


Agenda Item 3

	<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">SCHOOLS FORUM</p> <p style="text-align: center;">Tuesday, 14th March 2023</p>
FINAL EARLY YEARS FUNDING 2023/24	
Open	
Wards Affected: (All Wards); All	
Accountable Director: Jacqui Mc Shannon, Strategic Director of Children's Services	
Report Authors: Peter Haylock Operational Director of Education and SEND Tony Burton Head of Finance for Children's and Education	Contact Details: E-mail: Peter.Haylock@lbhf.gov.uk Tony.burton@lbhf.gov.uk
Purpose of the report This report updates forum on the Final proposed allocation of Early Years Block funding for 2023/24 based on January 2022 census numbers and following consultation with the Sector in February.	

1. Introduction

- 1.1. Schools Forum on 17th January 2022 noted the draft 2023/24 budget for the Early Years Block of the Dedicated Schools Grant for 3 and 4 year olds subject to the required consultation with Early Years providers in the borough.
- 1.2. The proposals were presented at an Early Years workshop held on 8th February. There was good attendance at the workshop with representatives from Schools and the private, voluntary and independent sector.
- 1.3. The consultation questions were sent out to all early years' providers in the borough after the February workshop. Responses were anonymous.
 - A total of 9 responses were received with the majority of responses agreeing with the proposals.
 - 6 out of the 9 respondents had not attended the workshop
 - The majority of respondents were PVI providers (6) with one respondent from a child minder, one school and one 'other'

- A majority of respondents agreed the key recommendations for the 2023/24 budget.
- The results of the consultation can be seen by following this link <https://forms.office.com/Pages/AnalysisPage.aspx?AnalyzerToken=Mr9Ec40Q1WfkU6oecXIUkj1Tkf6GYKQV&id=FcHYUH-3IUOjujtAfK8NiHWNwzbY5nJEvSKUbPfGCLZUQVRYs004VzVKRE9TQTk0VjJORjRVWEpTSi4u>
- Feedback and comments on the proposals are included in Appendix 2 with Local Authority response.

2. **Early Years Funding Allocations 2023/24**

- 2.1. Table 1 below shows the initial Early Years allocations for the 2023/24 financial year, based on January 2022 census figures and updated funding rates for 2023/24.

Table 1: Breakdown of Initial Early Years Funding Allocations 2023/24 (January 2022 headcount)

Element	Amount £m
3 and 4 Year Old universal offer	11.101
3 and 4 Year Old extended offer	2.257
Sub-total 3 and 4 Year Old Offer	13.358
2 Year Old Disadvantaged offer	1.153
EY Pupil Premium	0.095
Disability Access Fund	0.051
MNS supplementary funding	0.814
TOTAL	15.471

3. **3 & 4 Year Old Offer 2023/24 final budget model**

- 3.1. The 2023/24 final budget model is detailed in Table 2 below.

Table 2: Draft 2023/24 Early Years Budget – 3 & 4 Year Olds and extended offer

	22/23 Budget	23/24 Budget	Change year on year
	£m	£m	£m
A. Participation based on estimated hours - base rate	11.784	10.280	-1.504
B. i. Supplement for Deprivation - Participation based on estimated hours	1.329	1.142	-0.187
B. ii. Supplement for Quality - mainstreaming of teachers' pay grant and the teachers' pension employer contribution grant	0	174.5	174.5
C. SEN Inclusion Fund	0.629	0.548	-0.081
D. Help and Support for Families in Need via Maintained Nursery Schools	0.562	0.543	-0.019

E. Contingency	0.050	0.020	-0.030
F. Central services expenditure - 5% maximum allowed	0.759	0.650	-0.109
G. Best Practice, Training and Network Building	0.060	0	-0.060
TOTAL Planned Expenditure	15.173	13.357	-1.816

2.2. The proposed breakdown of the use of the new hourly funding rate of £8.42 is shown in the Table 3 below. The full £0.08 per hour funding increase in 2023/24 is proposed to be added to the Basic Hourly rate paid to all providers.

Table 3: Factors and Hourly Rates Applied (see paragraph 3.1 for full detail)

Factors	22/23 Rate per hour £	23/24 Rate per hour £	Change in Rate per hour £
A. Basic hourly rate per child	£6.40	£6.48	£0.08
B.i. Supplement for Deprivation - Participation based on estimated hours	£0.72	£0.72	£0
B.ii. Supplement for Quality - mainstreaming of teachers' pay & pension grants	£0	£0.11	£0.11
C. SEN Inclusion Fund	£0.34	£0.34	£0
D. Help and Support for Families in Need	£0.31	£0.34	£0.03
E. Contingency	£0.03	£0.02	-£0.01
F. Central Support Expenditure	£0.41	£0.41	£0
G. Best Practice Training and Networks	£0.02	£0	-£0.2
Total	£8.23	£8.42	£0.19

2.3. The deprivation rates proposed on a sliding IDACI deprivation index scale remain unchanged from 2022/23 financial year, with the average supplement expected to remain at £0.72 per hour in 2023/24. Proposed rates for 2023/24 are shown below in Table 4.

Table 4: Propose 2023/24 Deprivation rates

IDACI banding	Hourly rate 2022/23	Hourly rate 2023/24 Proposed
1	£1.33	£1.33
2	£1.23	£1.23
3	£1.12	£1.12
4	£1.02	£1.02
5	£0.92	£0.92
6	£0.71	£0.71
7	£0.51	£0.51
8	£0.31	£0.31
9	£0.10	£0.10
10	£0.00	£0.00

3. Details of Proposed Early Years Central Budget 2023/24

- 3.1. Planned central expenditure incurred by the LA must reduce in line with 5% limit following reduction in activity on the 3 & 4 year old offer.
- 3.2. Savings are expected in the Finance Service following restructure in 2022/23 and through identification of efficiencies in Early Years and Children's Centres via the development and council investment in the family hub model.

Table 5: Proposed Central Services Budget 2023/24

Item of Central Expenditure	Budget 2022/23 £m	Budget 2023/24 £m	Change on year £m
i) Education Early Years Team	329	329	0
ii) Children's Centres Offer including outreach, early identification and support to families	216	115	-101
iii) Help and Support for Families in Need - spot purchases non maintained nursery schools	71	71	0
iv) Finance Team	88	80	-8
v) Statutory Education functions and strategic support	45	45	0
vi) Business Intelligence for the termly census, EY Census and EYFS Assessments	10	10	0
Total Central Spend from Early Years DSG	759	650	-109

4. Disadvantaged Two Year Old Funding 2023/24

- 4.1. Funding will be received at £7.56 per hour in 2023/24.
- 4.2. This is a £0.69 per hour increase in funding or circa 10% versus 2022/23.
- 4.3. The full funded rate is passed through to providers with eligible two year olds.

5. Recommendations and next steps

- 5.1. Schools Forum to agree final 2023/24 Early Year budget including:
- an increase to the 3 and 4 year old offer base rate from £6.39 to £6.48 and proposed hourly rates for deprivation detailed above.
 - Deprivation rates held at 2022/23 levels
 - Additional Quality Supplement to ensure Primary Schools continue to benefit from the funding provided in 2022/23 to meet exceptional teachers pay and pension inflation

- Special Educational Needs Inclusion fund budget at 2022/23 expenditure levels plus 5%
 - Maintain the help and support for families in need at 2022/23 levels.
- 5.2. Schools Forum to agree final Early Years Central Services Budget for 2022/23 as detailed above in Table 5 totalling £0.650m.
- 5.3. Schools Forum are asked to note the increase in the disadvantaged two year old funding which will be passed to providers in full.

Report ends

Appendix 1 – Specific Consultation Feedback on responses

	Specific Consultation Comments and Feedback from Providers	Response from Hammersmith and Fulham
1	It's hard to work with the figures as you've presented them. There should be another option as well as I agree/I disagree, I would like to have given my thoughts or request further information and question part of the proposal. There is not much flexibility.	Early Years Funding is technically complex, and the workshop may have helped with understanding. Education Finance Team will liaise with Schools, the Early Years Service and EY PVI Schools Forum reps to assess need for further and ongoing briefing sessions.
2	In my opinion, the Quality Supplement should not only be paid to settings that employ qualified teachers. It should be paid to all settings that employ Level 6 staff and above. Very few settings employ qualified teachers, and in fact, it is more desirable (and more highly regarded by Ofsted) for nursery staff to attain EY Teacher Status. Under the terms of this proposal, settings that employ practitioners with EY Teacher Status, rather than QTS, would not be eligible to receive the Quality Supplement, which in my view is discriminatory.	The quality supplement has been included to allow the separate grant funding received by Primary Schools with nurseries to continue in 2023/24. The Teachers Pay and Pensions Grants were principally intended by National Government to provide funding to schools to meet the very significant national increase in teachers' pension contributions. Widening access to this particular element of funding from 2023/24 would result in a funding reduction year on year for primary schools. The Local Authority would be interested in working with all providers to understand how the distribution of future funding increases from 2024.25 financial year may incorporate a wider cohort or qualified professionals into the funding model through the quality supplement. This would be dependent on funding increases in the National Funding Formula for Hammersmith and Fulham from 2024/25
3	The 3/4 year old offer increase needs to increase significantly more to meet the increased costs for nursery schools.	Unfortunately, the nationally determined funding increase for 3 and 4 years olds in 2023.24 is 1% and 8 pence per hour. The budget proposals pass this onto providers in full.

4	<p>Whilst I agree I think the funding generally is very poor. It needs to be looked at more closely and realistic figures should be offered. There is no way anyone can run a nursery on that little.</p>	
5	<p>The increase of 8p an hour for 3-4 year old funding is disgraceful. With the increase to the national minimum wage of 10.9% and the increase of all costs across the board the 8p per hour increase will go nowhere near to covering the costs of delivering quality care and education through qualified, experienced staff. The effect of this will mean that the hourly rate that we have to charge parents will be enormous and will result in less children being able to access nursery care and education. We will also be forced to limit the number of children accessing funding from attending our settings as the funding rate is insufficient to cover the running costs. This will inevitably create a divide between which children can access our settings - those parents who can afford to pay will have to take priority over funded children. The other impact of such a small increase is an already struggling sector will not be able to attract staff, again the result of this is less places being available, particularly for those children that most need it.</p>	<p>The local authority will feed back to the DfE at all opportunities with respect to funding to meet cost inflation.</p>