



**North
Northamptonshire
Council**

North Northamptonshire Schools Forum 19 January 2023

Agenda Item 8

2023-24 EARLY YEARS BUDGETS - INDICATIVE ALLOCATION

This report provides information on initial 2023-24 early years budgets announced in December 2022 by the DFE and the methodology for allocating funding to providers.

FOR DECISION

1. Introduction

North Northamptonshire Council (NNC) is required to consult with Schools Forum on the proposed arrangements for the Early Years Funding Formula for Private, Voluntary, and independent settings (PVI), Childminders and Maintained Nursery Sector (MNS) funded providers.

- 1.1 The ESFA published initial 2023-24 early years budgets in December 2022. These budgets are currently based on the January 2022 census.
- 1.2 Budgets for 2023-24 will be further updated during 2023-24 to take account of more recent census data once this is available.

2. 2023-24 Indicative Early Years Block Funding

- 2.1 The DFE published the 2023-24 Indicative Early Years Block Funding Allocation in December 2022 and is set out in **Appendix A**.
- 2.2 The changes made to the 2023-24 are as follows:
 - Teachers Pay and Pension Grant rolled into the 3 & 4 year old funding rate.
 - Teachers Pay and Pension Grant rolled into the Maintained Nursery School Supplement rate.
- 2.3 Appendix A illustrates the change between 2022-23 and 2023-24. The 2022-23 Early Years Block Allocation in Appendix A have been adjusted to include the Teachers Pay and Pension Grant to enable a comparison of the funding for two years as a consequence of the Teachers Pay and Pension Grant being mainstreamed in with the 3 & 4 year old Funding and Maintained Nursery School Supplement of the Early Years Block DSG.
- 2.4 Prima facie it would appear that the 3 & 4 year old and Maintained Nursery School Supplement funding rates have increased significantly. However, this is misleading as Teachers Pay and Pension Grant has been mainstreamed into Early Years Block.

3. North Northamptonshire Council's Early Years National Funding Formula Consultation

- 3.1 In December 2022 North Northamptonshire consulted with the Early Years Sector on the proposed changes to the EYNFF funding formula upon which the DfE were consulting nationally.

- 3.2 The main purpose of the consultation was to seek the views of providers in setting the 2023-24 funding rates as well as determining how to address the issue of School and Academy providers Teachers Pay and Pension Grant being mainstreamed in the 3 & 4 year old funding rate.
- 3.3 The outcome of the consultation with LA comments can be found in **Appendix B**. The total number of responses received were 44. The responses were considered and are reflected in the budget proposals outlined in **Appendix C**.
4. **North Northamptonshire Proposed 2023-24 Early Years Block Budget**
- 4.1 **Appendix C** sets out the Proposed 2023-24 Early Years Block Budget for North Northamptonshire Council.
- 4.2 The proposed rates for the different funding streams are shown in Table 1 below.

Table 1 – North Northamptonshire Proposed 2023-24 Early Years Funding Rates

NNC Budgets - £m	2023/24 Funding	2022/23 Funding	Change
Disadvantaged 2YO Entitlement Base Rate – 15 hrs	£5.75 per hour	£5.42 per hour	+£0.33 per hour
Universal Entitlement (3/4YO) Base Rate – 15 hrs	£4.22 per hour	£4.13 per hour	+£0.09 per hour
Extended Entitlement (3/4YO) Base Rate – 30 hrs	£4.22 per hour	£4.13 per hour	+£0.09 per hour
Notional SEN (Reduction is reflected in increase in SENIF funding)	£0.03 per hour	£0.08 per hour	-£0.05 per hour
EYNFF ((3/4YO) Deprivation Supplement	£0.31 per hour	£0.30 per hour	+£0.01 per hour
EYNFF ((3/4YO) Quality Supplement (TPPG for Schools and Academies only) – 15 hrs	£0.05 per hour	N/A	+£0.05 per hour
Early Years Pupil Premium (3/4YO) Rate – 15 hrs	£0.62 per hour	£0.60 per hour	+£0.02 per hour
Disability Access Fund (3/4YO)	£828.00 per Child per year	£800.00 per child per year	+£28:00 per child per year
Maintained Nursery Supplement (3/4YO) including TPPG – 15 hrs	£5.31 per hour	£5.15 per hour	+£0.16 per hour
SENIF Funding for Low and Emerging Needs	£300,000	£160,996.55	+£139,003.45

3 & 4 Year old Funding

- 4.3 The DFE took the decision to mainstream the Teachers Pay and Pension Grant previously paid to nursery classes in schools and academies with the 3 & 4 year funding to combine a single funding rate for local authorities in 2023-24. To address this move North Northamptonshire will revise NNC's EYNFF to include a Quality Supplement for schools and academies.
- 4.4 The DFE confirmed that North Northamptonshire Council's Early Years National Funding Formula (EYNFF) for 3 & 4 year olds funding rate will increase from £4.66 to £4.93 in 2023-24. The EYNFF

rate is multiplied by the total number of children expected to access 15 or 30-hours of free childcare across the borough to produce the universal and working family entitlement budgets.

- 4.5 Local authorities are required to pass at least 95% of their 3 & 4 year old funding from Government to early years providers to deliver the universal and extended entitlements - 30 hours. This is referred to as the hourly 'pass-through' rate.
- 4.6 Local authorities can retain 5% of their 3 & 4 year old funding from the Government to support the provision of central early years related services (£991,385.01).
- 4.7 From the remaining 95% funding budgets are then set aside for:
- The Base rate (£4.22)
 - Notional SEN (£0.03)
 - the Deprivation Supplement (£0.31) - passed on as a supplement to those IDACI bands A-F and calculated at 10% of the hourly pass-through rate
 - the Quality Supplement (£0.05) - passed on as a supplement to support workforce qualifications or system leadership (supporting high quality providers leading other providers in the local area)
 - the SEN Inclusion Fund (SENIF) and
 - the Contingency funding (to manage fluctuations in numbers not captured in the census data – e.g. peaks in summer months that are no longer apparent by the time of the next census)

2 year old funding

- 4.8 The proposed 2023-24 budget for 2 year olds has changed from a flat rate to forming part of the National Funding Formula in line with the DFE's national rate rise from £5.42 to £5.75.

Early Years Pupil Premium and Disability Access Fund

- 4.9 Budgets for Early Years Pupil Premium (EYPP), Disability Access Fund (DAF) shown in Table 1 above are ringfenced and therefore excluded from the above hourly rate calculations. EYPP has increased by £0.02p per hour and DAF has increased by £28.00 per child per year for 2023-24. These budgets are also intended to support provision for 3 to 4-year olds only.

Maintained Nursery School Supplement

- 4.10 There has been an increase in MNS funding for NNC as detailed in **Table 1**. This increase will be reflected in payments to maintained nurseries only. Maintained nurseries are not eligible for the Quality Supplement in the 3 & 4 Year old funding as the DFE have included their Teachers Pay and Pension Grant as part of the Maintained Nursery School Supplement funding rate.

5. Special Educational Needs Inclusion Fund (SENIF)

- 5.1 Given the anticipated increase in emerging needs for children born during the pandemic and to ensure that needs are identified as early as possible we will continue to use these funds to support funded 2-year-olds with SEND.
- 5.2 SENIF funding is intended as a contribution towards supporting providers to address the needs of individual and groups of children with low level and emerging SEND and given the increase in the number of children presenting at settings with needs because of the pandemic the current amount of £160,996.55 is insufficient to address the emerging needs of Early Years children. We propose to remove 5p of the current 8p notional SEND payment and utilise the £139,003.45 to make a total of £300,000 as the overall amount available for SENIF funding in 2023-24. This will enable settings to apply for funding for more children ensuring their needs are met at the earliest opportunity. The

remainder 3p Notional SEND will be monitored over the coming year to ascertain how many children with SEND are in each setting and are benefitting from this payment.

- 5.3 The current High Needs Block Funding support and processes will remain for severe/complex and long-term need, for example children with an EHCP who require additional resources including targeted adult support we will be introducing SENIF Plus for funded children whose needs are not currently met by SENIF or EHCP funding. A copy of the guidance is attached for reference. A total of 500k has been allocated from the High Needs Block Funding to support children in the early years in 2023-24.

6. Recommendations

- 6.1 Schools Forum is asked to note the funding and methodology used to arrive at the budgets and hourly rates of the Early Years Block budgets in 2023-24 as set out in Appendix A and C.
- 6.2 Schools Forum is asked to note and approve the budget set aside for SENIF and acknowledge the reduction of Notional SEND by 5p to support settings to receive a swift response and access to funds ensuring children with low and emerging needs are supported quickly and that more children can be supported appropriately. The remaining 3p Notional SEND to be monitored over the coming year to ascertain the number of children with SEND in each setting.
- 6.3 Schools Forum is asked to note and approve the change in NNC's EYNFF to include the Quality Supplement for Schools and Academies Teachers Pay and Pension Grant.
- 6.4 Schools Forum is asked to approve the following funding rates and levels of funding for 2023-24:

NNC's 2023-24 Early Years Funding Rates	2023-24 Rate
Disadvantaged 2YO Entitlement Base Rate – up to 15 hrs	£5.75 per hour
Universal Entitlement (3/4YO) Base Rate – up to 15 hrs	£4.22 per hour
Extended Entitlement (3/4YO) Base Rate – up to an extra 15 hrs	£4.22 per hour
Notional SEN (Reduction is reflected in increase in SENIF funding)	£0.03 per hour
EYNFF (3 & 4 year olds) Deprivation Supplement for eligible pupils	£0.31 per hour
EYNFF (3 & 4 year olds) Quality Supplement for Schools and Academies TPPG – up to 15 hrs	£0.05 per hour
SENIF Funding for Low and Emerging Needs	£300,000
5% Centrally Retained	£991,385.01
Early Years Pupil Premium (3/4YO) Base Rate – up to 15 hrs	£0.62 per hour
Disability Access Fund (3/4YO)	£828.00 per Child per year
Maintained Nursery Supplement (3/4YO) including TPPG – up to 15 hrs	£1,016,850.13 to be split between the 4 Nursery Schools

- 6.5 Schools Forum is asked to note the increase in funding for maintained nursery schools for 2023-24. The scrutiny review on the maintained nursery supplement is due to be concluded and will

make recommendations to the Executive (expected February 2023). Confirmation of the allocation to each nurse will be confirmed thereafter.

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Background Papers:

Appendix A: DFE 2023-24 Early Years Block Initial Allocation – 16th December 2022

Appendix B: Summary of Local Authority EYNFF consultation December 2022

Appendix C: Proposed 2023-24 NNC's Early Years Block Budget

DFE 2023/24 Early Years Block Initial Allocation – 16th December 2022

Appendix A

Early Years Block			Adjusted 2022-23 DSG Allocation Jan 2022 Census	Indicative 2023-24 Allocation Jan 2022 Census	Change	Reason
Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)	[A]		£4.66	£4.93	£0.27	£0.05 increase due to Teacher Pay and Pension Grant rolled into the 3 & 4 year old funding rate. The remaining £0.22 is the increase for 3&4 yo rate and TPPG in 2023-24
Number for 3 and 4 year old universal entitlement funding (part-time equivalent)	[B]		4863.76	4863.76	0.00	
Teachers Pay and Pension Grant	[Ba]		£200,935.00		£(200,935.00)	
Indicative funding allocation for universal entitlement for 3 and 4 year olds (£s)	[C]	= [A] * [B] * 15 hours * 38 weeks a year	£13,120,054.31	£13,667,651.98	£547,597.66	
Number for 3 and 4 year old additional 15 hours entitlement for eligible working parents (part-time equivalent)	[D]		2192.11	2192.11	0.00	
Indicative funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£s)	[E]	= [A] * [D] * 15 hours * 38 weeks a year	£5,822,683.00	£6,160,048.31	£337,365.31	
Hourly rate for 2 year old entitlement (£ / hr)	[F]		£5.62	£5.75	£0.13	Increase in 2 year old rate
Number for 2 year old entitlement funding (part-time equivalent)	[G]		707.21	707.21	0.00	
Indicative funding allocation for 2 year old entitlement (£s)	[H]	= [F] * [G] * 15 hours * 38 weeks a year	£2,265,477.00	£2,317,880.78	£52,403.77	
Hourly rate for EYPP (£ / hr)	[Ia]		£0.60	£0.62	£0.02	Increase in EYPP rate
Number for EYPP funding (part-time equivalent)	[Ib]		715.85	715.85	0.00	
Indicative funding allocation for early years pupil premium (£s)	[I]	= [Ia] * [Ib] * 15 hours * 38 weeks a year	£244,821.00	£252,982.00	£8,161.00	
Rate for DAF (£ / year)	[Ja]		£800.00	£828.00	£28.00	Increase in DAF rate
Number for DAF funding (part-time equivalent)	[Jb]		142.00	152.00	10.00	
Funding allocation for disability access fund (£s)	[J]	= [Ja] * [Jb]	£113,600.00	£125,856.00	£12,256.00	
Hourly rate for supplementary funding for maintained nursery schools (£ / hr)	[K]		£4.73	£5.31	£0.58	£0.42 increase due to Teacher Pay and Pension Grant rolled into the MNSS rate. The remaining £0.16 is the increase for MNSS and TPPG in 2023-24
Number for supplementary funding for maintained nursery schools (part-time equivalent)	[L]		335.96	335.96	0.00	
Teachers Pay and Pension Grant	[La]		£80,947.00		£(80,947.00)	
Indicative supplementary funding allocation for maintained nursery schools (£s)	[M]	= [K] * [L] * 15 hours * 38 weeks a year	£986,728.76	£1,016,850.13	£30,121.38	
Total early years block (£s)	[N]	= [C] + [E] + [H] + [I] + [J] + [M]	£22,553,364.07	£23,541,269.19	£987,905.13	

1. Universal Entitlement and Extended Entitlement (30 hours) – 3 and 4 year old base rate

Early indications are that North Northamptonshire will remain on the minimum funding floor rate per hour allocated to the Local Authority for every 3 and 4 year old. There are a number of options open to Local Authorities depending on the outcome of the National Consultation and until the allocation and guidance is received, we are unable to finalise and confirm the rates for North Northamptonshire.

Centrally Retained Funds

Local Authorities are permitted to retain up to 5% of funding allocated through the 3 & 4 Year old funding of the Early Years Block of the Dedicated Schools Grant (DSG) to pay for central services, statutory duties, and Local authority Early Years compliance. North Northamptonshire currently retains approximately 5% of the budget for this purpose

Question: Do you agree that North Northamptonshire should continue to retain up to and not more than 5% for central expenditure to be reviewed annually?

● Yes	17
● No	13
● Undecided	14



2. Teachers Pay and Pensions Grant (TPPG)

The National Consultation sought views on the proposal to mainstream the Early Years elements of Teachers Pay and Pension Grant funding (TPPG), into the hourly rate for 3 and 4 year olds, bringing Early Years in line with Schools. TPPG is currently paid to Schools in addition to the hourly rate in the form of a grant.

Guidance from the Department for Education (DfE) is as follows: *"We encourage local authorities to continue to use this funding to support some of the costs for which the grants were originally introduced... We would encourage LAs to consider using this supplement to take account of additional pressures that some providers might face, from the need to pay employer contributions to the teachers' pension scheme."*

North Northamptonshire therefore proposes to continue to ringfence the equivalent amount (from 2022-23) of TPPG for Early Years Provision in Schools and pay this as a grant calculated annually (should the national consultation result in an approval to mainstream the early years elements of Teachers Pay and Pension Grant funding, into the hourly rate).

Question: Do you agree with the proposal to ringfence the equivalent amounts for TPPG in line with government advice and pay as a funding supplement to School based provision?

● Yes	18
● No	7
● Undecided	19



3. 2 Year Old Funding (2YO)

For 2023-2024 the rate for 2 year olds could change from a flat rate to being part of the National Funding Formula. If this change is not made North Northamptonshire will pass on the full amount as per usual funding processes.

Question: Do you agree that North Northamptonshire continue to maintain a 100% pass through rate of 2 year old funding to all providers should the rate not fall under the national Funding Formula rules?

● Yes	34
● No	4
● Undecided	6



4. Early Years Supplementary Funding 2023 - 2024

North Northamptonshire Council allocates a percentage of the funding received to support Early Education Places in the form of:

1. Early Years Pupil Premium (EYPP)
2. Deprivation Funding
3. Disability Access Funding (DAF)
4. Notional SEND
5. Special Educational Needs and Disabilities Inclusion Fund (SENIF) and Special Educational Needs and Disabilities Inclusion Fund PLUS (SENIFP)

Early Years Pupil Premium is currently paid at a rate of £0.60 per hour per eligible child and is funded alongside the hourly rate for 3 and 4 year old children. It is not proposed to make any changes to this process or funding amount.

Deprivation Fund is currently paid at a rate of £0.30 per hour per eligible child and is funded alongside the hourly rate for 3 and 4 year old children. It is not proposed to make any changes to this arrangement, however based on the funding allocation the amount funded is subject to change.

Disability Access Funding (DAF) is currently funded at £800 per child per application year and is funded alongside the hourly rate for 3 and 4 year old children. It is not proposed to make any changes to this process or funding amount.

Notional SEND is currently paid at £0.08 per hour per child for all children. We propose to remove the 8p notional SEND payment and utilise this funding to increase the overall amount available for Special Educational Needs and Disabilities Inclusion Fund (SENIF) in 2023/24. This will enable our sector to apply for funding for more children ensuring their needs are met at the earliest opportunity.

Question: Do you agree that North Northamptonshire remove the £0.08 Notional SEND to increase the amount of funds available to support children who meet the SENIF criteria?

● Yes	17
● No	19
● Undecided	8



5. Special Educational Needs and Disabilities (SENIF) and Special Educational Needs and Disabilities Plus (SENIFP) is currently paid in 3 bands for children with low level and emerging special educational needs and disabilities taking up a funded place in North Northamptonshire.

Band A-SENIF Group Funding

Up to £500 per child per Funding Block

Band B – SENIF Individual Application

Up to £1000 per child per Funding Block

Band C- SENIF Individual Application

Lower level – Up to £1500

Higher Level – Up to £3,300 per child's year

Maximum number of applications – 3 per child in their funding year**

We propose to remove the 'Higher level' element of Band C to introduce a **Special Educational Needs and Disabilities Plus (SENIFP)** process and payment for children with severe and complex needs taking up a funded place in North Northamptonshire for 2023/24. This will enable our sector to apply for targeted adult support and equipment/resources/adaptations to ensure more children with severe and complex needs are met at the earliest opportunity.

Proposed band changes to Band C and introduction of new Band D

Band C- SENIF Advanced Individual Application

Lower level – Up to £1500 per child's year

Band D - Targeted Adult Support for individual children and equipment/resources/adaptations

Up to **£3300** per child per child's year

Question: Do you agree that North Northamptonshire remove the Higher Level element of Band C to increase the amount of funds available to support children who meet the SENIFP criteria?

● Yes	24
● No	3
● Undecided	17



6. Do you agree that North Northamptonshire create and fund a process for Special Educational Needs and Disabilities Plus (SENIFP) for children with severe and complex needs taking up a funded place in a North Northamptonshire setting or childminder

● Yes	30
● No	2
● Undecided	12



Proposed 2023-24 NNC's Early Years Block Budget

Appendix C

Description	2022-23	2023-24	Change	2023-24 Indicative Budget	% allocated
EYNFF (3 & 4 year olds) Base Rate per hour	£4.13	£4.22	£0.09	£17,527,652.74	88%
EYNFF (3 & 4 year olds) Notional SEN Rate per hour	£0.08	£0.03	-£0.05	£208,662.54	1%
EYNFF (3 & 4 year olds) Deprivation Supplement Rate per hour	£0.30	£0.31	£0.01	£500,000.00	3%
EYNFF (3 & 4 year olds) Quality Supplement (TPPG for Schools and Academies only)		£0.05	£0.05	£300,000.00	2%
SEN Inclusion Fund - 3 & 4 Year Olds (Mandatory) - Funding allocated from EY Block				£300,000.00	2%
SEN Inclusion Fund Plus - Funding allocated from HN Block on application				£0.00	0%
Early years contingency funding - 3 & 4 Year Olds				£0.00	0%
95% EYNFF (3 & 4 year olds) paid to Providers				£18,836,315.28	95%
5% EYNFF (3 & 4 year olds) Centrally Retained by NNC				£991,385.01	5%
Total 3 & 4 year old Funding	£4.66	£4.93		£19,827,700.29	100%
2 year old entitlement per hour	£5.42	£5.75	£0.33	£2,317,880.78	
Early Years Pupil Premium per hour	£0.60	£0.62	£0.02	£252,982.00	
Disability Access Fund per child per year	£800.00	£828.00	£28.00	£125,856.00	
Maintained Nursery Schools Supplementary Funding including TPPG	£5.15	£5.31	£0.16	£1,016,850.13	
2023-24 Indicative Early Years Block Budget				£23,541,269.19	