funding allocation for early years pupil premium	293,489	258,552	34,937
Funding allocation for disability access fund	111,780	109,600	2,180
Indicative supplementary funding nursery schools	1,397,395	1,354,987	42,408
Total early years block (£s)	25,224,574	24,405,463	819,111.00

- 3.4 As can be seen from the table above the 2 year olds funding rate has increases by 69 pence per hour. Southwark is one of the boroughs whose increase in funding would exceed the capping threshold of 8.6%, so we will have to wait for the following year to receive the full increase. The numbers have increased by 26%.
- 3.5 The funding rate for 3 and 4 years olds has increased by 20 pence of which 13p is the merging of the teaching and pensions grant in to the funding for the early years block. The remaining 0.7p is through the increase in the funding settlement, our funding increase has been limited to 1% due to what has been deemed the high levels of funding in Southwark in the past. However, the vast majority of local authorities will have higher increases.

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. The protection now stands at £1.397m and as agreed at the last meeting the nursery schools will be asked how they want this distributed amongst themselves.

3.7 Current Teacher Pay & Pension Grant

Members will recall at the meeting on the 8 December 2022 it was agreed that a consultation should take place with early years providers on whether to introduce a quality factor into Southwark's local early years funding formula. The consultation was a consequence of the current Teacher Pay & Pension Grant being merged into the Early Years Block for 2023/24 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 consultation was built around introducing a quality factor which would be determined by whether the setting has a qualified teacher. This 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.

The consultation opened on the 12 December 2022 and runs to the 7th January 2023. At the time of writing this report the responses show

Number of responses	2	
Agreed to proposal	2	100%
Disagree to the proposal	0	0%

It is proposed to go ahead with the proposal to introduce a quality factor so that an early year's provider who has on its payroll an employee with qualified teacher status who is paid in line with the teachers' pay and conditions document, will have an additional £0.34p added to their 3 and 4 year old hourly rate. This to be effective from the 1 April 2023.

3.8 Disability Access Fund

Part of the Early Years block is funding for the Disability Access Fund. This funding is passed to providers that enrol children that are eligible for Disability Living Allowance and is intended to remove the barriers that these pupils face when trying to access the 3&4 year old free entitlement.

The funding provided to Southwark is based on the number of DLA eligible 3&4 year olds in the borough, but the number of these pupils in settings is far lower. This means that the funding passed to settings is lower than the funding received.

In order to raise the number of these pupils accessing the free entitlement it is proposed to increase the funding to providers from £800 per year in 2022/23 to £2,000 per year in 2023/24. This will mean that any additional costs that settings face when enrolling DLA eligible 3&4 year olds are more likely to be covered by the additional funding, thereby making more places accessible to these pupils.

Take-up will need to be monitored to ensure the funding remains affordable, but this funding rate would allow for numbers to double without overspending the DSG allocation.

4. Funding Rates for 2023/24

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

4.1 EYSFF Base Rates – 3 & 4 Year Olds

Provider	2022-23 3&4yo Base Rates £	Proposed 2023-24 3&4yo Base Rates (before the quality factor) £
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

Provider	2022-23 2yo Base Rates £	Proposed 2023-24 2yo Base Rates £
MNS	6.25	6.80
Primary	6.25	6.80
PVI	6.25	6.80

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 funding for 3 and 4 years olds continuing to fall the 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
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.