

<h1>BRIEFING</h1>	TO:	Schools Forum
	DATE:	24 th February 2023
	LEAD OFFICER:	Aileen Chambers Head of Service – Early Years and Childcare
	TITLE:	Early Education Funding Proposals 2023-24

1. Background

- 1.1 The purpose of this report is to detail the statutory guidance in place for the allocation of early education funding; the current position and proposals for the 2023/24 allocation.
- 1.2 The Department for Education (DfE) have consulted on changes to the National Funding Formula for 2023/24. The outcome of the consultation was published on 16th December 2022 and includes some changes to the National Funding Formula.
- 1.3 Local Authorities (LAs) are required to allocate the funding to early education providers based on a local funding formula made up of a single base rate and a mandatory deprivation supplement (for 3/4 year old early education). LAs can retain 5% of the 3 / 4 year old early years funding allocation to fund central services.
- 1.4 Local authorities are required to consult providers on annual changes to their local formula. Schools forums must also be consulted on changes to local early years funding formulas, including agreeing central spend by 28 February, although the final decision rests with the local authority.
- 1.5 The DfE National Funding Formula was published on 16th December and the rate changes are detailed below:

	2022/23 Rate	2023/24 Rate	Increase
3/4 Year Olds	£4.61/h	£4.89/h	15p + 13p TPPG
2 Year olds	£5.57/h	£5.63/h	+6p
Early Years Pupil Premium	60p/h	62p/h	+2p
Disability Access Fund	£800 / year	£828 / year	+£28
MNS Lump Sum	£5.53/h	£5.71/h	+18p
MNS TPPG (to be included with lump sum) *calculation based on Universal 3 year olds only.	N/A	38p/h*	

- 1.6 The DfE have ‘mainstreamed’ the Teachers Pay and Pension Grant that schools previously received directly (to cover the cost of the increase in the employer contribution rate of the Teachers’ Pension Scheme in September 2019) within the Early Years Block. It is up to local authorities to determine how to distribute this through their local Single

Funding Formula. The DfE acknowledge that local authorities might chose different approaches to distributing this funding e.g. through a Quality supplement or through an increase to the base rate (DfE LA Funding Webinar 10.1.22).

1.7 The current local funding formula, as detailed below, was consulted on prior to introduction in 2017/18 and the deprivation supplement was reviewed again in January 2018.

3 / 4 year olds & 30 Hour Allocations:	
5%	Centrally Retained to contribute to Early Years and Childcare Service running costs
2%	Passed to eligible providers as a Deprivation Supplement
93%	Passed to providers as Early Education Base Rate
Two year old Allocations	
100%	passported to providers in line with DfE guidance with no additional supplements

1.8 The LA consulted on 2 options with all early education providers between 13th and 27th January 2023.

1.9 A response rate of 34% was achieved with 87% of respondents choosing Option 1. See Appendix 1 for a breakdown of the consultation results.

Proposals

2.1 It is proposed to implement Option 1 from the consultation:

Option 1:

Retain the current local funding formula in 2023/24 as follows with the TPPG added to the base rate to be distributed to all providers:

Single Funding Formula		Rate Providers would receive
Retention for Central Spend	5% of 3 / 4 year old and 30 hour budgets	N/A
3 / 4 year old hourly rate	93% of 3 / 4 year old and 30 hour budgets	£4.56 (Inc of 27p per hour)
3 / 4 year old Deprivation Supplements	2% of 3 / 4 year old and 30 hour budgets to be distributed as an additional hourly rate as detailed above.	To be calculated based on Jan census: currently 16p High Deprivation, 11p Medium Deprivation
2 year old hourly rate	100% passported to providers	£5.63 (increase of 6p per hour)
Maintained Nursery Schools (MNS)	Lump sum to be passported to 3 nursery schools as required by guidance.	£5.71 / hour (increase of 18p)
MNS TPPG	<i>The MNS portion of the teachers' pay and pensions grant funding has been rolled in to MNS supplementary funding, and they should avoid double-funding MNSs through this supplement at a rate of 38p/hour. An adjustment would be required to take into account the element of TPPG already distributed through the base rate to avoid double funding.</i>	

3. Key Actions and Timelines	
3.1	<p>December 2022: Proposals presented to DLT</p> <p>January 2023: EE formula proposals presented to Early Education Working Group</p> <p>January 2023: EE formula proposals presented to Schools Forum</p> <p>Jan / Feb 2023: Consultation on changes to formula</p> <p>Feb 2023: Extraordinary Schools Forum Meeting to feedback outcome of Consultation and final proposals</p> <p>March 2023/24 funding rates confirmed to early education providers</p>
4. Recommendations	
4.1	<p>Schools Forum are requested to:</p> <ul style="list-style-type: none"> • Note the proposals on the Early Years formula and hourly rates for 2023/24 • Approve the retention of 5% to contribute towards Early Years Centrally funded services

Appendix 1 - Consultation on Rotherham Early Education Funding Formula 2023-24

RMBC consulted on the local Early Education funding formula between 13th and 27th January 2023.

The consultation was circulated via e-mail and promoted on 3 separate occasions.

The following two options were put forward for consideration.

Option 1 to include the TPPG element within the base rate to enable an increased base rate to all providers

Single Funding Formula		Rate Providers would receive
Retention for Central Spend	5% of 3 / 4 year old and 30 hour budgets	N/A
3 / 4 year old hourly rate	93% of 3 / 4 year old and 30 hour budgets	£4.56 (increase of 27p per hour)
3 / 4 year old Deprivation Supplements	2% of 3 / 4 year old and 30 hour budgets to be distributed as an additional hourly rate as detailed above.	To be calculated based on Jan census: currently 16p High Deprivation, 11p Medium Deprivation
2 year old hourly rate	100% passported to providers	£5.63 (increase of 6p per hour)

Option 2 to create a Quality supplement to passport the majority of the TPPG element to schools / providers who employ a QTS to deliver their 3 / 4 year old early education provision.

Single Funding Formula		Rate Providers would receive
Retention for Central Spend	5% of 3 / 4 year old and 30 hour budgets	N/A
3 / 4 year old hourly rate	91.44% of 3 / 4 year old and 30 hour budgets	£4.47 (increase of 18p per hour)
3 / 4 year old Deprivation Supplements	2% of 3 / 4 year old and 30 hour budgets	To be calculated based on Jan census: currently 16p High Deprivation, 11p Medium Deprivation
Quality Supplement for 3 / 4 year olds (criteria: employment of QTS in Foundation 1 class or PVI sector)	1.56% of 3 / 4 year old and 30 hour budgets	20p / hour for eligible schools and providers
2 year old hourly rate	100% passported to providers	£5.63 (increase of 6p per hour)

A 34% response rate was received across the sector. See breakdown by provider type:

Provider Type	Number of Responses	Total Number of Providers	Percentage of Provider Type
PVI Group Provider	25	56	45%
Childminder	39	121	32%
School	21	74	28%
TOTAL	85	251	34%

Responses:

	No. of Responses	Responses by Provider Type	
Option 1	74	PVI Groups	25
		Childminders	39
		Schools	10
Option 2	11	Schools	11

Option 1 Comments:

PVI Group Providers:

- It is absolutely vital that option 1 is chosen in order to support struggling settings which are under immense financial pressure. Quality of staff is important however in my setting it is not always about the qualification staff have but predominately about the support and value the setting gives to CPD etc. I recently lost a member of staff who has left early years due to pay etc. Her practice was outstanding and she was L3. She was even better than many teachers I know. However, because of the funding etc I could not compete with wages in a different field. Therefore, option 1 is a must for us to try to retain and support staff and the sustainability of the setting.
- Provides the best chance the PVI sector will survive, the vast majority of which provide Good/Outstanding early education
- I feel it would be fairer for all settings to receive the same, however, if Model 2 was to be introduced would it have to be QTS or could someone have EYTS? I hold an EYTS and feel I am an excellent early years teacher who has completed all the relevant training to gain this experience
- I think this is the fairer option for PVI sector as our employers pension contributions have also increased! The increase in funding when compared to the increase in NMW still leaves us 40p per hour out of pocket, and this amounts to £84 per week for us, so any extra funding would be very much appreciated and could make a huge difference to smaller preschools which are over 90% funded such as ourselves.
- Option one supports settings receiving the 27p rate rather than the 18p rate. With rising costs especially energy and rental costs anything to help settings to try to be more sustainable is welcomed.
- We need to see the complete breakdown of the rates as the numbers don't compute to us. Considering the actual funding increase being 2.8% without TPPG. The Government has invested many millions and this hasn't been reflected. Inflation is running at around 10.5% and min wage increase is over 10% as well this year So not much help! We are also on the funding forum at Barnsley representing PVI's, so we get their info as well.
- Sustainability is already an issue: given scheduled wage cost increases, utility costs and all other cost increases, option 1 is the minimum option to try and mitigate all these increases. This would still only be a 6% uplift. Wages alone will rise 10% plus from April. We again will have to put additional burden on private payers who already pay a higher rate per hour than our funded rate. I appreciate you are allocated an amount by central government, and appreciate the consultation on options. But really I cannot see any other option that number 1 if you want to ensure providers have a chance of navigating the next year.

Schools:

- We do have QTS and feel funding should reflect this, but in fairness to PVI's who may not we will work with option one
- We don't have a member of staff with QTS in F1 so option 1 would be more beneficial for us
- We would be significantly worse off with option 2 as we have an unqualified teacher in our F1.

Option 2 Comments:

- After carefully reviewing this, we feel Option 2 would be better moving forward. The reasons for that are: Although we do not currently have QTS in F1, we would consider this in the future. We feel this option promotes having QTS in F1 which ultimately improves provision.