

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 briefs the Schools Forum on the allocation of the Early Years Supplementary Grant (EYSG) in 2023/24.

Date (s) of any Previous Discussion at the Forum

The Schools Forum made its recommendations on the 2023/24 Early Years Block and Early Years Single Funding Formula on 11 January 2023. An update was presented on 8 March (Document PT). A report on the March Budget early years entitlement funding announcements was presented on 17 May (Document PW) and again on 12 July (Document QC).

Background

On 15 March 2023, the Chancellor announced additional entitlement funding, of £204m from September 2023 rising to £288m in 2024/25, to increase the funding that is paid to early years entitlement providers for the delivery of the existing entitlements, above the 2023/24 Early Years Block funding rates that were announced by the DfE on 16 December 2022. In the reports that we presented to the Forum in May and July we set out, depending on the conditions that the DfE establishes (which were still to be published), the principles we expected to follow:

- We absolutely wish to maximise the allocation of the additional funding directly to providers.
- The additional funding will be used to increase provider rates for the autumn 2023 and spring 2023 delivery. However, we will not retrospectively re-calculate the funding that has been allocated for the delivery of the entitlements over the summer term 2023.
- We anticipate allocating the funding across the two entitlements (the current 2-year-old and the current 3&4-year-old entitlement) in a 'ring-fenced' manner, in line with the way that the DfE has allocated the money.
- We anticipate that the funding will be allocated to providers by adjusting only the Universal Base Rates.
- We will wish to allocate a total additional value of funding that does not materially affect the overall affordability position of our Early Years Block in the 2023/24 financial year. In January 2023, we agreed with the Schools Forum a planned budget, which set aside £0.957m of brought forward balance to support the full potential cost of our 2023/24 Early Years Block arrangements
- We will need to consider the issue of more closely 'new burdens' related to the additional work, and on-going capacity that the Local Authority will require, to support the roll out and on-going delivery of extended entitlements. However, this is likely to be more appropriate for the 2024/25 DSG decision making cycle rather than more immediate decisions about the allocation of additional monies that have become available during this financial year for the delivery of the existing entitlements.

The DfE announced the rates of funding that authorities will receive via the Early Years Supplementary Grant (EYSG) on 7 July. The minutes of the 12 July Forum meeting record the following information for Bradford, which was presented verbally:

- 2-year-old entitlement: an additional £1.79 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £5.63 to £7.42 per hour for the period September 2023 to March 2024). This is a 31.8% increase on our original rate of £5.63. The national median increase is 32.5% (£1.88), so our allocation of additional grant is below the national median.
- 3&4-year-old entitlement: an additional £0.27 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £5.05 to £5.32 per hour for the period September 2023 to March 2024). This is a 5.4% increase on our original rate of £5.05. The national median increase is 6.6% (£0.33), so our allocation of additional grant is below the national median.
- Maintained Nursery School Supplement: an additional £0.21 per hour (our total DSG-equivalent rate of funding for 2023/24 increases from £3.80 to £4.01 per hour for the period September 2023 to March 2024; an increase of 5.5%).
- Early Years Pupil Premium: the hourly rate for all local authorities is increased by £0.04 per hour for the period September 2023 to March 2024.
- Disability Access Fund: the annual rate per child is increased by £53 for all local authorities for the period September 2023 to March 2024.

Background

On the 12 July, the Business Advisor also explained to the Schools Forum that “whilst the conditions of grant will not be published until September, the DfE has stated clearly that it expects the Early Years Supplementary Grant (EYSG) to be full passed out to providers and that authorities should act ‘promptly’ to engage with, and to inform, early years providers about their uplifted rates of funding for the autumn and spring terms. To this end, the DfE has stated that authorities are not required to consult with their Schools Forums. On this basis, although the report presented to the Forum today says that a proposed approach to the allocation of our funding will be presented to the Forum on 13 September for recommendation, this report was written before the 7 July announcement and it is now the case that the Authority will need to decide on the allocation of funding more quickly, having spoken with the Early Years Working Group (EYWG) on 25 July, with a report coming to the Forum on 13 September for information only (rather than for recommendation). Highlighting this, the Business Advisor asked again whether Forum members have any comments on the principles of the approach to the allocation of the additional funding that were presented on 17 May and that are also summarised in today’s report e.g. the allocation of the monies via the Universal Base Rates, rather than via supplements. Forum members did not offer any additional comments.”

Details of the Item for Consideration

The table below summarises the additional funding that Bradford will receive via the EYSG and how this compares with 2022/23 and original 2023/24 rates:

Funding Stream	2022/23 Rate	2023/24 Original Rate (Apr-Aug)	% Difference on 2022/23	2023/24 Rate for Sept – Mar inc. EYSG	% Difference on 2022/23
2 Year Olds	£5.57	£5.63	+ 1.1%	£7.42	+ 33.2%
3&4 Year Olds	£5.00	£5.05	+ 1.0%	£5.32	+ 6.4%
MNS	£3.59	£3.80	+ 5.9%	£4.01	+ 11.7%
EYPP	£0.60	£0.62	+ 3.3%	£0.66	+ 10.0%
DAF	£800	£828	+ 3.5%	£881	+ 10.1%

We estimate that we will receive c. £2.19m in EYSG. However, the total cash value of our grant allocation will be determined by our January 2024 Census numbers and will be confirmed in summer 2024.

The Authority has decided to allocate the EYSG as set out below. This was communicated to early years entitlement providers early August. The EYSFF hourly rates payable to Bradford Providers in autumn 2023 and spring 2024 are:

	April – Aug Rate	Sept – Mar Rate	Diff
2-year-old entitlement Universal Base Rate (p/hour)	£5.61	£7.40	+ £1.79
3&4-Year-Old entitlement Universal Base Rate (p/ hour)	£4.46	£4.73	+ £0.27
Early Years Pupil Premium rate (p/hour)	£0.62	£0.66	+ £0.04
Disability Access Fund rate (p/year)	£1,200	£1,230.92	+ £30.92

This means that, for the period 1 September 2023 to 31 March 2024 i.e. for the autumn and spring terms:

- The funding rate for the 2-year-old entitlement increases from £5.61 to £7.40 per hour.
- The Universal Base Rate for the funding of the 3&4-year-old entitlements (both universal and extended) increases from £4.46 to £4.73 per hour.
- All other provider funding rates within the 3&4-year-old EYSFF - Deprivation & SEND supplement, Employers Contribution to Teacher Pensions supplement and Maintained Nursery School sustainability - are unchanged. An additional separate lump sum allocation from the grant will be made to maintained nursery schools in spring to allocate the DfE's enhancement to the MNS Supplement.
- The funding rate for the Early Years Inclusion Fund (EYIF) is unchanged.
- The Early Years Pupil Premium (EYPP) funding rate increases from £0.62 to £0.66 per hour.
- The Disability Access Funding (DAF) financial year annual rate increases from £1,200 to £1,230.92. Please note that this is an increase of £30.92, which is 7/12ths of the value of the £53 full year increase stated by the DfE. Providers that have already received a financial year annual sum of £1,200 DAF in the summer term will receive an additional £30.92 in the autumn term.

This also means, to confirm, that the increases in funding rates for early years providers match the increases in grant funding that the Local Authority has received from the DfE i.e. the Local Authority is fully passing through to providers the additional funding that has been allocated by the DfE at the rates that have been funded by the DfE. Whilst the DfE has still to publish the final conditions of grant, we expect that this method of allocation will comply with these conditions.

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

Whilst the EYSG is a separate non-DSG grant, it will have direct implications for the DSG. This is because we estimate that, in passing through the EYSG to providers at the rates of funding that are published by the DfE, we will overspend our EYSG allocation by £0.30m. This is because we estimate that we will fund more hours in providers across the autumn and spring terms than the DfE will fund us for, due to our profile of early years entitlement numbers. We fund our entitlements on a termly basis, using a 12 (summer) / 14 (autumn) / 12 (spring) weeks profile. We generally understand that, other than for slight variation in the number of weeks, many local authorities do the same. This means that we fund 12 weeks in summer, compared with the DfE's Early Years Block DSG-level funding profile of 5/12ths (16 weeks), but we fund 26 weeks in autumn and spring, compared with the DfE's Early Years Block DSG-level funding profile of 7/12ths (22 weeks). Following this profile, we will fund our providers for 4 weeks more delivery than the DfE will fund the DSG for.

The Authority closely considered the options around managing this position and concluded that to reduce the funding rates that providers receive (reduce these from the DfE published rates) would not be a satisfactory approach; providers would not understand why rates of funding were reduced and would not accept that the Authority is not passing through the rates of funding that have been allocated by the DfE. The Authority also concluded that we would wish to maximise the funding that is allocated to providers.

On this basis, the overspend in the EYSG, when this is confirmed in summer 2024, will be charged to the Early Years Block DSG reserve. We currently estimate that this will be £0.30m. We held a reserve of £4.64m at the end of the 2022/23 financial year and we estimate that the £0.30m additional spend can be met within the parameters of the existing agreed 2023/24 Early Years Block planned budget, which estimated an overall planned overspend of £0.957m. Whilst the conditions of grant are still to be published, we contacted the DfE to clarify whether charging an overspending on the EYSG to the DSG would be permitted. The DfE responded to indicate that this would.

Recommendations

Recommended – The Schools Forum is asked to consider and to note the information provided.

List of Supporting Appendices / Papers (where applicable)

None

Contact Officer (name, telephone number and email address)

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