

**Hillingdon Schools Forum**  
**2023-24 Early years funding formula allocation**

Date of meeting:	22 <sup>nd</sup> March 2023
Time of meeting:	1.00 pm
Venue:	Teams
Officer presenting the report:	Coral Miller

**1. Introduction**

This report is to consult with the Schools Forum on the Early Years Single Funding Formula for 2023/24.

**2. Recommendation**

- a) Schools Forum are asked to agree to the proposal to increase the 2YO funding base rate per hour by £0.58 to £6.79 per hour. This leaves the Local Authority with £0.08 for additional support that may be required for 2 year olds.
- b) The Local Authority working with the Early Years Sub Group, collectively would like the Schools Forum to agree to the base rate for 3 & 4 year olds at £5.42 an increase of £0.36 per hour.
- c) To keep the Supplement at 10% which is equivalent to £0.60.
- d) To review the Options presented on distributing the Supplement between Deprivation and SEN. The calculation is based on 3,787,502 hours for 3&4 year olds.
- e) The Local Authority working with the Early Years Sub Group reviewed all the 4 options. The preferred options are Option 3 and 4 which aims to increase the funding for Additional Needs and away from deprivation. The Local Authority and the Early Years Sub Group have collectively agreed that Option 3 is the preferred option. Schools Forum are asked to agree with Option 3.
- f) The move to Option 4 will be considered in the budget build process for 2024-25. The Local Authority will continue to develop the changes to the Early Years Funding Formula with the Early Years Sub Group during 2023/24. Schools Forum is asked to note this.

**3. Background**

*EYSFF (3&4-year-olds)*

The Early Years 3&4 year old rate is

DFE hour rate Allocation	5% Cent. Rent.	95% after CR	90% Base rate	10% Supplement
£6.34	£0.32	£6.02	£5.42	£0.60

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The Early Years Single Funding Formula (EYSFF) provides funding to schools, Private, Voluntary and Independent Nursery providers and Childminders for 3- and 4-year-olds accessing the free entitlement. The 2023/24 Early Years Block funding allocation will be calculated based on the uptake in the January 2023 and January 2024 census dates. The 2023/24 allocation is therefore draft as there will be further adjustments during the financial year.

The hourly funding rates are the same for both the universal entitlement and the additional free entitlement for working parents. Actual funding allocations will be revised throughout the 2023/24 financial year based on actual numbers on each of the termly census dates.

There are several requirements on how Local Authorities can allocate Early Years funding to providers. These requirements are intended to ensure that funding provided is fairly distributed to providers. Local Authorities are required to pass 95% of Early Years funding directly to providers. There is a requirement to set a universal base rate for all providers, and additionally the guidance states that the level of supplements should be capped at 10%. Due to the Teacher Pension now being part of the formula, the Local Authority can increase the Supplement upto 12%.

Therefore the remaining 90% distributed through the base rate. The Hillingdon EYSFF includes four funding factors (a Base Rate - 90%, Deprivation (using IDACI), SEN and Teachers pension is the remaining 10% and a lump sum (this is only allocated to McMillan Nursery).

The government recognises that maintained nursery schools have additional costs and has confirmed that it will continue to provide supplementary funding to Local Authorities for maintained nursery schools. The supplementary funding for Hillingdon in 2023/24 £381k which is a increase from 22/23 figure of £275k by £106k is passed in full to McMillan Nursery school.

### *2-Year-Old Funding*

The Local Authority continues to receive funding for the most disadvantaged two-year-olds. As with the funding for EYSFF, the 2023/24 allocation will be calculated based on the uptake in the January 2023 and January 2024 census dates. The 2023/24 allocation is therefore draft as there will be further adjustments during the financial year.

## **4. Options**

There are 4 options on how to distribute the 10% Supplementary funding between the allowable factors.

A Funding formula consultation which ended on 24<sup>th</sup> February, was presented to discuss the various different options

The Local Authority must use a funding formula to calculate the funding that will be paid to PVI settings and schools for providing childcare places for three- and four-year-olds. Schools' Forum is a group of schools, PVI settings and 16-19 education providers. They decide the funding that is centrally retained and make recommendations about changes to the EYFF. A sub-group of Schools' Forum has reviewed the EYFF and have recommended amendments for the new financial year.

The 4 options are detailed below:

Description	Option 1	£000	Option 2	£000	Option 3	£000	Option 4	£000
Deprivation	90%	2,053	80%	1,824	70%	1,596	60%	1,369
SEN	8%	182	18%	411	28%	639	38%	866
Teacher Pension	2%	46	2%	46	2%	46	2%	46
TOTAL		2,281		2,281		2,281		2,281

The Local Authority with the Early Years Sub Group is recommending Option 3 to be used in the Early Years formula for 3 and 4 year olds. This gives the Local Authority time to review Option 4 in more detail and establish the same criteria to be used by Early Years providers to measure Children with Special Education Needs (SEN).

The Local Authority recognises this is a growing sector and support is needed to meet the needs of Children with SEN in the Early Year's sector.

Please see the Appendix A for indicative estimated effect on Providers of all Options.