



West Northants Schools Forum: 7 February 2023
Agenda Item 4
Early Years Budgets 2023-24

Early Years Funding 2023-2024 Proposal Report

1. Introduction

West Northamptonshire Council (WNC) is required to consult with Schools Forum on the proposed arrangements for the Early Years Funding Formula. It is also best practice to consult with the sector before implementing any changes to base rates and supplements with PVI, Childminders and Maintained Nursery Sector funded providers.

WNC is committed to supporting and enabling the funded and non-funded Early Years sector to deliver sustainable and high quality provision within West Northamptonshire. The proposal available within this report has been based on a safe and sound balance of our commitment to passport as much DSG funding to providers, as well as being able to meet our statutory duties as a council in delivering a high quality service to the Early Years Sector.

2. Background

The Schools and Early Years Regulations 2018, (Regulation 22) requires local Authorities to ensure that from April 2018 at least 95% of the hourly funding rate for 3 and 4 year olds allocated by the Department for Education is passed on to providers through the formula, or other funding paid directly to providers. The DfE monitor this requirement through the WNC annual s251 budget returns.

Early Years Block DSG is calculated based on the number of hours children are taking up during census week, January 2022 (first 5 months of 2021-22) and January 2023 (for last 7 months of 2022-23). If a provider does not compete the census, the service does not receive funding for those children from 1st April 2022.

3. Consultation with the sector

West Northamptonshire Council (WNC) is required to consult on the proposed arrangements for the Early Years Funding Formula for participating Early Years funded providers.

As part of this consultation process, the survey at the end of this document was provided to all Early Years Providers in West Northamptonshire to capture views regarding the Early Years Funding for PVI and Childminders and the Maintained Nursery Sector for 2023-20234.

West Northamptonshire Council's core principles for early years education are

- 100% of 2 year-old funding will be paid to providers
- 95% of 3 and 4 year-old funding will be paid to providers

- Providing excellent support, advice and guidance using the 5% centrally retained funding
- Providing a safety-valve to protect providers who offer more hours than they are funded for

This consultation describes West Northamptonshire Council's planned early years funding arrangements for 2023-24 and invited early years education providers to feedback on the proposals. Local authorities are required to consult providers on annual changes to their local formula and schools' forums must also be consulted on changes to local early years funding formulas, including agreeing central spend by 28 February 2023.

A draft of this document was taken to WNC Schools Forum on the 13th of December. Schools' forum members requested more detail on the plans for the 5% central expenditure which has been provided in this final version.

The consultation ran between 3rd January and 27th January 2023 to ensure views can be taken into account in setting the 2023-24 early years funding formula for West Northamptonshire Council at the 7th February 2023 Schools Forum meeting.

Questions as follows:

1. Do you agree with the proposal to remove the notional SEND budget?
2. Do you agree with moving £220k from the notional SEND budget into the SENIF budget (equivalent to 4p on the base rate).
3. Do you agree with passing all of the increase on 3&4 year old funding through the base rate for universal and additional hours.
4. Do you understand that the "contingency budget" for 3&4 year olds is the expected funding WNC will need to pay as base rate for 3&4 year olds above the number of hours that WNC is funded for by the DfE.
5. Do you agree with passing all of the increase on two year old funding through the 2 year old provider rate.
6. Do you agree with the proposal to set the central budget at the maximum 5% of the 3&4 year old funding?
7. Do you agree with the proposal that any unspent central budget be used to offset any overspends in other areas of the early years budget?
8. Do you agree with the MNS proposal to fund 5% on IDACI 30% and the remainder on January census hours?
9. Do you agree with the proposed distribution of early years reserve funding as a one-off distribution to support providers with the increased cost of living?

4. Consultation Outcomes

Questions relating to SEND and SENIF budgets

3. Do you agree or disagree with the proposal to remove the notional SEND budget?

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[Insights](#)

● Agree	14
● Disagree	7
● Neither agree or disagree	3



4. Do you agree or disagree with moving £220k from the notional SEND budget into the SENIF budget to enable WNC to adequately fund high needs pressures in the early years sector (equivalent to 4p from the base rate)?

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● Agree	14
● Disagree	4
● Neither agree or disagree	6



Questions relating to 3 and 4 year old funding

5. Do you understand that the "contingency budget" for three and four year olds is the expected funding WNC will need to pay as a base rate for three and four year olds above the number of hours that WNC is funded for by the DfE?

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● Yes, I understand	20
● No, I do not understand	4



6. Do you agree or disagree with passing 95% of the increase in funding for 2023-24 for three and four year old funding through the base rate for universal and additional hours.

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● Agree	14
● Disagree	3
● Neither agree or disagree	7



Questions relating to % of funding provided to the sector

7. Do you agree or disagree with passing all of the increase for 2023-24 for two year old funding through the two year old provider rate?

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● Agree	21
● Disagree	2
● Neither agree or disagree	1



8. Do you agree or disagree with the proposal to set the central budget at the maximum 5% of the three and four year old funding?

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● Agree	11
● Disagree	4
● Neither agree or disagree	9



Questions relating to unspent funding

9. Do you agree or disagree with the proposal that any unspent central budget be used to offset any overspends in other areas of the early years budget?

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● Agree	13
● Disagree	7
● Neither agree or disagree	4



10. Do you agree or disagree with the MNS supplement proposal to fund 5% on IDACI 30% and the remainder on January census hours?

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● Agree	12
● Disagree	2
● Neither agree or disagree	10



5. Summary of Consultation

The response rate for the survey was poor with only 24 settings responding. This is despite regular reminders being sent to providers.

The survey reveals that the sector are supportive of the key areas set out below;

- The removal of the 'notional' SEND funding and support for SENIF
- The % of centrally retained funding for 3-4 year olds
- The use of unspent funding

6. Update following the December DSG Settlement

The final DSG settlement was announced on the 16th December and updated the rates that WNC will receive for 3 and 4 year old and 2 year old funding.

The final increase in rates that WNC will receive for 2023-24 are 2p and 4p higher than the provisional rates. The proposals are to add these to the base rate and contingency and are included in the final proposed local early years funding formula in table 1 and the overall budgets for 2023-24 are shown in table 2.

Table 1: WNC proposed early years local funding formula for 2023-24

Factor	Basis	2023-24 £
3 and 4 year old base rate for universal and extended entitlement	Per hour	4.29
Deprivation	Per hour eligible children	0.32
EYPP (early years pupil premium)	Per hour eligible children	0.62
DAF (Disabled access fund)	Annual amount	828.00
SENIF (Special Education Needs Inclusion Fund)	Per hour for eligible children, variable hours	8.00
2 year old base rate	Per hour	5.63

Table 2: The budget breakdown for early years is as follows:

Factor	Budget £m
Central Services	1.24
3 and 4 year old base rate for universal and extended	21.6
Deprivation	0.39
3&4 year old Contingency	0.57
EYPP (early years pupil premium)	0.245
DAF (Disabled access fund)	0.14
SENIF (Special Education Needs Inclusion Fund)	1.03
2 year old base rate	1.98
2 year old Contingency	0.08
Maintained nursery school supplement	0.87
Total*	28.15

**The total grant for early years is updated through the year, this is the December 2022 indicative figure provided by the Government. The final early years block funding for 2023-24 will be known in July 2024.*

7. Schools' Forum decisions and recommendations

The recommendation to Schools' Forum is to agree with the majority decisions outlined in the Table below for each of the decisions needed.

	Questions	Majority consultation response	Schools' Forum decision
1	Do you agree with the proposal to remove the notional SEND budget?	Yes	
2	Do you agree with moving £220k from the notional SEND budget into the SENIF budget (equivalent to 4p on the base rate).	Yes	
3	Do you agree with passing all of the increase on 3&4 year old funding through the base rate for universal and additional hours.	Yes	
4	Do you understand that the "contingency budget" for 3&4 year olds is the expected funding WNC will need to pay as base rate for 3&4 year olds above the number of hours that WNC is funded for by the DfE.	Yes	
5	Do you agree with passing all of the increase on two year old funding through the 2 year old provider rate.	Yes	
6	Do you agree with the proposal to set the central budget at the maximum 5% of the 3&4 year old funding?	Yes	
7	Do you agree with the proposal that any unspent central budget be used to offset any overspends in other areas of the early years budget?	Yes	
8	Do you agree with the MNS proposal to fund 5% on IDACI 30% and the remainder on January census hours?	Yes	
9	Do you agree with the proposed distribution of early years reserve funding as a one-off distribution to support providers with the increased cost of living?	Yes	

8. Next Steps

Schools' Forum are required to vote on the questions set out in the Table above

Once decisions are made, allocations to schools will be made. All decisions will be communicated to the sector as soon as possible.

If schools' forum agree to 5% of the 3-4 year old funding being centrally retained, the Council will use this funding to recruit a dedicated Early Years team within West Northants. This team will be responsible for offering advice, support and guidance to everyone in the sector around quality first teaching, safeguarding, SEND specialist support, transitions, funding and any other areas of need from the sector.

The recruitment to this team is proposed to happen immediately to support all providers from Easter 2023 onwards.

Further updates about the impact of this work will be presented to future schools' forum meetings.

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