

**THIS ITEM IS FOR INFORMATION ONLY**

**(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)**

<b>Title of meeting:</b>	Cabinet Member, Children, Families and Education
<b>Subject:</b>	Dedicated Schools Grant Budget 2022-23 - Early Years amendment
<b>Date of meeting:</b>	16 February 2022
<b>Report by:</b>	Sarah Daly, Director Children, Families and Education
<b>Wards affected:</b>	All

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**1 Requested by**

Cabinet Member for Children, Families and Education.

**2 Purpose**

2.1 The purpose of this report is to inform the Cabinet Member of the discussion at Schools Forum on 9 February 2022 regarding the proposed Early Years Block element of the Dedicated Schools Grant (DSG) budget for 2022-23.

**3 Recommendations**

It is recommended that the Cabinet Member:

3.1 Notes the discussion at Schools Forum and the proposal to amend the Early Year budget by adding 1p to the hourly rate for three and four year olds, and reduce the centrally held contingency by the same amount as set out in Table 1 and Appendix 1.

**4 Background**

4.1 The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations. For clarity it does not impact on the Council's budget.

4.2 The regulations set out that the DSG budget is approved before the 28 February 2022, to enable schools and early years settings to be notified of their individual budgets by the statutory deadlines. As part of the approval process the budget is taken to Schools Forum to seek their views and endorse the budget proposals before going to the Cabinet Member for approval. At the 9 February Schools Forum meeting a suggested amendment to the proposed funding of Early Years settings

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was endorsed and this report sets out the proposals to the Cabinet Member for consideration at the Decision meeting on 16 February 2022.

**5 Early Years Block**

- 5.1 At the 9 February Schools Forum, Forum members discussed the financial pressures being felt by the Early Years sector in particular the increased costs relating to fuel, the national living wage and increased national insurance payments. The Schools Forum asked if the authority would consider an increase of the hourly rate to Early Years providers of 1p, funded by a reduction in the centrally held growth contingency.
- 5.2 The authority has considered the proposal and financial modelling has confirmed that a decrease in the three and four year old contingency would be a manageable risk considering the DSG carry forward balance.
- 5.3 The table below sets out a proposed revision to the Early Years funding formula for 2022-23. The proposed revision to the Early Years block of the DSG is set out in Appendix 1.

<b>Table 1: Early Years - Distribution of funded hourly rate of the Early Years Block DSG grant</b>				
	<b>2021-22</b>		<b>2022-23</b>	
	<b>3 and 4 year olds</b>	<b>2 year olds</b>	<b>3 and 4 year olds</b>	<b>2 year olds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Hourly rate per pupil paid to providers	4.30	5.20	4.45	5.38
Deprivation average hourly rate	0.20	0	0.20	0
SEN Inclusion fund	0.04	0.04	0.04	0.04
Growth contingency	0.07	0.13	0.06	0.13
<b>Total funding passed to settings</b>	<b>4.61</b>	<b>5.37</b>	<b>4.75</b>	<b>5.55</b>
Central retained funding	0.22	0.22	0.25	0.25
<b>Total per hour funded through the Early Years Block</b>	<b>4.83</b>	<b>5.59</b>	<b>5.00</b>	<b>5.80</b>

**6 Reasons for recommendations**

- 6.1 Due to the timings of the School Forum and Cabinet Member Decision Day meetings, the report had to be published before Schools Forum could discuss the proposals. Whilst the report took into consideration the response to the consultation, discussions at Schools Forum, identified financial concerns on behalf of Early Years providers. Therefore, the recommendation is to increase the hourly rate to providers by 1p per

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hour for three to four years olds. This will be funded by a reduction to the three and four year old contingency, which would be a manageable risk considering the DSG balance.

Signed by Sarah Daly, Director Children, Families and Education

**Appendices:**

Appendix 1: Dedicated Schools Grant Original budget 2022-23 - Early Years Revision

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the Children, Families and Education Finance Team. Please contact Angela Mann, Finance Manager, if required.

<b>Title of document</b>	<b>Location</b>
Schools Revenue funding 2022 to 2023: Operational guide	<a href="#">Schools revenue funding 2022 to 2023 December 2021 update</a>
School and Early Years Finance (England) Regulations 2022	<a href="#">The School and Early Years Finance (England) Regulations 2022</a>
The National Funding Formula for Schools and High Needs 2022 to 2023	<a href="#">2022-23 NFF Policy Document</a>
High Needs Funding 2022 to 2023: Operational Guide	<a href="#">High needs funding: 2022 to 2023 operational guidance - GOV.UK</a>
Early years entitlements: local authority funding of providers: Operational Guide 2022 to 2023	<a href="#">Early years entitlements: local authority funding of providers operational guide 2022 to 2023 - GOV.UK</a>

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**Appendix 1 - Dedicated Schools Grant Original Budget 2022-23 - Early Years Revision**

	<b>Approved 2021-22 Budget - Oct 2021 (including Academies)</b>	<b>Proposed Budget Revisions</b>	<b>2022-23 Schools Budget January 2022 (Including Academies)</b>	<b>2022-23 Schools Budget January 2022 (Excluding Academies)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Early Years Block</b>				
3 & 4 Year Old Provision <sup>1</sup>	11,909	(848)	11,060	11,060
2 Year Old Provision	1,751	(126)	1,625	1,625
Central Expenditure on under 5's	630	14	644	644
<b>Early Years Block Total</b>	<b>14,289</b>	<b>(960)</b>	<b>13,329</b>	<b>13,329</b>
<b>Income</b>				
Early Years Block <sup>2</sup>	(14,289)	960	(13,329)	(13,329)
<b>Total Income</b>	<b>(14,289)</b>	<b>960</b>	<b>(13,329)</b>	<b>(13,329)</b>

<sup>1</sup>Includes early years pupil premium

<sup>2</sup>2022-23 per ESFA allocations December 2021