



Report to:	SCHOOLS' FORUM
Date:	7 March 2023
Reporting Officer:	Jane Sowerby – Assistant Director, Education Caroline Barlow – Assistant Director of Finance
Subject:	EARLY YEARS FUNDING 2023-24
Report Summary:	A report on the arrangements concerning the Dedicated Schools Grant Early Years funding for 2023-24.
Recommendations:	<ol style="list-style-type: none"> 1. Members of the Schools' Forum are requested to note and support the contents of the report. 2. Members of the Schools' Forum are requested to support the preferred option for the allocation of a quality supplement.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial and policy framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.</p> <p>This report sets out the allocation basis for all Tameside early years providers for 2023-24.</p>
Legal Implications: (Authorised by the Borough Solicitor)	There are no immediate legal implications arising from this report which sets out the parameters for the dedicated schools grant and how the council will utilise it for pupil and school expenditure.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
Access to Information:	<p style="text-align: center;">NON-CONFIDENTIAL</p> <p>This report does not contain information, which warrants its consideration in the absence of the press or members of the public.</p>
Background Information:	<p>The background papers relating to this report can be inspected by contacting</p> <p> Telephone: 0161 342 3044</p> <p> e-mail: Jerome.francis@tameside.gov.uk</p>

1. INTRODUCTION

- 1.1 This report sets out information on the allocation of the Early Years element of the Dedicated Schools Grant (DSG) for 2022-23 and the outcome of the recent consultation on the Early Years funding.

2. EARLY YEARS FUNDING 2023-24

- 2.1 **Table 1** provides the current funding settlement for Early Years for 2022-23 and 2023-24. The settlement is based on the Schools, Early Years and Alternative Provision censuses data from January 2022. The 2023-24 allocation will be updated based on January 2023 census data. An adjustment will also be made to the 2022-23 allocation based on January 2023 census data which will occur in July 2023.

TABLE 1 – Early Years Funding

Early Years Funding Streams	2022-23 Early Years Allocation at Nov 2022 £000	2023-24 Provisional Early Years Allocation £000	Increase / (Decrease) in Funding £000
3 & 4 Year Old Universal Entitlement	9,618	10,097	479
3 & 4 Year Old Extended Entitlement	4,506	4,730	224
2 Year Old Entitlement	2,888	2,919	31
Early Years Pupil Premium (EYPP)	198	204	7
Disability Access Fund (DAF)	94	132	37
Total	17,304	18,082	778

- 2.2 Consultation was launched for the period 1 February 2023 until 15 February 2023 to gather opinions on the proposals set out below. The response to the consultation is included at Section 5 of the report.

3. 3 AND 4 YEAR OLD FUNDING

- 3.1 The hourly rate of funding received by the LA has increased from £4.82 in 2022-23 to £5.06 2023-24 for both universal and extended entitlement. Of the £0.24 increase £0.14 is an increase in core funding and £0.10 relates to rolled in Teachers' Pay & Pension Grant funding. There is more on this in paragraph 3.5. The local funding scheme must include a base rate that applies to all children in all settings. It is proposed that the hourly base rate is increased from £4.35 to £4.49, an increase of £0.14.

Supplements

- 3.2 There is a mandatory requirement to have a supplementary rate in relation to Deprivation and it is possible to have other supplements in relation to Rurality/Sparsity, Flexibility, Quality and English as an Additional Language. The total value of these supplements cannot exceed 12% of the overall funding within this block.
- 3.3 The DfE's guidance gives authorities flexibility to create supplements of this type, but authorities are expected to adhere to the following principles:
- the use of supplements should be transparent and fair and should be open to all providers which meet the eligibility criteria.

- supplements should be used to channel additional funding to providers and local authorities should not use them to reduce funding rates for providers that do not meet the eligibility criteria.
- local authorities should not distinguish between the universal 15 hours entitlement and the additional 15 hours for working parents; any supplement should apply equally to both entitlements.

Deprivation

- 3.4 In 2022-23, it was agreed to continue with the model where deprivation is allocated based on three bands and allocated for all children. No changes are proposed to this supplement.

Teachers' Pay & Pension Grant (TPPG)

- 3.5 In recent years, no supplements besides deprivation have been introduced into our 3 & 4 year old Early Years Single Funding Formula (EYSFF). However, the DfE has made a technical change in the grant funding system for maintained schools and academies for 2023-24, which requires us to consider the adoption of a "Quality" Supplement. In its guidance, the DfE expressly encourages local authorities to use a "Quality" Supplement in the management of this change.

- 3.6 Since September 2019, maintained schools and academies with early years provisions have received two additional grants from the DfE. Firstly, a Teacher Pay Grant, the purpose of which is to support schools and academies with the additional cost of the September 2019 teacher pay award. Secondly, a Teacher Pensions Grant, the purpose of which is to support schools and academies to meet the costs of the increase in the employer's contribution to teacher pensions, which increased from 16.4% to 23.68% in September 2019.

- 3.7 The DfE has confirmed that these two grants will be transferred into the Early Years Block at April 2023, meaning that schools and academies will no longer receive separate grant allocations and that authorities must adjust their EYSFF if they are to continue to target these grant funding streams as they have been allocated previously. The Early Years Operational Guide states:

"We also encourage local authorities to use the quality supplement to distribute the additional funding they will receive because of the mainstreaming of the teachers' pay and pensions grants. From 2023 to 2024, the separate teachers' pay grant and teachers' pensions employer contribution grant are no longer being paid directly to school-based nurseries, and instead this funding has been rolled into the overall quantum of 3- and 4-year-old entitlement funding."

The DfE has not provided any guidance on how such a supplement should be set.

- 3.8 £293k of grant funding that previously related to TPPG has been added into our Early Years Block 3 & 4 year old entitlement funding rate, as an additional £0.10 per hour across all hours delivered in nursery classes and in PVI providers. In relation only to the funded hours in nursery classes attached to maintained primary schools and academies, we have received an additional £0.23 per hour within our 2023-24 settlement.

Proposals

- 3.9 We propose for 2023-24:
- To introduce a Teachers' Pay & Pensions Grant (TPPG) Supplement, for the immediate purpose of replicating the Teacher Pay & Pension Grant that has been received by maintained primary schools and primary academies that deliver the 3 & 4 year old entitlement. This Supplement will extend to other providers (PVI providers) that have not previously received the Grant and that could now be eligible where they employ a qualified teacher and pay the employer's national Teacher Pensions contribution, which is currently 23.68%. We propose to fund this Supplement to eligible providers at a rate of £0.23 per hour for 3 & 4 year old's in 2023-24.

- That providers will be eligible for this Supplement in 2023-24 if they received Teacher Pension Grant funding in 2022-23, or if they evidence to the Authority that they are an employer, that employs a qualified teacher, who directly delivers the 3 & 4 year old early years entitlement (the Early Years Foundation Stage), and that pays the national employer's contribution to Teacher Pensions, which is currently 23.68%.

3.10 Due to the late stage at which the rolling in of the Teachers' Pay and Pensions Grants into the Early Years Funding Formula was announced, the proposed supplement intends to replicate the grants as closely as practically possible. This is to prevent the adverse impact of any providers seeing a reduction in funding.

Special Educational Needs Inclusion Fund (Senif)

3.11 There continues to be a mandatory requirement for a SEN Inclusion Fund for 3 and 4 year olds. A fund for 2 year olds was introduced in 2020-21. There is significant pressure on the fund in 2022-23 as shown in Table 2.

Table 2 – Special Educational Needs Inclusion Fund for 2022-23 and Proposal for 2023-24

Early Years Funding Streams	2022-23 SEN Inclusion Fund £	2022-23 Forecast Distribution to Providers £	2022-23 Forecast Deficit £	2023-22 Proposed SEN Inclusion Fund £
3 & 4 Year Olds	378,000	493,820	(115,820)	500,000
2 Year Olds	61,000	61,190	(190)	66,000
Total	439,000	555,010	(116,010)	566,000

3.12 We are proposing to increase this fund to £500k for 3 and 4 year olds and approx. £66k for 2 year olds. The demand for support from providers for SENIF support has grown significantly and it is therefore necessary to increase this fund. Work is ongoing with the Early Years working group to review the SENIF allocation and demand and ensure there is robust and clear criteria for the allocation of the funding.

3.13 The operational guidance has confirmed that LAs must ensure that at least 95% of the funding in relation to 3 and 4 year olds is passed through to providers in 2023-24. The proposed rates, together with the SEN Inclusion Fund means the LA will be compliant with the legislation and the retention of the funds has already been agreed at Schools Forum on 19 January 2023. Details of what this supports can be found in Schools Forum paper through the following link: [ITEM 5 - Dedicated Schools Grant DSG Funding Formula 2023-24 FINAL.pdf \(moderngov.co.uk\)](https://www.moderngov.co.uk/ITEM%205%20-%20Dedicated%20Schools%20Grant%20DSG%20Funding%20Formula%202023-24%20FINAL.pdf)

4. 2 YEAR OLD FUNDING

4.1 The hourly rate of funding received by the LA has increased from £5.67 in 2022-23 to £5.73 2023-24.

4.2 In 2022-23, the provider hourly rate allocated is £5.40 and £0.14 per hour is retained centrally. It is proposed that the hourly rate to providers is increased to £5.46, and £0.14 per hour remains to be retained centrally. The amount of £0.14 per hour for central retention has already been agreed at Schools Forum as outlined in paragraph 3.13.

4.3 In addition, as stated in paragraph 3.12 it is proposed to increase the SEN Inclusion Fund to £66k.

5. EARLY YEARS PUPIL PREMIUM (EYPP) AND DISABILITY ACCESS FUND (DAF)

- 5.1 The allocation rate for EYPP has increased from £0.60 to £0.62 per hour per eligible pupil up to a maximum of 570 hours.
- 5.2 The allocation rate for DAF has increased from £800 to £828.
- 5.3 The allocation of both these funds is in line with the operational guidance, link included at paragraph 2.2.

6. CONSULTATION RESPONSE

- 6.1 Consultation took place with all Early Years Providers in Tameside between 1 February and 15 February. It was carried out via survey monkey and shared with all Early Years providers included on Tameside Directory of Providers.
- 6.2 A total of 79 responses were received.
- 6.3 The outcome of the consultation is as follows:
 - a. Support is given for the proposals for 3 and 4 year olds. 58% (46 respondents) support the proposals, 42% (36 respondents) did not and 0 respondents did not provide a response.
 - b. Support is given for the proposals for 2 year olds. 60% (46 respondents) support the proposals, 40% (29 respondents) did not and 2 respondents did not provide a response.
- 6.4 A number of comments were received for each question asked and have been included at **Appendix A**. In relation to the proposals for the 3 and 4 year old funding and 2 year old funding, many providers raised concern that the uplift to the base rate did not cover the increased cost in national living wage and energy prices. A number also raised concerns about Schools being unfairly funded at the expense of other providers. For clarity, the rolled in funding from the Teacher's Pay and Pension Grants was funding schools have previously been in receipt of and not new or additional funds.

7. SUMMARY

- 7.1 The hourly rate for 3 and 4 year olds will increase to £4.49, 5% will be retained centrally and there will be a budget of £500,000 for the SEN Inclusion Fund.
- 7.2 The hourly rate for 2 year olds will increase to £5.46, £0.14 will be retained centrally and there will be a budget of £66,000 for the SEN Inclusion Fund.
- 7.3 A Teachers Pay and Pension grant supplement will be introduced for all providers that employ a qualified teacher and pay the employer's national Teacher Pensions contribution at a rate of £0.23 per hour.

8. RECOMMENDATIONS

- 8.1 As set out at the front of the report.

APPENDIX A

Comments from: Do you agree with the proposal for 3 and 4 year-olds?	
1	I do not agree with skimming our funding rate to pay a quality premium
2	I don't agree with skimming our funding rate to pay quality premiums for school. Has a childminder we work really hard with children and parents, and most of us are running at a loss regarding funding.
3	The new hour rates are still nowhere near enough to cover preschools outgoings. With the increased hourly rate for staff, increased in bill, prices of equipment and everything else, which is needed to run the business. Funding rates need to be at least £8 per hour
4	It is a positive step that funding has been increased however it does not cover the hourly rate we need to pay staff with the raise in minimum wage, practitioners are being asked to do a lot more SEN paperwork and referrals, more funding is needed to enable nurseries to be able to do this.
5	This is absolutely not what was presented to the EY working group and is disadvantaging (discriminating) against all PVI's
6	The pressure that nurseries are facing cannot begin to be addressed through a few pence raise in funding. We are in serious danger of entering into a vicious cycle where the council fails to give providers an adequate price per hour to provide high quality teaching and learning experiences for the children. The providers then are forced to up their prices, which in turn puts more pressure on working families who are already struggling to cope with the cost of living crisis. Families should not have to mop up the financial short fall. Nurseries are facing hikes in every aspect-business rates, electricity, staff costs.
7	Money being retained to support schools when they already receive an additional premium which PVI don't
8	You have entitled this as a consultation. This is not a consultation, this is a fait accompli! Again PVI settings are getting the raw end of the deal. Discussions were had within the Early Years Steering Group, which have been completely ignored! Why do you constantly take money from our funding to give to schools?
9	I/we as a Pre-School feel that this was not an actual consultation and the outcome already had been decided. We feel it very unfair that schools receive the supplement and not PVIs whose staff have a wealth of knowledge and experience within the Early Years sector.
10	I work with my wife (who is a qualified teacher) and my daughter as our assistant. Don't think it's fair that schools get more as we provide the same service if not more.
11	I feel that the amount does not equate to a paying fee. I feel more could be given to providers, why does the school get more money than private nurseries?
12	The private sector is yet again being treated as the poor relation. Why is it school nurseries are better thought of than we are?
13	It's not sustainable given the wage and utility increase the maths doesn't work out
14	Yet again, this is less than my hourly rate. As our ratios are under 5s as standard, with our rising expenses costs, this does not meet minimal wage and is only term time only, leaving a massive short fall. I am shocked that out of the 24p, 10p is going to teachers pay and pension grant funding. Why should I fund that? They can also have many more children than us making our actual hourly rate as a worker significantly lower. It's terrible how childminders are being treated, yet we need to offer funding to children or risk losing our families
15	Feel the teachers supplement pay, should be accessible for early years staff as well. Understand staff, which hold a qualified teacher status, can access this but why not those staff who hold a full hours degree in Early Years Childhood Studies? Why is this not recognised?
16	Unsure how a 3/4 year old costs less to mind than a 2 year old. They eat more, use more craft materials and resources are more expensive - funding rate doesn't even cover my usual hourly rate

17	Our overheads have increased in some of our areas of expenditure by 100% i.e.: Rates alone on just one of our properties in Tameside have gone from £25K to £52K, this is without the increase in utility costs, payroll, food and general items. After meeting with other Tameside Nursery owners, a high number of them are saying they will no longer be sustainable. Funding rates haven't increased in line with our overall costs and should be re-looked at ASAP in order to retain the provision of childcare within Tameside and protect the children.
18	I don't see why the local authority are cutting the increase by 12p for a quality payment. I, as a childminder, am unable to claim this quality allowance and I, along with my other childminding peers, offer brilliant quality education and care for our little ones. This increase doesn't even fall in line with inflation, all the additional energy costs and the rise in food. This is tantamount to a decrease.
19	I feel the rates are too low, they should be at least the same as 2 year olds which are still low
20	No it's less than my hourly rate! I'm also funding 10p an hour to a grant I can't access because I'm not a teacher! I'm expected to provide a quality of care the same as an EYFS teacher, who works in a school .
21	No changes are proposed to the hourly rate for deprivation. This is despite significant increases in deprivation across the borough and high levels of inflation being faced by providers along with significant pay-rises. The proposed rate for TPPG has a significant negative impact on the budget from April 2023 as the hourly rate does not transpose to prior year funding levels.
22	In its guidance the DFE encourages a quality supplement. This should be for all providers, not for those with Teachers in the TPP scheme only. Other neighbouring local authorities have done this and we were under the impression that this would be taken to consultation in Tameside.
23	Discussions held in the steering group have been completely disregarded and this is not a consultation
24	Just think it should be more but understand money is very tight at the moment. We are struggling with rises in the private sector and its getting difficult to stay open.
25	It's been needed to increase for a while as I feel offering the funding causes me negative income
26	I feel we need a further explanation regarding the 'TTPG' element of the funding that has not been passed to local PVI's.
27	With the cost of living and staffing going up so much this funding increase isn't enough to cover as 'free funding'. We are really trying as a business to keep costs down for families as much as possible this is extremely difficult when funding doesn't cover our daily cost of nursery.
28	Not enough funding for childminders to operate. Money taken from childminders for quality allowance that can not be accessed by childminders is not inclusive.
29	The funding increase will not cover the minimum wage increase and the food/utilities increase. The funding given doesn't reflect the cost of what we provide.

Comments from: Do you agree with the proposal for 2 year-olds?	
1	I do not agree with skimming our funding rate to pay a quality premium
2	Again, the positive step of increasing funding is great it just is not in line with minimum wage increase and so does not give enough for what nurseries are expected to do. Passing the increases onto parents is hard as the cost of living is high and parents are already struggling. SEND payments are not being paid immediately if at all and we are having to chase up payments, we will have put 1-1 in place when child starts so this needs to be paid before end of term
3	The proposed funding does not even address the cost of staffing costs.
4	Money being retained to support schools when they already receive an additional premium which PVI don't SENDIF budget skimmed from 2yr funding to pay for all early years children not equitable
5	As advised above, discussions held in the steering group have been completely disregarded, and I am not agreeing to a consultation which in actual fact is not a consultation!
6	I/we as a Pre-School feel that this was not an actual consultation and the outcome already had been decided. We feel it very unfair that schools receive the supplement and not PVIs whose staff have a wealth of knowledge and experience within the Early Years sector.
7	I feel that the amount does not equate to a paying fee. I feel more could be given to providers, why does the school get more money than private nurseries?
8	The increase that is being passed to providers is not coving basic cost of living increases.
9	As above I'm currently preparing and planning to lose 3 staff by September
10	Again, though the amount is higher, childminders are still limited by ratios, compared to other settings. My comments above stand for the 10p to teachers pay and pensions grant fund.
11	Paltry increase in funding amount means I still cannot afford a pension therefore am considering not taking any new funded children
12	Our overheads have increased in some of our areas of expenditure by 100% i.e.: Rates alone on just one of our properties in Tameside have gone from £25K to £52K; this is without the increase in utility costs, payroll, food and general items. After meeting with other Tameside Nursery owners, a high number of them are saying they will no longer be sustainable. Funding rates haven't increased in line with our overall costs and should be re-looked at ASAP in order to retain the provision of childcare within Tameside and protect the children.
13	I don't see why the local authority are cutting the increase by 12p for a quality payment. I, as a childminder, am unable to claim this quality allowance and I, along with my other childminding peers, offer brilliant quality education and care for our little ones.
14	Too low
15	The increase paid to providers is much lower than inflation -1.1%
16	The retention by the local authority should be reduced.
17	Discussions held in the steering group have been completely disregarded and this is not a consultation
18	The funding increase will not cover the minimum wage increase and the food/utilities increase (EG. 2yr 4 to 1 ratio at a funding increase of 6p per hour = 24p the wage increase alone is 92p / £1 per hour
19	Not enough funding for childminders to operate. Money taken from childminders for quality allowance that cannot be accessed by childminders is not inclusive.