

Wiltshire Council

Early Years Reference Group 6 January 2023

Schools Funding & SEN Working Group 9 January 2023

Schools Forum 19 January 2023

DEDICATED SCHOOLS GRANT – EARLY YEARS BLOCK UPDATE 2023-24 (INDICATIVE ALLOCATIONS)

Purpose of the Report

1. To update the working groups and schools forum on issues related to the early years block for 2023-24 and the decisions that will need to be made as part of the budget setting process for 2023-24.
2. The operational guidance for the early years block confirms that schools forums must be consulted on changes to local early years funding formulae, including agreeing central spend, although the final decision rests with the local authority. This is done through the Early Years reference group and the Schools Funding & SEN Working Group in addition to Schools Forum.

Main Considerations

3. In his 2021 Spending Review, the Chancellor announced a number of national increases to increase early years entitlements:
 - £160 million in 2022-23
 - £180 million in 2023-24 and
 - £170 million in 2024-25
4. This included uplifts to the 2, 3- and 4-year-old rates as well as uplifts to the disability access fund and pupil premium.
5. The Autumn 2022 budget included an additional £20m response to the National Living Wage increase announced for next year.
6. The provisional early years block settlement for Wiltshire for 2023-24 is £32.603 million and is comprised of the following elements:

FUNDING	PTE (where applicable)	2022-23 Funded Rate	2023-24 Funded Rate	£ million
3 & 4-year-old Universal 15 hrs & Working Parents 15 hrs	10,596	£4.61/hour	£4.87/hour	29.412
2-year-old funding	828	£5.69/hour	£5.75/hour	2.714
Disability Access Fund	212 children	£800/child	£828/child	0.176
Early Years Pupil Premium	519 children	£0.60	£0.062	0.183
Total "Initial" or provisional allocation for 2023-24				32.485

7. The allocations for the free entitlement for 3- and 4-year olds, and for 2-year olds are based on the January 2022 census and will be updated during the 2023-24 financial year for the January 2023 census. In order to follow the accounting concept of prudence, the budget must be set within initial allocations.
8. The *operational guidance for early years entitlements: local authority funding of providers 2023-24* was published in December 2022. The **key points** on local authority funding of providers are that local authorities:
 - should set a single funding rate (including the same base rate and supplements) for both entitlements for 3- and 4-year olds (that is, both the universal 15 hours, and the additional 15 hours for working parents)
 - must plan to pass on at least 95% of their 3 and 4-year-old funding directly to providers to deliver the 3 and 4-year-old entitlements
 - The remaining 5% must be spent on:
 - Centrally retained funding (early years teams)
 - Any transfers to 2 years olds
 - Any extra hours in addition to the governments' entitlement
 - Any funding movement out of early years block
 - may request that the 95% requirement be disapplied in specific, exceptional circumstances
 - must now use a universal base rate for all types of provider in their local 3 and 4-year-old formula, including for Maintained Nursery Schools
 - may continue to use 'lump sums' to distribute additional funding to Maintained Nursery Schools
 - must use a deprivation supplement in their local 3 and 4-year-old formula, and any other supplements used must fall within one of the allowable categories
 - must not channel more than 10% of their funding for 3 and 4 olds through funding supplements
 - must provide a Special Educational Needs Inclusion Fund (SENIF) for 3- and 4-year olds, this can also include 2-year olds.
 - must pass on Disability Access Fund (DAF) funding in full to providers for eligible 3- and 4-year olds which should be used for example, to support providers in making reasonable adjustments to their settings or helping with building capacity.
 - must pass on Early Years Pupil Premium (EYPP) in full to providers for eligible 3- and 4-year olds and is only payable in the universal 15 hours entitlement.
9. The DfE will monitor compliance with these requirements. Wiltshire is already compliant with the requirements of the formula, and the SEN Inclusion Fund, and there are no current circumstances where a disapplication of the 95% requirement is being recommended.
10. There are no pass-through requirements for the 2-year-old funding and no requirements for compulsory supplements. Local authorities are encouraged to fund providers for the entitlement for disadvantaged 2-year olds on the basis of a flat hourly rate for all providers. Wiltshire is compliant with this approach and proposes to pass through 100% of the 2-year-old funding to providers.
11. There are no major changes identified by the DfE in their operational guide although there were some relatively minor changes to the funding formula following a DfE consultation in 2022.

Funding Rates for Wiltshire

12. The early years reference group (EYRG) met on the 6th January 2022 and considered a number of funding options attached as Appendix 1. The consensus of the group was to support the local authority recommendation

- passport in full the 2-year-old disadvantaged rate of £5.75 per entitled hour an increase of 6p on the previous year and
- to set the 3 and 4 year old rate at £4.68 per entitled hour, an increase of 26p per hour on the previous year whilst providing a lower than usual contingency of £0.019m contingency to absorb any increases in children throughout 2023-24 financial year. In this way, the funding increases are passed on in full, recognising the challenging business environment settings are operating in of increased wages, energy costs and recruitment and retention challenges.

13. Rurality and deprivation have been increased slightly in line with forecast spend for 2022-23 financial year although actual allocations for both deprivation and rurality will be unknown until March when the IDACI report is available.

Provider Rates	PTE (where applicable)	2021-22 Wiltshire Rate	Proposed 2023-24 Wiltshire Rate	£ million
3 & 4-year-old entitlement (all)	10,596	£4.42/hour	£4.68/hour	28.285*
2-year-old entitlement	671	£5.69/hour	£5.75/hour	2.714
Deprivation, rurality				0.300
Central EY functions				0.468
EY Inclusion Support Fund				0.359
Disability Access Fund	212 children	£800/child	£828/child	0.176
Early Years Pupil Premium	519 children	£0.60/hour	£0.62/hour	0.183
Total proposed budget for 2023-24				32.485

*includes £0.019million contingency

Early Years Inclusion Funding

14. As part of the preventative inclusive agenda and as part of the recovery actions for the high needs block budget, an additional sum of £0.180 million is ringfenced from the high needs block to support longer hours of the inclusion support fund (ISF).

15. The DfE guidance is clear that local authorities should target SEN Inclusion Funds at children with lower level or emerging SEN. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the high needs block of the DSG. With a dual funded approach, applications for all children can be assessed under one ISF system.

Disability Access Fund

16. 3- and 4-year olds will be eligible for the fund if they meet the following criteria:

- The child is in receipt of child disability living allowance and;

- The child receives universal 15 hours entitlement
17. 4-year olds in primary school reception classes are not eligible for disability access fund (DAF) funding.
 18. Settings of 3- and 4-year olds eligible for the DAF will be entitled to receive a one-off payment of £828 per year. Children do not have to take up the full 570 hours of early education they are entitled to in order to receive DAF.
 19. Early years providers are ultimately responsible for identifying eligible children and local authorities must check that DAF eligibility requirements are met.
 20. The DAF is payable as a lump sum once a year per eligible child. If a child is splitting their entitlement between two or more providers, then parents should be asked to nominate the main setting. If a child receiving DAF moves from one setting to another within a financial year the new setting is not eligible to receive DAF for this child within the same financial year.

Early Years Pupil Premium

21. Ringfenced Funding continues to be allocated through the early years block for the early years pupil premium (EYPP). The EYPP allocation is set at £0.183 million for 2023-24 and it is proposed to set the budget in line with the funding level.

Compliance

22. Please refer to Appendix 2 for the calculations of compliance with the % pass through. The recommended scenario is compliant.
23. Appendix 3 is an extract from the DfE guidance showing guidance for the % pass through calculation.

Proposals

24. Schools Forum is asked to note the update on the early years block and provide views on the proposals in relation to the early years single funding formula and percentage pass through to providers:
 - Local Authority preferred proposal:
 - i. to increase the current rate of 2-year-old funding to £5.75 and 3 & 4-year-old funding to £4.68 per hour
 - ii. Pay inflation be added at 9% to the central early years teams reflecting the above inflation pay increase in 22-23 and the 4.5% estimate for 23-24 financial years
 - iii. Deprivation and rurality increased to reflect current spending levels at £300,000
 - All other funding factors remain at current 2022-23 levels or, funded levels.
 - To note that the early years block is to fund the Early Years Inclusion Fund at the current level and the high needs block to allocate £0.180 million to increase support available in line with the SEN strategy around prevention.

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