

Early Years Funding Report

Schools' Forum Date	18 th March 2024
Type of Decision	Notification and decision required
Background Documents	
Authors	Sarah Hylton, Head of Early Years Suzanne Hall, Finance Business Partner
Purpose of Report	<p>To make recommendations in relation to:</p> <ul style="list-style-type: none"> • The use of Early Years Teachers Pay Award (TPAG) grant. • The use of the carried forward Early Years balances (2022/23) <p>And</p> <ul style="list-style-type: none"> • To confirm hourly rates distributed to EY providers, following consultation on options agreed at January Forum
Key Recommendations	<p>Forum members are asked to approve the recommendations that:</p> <ol style="list-style-type: none"> 1. Teachers pay grant of £124K (2023/24) is added to the EY balances and distributed as recommended below. 2. The total uncommitted Early Years carry forward balance of £612k, plus teachers' pay grant of £124K, is used as follows: <ul style="list-style-type: none"> • Retain 200K (27%) for contingency. • Allocate £536K (73%) to providers proportionately, based on the full academic year hours 2022/23
Resource Implications	It was agreed at the 17 June 2021 School Forum that any end of year early year's DSG balances would be ring-fenced for early years and not used to offset the wider DSG deficit.

1. Early Years Teachers Pay Award Grant (EY TPAG)

- 1.1 All local authorities that fund the government's free early years entitlements for 3-and-4-year-olds are eligible to receive the EY TPAG. It is for local authorities to determine the most appropriate way of allocating EY TPAG funding locally.
- 1.2 Gloucestershire County Council have received £124K for 2023/24 for TPAG.
- 1.3 The funding has been provided to LAs to address increases in teacher pay from 1 September 2023, however as we do not have maintained EY provision in Gloucestershire, the LA has been advised to consider how they target this funding to take account of the additional pressures that EY providers face.
- 1.4 Local authorities are best placed to determine the needs amongst providers in their local areas and are encouraged to distribute this funding in a way that reflects their local circumstances; they must pass on the funding in a clear and transparent way, so that providers can understand how allocations have been determined locally.

- 1.5 Local authorities do not need to consult with their schools forum on passing on the EY TPAG funding to early years providers. They encourage local authorities to consult with providers, where this is possible and does not create excessive delays in finalising allocations and making payments to providers.
- 1.6 It is proposed that the EY TPAG amount of £124K is added to the EY DSG balances and distributed to EY providers as set out in section 2 of this report.

2. Use of EY DSG balances

- 2.1 The Dedicated Schools Grant (DSG) Early Years block funding is calculated using the numbers from the claims submitted in the January census multiplied by a nationally set rate hourly rate.
- 2.2 Funding is not used equally across the academic year. The number of hours for three- and four-year-olds are lower in the Autumn term and increase to be at their highest in the summer term. With the Autumn term also being 14 weeks rather than 12 for the other two terms, this can lead to surplus funding being available when the lagged effect is adjusted for in June/July of the following year.
- 2.3 EY Balance from 2022/23 is £612K.
- 2.4 It is proposed that Teachers Pay Award Grant is added to the balance and the total amount of £736K is used as follows:
 - Retain 200K (27%) for contingency.
 - Allocate £536K (73%) to providers proportionately, based on the full academic year hours 2022/23

Rationale:

- It provides a positive injection of funding based on providers last years' claims, which will be well received and have a significant impact on the challenges that providers face to deliver a quality provision for children in the county.
- Contingency budget is secured to mitigate risk of funding gap as a result of unpredictable claims under the new EY entitlement.

3. Confirmation of hourly rate distribution 2024/25

- 3.1 The early years block for 2024/25 provided an hourly rate of £10.33 for under 2s, £7.60 for two-year- olds, £5.47 per hour for three- and four-year-olds.
- 3.2 In January 2024 Schools Forum agreed to proceed with a consultation with the EY sector on the options set out below for devolvement of the hourly rate to providers.

2 year olds	Current		Option 1		Option 2	
	£	%	£	%	£	%
Basic rate	5.36	72.14	7.14	93.95	7.12	93.68
Supplementary grant	1.87	25.17		0.00		0.00
Deprivation		0.00	0.12	1.58	0.14	1.84
	7.23	97.31	7.26	95.53	7.26	95.53
Inclusion Funding		0.00	0.04	0.53	0.04	0.53
Central Services	0.20	2.69	0.30	3.95	0.30	3.95
Total Funding Rate	7.43	100.00	7.60	100.00	7.60	100.00

9 to 24 months	Current		Option 1		Option 2	
	£	%	£	%	£	%
Basic rate			9.76	94.48	9.74	94.29
Deprivation			0.12	1.16	0.14	1.36
			9.88	95.64	9.88	95.64
Inclusion Funding			0.04	0.39	0.04	0.39
Central Services			0.41	3.97	0.41	3.97
Total Funding Rate			10.33	100.00	10.33	100.00

3& 4 year olds	Current		Option 1		Option 2	
	£	%	£	%	£	%
Basic rate	4.50	86.54	5.09	93.05	5.07	92.69
Supplementary grant	0.33	6.35		0		0.00
Deprivation	0.17	3.27	0.12	2.19	0.14	2.56
	5.00	96.15	5.21	95.24	5.21	95.25
Inclusion Funding		0.00	0.04	0.73	0.04	0.73
Central Services	0.20	3.85	0.22	4.03	0.22	4.02
Total Funding Rate	5.20	100.00	5.47	100.00	5.47	100.00

- 3.3 Consultation was conducted with the EY sector, option 1 was selected by the majority of providers and has subsequently been agreed.
- 3.4 Further consultation with the EY sector is now taking place to agree the payment schedule, including consideration of moving from termly to monthly payments.