

EARLY YEARS DSG FUNDING CENTRAL EXPENDITURE 2023/2024**Purpose of the Report**

1. To seek approval by the Early Years & Schools Forum (the Forum) to centrally retain £1.464m (2.71%) of the indicative early years block for 2023/2024 to provide functions to support statutory duties for early years as specified by the School and Early Years Finance (England) Regulations 2020.
2. To note the proposal to ringfence £0.868m of the indicative early years block for Teachers Pay and Pension Grants, as agreed by the Forum in December 2022.
3. To seek approval to publish the hourly rates payable to the early years sector for the delivery of early education entitlements and supplementary funding, as agreed by the Forum in December 2022.

Information and Advice

4. This report provides a breakdown of how the early years block of the DSG has been allocated for 2022/23 and the proposed allocations for 2023/24.
5. Early Years funding is allocated to all Local Authorities in accordance with the School and Early Years Finance (England) Regulations 2020. Funding is allocated by the Education and Skills Funding Agency on a per pupil basis.
6. Funding is used to pay the early years sector for children eligible for free childcare, including disadvantaged 2 year olds, as well as 3 and 4 year olds. The funding is allocated to all Ofsted registered settings including Schools and Private, Voluntary and Independent (PVI) providers who deliver funded care and education for eligible children.
7. All 3 and 4 year olds and eligible 2 year olds are currently offered the equivalent of 15 hours of funded early education and childcare per week for 38 weeks of the year; and since September 2018 this has been extended for 3 and 4 year olds of working parents to 30 hours per week.
8. Supplementary funding is also payable to children eligible for Free School Meals (FSM) through the Early Years Pupil Premium (EYPP), Disability Access Fund for 3 and 4 year olds claiming Disability Living Allowance both of which are separate funding streams, the Deprivation Fund for children that are known to Social Care and the Inclusion Fund for eligible 2, 3 and 4 year olds with SEN in PVI settings.
9. Following the consultation process and subsequent approval of the Forum the funding rates for 2023/24 are highlighted below:

Early Years Funding Overview

10. Early Years funding in Nottinghamshire is allocated from council revenue funding and the early years DSG block. The vast majority of the early years funding block is used to fund early years places for 2, 3 and 4 year olds, and the current and proposed funding formula is as follows:

	2022/23	2023/24
Early Years Base Rate:	Hourly Rate	
Eligible 2 year olds School & PVI settings	£5.60	£5.66
Eligible 3 and 4 year olds in School & PVI settings	£4.53*	£4.70
Funding supplements:		
Early Years Pupil Premium for 3 and 4 year olds	£0.60	£0.62
LAC Early Years Pupil Premium (all ages)	£0.60	£0.62
Deprivation 3 & 4 year olds eligible for EYPP	£0.10 per hour	£0.05 per hour
Deprivation for 3 and 4 year olds	£406 per annum for monthly CIN/ CPP & LAC Meetings	£406 per annum for monthly CIN/ CPP & LAC Meetings
Deprivation 3 & 4 year olds (NEW) <small>Previously flagged as 2yo funding eligible, recorded as Expected under Communication and Language in Better Start/Synergy returns.</small>	n/a	£50 per term per child
Deprivation for 2 year olds	£406 per annum for monthly CIN/ CPP & LAC Meetings	£406 per annum for monthly CIN/ CPP & LAC Meetings
Disability Access Fund (DAF)	£800 per annum	£828 per annum

* After 5p per hour uplift allocated in year

Central Early Years Funding

11. The Early Years DSG also provides funding for a number of early years posts across two teams in the council, Early Childhood Services (ECS) and Schools and Families Specialist Services (SFSS). A breakdown is included in Appendix A of this report.
12. In addition to the DSG, local authority revenue funding is used to fund early years posts within Early Childhood Services in the Local Authority. It is also used to pay for the Early Years Portal, Children's Centre Services, workforce development for the sector, governance, consultation, and engagement activities, as well as a contribution to the Early Years Inclusion Fund. This equates to a gross expenditure budget of approximately £11m.
13. Local Authorities are permitted to retain up to 5% central early years funding for expenditure to ensure sufficient, sustainable, high quality, accessible early education and childcare, and to implement the following eligibility assessments:

- i. the eligibility for free school meals of a pupil who is being provided with early years provision;
 - ii. the eligibility of a child for prescribed early years provision; or
 - iii. the eligibility of a child for the early years pupil premium
14. The services funded through the centralised costs last year equated to 2.8% of the overall budget.
15. The Authority would like to propose that from 1st April 2023, the council retains £1.464m (approx. 2.71%) to fund early years services as detailed in Appendix A. The percentage will be confirmed as budget allocations for 2023/24 are published in July 2023.

Teachers Pay and Pension Grant funding supplement

16. In December 2022, central government announced the intention to include the grant previously received by Schools for Early Years provision to be “rolled in” to the overall funding allocations. At the same time, guidance was issued stating that this funding should be used to support some of the costs for which the grants were originally introduced for example, the need to pay employer contributions to the teachers’ pension scheme.
17. Nottinghamshire therefore plans to retain a fixed amount of £0.868m from the DSG allocation to continue this payment to Schools delivering Early Years entitlements in the form of supplementary funding using a similar methodology as universal 3&4 year olds funding i.e. based on their actual part time equivalent (PTE) numbers.
18. However, the supplementary funding allocation will be distributed to individual mainstream schools based on their PTE numbers as a proportion of total mainstream schools PTE numbers, and not in the form of an uplifted hourly rate. Indicative allocations will be distributed using January 2022 census data with actual allocations revised towards the end of the 2023/24 financial year when actual PTE numbers are known.

RECOMMENDATION

That the Forum:

- 1) Approves the Authority’s proposal to retain £1.464m of early years funding to be used for sufficiency and assessment functions within the Early Childhood Services and Schools and Families Specialist Service.
- 2) Notes the Authority’s proposal to retain £0.868m to be allocated as a supplementary fund to Schools delivering Early Years entitlements as a contribution to Teachers Pay and Pensions in line with DfE guidance issued December 2022. (As approved by the Forum December 2022)
- 3) Approves the publication of the hourly rates to be payable to Early Years Providers as detailed above.

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APPENDIX A

Early Years Funding Proposals for 2023/24 based on January 2022 census data.

NB It should be noted that this calculation is based on census data from 2022 and the final actual figures based on the 2023 Census will not be known until July 2023.

Description	Indicative Allocation	
	2023/24	
	£	
Early Years Places:		Subtotal : £52,545,877
Universal Entitlement for 3 and 4 year olds	29,471,316	
Eligible 3 and 4 year olds of working parents	14,938,513	
Early Years 2 Year Olds	5,983,827	
Deprivation Factor 3 & 4 year olds CIN, CPP & LAC	39,788	
Deprivation Factor 3 & 4 year olds eligible for EYPP	58,511	
Deprivation Emerging Levels of C&L for 3&4YOs previously funded as 2YOs	153,000	
Early Years Pupil Premium	765,005	
Disability Access Fund	267,444	
Teachers Pay and Pensions Grant	868,473	
Early Years Central Expenditure		Subtotal : £1,464,416
Families Information Service	100,000	
Early Years Staffing and on costs (Schools and Families Specialist Services)	556,936	
Early Years Inclusion Fund	250,000	
Early Years Staffing and on costs (Early Childhood Services)	504,744	
Early Years non-staffing costs (sufficiency/sustainability activity; Early Years Practice Development)	30,000	
Extension of deprivation factor to 2 year olds for CIN/ CPP & LAC.	22,736	
Total		54,010,293

NB

1. All proposed early years places funding is indicative and is based on January 22 census data.
2. The proposals above include funding for existing posts and functions that meet the requirements of DSG in terms of early years.
3. Additional funding of £7,000 is proposed to be added to the Families Information Service budget to create capacity to support the public facing function of Early Childhood Services. This will create added capacity within the team to support the continued recruitment campaign for the sector, as well as developing new social media channels, and creating new promotional materials to support the uptake of childcare places across the county.

4. The Inclusion Fund will be increased following an overspend in 2021/22 and a forecast overspend in 2022/23. This has been largely due to the increase in the numbers of children being identified as having additional needs and SEND, a higher number of children with Education, Health and Care Plans and the introduction of a new Early Health Notification process, identifying children with SEND much earlier. In addition, there is a requirement to meet the national minimum wage requirements in 2023 to £10.42, currently paid at £9.50 per hour.
5. The Inclusion Fund will be adjusted in line with the results of the consultation carried out with the early years sector in December 2022 to provide additional support for vulnerable children aged under two.

Early Years Central Expenditure

Funding in 2023/24 would be used to fund the following posts and activities across two teams (Early Childhood Services – ECS, and Schools and Families Specialist Services - SFSS):

Post	Function
1 FTE Senior Technical Specialist and 2 FTE Technical Specialists in ECS	<p>To ensure delivery of the free early years provision is conducted in accordance with national policy guidance, financial regulation and that all relevant data is collated and recorded.</p> <p>Managing the funding streams, budget and payments associated with the provision of Early Years services, via schools and PVI sectors.</p> <p>To contribute to the medium and long term strategies for the statutory provision of places for early years and statutory age children.</p>
2 FTE Early Years Project Officers in ECS	<p>To fulfil NCC's statutory duty to ensure there are sufficient high quality childcare places. This will include mapping of service provision, marketing to increase take up of childcare places; and increasing childcare provision through capital projects and targeted work with schools.</p> <p>They provide a lead delivery role in terms of national and local initiatives and projects to increase child provision, private, voluntary and independent childcare sector to ensure quality; and adherence to policy, practice guidance, Ofsted and financial and business planning.</p>
1 FTE Senior Practitioner in ECS	<p>To supervise frontline staff to meet the required service standards within the Early Years Quality Improvement team who provide assistance to the Early Years Specialist Teachers and Advisors to promote and support the delivery of high quality early education and childcare provision in order to raise attainment, especially for vulnerable children.</p> <p>To work in a collaborative manner with early years providers to support and challenge them to improve the quality of their provision in line with Ofsted expectations.</p>
3.0 FTE Specialist Early Years Teacher in ECS	<p>To provide specialist educational support, advice and training to all early years providers, in line with the associated teachers standards, within Early Childhood Services Team. To promote and develop high quality teaching, learning and provision, to raise attainment for all children including all vulnerable children in particular SEND and to close the attainment gap.</p>

1FTE Early Years Strategic Manager in ECS	<p>To lead on national duties placed on the Local Authority for early years provision, childcare sufficiency and quality assurance.</p> <p>To take a leadership and line management role with Early Years posts and the Early Years Advisory Service including operational, technical and professional staff to deliver required Early Childhood Service objectives.</p>
0.5 FTE Early Childhood Services Group Manager in ECS	<p>To lead and manage the early years team and functions of the LA. This post is the strategic lead for early years duties, functions and processes and is the overall lead for all early years budgets and spend.</p> <p>NB: this is a full time post and a contribution to costs is requested; the role also includes commissioning of early childhood services including children centres and the Families Information Service.</p>
Teachers and Teaching Assistants in SFSS	<p>To provide early years elements of the Schools and Families Specialist Services (SFSS) working with children with SEND in early years and at Key Stage 1.</p> <p>Funding contributes to the staffing costs of 1.5 FTE teachers and 16.4 FTE Teaching Assistants and is calculated as the proportion of the overall services case load that is below Key Stage 1. This includes support in the home, PVI settings and to pupils in F1 and F2.</p>
Early Education /Childcare sufficiency/ sustainability activity	<p>This will include costs for consultation and analysis with parents and early years providers, focus groups, venue hire, promotional campaigns e.g., recruitment etc.</p> <p>To market early education entitlements to increase take up by vulnerable children/families in particular.</p>
Practice Development.	<p>To provide pump prime funding that supports new practice developments designed to improve quality of provision and attainment levels of young children.</p>