

**Agenda Item
12**



Report Status

For information/note	X
For consultation & views	<input type="checkbox"/>
For decision	X

Paper for Schools Forum Meeting – 9th February 2023.

Report Title: DSG Early Years Funding Budget Allocation 2023-24 (indicative funding)

Author: Julia Bleet Early Help Commissioning Manager

Contact: 0208 489 3631 Email: Julia.Bleet@haringey.gov.uk

Purpose:

1. To provide Schools Forum with an overview of the Early Years Budget Allocation for 2023-24.
2. Seek a decision on the model of distribution for early years deprivation funding for 2023-24.

Recommendations:

3. To use the funding formula detailed in option 1 to provide deprivation funding for ALL 3- & 4-year-olds

1. Introduction

1.1. The purpose of this paper is to provide Schools Forum members with an overview of Haringey's indicative early years DSG block for the 2023-24 financial year. The paper sets out the elements that make up the early years block.

1.2. It should be noted that these allocations are indicative subject to in-year adjustment in July, based on pupil numbers from the January 2023 census, and therefore, final allocations will not be known until July 2024 following the January 2024 census.

2. Early Years DSG Block Funding

2.1. The Early Years Block is provided to the Council in order to meet its statutory duties under the Childcare Act 2006, and is expected to fund provision for:

2.1.1. 2-year-olds

Haringey are provided with an indicative allocation with a set hourly rate by the DfE, of which 100% is passported through. This funding provides 15hrs of free early education for eligible children who meet the criteria.

2.1.2. 3- & 4-year-olds

Funding for this provision is broken down along the following lines:

- The Teachers Pay and Pension Grant (TPPG),
- A maximum of 5% centrally retained funding for the LA
- Supplement funding, which includes:
 - Deprivation (mandatory supplement)
 - Rurality or sparsity (discretionary supplement)
 - Flexibility (discretionary supplement)
 - Quality (discretionary supplement)
 - English as an additional language (EAL) (discretionary supplement)
- An hourly base rate of funding for all 3- & 4-year-olds across all providers

2.1.3. Early Year Pupil Premium (EYPP)

This is provided by DfE for all 3- & 4-year-olds who take up the 'universal' 15hrs and are eligible for EYPP. It is paid as a "top up" to the hourly base rate for the hours attended.

2.1.4. Disability Access Fund (DAF)

Paid for children eligible for Disability Living Allowance and paid annually to an individual setting as a lump sum. If a child moves setting the funding does not follow the child.

2.1.5. Maintained Nursery School (MNS)

Haringey are provided with an indicative amount of funding for the MNS (Woodlands Park, Rowland Hill and Pembury). This is paid monthly and the Teachers Pay and Pension Grant (TPPG) for MNS is included within this funding line as of April 2023.

3. Additional SEND responsibilities

3.1. Haringey has an Early Years Inclusion Fund to support 3 & 4-year-old children with special educational needs (SEND) who are below the threshold for an Education, Health and Care Plan (EHCP), enabling them to access their free entitlement.

3.2. Haringey also has a SEND inclusion fund to support 2-year-olds with special educational needs below the threshold for an EHCP, enabling them to access their free entitlement. This funding is called Pathways to success.

3.3. Both SEND funding streams are provided directly from the DSG High Needs Block.

4. **Early Years DSG Indicative Budgets 2023-24**

4.1. In December 2022, Haringey Council received notification of its allocation for the Early Years DSG block 2023 -24.

4.2. The allocation is indicative and will be subject to an adjustment by DfE in July 2023, this will be based on January 2023 census data and again in July 2024 based on January 2024 census data.

4.3. **Haringey's Indicative DSG Early Years Allocation for 2023-24 is:**

Funding stream	2023-24 Funding allocation (£m)
2-Year-Old Offer	£2,610,867
3- & 4-Year-Old Universal Free Entitlement (15hr)	£12,568,762
3- & 4-Year-Old Extended Free Entitlement	£4,164,705
Early Years Pupil Premium	£145,601
Disability Access Fund	£91,908
Maintained Nursery Schools	£1,469,415
Total	£21,051,258

4.4. **The 2023-24 indicative funding translates into rates per hour / per setting of:**

Funding stream	2023-24 Funding allocation (£m)	Rates payable
2-Year-Old Offer	£2,610,867	£6.63 p/h
3- & 4-Year-Old Funding	£16,380,326	TBC
Early Years Pupil Premium	£145,601	£0.62 p/h
Disability Access Fund	£91,908	£828 p/a
Maintained Nursery Schools	£1,381,042	£460,347 per MMS
TPPG*	£441,514	
Total Funding from DfE for EY Block	£21,051,258	
Rates published by DfE do not include provision for the items below, these are deducted prior to calculation of the base rate		
Deduction of 5% retained funding from 3- & 4-year funding block**	£819,016	
Deduction of Quality Supplement from 3- & 4-year funding block***	£76,000	
Actual funding available for 3- & 4-year-old settings after deductions	£15,485,310	

***Teachers' Pay and Pension Grant (TPPG)**

- Passported via LA as part of the following funding lines:
 - Maintained Nursery Schools (MNS) - £88,373
 - Provision for 3- & 4-year-olds - £353,141

- TPPG is deducted before calculation of 5% centrally retained funding.
- 100% of the TPPG will be passported to schools and MNS.

****5% Centrally Retained Funding**

- The indicative funding for 2023-24 is £819,016.
- This funding is used to pay for staff working to meet the early years statutory duties.
- These include managing the Early Years DSG funding block, ensuring quality provision, ensuring sufficient childcare, a Family Information Service and early childhood services.

Allocation of 5% Centrally Retained Funding	2023-24
Early Years compliance, administration, and sufficiency	£347,706
Early Years Quality and Advisory Service	£471,310
TOTAL	£819,016

***** Quality supplement**

- £76,000 to be used to provide setting to setting support.
- Development of Peer to Peer support links between settings that are rated by Ofsted as being Outstanding, Strong or Good with settings requiring support.

5. Deprivation supplement - options going forward.

5.1. Deprivation is a compulsory supplement that Local Authorities must make as part of the 3- & 4-year-old funding.

5.2. There are two options for consideration as to how the allocation of the deprivation supplement to providers can be made:

▪ Option 1

This option would provide deprivation funding for **ALL** 3- & 4-year-olds - as is the case in 2022-23.

Deprivation funding of 0.37p/h for every 3- & 4-year-old	
Deprivation rate p/h	0.37p p/h
Eligibility criteria	all 3- & 4-year-olds would receive this funding
Indicative deprivation budget	£1,005,095
Contingency	£62,000
Base rate p/h	£5.31 p/h
Rate inclusive of deprivation p/h	£5.68 p/h

▪ Benefits

- All 3- & 4-year-olds will be funded at a rate of £5.68 per hour.
- A simpler model. Ensuring administration and processing of the funding will be passported in a timely and transparent manner.
- This option ensures all settings will receive the maximum funding available from the 3- & 4-year-old allocation

- Transparent model to budget and forecast for both the Local Authority and childcare providers as it is a fixed hourly rate for all settings.
- **Risks**
 - This deprivation funding model does not offer a targeted approach to addressing deprivation factors.
 - Changes in the funding model could result in financial pressures on providers, resulting in a reduction in sufficiency of provision in Haringey.
 - Impact on those employed in the sector in Haringey, (reduced hours and or redundancy)
- **Option 2**

This option would only provide deprivation funding for 3- & 4-year-olds that **are eligible for EYPP**.

Deprivation supplement of £0.40 p/h to the hourly base rate for only the children eligible for EYPP	
Deprivation rate p/h	0.40p p/h
Eligibility criteria	3- & 4-year-olds who qualify for EYPP
Indicative deprivation budget	£88,764
Contingency	£88,764
Base rate p/h	£5.64 p/h
Rate inclusive of deprivation p/h for those eligible for EYPP	£6.04 p/h

- **Benefits**
 - Settings with children who qualify for EYPP will benefit from the higher funding rate.
 - This deprivation funding model will offer a targeted approach to addressing deprivation factors.
 - Children currently taking up the Free For Two funding may benefit from having EYPP and the added deprivation funding when they turn 3.
 - It will incentivise settings to have difficult conversations with parents/carers and potentially increase the uptake of EYPP.
- **Risks**
 - Settings with children who are not eligible for EYPP funding will see a reduction in deprivation funding.
 - Introduction of a two-tier funding model creating inequality between settings
 - Changes in the funding model could result in financial pressures on providers, resulting in a reduction in sufficiency of provision in Haringey.
 - Increased risk for those employed in settings where there are no, or a very low percentage of children qualifying for EYPP (risk of reduced hours and or redundancy)

6. Recommendation for the allocation deprivation supplement

6.1. It is recommended that for 2023-24 Option 1 is used for the allocation of the deprivation supplement.

6.2. This will ensure equitable distribution of deprivation funding for all early year's settings in Haringey.

Deprivation funding of 0.37p/h for every 3- & 4-year-old	
Deprivation rate p/h	£0.37 p/h
Eligibility criteria	all 3- & 4-year-olds would receive this funding
Indicative deprivation budget	£1,005,095
Contingency	£62,000
Base rate p/h	£5.31 p/h
Rate inclusive of deprivation p/h	£5.68 p/h

6.3. This includes a contingency for any cost pressures, once end of year financial records have been reconciled we will consult on how to allocate any remaining contingency funding.

6.4. For financial year 2024-25 we will review the early years funding formula and how it is best used to target children in deprivation.

7. Points to note.

A. Teachers Pay and Pension Grant (TPPG)

- Payments will be made on the following basis:
 - April 2023 based on an indicative allocation.
 - October 2023 based on an adjusted allocation from DfE funding allocated in July 2023
 - July 2024 Following the final adjustment for 2023-24 being released by DfE.

B. 2-year-old funding rate

- Has increased from last year by £0.60 p/h
- The new rate of funding is now £6.63 p/h
- This increase will enable sustainability across the 2-year-old market.

C. Early Years Pupil Premium

- Has increased by £0.02 p/h
- New rate is £0.62 p/h in addition to the 3- & 4-year-old base rate.

D. Disability Access Fund

- Has increased by £28 p/a
- Annual rate is £828 per child.