

## Early Years Funding – Budget Allocation & Hourly Rates School Forum 19<sup>th</sup> January 2023

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### Contextual Information

The Early Years block of the DSG allocation for 2023-2024 was published by the ESFA on Friday 16th December 2022. This budget is used to calculate the hourly rates for providers from April 2023 through to March 2024. Local authorities are required to pass through 95% of the EY block to providers.

The budget has provided the Local Area with increased rates and includes the changes to the Early Years National Funding Formula (EYNFF) following the consultation in summer 2022. The main changes to the EYNFF following the consultation includes:

- Updating the underlying data used within the formula for 2023-24 and performing this update annually.
- Mainstreaming the early years element of the teachers' pay and pensions grant into the 3- and 4-year-old budget allocation.
- An additional £20m investment to help meet the cost of the National Living Wage increase from April 2023.

Consideration has been given to the most effective way to distribute the additional grant funding within the 3- and 4-year-old budget received, replacing the Teacher's Pay and Pensions Grant. The proposal is that this grant is used to uplift the rate of funding paid to all providers in recognition of the additional financial burden experienced through increased payroll costs and rising operational costs. Whilst it may result in small losses of income for school nurseries, it is important to ensure equity across all Early Years provision to ensure maintained quality of provision, sufficiency of childcare places, supporting good outcomes for children.

### Torbay Local Area Early Years Funding Formula

There is no proposed change to the local formula Torbay Council uses to calculate the hourly rates. The formula is as follows:

Total budget - 5% retained = net budget (95%)

Net budget – (Deprivation budget + SEND budget) = budget remaining for hourly rates

Remaining budget ÷ number of children on census ÷ 570 hours = hourly rate for providers

This is used for both the 2-year-old and 3- and 4-year-old funding streams.

### Funding figures and new hourly rate information

5% retained total = £382k

EY block contribution to SEND Inclusion Funding (known as Alfey) - £195k Added to the £100k from HNB gives a total SEND budget of £295k.

Deprivation budget - £220k to accommodate schools and PVI providers

New hourly rate for 3&4YOs = £4.40 per hour

An increase of 25 pence per hour compared to the current rate of £4.15

New hourly rate for 2YOs = £5.42 per hour

An increase of 25 pence per hour compared to the current rate of £5.17

## **Recommendation**

It is requested that Schools Forum:

1. Endorse the above budget and hourly rates increases.