

York Schools Forum

9 November 2022

Report of the Head of Finance for Children & Education

EARLY YEARS NATIONAL FUNDING FORMULA CONSULTATION

Purpose of Report

- 1 This report provides members of the Schools Forum with information about the Department for Education's (DfE) consultation on their proposed changes to their national funding formulae that allocate early years funding to local authorities (LAs).

Background

- 2 The government funding for early years has been allocated to LAs under a number of national funding formulae since 2017/18. Since then no changes have been made to the formula factors or the data underlying the formulae, with the only changes being annual flat rate uplifts to each LA's hourly rate for both 3/4 year olds and 2 year olds.
- 3 In this consultation the DfE are focusing on the way in which early years funding is distributed from the DfE to LAs through the national funding formulae, rather than on local funding arrangements. They are not currently proposing to make changes to the local rules which LAs must follow when setting their own local funding formulae, so matters relating to this are out of scope for the consultation.
- 4 At the previous meeting of the forum in July officers informed the forum that the DfE's consultation had been launched the previous day, with a submission date for responses prior to this meeting of the forum.
- 5 Given the relatively short timescales and capacity issues within the finance team, it was not possible to undertake a detailed review of the proposed changes to the formula factors and data. However, as a member of the f40 lobbying group, the LA has been able to contribute to their analysis of the proposals and support the f40's submission to the consultation.

Summary of DfE Proposals

- 6 The DfE are not proposing to make any major changes to the structure or composition of the formula itself. They are, however, proposing to make some amendments to the way in which some of the additional needs data is calculated. For example, the Disability Living Allowance factor is currently based on August 2015 data and therefore no longer targeting funding in response to changing levels of need. Several adjustments to the way in which the area cost adjustment is calculated are being proposed so that it better reflects the variation in costs across different areas.
- 7 The DfE has also proposed that the Teachers' Pay Grant and Teachers' Pension Employer Contribution Grant for school based nurseries and maintained nursery schools, which are currently separately allocated, should be rolled into the EYNFF base rates for 2023/24.
- 8 In addition, increased support for Maintained Nursery Schools (MNS) has been proposed in the consultation through the MNS supplement factor.

- 9 The hourly rates currently received by York for 2022/23 continue to be at the minimum funding floor for both the 2 year olds and 3/4 year olds allocation, at £5.57 per hour and £4.61 per hour respectively. Indicative 2023/24 hourly rates for York were published by the DfE as part of their consultation and are set out in the table below:

	2022/23 £/hr	2022/23 TPG/TPECG £/hr	2022/23 TOTAL £/hr	Illustrative 2023/24 £/hr	Indicative Increase £/hr %
3/4 Year Olds	4.61	0.06	4.67	4.86	0.19 4.1%
2 Year Olds	5.57	n/a	5.57	5.75	0.18 3.2%
MNS Supplement	2.39	0.51	2.90	3.80	0.90 31.0%

- 10 Based on the proposals, York would remain at the minimum funding floor for 3/4 year olds, but would move above the floor for 2 year olds becoming the 72nd lowest funded (out of 150 LAs). More significantly, the proposals for maintained nursery schools would deliver a material increase in funding for York's only MSN (St Pauls Nursery), from the current £104,841 (inc. TPPG) to £134,141 in 2023/24.
- 11 The results of the consultation, and the DfE's response, are expected to be published by the end of the Autumn term.

Recommendations

- 12 Members of the forum are asked to note and comment on the report.

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	Report Approved	√	Date	2 November 2022
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Annexes

- Annex 1 – DfE Early Years Funding Formulae Consultation
Annex 2 – f40 Response to the DfE Consultation