

ITEM 4

2023/24 Early Years Block Budget and Finance updates

Schools Forum is asked to note the following:

- (a) Overall key funding streams for the Early Years Block
- (b) Special Educational Needs inclusion fund (SENIF)
- (c) Reconciliation of 2022/23 Outturn variance and 2023/24 Budget Allocation
- (d) Updates on the recent DfE supplementary funding
- Methodology used by DfE in determining the final Early Years Grant allocation and £213k Early Years DSG balance

Members of Forum allowed to vote: - No vote required on this item. For information only

1. Introduction

1.1 This report provides an overview of the following:

- (a) Overall key funding streams for the early years block
- (b) Special Educational Needs Inclusion Fund (SENIF)
- (c) Reconciliation of 2022/23 Outturn Variance and Budget Allocation
- (d) Additional information on the allocation of supplementary funding
- (e) Risks and Issues to consider by the Early Years Working Group

2. DfE Funding streams

2.1 The Department for Education (DfE) provides 6 key funding streams for the early years block. They are:

- the universal 15 hours entitlement for all 3 and 4-year-olds,
- the additional 15 hours entitlement for eligible working parents of 3 and 4-year-olds,
- maintained nursery school (MNS) supplementary funding,
- the 15 hours entitlement for disadvantaged 2-year-olds,
- the disability access fund (DAF),
- the early years pupil premium (EYPP).

3. Special Educational Needs Inclusion Fund (SENIF)

3.1 Local authorities are required to have SENIFs for all 3 and 4-year-olds with special educational needs (SEN) who are taking up the free entitlements, regardless of the number of hours taken. These funds are intended to support local authorities to work with providers to address the needs of individual children with SEN. This fund will also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014

3.2 **Eligibility** - Local authorities should target SENIFs for children with lower level or emerging SEN. Children with more complex needs and those in receipt of an education, health, and care plan (EHC plan) continue to be eligible to receive funding via the high needs block of the DSG. As with other elements of early years funding, SENIFs should apply to children attending settings in the relevant local authority area, regardless of where they live.

3.3 **Sources of funding** - Local authorities should establish their SENIFs using funding from the early years block and/or the high needs block of their DSG allocation.

3.4 Extension of the locality project - There is an initiative underway to expand the inclusion project to the early years sector with an initial scope targeted at schools. The service had raised the need to ensure uniformity by including PVI settings since they also lack relevant expertise and therefore need more support. This is relevant even though the service seems to suggest there is support in place for all the children through a graduated approach, including those in the process of and in receipt of EHCPs.

3.5 More work is currently underway to understand or establish if funds are transferred to schools during the transition period for pupil who were previously in receipt of SENIF during their reception year. This funding is expected to have been paid during the interim process whilst the while schools assess the child and decide what support may be required in the future.

4. Revised Year-End Position and Budget Allocation for 2023/24

4.1 The table below provides a useful breakdown of the overall Early Years outturn position. This summarised report shows the £2.982m reserves as of 31st March 2022 have now depleted to a balance of approximately £213k at the end of 2022/23.

Table 1 – Revised Year-end Position.

DSG Reserves	Amount £m	Details
Year 2021/22	-2.982	Balance B/F on Oracle
Reserves disbursement in 2022/23	1.900*	Amount paid to the sector
Year 2021/22 Bal C/Forward	-1.082	Balance B/F on Oracle
In -Year 2022/23	0.871	In year overspending which includes underspend in 5% Centralised
Overall Oracle Balance at the end of 2022/23	-0.211	Balance B/F on Oracle
DfE post-year-end award after Jan 2023 Census	-0.414	Post-year-end DfE additional grant based on Jan 2024 data
Early Years - Centralised 5%	0.412	The expected transfer of funding for centralized cost is yet to be funded
Overall, the Balance at the end of 2022/23 (£211k+414k less £412k) = £213k	-0.213	Overall balance including the previous underspend related to the 5% Central budget

£1.900m* is an estimated amount

4.2 Table 2 below demonstrates how the budget is initially presented from the DfE perspective. This presentation is later re-aligned to show individual service delivery for monitoring purposes as defined by the Early Years Operational Guide. The service is working with finance to ascertain the forecast position for Q2 which will be reported at the next working group meeting.

Table 2. – Early Years Budget for 2023/24

Ref	Details	Original DfE Allocation	2023/23 Budget
1	Universal entitlement for 3- and 4-year-olds	£19,566,596.45	£18,294,768.00
2	Additional 15 hours	£7,188,224.17	£6,720,990.00
3	Providers' allocation (93.5%)	£26,754,820.63	£25,015,758.00
4	Deprivation 1.5% (IMD)		£401,322.00
5	95% Pass-through rate	£26,754,820.63	£25,417,080.00
6	EY Central- Top slice (5%)		£1,337,741.00
7	2-Year-Old Child Hours	£3,338,645.90	£3,338,646.00
8	Maintained Nursery Supplement (MNS)	£697,452.00	£697,452.00
9	Pupil Premium Grant	£163,225.00	£163,225.00
10	Disability Access Fund	£134,136.00	£134,136.00
11	Total (In-Year Funding)	£31,088,279.52	£31,088,280.00

5. Revised Year-End Position and Budget Allocation for 2023/24

5.1 Table 3 illustrates the methodology used by the DfE in funding the Early Years payment and the importance attached to January 2024 and January 2025. The table shows that the DfE will use the weighted average of two January censuses. Knowing how the DfE calculates the funding will ensure that schools and setting appreciates the importance of providing accurate census data.

Table 3 – Illustrative table showing how the DfE Funds the Early Years.

(A)		DfE January 2024. Census (B)	DfE January 2025. Census (C)	5/12 of Column (B) (January 2024. Census) (D)	7/12 of Column (C) (January 2025. Census) (E)	(F) Total is made up of (3,850.58+ 5,391.17)
		April 2023 to August 2023	September 2023 to March 2024	The methodology used by DfE in allocating the DSG Funds. WEIGHTED AVERAGE METHOD		Total
Ref	Details	Units (PTE)	Units (PTE)*	Units (PTE)*	Units (PTE)*	Units (PTE)* approx. 15 hours a week
1	Universal entitlement for 3&4-year-olds	5923	5923	2,467.92	3,455.08	5,923.00
2	Additional 15 hours	2113	2113	880.42	1,232.58	2,113.00
7	2-Year-Old Child Hours	869	869	362.08	506.92	869.00
8	Maintained Nursery Supplement (MNS)	337	337	140.42	196.58	337.00
11	Total (In-Year Funding)	9,242	9,242	3,850.83	5,391.17	9,242

6 Early Years Supplementary funding (EYSG)

6.1 The government recently announced an additional grant to Early Years providers. Local authorities must pass on the EYSG, in full, to early years providers for each of the existing early years funding streams. Table 4 below shows the indicative allocation to Croydon covering the period from September 2023 to March 2024.

6.2 As the £2.507m Supplementary funding allocation is a separate usual Early Years DSG allocation of £31.088m, the service and finance need to ensure a separate reconciliation is done to ensure the grant is fully accountable and that 100% paid to the sector as clearly stated in the Operational guide which will likely be audited. The service processed the autumn term payment to the sector in October.

6.3 By 'passing on in full', the DfE by definition expects a 'pass-through' as described in section 4.2 of the 'Early years entitlements (local authority operational guide 2023 to 2024' pass-through rate of 100%)

Table 4 – Illustrative table showing how the DfE Funds the Early Years

Details	Units (FTE)	Rate per Hour	38 weeks * 15 hrs *7/12	Total Amount September 2023 to March 2024
Universal entitlement for 3- and 4-year-olds	£5,938.99	£0.59	332.5hrs	£1,165,081.36
Additional 15 hours	£2,181.82	£0.59	332.5hrs	£428,018.54
2-Year-Old Child Hours	£883.45	£3.00	332.5hrs	£881,241.38
Maintained Nursery Supplement (MNS)	£322.00	£0.21	332.5hrs	£22,483.65
Funding allocation for early years pupil premium				£6,143.00
Funding allocation for disability access fund				£5,010.00
Total				£2,507,977.93

7 Conclusion

- 7.1 Schools Forum should note the DfE funding methodology used in determining the final DSG (Reference in Table 3) allocation payable to local authorities and the associated risks regarding census data reporting as well as the issues regarding the budget allocation for the SENIF and 2023/24 outstanding balance of the Early Years reserves of £213k.
- 7.2 An updated paper will be presented to forum regarding the year-to-date spent and forecast outturn for 2023/24. This paper will provide much more information on the (SENIF) funding including, the number of children who have received support so far this year and the type of settings.

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