

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report presents the Authority's consultation document on proposals for the 2023/24 financial year Early Years Single Funding Formula and information on the Early Years Block settlement.

Date (s) of any Previous Discussion at the Forum

A report outlining key matters and emerging themes for discussion regarding 2023/24 early years entitlement funding arrangements was presented to the Schools Forum on 14 September 2022 (Document OS). An update on this was presented on 7 December (Document PB).

Background

We reported in the Forum's autumn term meetings that the final details of the Early Years Block settlement, and operational guidance, for 2023/24 were not yet known. We explained that the DfE had however, in September, concluded a national consultation on Early Years Block funding, and we set out the main proposals, and key concerns that we have, in relation to this consultation. We refer members to Document OS, presented on 14 September, in which we set out the key considerations behind the development of EYSFF proposals, and Early Years Block management, for the 2023/24 financial year. Members should also refer to Document PB, presented on 7 December, which provided an update and which also gave the headlines of the Authority's indicative model for 2023/24, which was based on estimates.

The 2023/24 Early Years Block settlement and operational guidance were published by the DfE on 16 December 2022. The headlines from these publications are presented in the introduction to the attached consultation paper (Appendix 1). Due to the timing of this announcement, the Early Years Working Group (EYWG) has not yet met, but an email, which gave sight of the proposals was sent to EYWG members on 22 December, and a meeting will be called as soon as possible.

We have updated benchmarking of our Early Years Single Funding Formula (EYSFF), now using 2022/23 financial year information. This was presented to the Forum on 7 December. The updated comparisons are also presented within the consultation document at Appendix 1.

It is helpful to quickly remind Forum members of our recent considerations and actions relating to the Early Years Block, and of our existing EYSFF arrangements:

- In 2020/21, we began to reduce the proportion of our 3&4-year-old Early Years Single Funding Formula (EYSFF), that is allocated via the Deprivation & SEND supplement, with the intention to reduce this over 3 years from 9.5% to the average of our statistical neighbours, rounded up to 6%, in support of affordability and of maximising our Universal Base Rates, having also identified that we are currently spending a higher proportion of our EYSFF on this supplement than other authorities are. However, recognising the impact of the COVID-19 pandemic, we did not take the planned second step (to reduce from 8% to 7%) in 2021/22 and we retained 8% in 2022/23. The Regulations place a restriction on the use of supplements in the 3&4-year-old EYSFF; supplements cannot (now in 2023/24) allocate more than 12% of total EYSFF funding (this has been increased from 10% following the merger of teacher grant funding).
- As a consequence of this retention, in part, we have continued to allocate reserves (one off monies from brought forward balances) held within the Early Years Block to protect the values of the 2-year-old and 3&4-year-old Universal Base Rates at their current year levels of £5.55 and £4.39 per hour. The 2022/23 planned budget incorporated £0.734m of reserves and we held £4.18m of reserves in total within the Early Years Block at the end of 2021/22. We have identified that we must continue to discuss how our EYSFF arrangements can most effectively, but sustainably, support the early years sector in its delivery of the entitlements going forward, recognising that reserves can only be spent once.
- In 2022/23, Bradford's rate of funding from the DfE for the 3&4-year-old entitlements increased from £4.69 to £4.86 per hour. This represented an increase of + 3.62% (+ £0.17). £0.15 of this increase was passed directly through to providers (£0.14 through the Universal Base Rate and £0.01 through the Deprivation and SEND Supplement). Bradford's rate of funding for the 2-year-old entitlement increased from £5.36 to £5.57 per hour. This represented an increase of + 3.92% (+ £0.21). £0.19 of this increase was passed directly through to providers through the 2-year-old Setting Rate. £0.02 was allocated to supported the cost of continuing 2-year-old access to the Early Years SEND Inclusion Fund (EYIF).

Background (continued)

- In 2022/23, we retained £398,000 centrally within the Early Years Block, excluding the contribution to copyright licences. Within this sum, we returned to the Early Years Block the cost of the PVI Area SENCOs budget (£204,000), having transferred this to the High Needs Block on an exceptional basis in 2021/22. We also added a new contribution (£100,000) to support the Authority's capacity to deliver the EYSFF and other early years functions. We passed through to providers 97.5% of 3&4-year-old funding, excluding the use of reserves. The Regulations require a minimum pass-through of 95%. Our benchmarking continues to indicate that we are low central retainer of Early Years Block funds, compared with other authorities. The 97.5% is affected, not just by the values of budgets held centrally within the Early Years Block, but also by the additional cost of the 2-year-old entitlement. We have identified that the cost of funding the 2-year-old entitlement, at our current rates, exceeds its funding, due to the profile of hours that are typically funded across the year by term and 2-year-old access to EYIF. This is a position that we need to continue to monitor closely, to ensure that our 2-year-old funding approach does not place excessive pressure on our 3&4-year-old entitlement funding on an on-going basis.
- Since April 2019, we have operated an amended Early Years Inclusion Fund (EYIF), supporting emerging SEND. The DfE has indicated within the current national SEND Review that how SEND is supported in early years will change, and that this is likely to have knock-on implications for early years entitlement funding, including for EYIF and for the Disability Access Fund (DAF).
- We have identified the critical significance of national DfE decisions concerning the continuation of the Maintained Nursery School Supplement. This Supplement has been confirmed as continuing for the current 3 year spending period (which covers up to March 2025). Following the DfE's uplift of funding rates, in 2022/23, we uplifted the sustainability lump sum protection that we allocate to our nursery schools, for the first time since 2017/18.
- We are currently introducing a new Bradford Provider Headcount Portal for providers to use to submit their entitlement delivery information to the Authority. We have signalled that, as the use of this Portal is extended, including to schools and academies, we will have an opportunity to consider whether our early years entitlement counting arrangements should adjust to be more responsive to changes in numbers within each term. There are pros for, and cons against, such a change in approach.

Details of the Item for Consideration

Please see Appendix 1, which is our consultation document on our Early Years Single Funding Formula (and Technical Statement) proposed for the 2023/24 financial year. This document also summarises the Early Years Block settlement for 2023/24 and changes in the DfE's operational guidance.

Subject to the Forum's agreement, this consultation will go live immediately following this meeting and will have a closing date for responses of 6 February 2023.

The Forum is asked for its formal feedback on the proposals. Members are asked to provide their feedback under agenda item 12. The outcomes of the consultation will be presented to the Forum on 8 March. However, this will be after Council has taken its final decisions on DSG arrangements for 2023/24 on 23 February. Members therefore, are asked to note that the recommended allocation of the 2023/24 Early Years Block, and Early Years Single Funding Formula arrangements, presented to this meeting are put forward on the basis that the Authority's proposals are implemented. Any variance from this in the final arrangements, as agreed by Council, including changes as result of consultation feedback, will be presented to the Forum on 8 March.

Implications for the Dedicated Schools Grant (DSG) (if any)

A summary of the overall impact of proposals (the estimated position of the Early Years Block in 2023/24) is presented in Document PL (DSG Summary).

How the Authority is seeking to manage the financial position of the Early Years Block is explained within the introduction to the consultation document at Appendix 1.

On current estimates, we calculate that we will need initially to earmark £0.957m of brought forward balances to ensure that we can meet the cost of our proposed EYSFF arrangements in 2023/24.

Recommendations

Recommended –

- (1) The Forum is asked for its formal feedback on the proposals. Members are asked to provide their feedback under agenda item 12. The outcomes of the consultation will be presented to the Forum on 8 March. However, this will be after Council has taken its final decisions on DSG arrangements for 2023/24 on 23 February.**
- (2) Members are asked to note that the recommended allocation of the 2023/24 Early Years Block, and Early Years Single Funding Formula arrangements, presented to this meeting are put forward on the basis that the Authority's proposals are implemented. Any variance from this in the final arrangements, as agreed by Council, including changes as result of consultation feedback, will be presented to the Forum on 8 March.**

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Consultation on 2023/24 Early Years Block Funding Arrangements

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