
Early Years Budget 2023/24

Report being considered by: Schools Forum on 13th March 2023

Report Author: Avril Allenby and Lisa Potts

Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the proposal for the Early Years budget 2023/24, which is based upon the recommendations of the Early Years Funding Group.

2. Recommendations

- 2.1 That the Early Years DSG budget for 2023/24 be set at the level detailed in the budget model are agreed. Thus increasing the 3 & 4 year old rate, the 2 year old rate, the quality rate and deprivation along with an increase in the SEN Inclusion Funding.
- 2.2 That there remains a focus on deficit recovery and lowering of the pass-through rate.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
---------------------------------------------------------------------------------------------------------------------------	-------------------------------	-----------------------------------------

3. Funding Framework for 2023/24

- 3.1 The funding rate determined for West Berkshire for 2023/24 for 3 to 4 year olds has increased from £5.01 to £5.26. This includes a further 6p per hour for Teachers pay and pensions in the form of a grant.
- 3.2 It is important to point out that the additional funding to support teacher pay and pensions was previously allocated through a grant directly to schools along with their allocation for the rest of the teaching staff in their school.
- 3.3 It is for each local authority to decide how best to distribute this funding. In West Berkshire we will be providing extra grant for teacher pay and pensions to all schools with a nursery class. The Maintained Nursery Schools will not receive extra as this element has been included in their supplementary funding.
- 3.4 Local Authorities are required to set an average funding rate for providers for 3 and 4 year olds which is at least 95% of the authority's funding rate. This minimum funding level is referred to as the pass through rate.
- 3.5 The funding rate paid for 2 year olds has increased by a 56p uplift from £6.11 to £6.67 per hour.
- 3.6 The Early Years Pupil Premium Grant (EYPPG) is to continue and is increasing from £0.60 to £0.62 per hour.

- 3.7 A Disability Access Fund (DAF) payment of £828 per child per year will be made for children in receipt of Disability Living Allowance.
- 3.8 An SEN Inclusion fund also continues.

4. Forecast Outturn for 2022/23

- 4.1 The figures in the forecast below are based on actual hours for the 2022/23 year, with a small contingency to allow for any final changes in the Spring 2023 hours.
- 4.2 There is a forecast underspend of £268k on the delegated funds, which is due to a reduction in the numbers of hours being taken up by parents.
- 4.3 The centrally managed funds have a forecast saving of £26k, which is mainly due to a lower uptake of the Disability Access Fund than we were funded for.
- 4.4 The initial budget allocation was based on January 2021 census, based on the current census we are due to receive £9,000 additional funding from the DFE, but final figures won't be known until July 2023.
- 4.5 The 2021-22 funding adjustment of £101k is the adjustment from the prior year.
- 4.6 The table below shows the forecast outturn for 2022/23:

	2022/23 Budget Set £	2022/23 Forecast £	2022/23 Variance £
Funds Delegated to Early Years Providers			
PVI Providers	6,165,370	5,920,281	-245,089
Nursery classes in Mainstream Schools	1,875,190	1,972,647	97,457
Maintained Nursery Schools (including MNSS lump sum)	824,890	798,619	-26,271
2 Year Old Funding	736,930	663,214	-73,716
Pupil Premium Grant (30%) and deprivation funding (70%)	235,690	215,493	-20,197
Total Delegated Funds	9,838,070	9,570,253	-267,817
Centrally Managed Funds			
Central Expenditure on Children Under 5	281,980	276,850	-5,130
Early Development Intervention Team (EDIT)	62,505	60,755	-1,750
SEN Inclusion Fund	90,000	91,750	1,750
Disability Access Fund	42,400	21,600	-20,800
SSRs	69,310	69,307	-3
Total Centrally Managed Funds	546,195	520,262	-25,933
TOTAL EXPENDITURE	10,384,265	10,090,515	-293,750
Early Years DSG Block Funding In Year	-10,161,380	-10,025,446	-9,066
In year overspend (under spend)	367,885	65,068	-302,817
Early Years 2021-22 funding adjustment		101,295	101,295
Early Years DSG Block Overspend from previous year	916,650	914,269	-2,381
FORECAST CUMULATIVE DEFICIT AT YEAR END	1,284,535	1,080,632	-203,903

5. Deficit Recovery

- 5.1 The deficit recovery plan took effect with effect from 1st April 2021. The first year saw a £56k reduction in the deficit. However, the deficit has grown since the end of 21/22. This is because we have to cover the centrally retained funds from the 5% which is not passed to providers. As the pass through rate is around 98%, it will take time to reduce the deficit.
- 5.2 The net budget for 22/23 was set at £368k deficit, but the outturn is expected to be lower at £65k short. This is an improved position of £303k on the budget. The outturn was budgeted to be £1.3m overspent, but the outturn is expected to be £1m over.

6. Budget Model for 2023/24

- 6.1 We are now in the second year of the funding announced in the Spending Review in October 2021. The funding in the financial year 2023/24 is £180 million, an increase on the allocation last financial year which was for £160 million.
- 6.2 In addition to this government consulted on the Early Years National Funding mainstreaming the early year’s element of the teachers’ pay and pension’s grants and creating a fairer distribution of the mainstream nursery school supplementary funding. Along with making some technical amendments and using an updated data set to underpin allocations.
- 6.3 Therefore when determining the local rates there are two factors that need to be taken into consideration. The deficit recovery and the new funding from government. The table below shows the local rates in the current financial year, the rates as per deficit recovery and the proposed rates when the new funding is applied using our local formula.

	2022/23 Current Base Rate £	2023/24 Rate as per deficit recovery £	2023/24 Proposed Rate £
3&4 year olds funding rate	4.50	4.48	4.69
Quality Rate	0.63	0.62	0.63
2YO Funding Rate	5.71	5.59	6.13
Deprivation	1.72	1.64	1.72

- 6.4 The Local Authority is allowed to fund from the grant some centrally provided services, including staffing and IT costs in relation to overseeing the delivery of the free entitlement, sufficiency of places, eligibility checking, and administration of funding payments to providers. However funding for these services is limited by the requirement to set a “pass-through rate” for 3 and 4 year olds which is at least 95% of the authority’s funding rate.
- 6.5 The pass-through rate for 2023/24 is at 98.2%, which is mainly due to the high level of hours that attract the quality supplement. This has reduced by 1.5% from the 22/23 budget.

6.6 It should be noted that 2019/20 the single base rate was increased to support all providers with the additional costs that have impacted on them over the past two years; rises in the minimum wage and pension costs alongside the introduction of the additional free entitlement to working parents. However this rise has impacted upon the pass-through rate taking it above 100% and has resulted in the overspend position that now needs addressing.

6.7 The 2023/24 budget is shown below using the rates shown above:

	2023/24 Yr 1 Budget £
Funds Delegated to Early Years Providers	
PVI Providers (90036)	6,202,254
Nursery classes in Mainstream Schools (90037)	2,016,594
Maintained Nursery Schools (90010)	931,085
2 Year Old Funding (90018)	724,257
Pupil Premium Grant (35%) and deprivation funding (65%) (90052)	218,933
Total Delegated Funds	10,093,122
Centrally Managed Funds	
Central Expenditure on Children Under 5 (90017)	339,480
Early Development Intervention Team (EDIT) (90287)	64,040
SEN Inclusion Fund (90238)	108,000
Disability Access Fund (90053)	43,060
SSRs	77,730
Total Centrally Managed Funds	632,310
TOTAL EXPENDITURE	10,725,432
Early Years DSG Block Funding In Year	-10,654,355
In Year 223234Shortfall	71,077
Early Years DSG Block Deficit carried forward	£1,080,632
OVERALL NET POSITION	1,151,709

6.8 The number of hours that are eligible for the quality rate has increased from 53% in 2019/20 to 62% in 22/23. Although we are reducing the pass through rate to providers, this is going to take some time to bring to a sustainable level.

6.9 A review of use and uptake of the SEN Inclusion Funding highlighted that this fund is under pressure due to the increase in hours available to parents and the cost of living. It is proposed to increase the fund in 2023/24. The details of the current work undertaken and the pressures are detailed in Appendix A.

7. Conclusion

7.1 The Early Years Block budget has been set at a level which seeks to realign the pass-through rate and reduce some of the deficit budget. While balancing the needs of the local childcare providers and the pressures of the current cost of living issues. Thus providing a viable pass-through rate.

- 7.2 The deficit will be monitored to ensure the overall position of the block is recovering the current shortfall.

8. Recommendation

- 8.1 That the Early Years DSG budget for 2023/24 be set at the level detailed in the budget model are agreed. Thus increasing the 3 & 4 year old rate, the 2 year old rate, the quality rate and deprivation along with an increase in the SEN Inclusion Funding.
- 8.2 That there remains a focus on deficit recovery and lowering of the pass-through rate.

9. Appendices

- 9.1 Appendix A – Early Years Inclusion Support Funding
- 9.2 Appendix B – Equalities Impact Assessment.

Appendix A

West Berkshire Early Years Inclusion Support Funding (EYISF) Budget

What is EYISF?

<https://www.gov.uk/government/publications/early-years-funding-2022-to-2023/early-years-entitlements-local-authority-funding-of-providers-operational-guide-2022-to-2023>

5.3 Special educational needs inclusion fund (SENIF)

Local authorities are required to have SENIFs for all 3 and 4-year-olds with SEN who are taking up the free entitlements, regardless of the number of hours taken. These funds are intended to support local authorities to work with providers to address the needs of individual children with SEN.

In West Berkshire, EYIS funding can be used to support a child's inclusion during the parental entitlement to 15 or 30 hours of free early years' education per week, for up to 38 weeks per academic year. It is for eligible two, three and four year-olds.

How it is allocated

EYISF is allocated specifically to support the inclusion of a named child. All funds must be spent on that purpose.

Applications are made on a termly basis by settings and reviewed at a panel meeting (The panel consists of the four advisory teachers from EDIT, the LSS manager, an advisory teacher from the Early Years Team, plus representatives from the EP Service and SEN Team).

EYISF is allocated within the bands shown below in line with free entitlement of 15 or 30 hours and the child's support need (frequency of intervention needed).

Band	Frequency of intervention guide	2021-22
1	Low 1 to 7 hours	200
2		500
3	Medium 8 to 20 hours	800
4		1000
5		1200
6	High 21 to 30 hours	1600
7		2000

How it has been used over the past couple of years

Previously the amount of funding allocated has reflected the number of hours a child attends the setting from their free entitlement (15 or 30 hrs) and the level of support needed e.g. low / medium / high. In this way the EYISF could support settings to provide targeted interventions for children with lower level or emerging SEND as well as a high level of support for those with more complex needs.

The Managers and SENDCos would determine how to use the funding best to support the inclusion of the child within their setting.

The funding could be used flexibly, to ensure the child's additional needs are met. For example, the funding could:

- provide a contribution toward additional staffing. An additional staff member may be recruited by the setting to work with the child, or to provide 'cover' for an experienced member of staff to provide support at given times
- be ear-marked for staff training to support staff in meeting the needs of the child
- be used to purchase equipment or resources to meet the needs of the child

Pressures on the EYISF budget

The EYISF budget is currently £90,000 per year and has not been increased for a number of years.

Two factors have had significant impact on the funds available to support settings:

1. The introduction in September 2017 of 30 hours free early years' entitlement for working parents.
2. The gradual increase in the minimum wage (this was £7.50 in 2017 and will increase again in April 2023 to £10.43).

Without a designated SEND budget, private, voluntary and independent (PVI) settings rely on EYISF if a child needs a high level of individual support to be included in the setting, or if they are looking to increase ratios to allow for targeted interventions. Although EYISF has always been a **contribution** towards the cost of including a child with SEND, the bandings as they stand provide a minimal contribution. For example, a child attending 30 hours requiring full adult support to be included in a setting would receive a maximum of £2000 per term, this equates to £6.66 per hour.

For the spring term 2023 there were 56 requests. Once assessed and Bands allocated the total amount of funding needed was £32,600, which far exceeded the £22,000 remaining in the budget for the year. The panel had to make some difficult decisions which resulted in only the children with an exceptional level of need (i.e. those for whom a placement would not be possible without full time support) were allocated the full funding (15 children). 24 children were given 50% of their allocated funding and the rest were given no funding. This amounted to £24,500 with the deficit having to be found from other budgets that sit within Learning Support.

For comparison:

In spring term 2022 there were 39 requests for funding.

In spring term 2021 there were 25 requests for funding.

What we forecast might be needed in the future?

The following table shows the last three years of funding:

	No of requests	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7
Spring 2020*	35	8	21	6	0	0	0	0
Summer 2020	39	1	10	4	14	5	1	4
Autumn 2020	19	0	1	9	5	3	1	0
Spring 2021	25	0	2	6	10	5	2	0
£80,900 total 20/21		£200	£6,500	£15,200	£29,000	£15,600	£6,400	£8,000
Summer 2021	30	0	4	6	12	6	2	0
Autumn 2021	22	0	1	7	6	4	4	0
Spring 2022	39	1	8	6	9	8	6	1
£91,700 total 21/22		£200	£6,500	£15,200	£27,000	£21,600	£19,200	£2,000
Summer 2022	55	2	11	16	16	3	6	1
Autumn 2022	32	6	12	5	5	1	2	1
Spring 2023	38	0	12	9	9	5	3	0
£105,500 total 22/23		£1,600	£17,500	£24,000	£30,000	£10,800	£17,600	£4,000

* Bandings were higher - this was changed for summer 2020 funding onwards

- Autumn term traditionally sees the fewest requests as children transition to school, with summer term having the heaviest demand on the budget.
- The figures show a year on year increase in the number of funding requests made with a greater number of parents taking up their child's full entitlement of 15 hrs (Band 3 or 4) or up to 30 hours, (Bands 5, 6, or 7).
- We are also seeing an increase in the number of children with more complex needs being supported in mainstream PVI settings, who require a high level of individual adult support in order to be included in the setting (those children at Band 3/4 or 6/7).

Appendix B

Equality Impact Assessment (EqIA) - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (section 149 of the Equality Act 2010), which states:

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.*
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.*

The following list of questions may help to establish whether the decision is relevant to equality (the relevance of a decision to equality depends not just on the number of those affected, but on the significance of the impact on them):

- Does the decision affect service users, employees or the wider community?
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the Council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Schools' Forum to make:	For the Schools Forum to agree the 2023/24 Early Years budget.
Name of Service/Directorate:	Early Years Budget 2023/24
Name of assessor:	Lisa Potts
Date of assessment:	14/2/2023

Is this a ?		Is this policy, strategy, function or service ... ?	
Policy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	New or proposed	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Strategy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Already exists and is being reviewed	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Function	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Is changing	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Service	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		

(1) What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	To agree the Early Years Block budget
Objectives:	To ensure services continue to be funded
Outcomes:	Agreement to fund Early Years services as set out in the papers
Benefits:	A deliverable service

(2) Which groups might be affected and how? Is it positively or negatively and what sources of information have been used to determine this?			
<i>(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation)</i>			
Group Affected	Potential Positive Impacts	Potential Negative Impacts	Evidence
Age	None	None	
Disability	None	None	
Gender Reassignment	None	None	
Marriage and Civil Partnership	None	None	

Pregnancy and Maternity	None	None	
Race	None	None	
Religion or Belief	None	None	
Sex	None	None	
Sexual Orientation	None	None	
Further Comments:			

(3) Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Please provide an explanation for your answer:	

If your answers to question 2 have identified potential adverse impacts and you have answered ‘yes’ to either of the sections at question 3, or you are unsure about the impact, then you should carry out a EqIA 2.
 If an EqIA 2 is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the EqIA guidance and template – <http://intranet/index.aspx?articleid=32255>.

(4) Identify next steps as appropriate:	
EqIA Stage 2 required	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Owner of EqIA Stage Two:	
Timescale for EqIA Stage Two:	

Name: Lisa Potts **Date:** 01/03/2023

Please now forward this completed form to Pamela Voss, Equality and Diversity Officer (pamela.voss@westberks.gov.uk), for publication on the WB