

Early Years National Funding Formula Consultation

Key Messages

- Consultation launched 4 July and closed on 16 September.
- DfE return to funding Early Years on formulaic basis from 2023-24.
- Updates of all underlying data: AEN; Premises; Protections.
- Update Maintained Nursery Schools Supplementary Grant.
- Roll Teachers' Pay and Pension Grants in.

Background

- 1.1 The Department for Education (DfE) launched a consultation on the Early Years National Funding Formula (EYNFF) for 2, 3 and 4-year-old FEL which includes a review of maintained nursery school (MNS) supplementary funding.
- 1.2 The consultation was launched on 4 July 2022 and closed on the 16 September 2022.
- 1.3 The proposal is to update all underlying data sets to create a fairer distribution to all LAs. All changes will be introduced for the 2023-24 financial year with all LAs set to see an increase in funding of their base rates of 1%. There will be protections for any LA that is set to lose funding (for one year only). All final rates will be published in autumn 2022 along with the consultation outcomes.
- 1.4 All Sheffield early years providers were informed of the live consultation and were urged to respond.
- 1.5 We have sent a consolidated response to the consultation on behalf of the Sheffield School Forum and the Early Years Working Group with feedback from the sector.
- 1.6 There are no proposals to change the rules that LAs must follow when setting their own local funding formula.

2. Underlying Datasets for the 3 & 4 Year Old Formula

- 2.1 **Base Rate** – will revert back to using a formulaic basis instead of fixed pence increases incorporating a floor and cap methodology.
- 2.2 **Additional Education Needs (FSM/EAL/DLA)**
FSM (Free School Meals) weighted 8%. FSM will use January census 2022 datasets.
- 2.3 EAL (English as an Additional Language) will use KS1 and 2 as proxy measures weighted at 1.5%, and again use the January 2022 census dataset.
- 2.4 DLA (Disability Living Allowance) headline data (all pupils) to be used instead of filtering out under 5s. DLA data being used is moving from claimants to

eligibility. The proportion will be calculated on ONS population, not census data. Data from February 2021 will be used.

2.5 **Area Cost Adjustment (ACA)** (GLM/Fixed costs) are weighted at the following:

- GLM (General Labour Market) 80%.
- Nursery rates cost adjustment 10%.
- Other costs assumed not to vary 10%.

2.6 GLM is currently using the 2013-14 dataset, but will be updated in future when new data becomes available - estimated 2024-25 financial year.

2.7 Nursery rates cost adjustment (NRCA) data will be updated from 2015 to an average of 2020, 2021 and 2022. Going forwards they will use an average of the past three years Rateable Values, plus use floor area in calculation, average value per m2.

2.8 Currently private nursery data only is used, but the DfE will move to using infant and primary schools data. This will now be referred to as the Nursery Infant Primary Rates Cost Adjustment (NIPRCA). These two factors combined (RV, m2) will then be weighted by the proportion of 3 & 4-year-old universal and additional hours taken up in each setting type.

3. **TPPG (Teachers Pay and Pension Grant)**

3.1 Schools previous funding relating to early years pupils will be rolled into the hourly rate calculation.

3.2 The DfE will encourage local authorities to develop a quality element to allocate this funding.

3.3 Maintained Nursery schools have had their element retained and put through the Maintained Nursery Schools (MNS) supplementary grant.

4. **2-Year-Old Formula**

4.1 The 2-year-old formula currently consists of a Base Rate and an Area Cost Adjustment (ACA).

4.2 The base rate will now be updated by a formula not a 'pence' increase as previously.

4.3 Within the formula the ACA is weighted at 83%, fixed costs weighted at 17%.

4.4 The GLM moves from the 2011-12 dataset to the 2013-14 dataset and going forwards will be updated when the latest dataset available, expected by the 2024-25 financial year in line with the EYNFF for 3&4-year-olds.

4.5 There will be a move to introduce a premises proxy measure (rates) – Rates Nursery Infant Primary Rates Cost Adjustment (NIPRCA) as the 3&4-year-olds, but weighted using the 2-year-olds' proportion.

4.6 The proportions of the premises proxy factors within the ACA would change. The GLM would move to 80%, NIPRCA 10% and Other factors assumed not to change 10% in line with the 3&4-year-old EYNFF.

5. Minimum Funding Guarantee (MFG)

5.1 The DfE has removed the loss cap and replaced it with the Minimum Funding Guarantee (MFG) as a protection methodology within the formula.

3 & 4 Year Olds	2 Year Olds
<u>Minimum Funding Floor 2023-24</u> Will increase from current base rate £4.61 in line with national average rate increase (incl. TPPG)	No minimum funding floor – no plans to introduce one
<u>Year to Year Protection</u> Hourly rate increase of 1%	<u>Year to Year Protection</u> Hourly rate increase of 1%
Protection applied against baseline of EYNFF rate and indicative rate for funding distributed through TPPG	2022-23 set as baseline
<u>Gains Cap</u> set at 4.5%	<u>Gains Cap</u> set at 8.6%

6. Reform of Maintained Nursery Schools (MNS) Supplementary Grant

6.1 The original allocations are based on actual spend in 2016-17. The DfE is investing a further £10m from 2023-24 financial year.

6.2 A funding floor is to be introduced; modelling has currently set the floor at £3.80 per pupil hour based on 15 universal hours. Sheffield currently receives £0.35 per pupil hour. The DfE is to confirm the final rate upon the outcome of the consultation. A cap has also been set at £10 per pupil hour.

6.3 The Teachers' Pay and Pension Grant (TPPG) element has been retained and rolled into the supplementary grant. The DfE calculated the indicative hourly rate based on amount of funding maintained nursery schools (MNS) received in 2022-23 and then increased the MNS by that rate in 2023-24. This will be calculated however, before applying the floor and cap.

7. Recommendations

7.1 Forum members are asked to:

Note the consultation response submitted on behalf of the sector, as per Appendix 1.