

Schools Forum - 6 December 2022

Title of paper:	Early Years Central Expenditure 2023/24
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Summary	
<p>The national Early Years (EY) funding arrangements introduced in April 2017 include a national formula for allocating the EY block to Local Authorities and new regulations around the proportion of EY funding that can be retained for central spend. This is to ensure a high 95 % pass-through of funding to providers. Approval is subject to compliance with this regulation when the 2023/24 Schools Budget is finalised. This paper requests approval of the Early Years Central Expenditure Budget for 2023/24.</p>	
Recommendation:	
1	To approve Early Years Central Expenditure of £1.025m for 2023/24.

1. Reasons for recommendations

- 1.1 The requested EY central expenditure of £1.025m is at the same level as that approved for 2022/23. It is projected that this level of central expenditure is sufficient to maintain the costs of the team and the activity outlined in Section 2 of this report.
- 1.2 This will allow the full increases in the 2 year old and 3, & 4 year old hourly funding rates for 2023/24 to be pass-ported on to schools and providers.
- 1.3 With this level of central expenditure, the LA should comfortably meet the 95% pass-through regulation. The final pass-through % on our published Section 251 statement for 2022/23 was 98.4%. This was based on the same central expenditure budget of £1.025m and the same split of contributions between 2 year old and 3 & 4 year old funding streams.

2. Background (including outcomes of consultation)

- 2.1 The funding will enable the Early Years Team to carry out the following Local Authority duties under the Childcare Act 2006/Education Act 2014/Children and Families Act 2014:
 - Ensure sufficient quality childcare and early education places which supports economic growth and stability for employment;

- Support provision of all 2, 3 and 4 year olds, including sufficiency of quality and accessible provision, measuring uptake and support with outreach message;
- Disseminate relevant National and Local Early Years policies and funding opportunities (for example revised OFSTED Education Inspection Framework and Early Years Stronger Practice Programmes);
- Ensure that training in EYFS assessment, and support with completion of the EYFS Profile Summary, is available to all providers who need it;
- Accelerate the implementation, with partners, of a Speech, Language and Communication strategy, 0-5 years, for the City (full draft available);
- Produce robust and comprehensive Continuous Professional Development (CPD) opportunities, for the early years' workforce, that reflect demand and need based on data and consultation with the workforce;
- Ensure that 100% of the Directory of Providers have a current Provider Agreement and complete the annual Early Years Census, and that payments are made in a timely manner.

OVERVIEW OF CURRENT POSITION - KEY POINTS

❖ Early Years Foundation Stage Profile Data 2022

September 2021 saw the introduction of a new Statutory Early Years Foundation Framework for all providers working with early years, with changes also made to the end of EYFS statutory assessment. As a LA (Early Years Team), a strategy was developed to provide support across the early year's sectors to ensure that quality of provision and outcomes for children remained a priority.

Communication and dissemination of information was a critical part of this strategy;

- Sessions were held in June 2021 for Head Teachers, Senior Leaders, Leaders and Managers and PVI and School practitioners to introduce the new Framework. Attendance exceeded expectations with 96% of PVI settings attending and 86% of schools.
- A dedicated page on our Early Years website was developed, containing all the latest statutory information and any additional guidance.
- Bite-size vodcasts were created, detailing the changes to the framework, with a particular focus on the educational programmes. With over 1,200 views on YouTube, the vodcast introducing the reforms has been invaluable to practitioners in supporting implementation, and understanding, of the new framework.
- An EY representative has attended, and presented, at every Head Teacher Briefing since September 2021, sharing updates relating to the changes in assessment, how they can support their EYFS Lead and what their statutory responsibilities are in relation to EYFSP completion.

- An EY representative has attended all 3 NST EY Leads Network Meetings this year, each session has had an EYFSP related slot, with an extended focus at the start of the summer term on completion of the EYFSP. All attendees to this session either agreed, or strongly agreed that the session was useful in their day to day work and many reported how helpful they had found the session when they came to complete their EYFSP data.
- Working parties were set up for both the PVI and the Schools Sectors, with 4 meetings per sector, over the course of the year. These enabled us to hear how the sectors were managing the reforms, look at any extra support we needed to offer as an EY team, as well as a group to provide feedback on any amended documentation before sharing it more widely. The success of these working parties has led to them continuing in the 2022/23 academic year.

Agreement Trialling has also been an integral part of the strategy to support providers to raise outcomes for our youngest children this. Positive feedback was received from the 24 online sessions that were held; 8 each term, 4 for F1/Pre School and 4 for F2/Rising Five's. Assessment Facilitators (EYFS Support Workers or Early Years Moderators) supported groups of practitioners with their judgements of 'on track' and 'not on track' children.

These sessions were accessed by a total of 274 practitioners from 11 PVI settings and 68 schools including NST, LEAD, Transform, NOVA, Raleigh, Djanogly and Our Lady of Lourdes. Feedback was extremely positive and there were requests for some online sessions in 2022/23 so for the current academic year the 24 sessions will be split by 12 online and 12 face to face, with 6 for F1 and 6 for F2.

Quality Assurance Support was offered to validate schools and PVI data to ensure accuracy of data with quality assurance visits to 3 schools, validation of data submissions for Rising Fives for 6 settings and 1 childminder and 16 schools receiving other support through MS Teams, phone, email, etc.

Furthermore, as part of the Summer Term Childcare Sufficiency Assessment, schools were asked - '*How confident are you with the EYFSP judgements you are making?*' 39 schools responded, with the majority stating that they were 'very confident', and the rest 'confident'.

The LA's statutory responsibilities remain to;

- Collect EYFSP data, quality assure it and submit it to the DfE;
- Offer training in EYFS assessment and the completion of the EYFSP summaries to all providers who need it;
- Improve the outcomes for all children under 5 in accordance with the Childcare Act 2006.

Early Years Foundation Stage Profile (EYFSP) Data (Provisional)

Year	Good Level of Development									
	2013	2014	2015	2016	2017	2018	2019	2020*	2021*	2022
Nottingham	40%	47%	58%	63.5	66.2	67.6%	66.9%	N/A	N/A	60.1%

City		(+7)	(+11)	(+5.5)	(+2.7)	(+1.4)	(-0.7)			(-6.8)
National	52%	60%	66%	69.3 (+3.3)	70.7 (+1.4)	71.5 (+0.8)	71.8 (+0.3)	N/A	N/A	65.2% (-6.6)
Difference	-12	-13	-8	-5.8	-4.5	-3.9	-4.9	N/A	N/A	-5.1

*No data was collected in 2020 and 2021 due to the COVID-19 Pandemic.

- 2022 was the first year of the revised Statutory Framework, with practitioners assessing children against the revised Early Learning Goals.
- In Nottingham City 60.1% of children were assessed as having reached a 'Good Level of Development' in 2022. This is a decline from 2019, but this reflects the decline nationally.
- Girls outperform boys in all ELGs, the gender gap is currently 15.2% compared with 13.3% nationally.
- The success of Early Years Foundation Stage Profile outcomes in June 2022 is due to the comprehensive strategy that was developed to support all providers with the new EYFS framework and changes to assessment.

Biggest Gaps with National	
Prime:	Specific:
Speaking -4.3	Word Reading -8.5
Managing Self -3.4	Comprehension -6.7
Fine Motor -3.4	The Natural World -7.1
	Being Imaginative and Expressive -7.2

Ranking

- Nottingham's ranking is 130/151 (2016 – 138/151)
- LA maximum (2017) is 78.9% (Lewisham)
- LA minimum (2017) is 59.8% (Halton)

Statistical Neighbours: Derby, Sandwell, Manchester, Coventry, Birmingham, Wolverhampton, City of Bristol, City of Kingston Upon Hull, Salford, Southampton

Year	Statistical Neighbours %	Nottingham City %	Difference
2014	57.2	46.5	-10.7
2015	62.6	58	-4.6
2016	65.2	63.5	-1.7
2017	67.0	66.2	-0.8
2018	68.1	67.6	-0.5
2019	68.6	66.9	-1.7
2022	xxx	xxx	xxx

Our goal for 2023 is to close the gap with our statistical neighbours.

Prior to the pandemic we know that children in Nottingham City generally started school below age related expectations. Research (Coram, January 2022) has shown that areas with high deprivation were disproportionately impacted by the COVID-19 pandemic. Information shared through our school working party and agreement trialling sessions, has anecdotally given us an indication as to what this looks like in Nottingham City.

Practitioners report children entering school with poor personal, social and emotional development – children need support to interact and play with their peers, along with support to manage their personal needs, such as using the toilet, independently. Children’s communication and language has also been impacted, with more children being identified as needing additional support, either targeted or specialist. In addition to this, there are more children entering school with previously unidentified needs, possibly due to them not attending a setting previously, or only attending for a limited amount of time, due to the pandemic.

Taking all of this into account, though some children do not reach expected levels at the end of EYFS, they do make good progress from their starting points, especially taking into account the impact of the pandemic, particularly on the prime areas of learning.

Next Steps:

- Succession planning with a new member of staff who will lead on the 2nd year of the strategy (due to maternity leave)
- Continue to offer Agreement Trialling, online and face-to-face, throughout 2022/2023, for all practitioners working with 3-5 year olds. These will support practitioners with assessment, and how they can support children who are not yet working at age related expectations, using these sessions to address where the biggest gaps with national are, along with the gender gap.
- Through our free New to EYFSP training and quality assurance support we will also be supporting those practitioners (schools and PVI) new to completing the profile.
- Continue to offer support visits during the Summer Term
- Continue to present at Head Teacher Briefings (a focus on data outcomes for Autumn Term)
- Continue to run termly Working Party meetings

❖ Early Years Entitlements Funding

The early years entitlements funding for 2, 3 and 4 year old places in the PVI sector is summarised below, broken down by term for 2021/22 academic year;

	NEF (including supplements)	ELP	EYPP
Autumn 2021	£1,983,565.02	£1,113,479.70	£33,709.46
Spring 2022	£2,262,000.32	£879,242.03	£39,678.24
Summer 2022	£2,810,945.43	£932,626.74	£53,273.45

Schools have received continued support with their Early Years Headcount returns made via the portal and are continuously equipped with the necessary information around eligibility to enable children to be correctly admitting and mitigate against funding being

lost. Weekly communication has been via email or phone to ensure smooth submissions ahead of the deadline, particularly where there have been new members of staff.

Progress has been made with schools in understanding these processes, but further engagement and support is needed to ensure submissions are correct and there is robust understanding of what their funding is based on.

Key issues that have continued to present challenge in the current term include;

- Not checking for 2 year old funding eligibility in rising 3's, meaning some schools are 'taking the hit' financially for eligible children who could receive funding
- Not checking eligibility for Early Years Pupil Premium, meaning some schools are losing out on funding for eligible children
- Admitting children to a 30 hour place, without ensuring the code is in date.
- An over-submission of information relating to reception children, whose minimal information on the weeks and average hours attended needs to be added to the headcount to allow for double claims to be checked with the PVI sector. Schools have continued to provide additional information, including parent/carers details, which results in increased for schools and ourselves to rectify.

If these challenges aren't addressed, children will be admitted into school without the available funding to support these places and consequently, school budgets will be subsidising these costs. To address this, a dedicated Schools Portal training session is being offered each term for the 2022/23 academic year and our communication strategy is being refreshed to continue to ensure schools are fully aware of their responsibilities, and that of the LA, in relation to the funding claims process.

❖ Early Years EYFS CPD Training Opportunities Programme

The demand from both the Maintained and PVI sector for quality, EY branded courses to support them to meet their statutory duties, including; Ofsted requirements and EYFSP assessment, is high. To meet the needs and demands of the sector we have continued to offer a range of online courses as well as re introducing face to face sessions; attendance figures remain consistent and match those of previous years.

2021 - 2022 Financial Year:		
Sector	Number of courses	Attendance
Maintained schools and academies specific	30	438
PVI Day Nurseries, Pre-schools and childminders	77	1647
Generic Courses (e.g. Blended Paediatric First Aid etc.)	24	155 PVI 50 Schools
Annual business meeting	1	52
Total: Financial Year 2021 - 2022	132	2,137

The CPD offer has continued to be adapted in content and reach to meet the emerging needs of the workforce and national policy. New courses have including those on equality duties have also been introduced to keep the offer 'fresh'. The demand for the CPD offer is still high despite the current climate. The training is also supported by making resources available via our website.

April 2022 – November 2022:		
Sector (includes November bookings)	Number of courses	Attendance
Maintained schools and academies	13	94
PVI Day Nurseries, Pre-schools and childminders	37	700
Generic Courses (e.g. Paediatric First Aid)	32	115 PVI
		73 schools
Total: April – November 2022	82	982

❖ Sufficiency Duty

The pandemic has had a significant impact on the childcare sector, making supply and demand of the childcare market difficult to predict. It continues to be an ever-changing picture as the full effect of the past 2 years starts to emerge. Coupled with the current economic crisis, on families and business alike, it has never been more important to assess sufficiency.

Families and childcare providers are struggling amid rising energy bills, fuel costs and general cost of living increases. For families, rising costs are forcing parents to reconsider household budgets, re-prioritising essential costs, with childcare potentially being a non-essential cost which may be no longer affordable. Childcare businesses are experiencing the same pressures, with the addition of increased business rates and staffing costs.

The pandemic, combined with a national early years staffing crisis, and proposed local reductions to council buildings (some rented by childcare providers), are placing some childcare businesses at risk. A number of providers are operating at reduced capacity, currently unable to recruit suitable early years staff.

Funded age range	Sector	Number of Children	Percentage of all funded children that term	Data source
3 & 4 year old provision	Schools	3,227	60%	Summer Term 2022 participation data, Childcare Sufficiency Assessment
	PVI	2175	40%	
2 year old provision	Schools	108	9%	Summer Term 2022 participation data, Childcare Sufficiency Assessment
	PVI	1055	91%	

Post-pandemic, recovery of the early years funded entitlements is both key to maintaining childcare sufficiency, and integral to Nottingham's economic recovery. Participation of the universal entitlement for 3 & 4 year olds is recovering well and there has been a 10% increase from the previous term in all childcare places for 2 years olds, however, this is not reflected in 2 year old funded provision where participation has risen steadily, but has now started to plateau. Through the Childcare Sufficiency Provider Survey, schools reported an increase in the number of rising 3 year olds entering their nursery provision, although this is not reflected in their Early Years Headcount returns.

The Early Years Team have developed a comprehensive marketing strategy to re-engage families with the early years funded entitlements, utilising internal and external partners to deliver this strategy. These are local, not commissioned, arrangements.

Schools: Two Year Provision (separate facility – children from the term after they turn 2 years old)		
School	Registered number of places	Average Capacity
Sycamore Primary	12 (24 sessions)	Full both sessions
Djanogly Sherwood Rise	16 (32 Sessions)	No available data
Milford Academy	8 (16 sessions)	Limited vacancies
Cantrell	8 (16 sessions)	Limited vacancies

On average, 20 additional schools take children the term they turn three, equating to approximately 60 additional funded 2 year olds in schools

Ofsted Gradings: 2021/2022 – last updated March 2022

Figure 1. Nottingham City Ofsted Grades Compared to National and Regional Data
Most recent Ofsted data available up to 31/03/2022, released by Ofsted 29/06/2022

All Early Years Settings (Day Nurseries, Pre-Schools and childminders)			
Ofsted data	National	East Mids	Nottingham City
Outstanding	16%	12%	4%
Good	81%	85%	91%
Requires Improvement	2%	2%	0%
Inadequate	1%	1%	5%

Figure 2. Nottingham City Ofsted Grades for Day Nurseries and Pre-Schools

Day Nurseries & Pre schools	Current numbers	Ofsted Grade % overall	
Outstanding	3	4%	86%
Good	59	82%	
New Settings (awaiting Inspection)	7	10%	10%
Requires Improvement	0	0%	4%
Inadequate	3	4%	
Total	72	100	

Following the support Strategy detailed above to support with the implementation of the new EYFS Framework, to date 26 early years providers in Nottingham have been inspected by Ofsted under the new EYFS framework, with 73% achieving a met, good or outstanding judgement.

2.2 **Table 1** shows an indicative breakdown of the central expenditure budget. The exact split of the budget will be finalised during the course of the Council's wider

2023/24 budget setting process, taking into account the calculation of detailed salary budgets for example.

TABLE 1: Breakdown of Central Expenditure Budget £m			
Expenditure Category	2022/23	2023/24	
Staffing – including on costs	0.875	0.878	See Table 2 for funded posts
Non staffing	0.150	0.147	Rent, insurance, other non-pay costs to support activity of the team
TOTAL	1.025	1.025	

2.3 Table 2 shows early years funded posts included in the staffing costs in **Table 1**:

TABLE 2: Early Years Posts	
Role	FTE
Early Years Manager	0.8
Programme/Project Management	1.8
EYFS Support Workers	5.0
Teaching & Learning Specialists	2.0
Childcare Workforce Development/Training	2.0
2, 3 and 4 Year old funding administration	2.0
Administrator	1.12
Childcare safeguarding coordinator	1.0
Family Information Officers	1.8
Family Information Directory Coordinator	1.0
TOTAL	18.52

3. **Other options considered in making recommendations**

3.1 None.

4. **Outcomes/deliverables**

4.1 An agreed approach to setting the 2023/24 Early Years budget, which meets regulations outlined in the Early Education and Childcare Statutory Guidance for Local Authorities (June 2018).

5. **Consideration of Risk**

5.1 N/A

6. **Finance colleague comments (including implications and value for money/VAT)**

- 6.1 The proposed Early Years central expenditure will be funded from allocations for 2, 3 and 4 year olds. The EYNFF rates for funding coming into the Local Authority in 2023/24 for 2 year olds and 3 & 4 year olds have not yet been announced. However, if the proposals outlined in the recent government Early Years Funding Formula Consultation are implemented then we can anticipate an increase of £0.05/hour for 3 & 4 year olds and £0.06/hour for 2 year olds. Confirmation of the funding rates and indicative early years block allocations for 2023/24 are expected in mid-December.
- 6.2 The proposed central expenditure budget is based on a contribution of £0.960m from 3 & 4 year old funding and £0.065m from 2 year old funding. Based on the expected hourly funding increases quoted in paragraph 5.1, our projected 3 & 4 year old funding allocation for 2023/24 will be £17.735m and our projected 2 year old funding allocation will be £3.383m.
- 6.3 The pass-through calculation as set out in the regulations is based on the effective overall hourly rate planned for distribution to providers (including supplements, SEN Inclusion Fund and contingencies) as a proportion of the LA's funding rate. From 2020/21, we increased the 3 & 4 year old rate for providers by an extra £0.12/hour reflecting an ongoing assumption that this can be afforded due to the discrepancy in funded hours used to fund the LA (January only) compared to those pupil counts used for providers (termly actuals). This additional £0.12/hour means that the 95% pass-through requirement is comfortably met despite the retained central expenditure budget being slightly over 5% (5.4%) of the projected total 3 & 4 year old funding received. In 2022/23 with the same £1.025m planned central expenditure, the calculated pass-through % as shown on our published S251 statement was 98.4%.
- 6.4 There is no pass-through requirement for 2 year old funding. However, the £0.065m planned contribution to central expenditure from 2 year old funding represents only 1.9%.
- 6.5 It has been assessed that the requested early years central expenditure of £1.025m will be sufficient to fund the existing staffing structure and maintain current levels of activity.

Kathryn Stevenson, Senior Commercial Business Partner - 08 November 2022

7. Legal colleague comments

- 7.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2022. These Regulations make provision for local authorities' financial arrangements in relation to the funding of maintained schools and providers of funded early years provision in England, for the financial year 2022-2023.
- 7.2 These Regulations define the non-schools education budget (regulation 4 and Schedule 1), the schools budget (regulation 6 and Schedule 2), central expenditure and the individual schools budget (regulation 8 and Schedule 2). They require local authorities to determine budget shares for schools maintained by them and amounts to be allocated in respect of early years provision in their areas, in accordance with the appropriate formulae (regulations 10 and 11). They impose a minimum per pupil amount (regulation 22) and a minimum funding guarantee for schools (regulation 23 and Schedule 4). There is a requirement to pass 95 per cent of funding to early years

providers (regulation 24) and a ten per cent limit on the amount of funding that may be attributable to the discretionary (supplementary) part of the early years formulae (regulation 25).

Majid Iqbal, Team Leader and Solicitor for Litigation - 21 November 2022.

8. **Other relevant comments**

Human Resources

The report requests £1.025m (made up of staffing and non-staffing values) to continue the work of the Early Years Team, at an FTE value of 18.25.

There are no direct Human Resources implications as part of this report if recommendations are approved.

If recommendations are not approved, there could be workforce implications as a direct result of this. If workforce reductions are required, a genuine and meaningful consultation process should commence with Trade Unions and affected staff, with the correct policies and procedures being adhered to, with HR support provided.

Rachael Morris, HR Business Lead, People – 17 November 2022

9. **Crime and Disorder Implications (If Applicable)**

9.1 N/A

10. **Social value considerations (If Applicable)**

10.1 N/A

11. **Equality Impact Assessment (EIA)**

11.1 An EIA is not required because this report does not recommend any changes to services or provision.

12. **Data Protection Impact Assessment (DPIA)**

12.1 A DPIA is not required.

13. **Carbon Impact Assessment (CIA)**

13.1 A CIA is not required.

14. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

14.1 None.

15. **Published documents referred to in this report**

15.1 None.