

Education Funding Arrangements (2023/24)

Early Years Consultation Document



INVESTOR IN PEOPLE

Contents

1. **Introduction**
2. **Schools Budget – General Perspective**
3. **Early Years Block**
 - Early Years Funding Formula
4. **RESPONSE FORMS**

Please see separate response form.

1. Introduction

This document sets out proposals for any changes to funding arrangements for maintained schools, academies, free schools and early years providers from April 2023. For convenience, any references to schools relate to all maintained schools, academies and free schools, unless otherwise stated.

The proposals have been derived following a review of the local and national requirements, as prescribed by the Government. The proposals have been developed in consultation with the Education Resources Group and the Schools Forum.

Copies of the document are available on the Enfield Council Website and the Hub (internal portal) for Headteachers, Chairs of Governors, Chairs of Finance Sub-Committees of all LA Maintained Schools, Academies, Trade Unions, Professional Associations, Diocesan Boards, other Local Authorities and other interested parties to view. If a hardcopy of the document is required or you have any other queries, then please contact Sangeeta Brown at Sangeeta.brown@enfield.gov.uk.

All financial information contained in this document is at 2022/23 prices and is subject to the annual budgetary process. Financial illustrations are based on October 2021 pupil data and may therefore not be entirely representative of future calculations.

Copies of the 2022/23 Section 251 Budget Statement can be found on the Enfield Website at www.enfield.gov.uk. Copies of the Scheme for Financing Maintained Schools and the Finance Handbook are available on the Hub.

You are invited to comment on the proposals by completing the attached response form. This should be emailed as soon as possible and no later than Tuesday 21 February 2023 to:

Laura Willoughby at Laura.Willoughby@enfield.gov.uk

Sangeeta Brown at Sangeeta.brown@enfield.gov.uk

Return to – [Contents](#) page

2.2 **Dedicated Schools Grant: 2023/24**

The 2022 Spending Review confirmed an overall increase in school funding (mainstream schools and high needs) split over three years with £4 billion provided in 2022-23, £1.5 billion in 2023-24, and totalling £7 billion by 2024-25. The total increase encompasses the 2022/23 increase announced as part of the 2019 Spending Review.

It is also confirmed that the implementation of a direct **NFF** for the Schools Blocks will be postponed to earliest 2024/25. Therefore, allocating funding to LAs the same as this year will continue. However, LAs would be required to only use the NFF proxy factors and move local unit rates closer to the NFF. This requirement does not impact Enfield schools because the local funding formula uses the NFF unit rates.

For 2023/24, the calculation for the money allocated to each block is as follows:

- **Schools block** the national formula factors and associated unit rates will be used to allocate funding to LAs. The calculation will then be based on individual school data. The national per pupil increase announced by the Government is 1.9% (rounded) and the increase, for Enfield, is approximately 2.3%. This includes the supplementary grant provided in 2022/23 to support schools to meet the costs of the Health and Social Care Levy.

It is important to note not all schools may receive this level of increase because of the interrelationship between the funding formula and individual school's contextual data. To protect individual schools per pupil led funding, the national arrangements require the minimum funding guarantee be set between 0 and 0.5% when compared against the 2022/23 allocation.

- **High Needs block** will increase by approximately 6.3% with 50% of the money being allocated using proxy indicators and 50% on actual spend from 2018/19. This includes the supplementary grant provided in 2022/23.

Again, it is important to emphasise the funding to be provided is unlikely to meet the current demand to support pupils with EHCPs.

- **Early Years block:** since the introduction of the early years NFF in 2017/18, the formula nor the dataset have been updated. In July 2022, the DfE published a consultation document with proposals from updating the dataset used for the NFF to be updated to the latest datasets available for each of the factors.
- **Central Services Schools Block (CSSB)** covers the statutory duties provided by LAs, historic commitments and central licenses purchased by the ESFA on behalf of all schools. The statutory duties are allocated using pupil numbers and Ever 6 Free School Meals deprivation indicator. For statutory duties, Enfield will see an increase of 2.55%. For a number of years, allocation for historic commitments have been reducing by 20% year on year. The aim has been to cease funding this element altogether from 2023/24. Therefore, the overall change to the CSSB is a reduction of 1.7%.

Table 1 summarises actual funding provided for 2022/23 and indicative allocation for 2023/24.

Table 1: Summary of DSG for 2022/23 and 2023/24

DSG Block	2022/23	2023/24	Variance	Variance
	£m	£m	£m	%
Schools	293.998	299.330	5.331	1.81%
High Needs	67.990	72.848	4.858	7.14%
Early Years	25.393	26.483	1.090	4.29%
Central Schools Services	2.486	2.430	-0.056	-2.24%
TOTAL	389.868	401.091	11.223	2.88%

EARLY YEARS BLOCK

3 BACKGROUND

3.1 Current Arrangements

3.1.1 Since 2017, funding provided to local authorities for the free nursery entitlement for three- and four-year-olds has been based on NFF and, in a similar way to mainstream schools, local authorities determine the local funding formula for distributing funding to early years providers and Childminders.

DfE have recently confirmed changes to the current funding arrangements for 2023/24.

3.1.2 The regulations require the local funding arrangements include a per pupil amount and funding to support pupils from a deprived background and then additional factors that could be included are an inclusion fund and supplement linked to quality. In Enfield, it was decided to include the first three factors, but not the supplement linked to quality. There is a requirement that 95% of the funding must allocated to providers and 5% may be retained to fund local authority central services.

3.1.3 The Inclusion Fund (SENIF) was introduced to support pupils to enable local authorities to work with providers to address the needs of individual children with SEND. The use of the inclusion fund locally is passported to individual providers to support children directly. The Inclusion Panel consisting of officers, with representation from headteachers, settings and other professionals as required. No changes to the allocated budget.

3.2 Proposal

3.2.1 As part of the budget settlement, the DfE published their outcomes and recommendations from the consultation seeking to amend the early years national funding formula, which included:

- Using the latest data to inform the national funding formula;
- Changing to using free school meals as a deprivation factor
- Transferring the Teachers' pay and pension grant provided to mainstream schools to pay increased pay and pension costs for nursery teachers into the Early Years block to inform the Early Years national funding formula.

3.2.2 The move to using the latest data should ensure that funding matches local circumstances. The transfer of the Teachers' pay and pension grant into the Early Years block will have a direct impact for mainstream schools and could lead to a reduction in funding the mainstreams are currently receiving. The regulations governing early years allow local authorities with the agreement of their Schools Forum to move the money transferred from the Teachers' pay and pension grant into a quality factor and use this as the basis for continuing to allocate money to mainstream schools previously received for increases in pay and pension costs.

3.2.3 It is proposed for 2023-24 that the local funding formula as well as including the per pupil and deprivation factors should also include:

- The Inclusion Fund (SENIF), which was introduced to support pupils to enable local authorities to work with providers to address the needs of individual children with SEND. The use of the inclusion fund locally is passported to individual providers to support children directly. The Inclusion Panel consisting of officers, with representation from headteachers, settings and other professionals as required. No changes to the allocated budget
- The Contingency Childcare Support Fund continues for children with family support, assigned social workers, on Child Protection plans and special needs as they benefit

from accessing additional hours or other types of support not available from the Inclusion Fund.

- The quality supplement is introduced to allocate the teachers' pay grant and teachers' pensions employer contribution grant to ensure that the local arrangements do not create an unnecessary disadvantage due to changes in the national arrangements.

3.2.4 It should be noted that the hourly rate would be based on number of pupils on roll each term and the deprivation factor would continue to be allocated using Income deprivation affecting children index (IDACI).

Table below details the impact of these changes on the local funding formula.

Factors	2022/2023		2023/2024	
	Rate per hour £	Rate per hour %	Rate per hour £	Rate per hour %
Basic hourly rate per child	£5.40	91.1%	£5.44	88.9%
Deprivation:	£0.12	2.0%	£0.12	2.0%
Quality		0.0%	£0.13	2.1%
Inclusion Fund	£0.12	2.0%	£0.12	2.0%
Inclusion Fund Plus	£0.01	0.2%	£0.01	0.2%
Central Support	£0.28	4.7%	£0.30	4.9%
Total Rate	£5.93	100%	£6.12	100%
3& 4 Year Old Rate	£5.93		£6.12	

The Authority would like your views on:

Areas	QUESTION
Proposed Formula	<p>Do you agree with the proposal to:</p> <ul style="list-style-type: none"> • Create a Quality factor to fund mainstream school nurseries for the funding transferred from mainstream schools for teachers' pay and pension grant? • Maintain the remaining factors to the early year's funding formula?
	Any other comments