

# Record of decision taken under delegated powers by a council officer



Title:	Approval of amendments to the funding rates in the 2023/24 schools and early years funding formulae as appropriate following receipt of the DSG settlement and DfE pupil data in December 2022
Divisions Affected:	All
Key Decision:	Yes
Reason Key:	Over £1m
Decision taken under delegation by virtue of:	Cabinet minutes 29 November 2022 item 13 point 4a

## Summary

The decision is to approve final hourly funding rates paid in 2023/24 to providers of the funded early entitlement for two, three and four year olds under the early years funding formula. These hourly rates could not be agreed at the date of the Cabinet report because at that point insufficient data on take up of the funded early entitlement was available to determine affordability and the DfE had not yet published the rates at which local authorities would be funded for early years for 2023/24.

## Decision made

### Decision made:

It was AGREED that the hourly rates for 2023/24 should be:

For three and four year olds, £5.14 (increase of 27p). The total increase is equal to the increase in the DfE hourly funding rate (of 27p like for like). This reflects the fact that no significant underspend is now expected in 2022/23 (as at 31 March 2023).

For two year olds, £6.65/hour, an increase of 52p. The DfE increase was 62p and the lower increase in the hourly rate reflects previous year overspends and the need to set a sustainable rate which contains costs of provision for two year olds within budget going forward. The proposed rate is in line with discussions with Schools Forum, but is likely to mean some level of overspend in 2023/24

Additionally an hourly rate supplement of 27p/hr will be implemented for state maintained providers employing qualified nursery teachers in the teacher pension scheme (33p/hr for maintained nursery schools).

### Reasons for Decision:

To comply with legislation and ensure affordability within the early years block of the Dedicated Schools Grant. The proposed funding rates are consistent with the recommendations of Cabinet on 29 November 2022 and of the Schools Forum on 6 October 2022, except that the proposed distribution of “recurring underspend” funding is not possible because no such underspend was anticipated in 2022/23 at the date the decision was taken. The hourly rate for two year olds (which is a smaller increase than that provided by the DfE) recognises that historically this area of the budget has been overspent and that we should not plan for an overspend. The teacher pension supplement recognises the discontinuation of the separate DFE grant for that purpose and its inclusion within DSG.

Decision taken by:	Liz Mills Director for Education and Lifelong Learning
Decision taken on:	31 March 2023 (but subject to consultation which was not completed until 25 April 2023)
To be implemented on:	25 April 2023

### **Alternative options considered**

Please see papers for Schools Forum 6 October 2022.

A higher increase in the rate for three and four year olds was originally proposed in order to remove a recurring underspend on this budget in 2023/24. However, projections at 31<sup>st</sup> March 2023 suggested that in fact there would be only a small underspend in 2022/23, so there is no additional funding to distribute.

### **Summary of any financial implications**

The cost of the funding formula will be contained within the Early Years block of the Dedicated Schools Grant, which can only be used for this purpose. Any underspend or overspend on DSG must be carried forward against future year DSG allocations. At this stage it is not possible to establish whether the extension to government funded childcare, announced in the Chancellor’s March 2023 budget, will have any impact on these proposals, or in what way the additional funding to be released from September 2023 is to be distributed.

### **Declarations of conflicts of interest**

None

### **Consultation/Process Followed**

The Cabinet member for Education and Learning has been consulted, and supported the decision.

**Background Documents**

Exempt:

Cabinet report and Schools Forum papers (already on website) DfE early years funding guide for 2023/24 (16 Dec 2022) <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/111111/Early_years_funding_2023_to_2024_-_GOV.UK_(www.gov.uk).pdf">Early years funding: 2023 to 2024 - GOV.UK (www.gov.uk)</a>	
--	--