

**TO: SCHOOLS FORUM
8 DECEMBER 2022**

**INITIAL PROPOSALS FOR THE 2023-24 EARLY YEARS BUDGET & FUNDING FORMULA
Executive Director: People**

1 PURPOSE OF DECISION

- 1.1 The purpose of this report is to seek agreement on the principles for allocating any increase in funding to the elements of the Early Years Block Budget. .

2 RECOMMENDATIONS

To AGREE that in accordance with the views of the Early Years Forum:

- 2.1 **That no changes are made to the Early Years Funding Formula for 2023-24.**
- 2.2 **That there are appropriate arrangements in place for administration of the early years free entitlements**
- 2.3 **That final budget proposals are developed in accordance with the principles set out in paragraph 5.6.**

To NOTE:

- 2.4 **The final 2023-24 Early Years Block Budget proposals and funding rates to be allocated to the Early Years Funding Formula will be presented to the Forum for comment in January.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The proposals set out in the paper are in line with the information currently available to the Council regarding the financial settlement for 2023-24, statutory guidance, local priorities, and the views of the Early Years Forum.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Alternative options are detailed in the supporting information.

5 SUPPORTING INFORMATION

Background

- 5.1 This report presents proposals on the Early Years Block element of Dedicated Schools Grant that the Department for Education allocates to Local Authorities to fund provisions and support for children up to the age of 5. It covers:
- a) the 15 hours free entitlement to education and childcare for disadvantaged 2-year-olds
 - b) the universal 15 hours free entitlement to education and childcare for all 3- and 4-year-olds
 - c) the extended 15 hours free entitlement to education and childcare for eligible working parents of 3- and 4-year-olds
 - d) the early years pupil premium
 - e) the disability access fund

- f) the Special Educational Needs Inclusion Fund
 - g) other specialist and general support services
- 5.2 The statutory regulatory framework necessitates that the council decide on the arrangements to be put in place to meet the requirements for children up to the age of 5 and associated resources, and for Schools Forum to comment on their appropriateness. Schools Forums must also be consulted on changes to local early years funding formulas, including considering central spend, although the final decision rests with the local authority and will be taken by the Executive Member for Children, Young People and Learning.
- National Funding Framework
- 5.3 The Department for Education uses an Early Years National Funding Formula to distribute Dedicated Schools Grant income to Local Authorities. This funding framework sets out key requirements on Local Authorities in setting their Early Years Block budgets for **3- and 4-year-olds**. These are:
- a) To develop and maintain a local Early Years Funding Formula in accordance with parameters set by the Department for Education, undertaking consultation with providers and the Schools Forum when any changes are proposed, where the Early Years Funding Formula:
 - i) should include a single funding rate (including the same base rate and supplements) for both entitlements (that is, both the universal 15 hours, and the additional 15 hours for working parents)
 - ii) must plan to pass on at least 95% of funding directly to providers – the “pass through rate”
 - iii) must use a universal base rate, paid at the same value to all providers
 - iv) must use a deprivation supplement to target additional funds to the providers admitting the most disadvantaged children
 - v) can include other discretionary supplements, which the Department for Education restricts to rurality / sparsity, flexibility of provision, English as an additional language or quality of provision
 - vi) supplements selected by a Local Authority can generally use any measure of eligibility, provided it is applied equally to all providers in a transparent and fair way
 - vii) must not allocate more than 10% of funding through supplements
 - b) That a Special Educational Needs Inclusion Fund must be created to support children with lower level or emerging Special Educational Needs
 - c) Required to pass on the Early Years Pupil Premium to providers to support eligible disadvantaged children
 - d) Required to pass on Disability Access Fund funding to providers to support disabled children’s access to the entitlements
- 5.4 Requirements on funding providers for **the most disadvantaged 2-year-olds** is more straightforward than for 3- and 4-year-olds, with no “pass through rate” or payment of additional funding supplements with the DfE encouraging LAs to pay a single flat rate amount. Neither is there a requirement for the Special Educational Needs Inclusion Fund to apply to 2-year-olds, although this is permitted and included in arrangements in Bracknell Forest.
- 5.5 In July 2022 the Department for Education undertook a consultation process on proposed changes to the Early Years National Funding Formula, which closed on 16 September

2022. This consultation included illustrative funding rates for 2023-24 indicating a possible increase to the Early Years Block budget for Bracknell Forest Council from April 2023. However, to date the outcome of the consultation has not been published and the Department for Education has not confirmed funding rates for 2023-24.

Proposals for the 2023-24 Early Years Block budget

- 5.6 Despite the absence of key funding information for 2023-24, it is important to commence budget planning now and the proposals presented directly below are informed by feedback from the Early Years Forum:
- a) The components of the Early Years Funding Formula for 2022-23 as shown in Annex 1 are retained for 2023-24.
 - b) The Early Years Block Budget for 2023-24 will be allocated using the following principles:
 - i) 95% of total income allocated to providers via the Early Years Funding Formula
 - ii) If the Department for Education announces an increase in the Early Years Block budget, the increase in funding is allocated to providers via the uniform base rate
 - iii) 5% of total income managed centrally by the council
 - a) The Disability Access Fund and Early Years Pupil Premium funding allocation should be allocated to providers at the same funding rate as received from the Department for Education
- 5.7 Final 2023-24 Early Years Block Budget proposals and funding rates to be allocated to the Early Years Funding Formula, together with highlight changes to provider funding rates will be presented to Schools Forum for comment in January.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal implications are addressed within the report

Director of Resources

- 6.2 The Director of Resources is satisfied that no significant financial implications arise from this report.

Impact Assessment

- 6.3 No Equalities Impact Assessment is required as the proposed changes implement statutory guidance which includes eligibility criteria.

Strategic Risk Management Issues

- 6.4 There is no perceived risk, all proposals are within budget limits and are informed by feedback from the Early Years Forum.

BACKGROUND PAPERS

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718179/Early_education_and_childcare-statutory_guidance.pdf

Early education and childcare statutory guidance for local authorities - June 2018

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718181/Early_years_entitlements-operational_guidance.pdf

Early years entitlements: operational guidance for local authorities and providers

CONTACT FOR FURTHER INFORMATION

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Summary of the 2022-23 BF Early Years Funding Formula

EYFF Element	Weighting	Proposed hourly funding rate	% total EY funding
Deprivation Supplement	1.6 % of EYFF via IDACI scores Average IDACI score of children attending setting.		
	Band 2	£0.32	
	Band 1	£0.16	
	2.2% of EYFF via child eligibility to EYPP	£1.40	
Quality Supplement	2.8% of EYFF via setting leadership qualification Level 5 and above	£0.14	
Uniform Base Rate	94.2% of EYFF	£4.60	
	Indicative EYFF average provider rate	£4.88	92.2%
	Average SEN funding	£0.07	1.4%
	Average contingency funding	£0.07	1.4%
	Subtotal to providers	£5.03	95%
	Average BFC funding (5%) max	£0.26	5%
	Indicative funding 3- and 4-year-olds	£5.29	100%
	Provider funding rate for 2-year-olds	£5.81	

Taking account of the views of providers, the key principles to be applied in developing the Early Years Funding Formula are:

- a) The Formula must be transparent, stable and predictable in its delivery of funding, compatible with Department for Education requirements and efficient to manage.
- b) Data used for funding purposes e.g., the measure of deprivation in the deprivation supplement, must be readily available and objective in nature.
- c) Hourly supplements to be made where justified to incentivise good practice, or reflect an additional cost, or promote national or local policy objectives.
- d) The Formula must be affordable within the existing early years funding envelope.