



## Schools Forum

**Report title:**           **Application of the Quality Factor - Early Years Funding Block – 2023/24**

**Date:**                    14<sup>th</sup> December 23

**Key decision:**        Yes

**Item number:** 7

### **Outline and recommendations**

The purpose of this report is to approve the application of the quality factor which is £372k.

The operational guide for early years released by the DfE on December 2022 states the following:

*“We encourage local authorities to use the quality supplement [one of the supplements to funding LAs are allowed to include in local formulas] to distribute the additional funding they will receive because of the mainstreaming of the teachers’ pay and pension grants.”*

*“As with all other supplements it is for local authorities to determine the appropriate metric for allocating funding.....However, we would encourage local authorities to consider the purpose for which the grants were originally introduced when designing their approach”.*

## Timeline of engagement and decision-making

In January Schools Forum agreed for officers to recommend options for consideration on the distribution of the funding on “Quality based factor linked to teachers”. This had been due to come back to forum in June, but was delayed due to a number of factors, including the announcement of the extension to the early entitlements in March 23.

A data collection exercise was undertaken, which provided 3 options for consideration to determine those providers that should receive a quality factor and the value of that factor.

This was brought to schools forum on 19<sup>th</sup> October for decision. At the meeting it was highlighted that maintained nursery schools employ a greater number of qualified teachers than nursery classes in primary schools or PVI's due to requirements that apply to schools, and because all pupils attending will be under statutory school age.

It was agreed that the options would be reviewed and brought back to Schools Forum for final decision at the next meeting.

## 1. Summary

- 1.1. The main focus of this report is requesting Schools Forum to consider and agree one of the four options for the allocation of the quality factor of the early years funding block.

## 2. Background

- 2.1. Each Local Authority (LA) is required to make a decision about how the quality factor is distributed across the sector.
- 2.2. From April 2023, for all early year's settings, the TPPG has been rolled into the EYNFF for 2023-24 which is administered by LAs and includes all such funding for academies. It no longer exists as a separate grant.
- 2.3. The operational guide for early years released by the DfE on December 2022 states the following:

“We encourage local authorities to use the quality supplement [one of the supplements to funding LAs are allowed to include in local formulas] to distribute the additional funding they will receive because of the mainstreaming of the teachers' pay and pension grants.”
- 2.4. The total amount allocated to Lewisham to cover this grant is 372K.
- 2.5. Over the summer term, research was carried out internally based on the methodology to be used and informed by January 2023 EY census data.

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- 2.6. In addition, 8 neighbouring local authorities across London were consulted. There was also desk top research carried out with other local authorities nationally, mainly in the north of the country.
- 2.7. The outcome of this research established three options, that are most in line with what other local authorities have utilised.
- 2.8. Following Schools Forum on 19<sup>th</sup> October it was highlighted that maintained nursery schools employ a greater number of qualified teachers than nursery classes in primary schools or PVI's due to requirements that apply to schools and because all pupils attending will be under statutory school age.
- 2.9. Therefore a 4th option has been added for consideration and decision.

### 3. Option 1

- 3.1. Following a survey of early years providers across the sector it was established that there are qualified teachers or those with Early Years Teacher Status in the following ratios.

|  |            |
|--|------------|
| Nursery Schools                                | 2          |
| Primary Schools with Nursery Classes           | 51         |
| PVI's  | 64         |
| <b>TOTAL</b> number of settings with a teacher | <b>117</b> |

- 3.2. If the total funding of £372,000. is divided up by the number of providers with a qualified teacher (117), it equates to an allocation to each provider of £3,179.
- 3.3. This is a straightforward option that targets those providers with teaching staff and acknowledges the increased salary costs of those employees.
- 3.4. It is intended to be a contribution and not meet total cost.

### 4. Option 2

- 4.1. To take this approach a step further and to target in even more detail, we could consider providers weighted by the number of children on role in each setting.
- 4.2. We would need to establish the number of children on role in each individual setting with a teacher, at the time of the EY and School Census in January 23.
- 4.3. The total number of children would then be divided by the total amount of funding available. As an example, if we based numbers on 3,000 children. The total amount of £372,000 would be divided by 3,000 which gives a total of funding for each child of £124.
- 4.4. This amount would then be multiplied by the number of children on role in each setting in January 23 and allocated individually.

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- 4.5. Whilst this is the most targeted it is also the most complicated and time consuming and will delay allocation to providers.
- 4.6. It also assumes that the number of teachers increases with the number of children on role which is not the case.

## 5. Option 3

- 5.1. The third option is to recognise that additional money in a setting, benefits children. If we want to reach as many children as possible, we could choose to allocate a one-off payment to all providers who provide early entitlement funding, equally.
- 5.2. This option focusses on distributing funding across the largest number of children possible. It would need to be divided amongst

|                                      |            |            |
|--------------------------------------|------------|------------|
| Nursery Schools                      | 2          |            |
| Primary Schools with nursery classes | 51         |            |
| PVI's                                | 135        |            |
| Childminders providing EE funding*   | 60         |            |
| <b>TOTAL number of providers</b>     | <b>248</b> | indicative |

- 5.3. \*60 is the number of childminders who made a funding claim in January 23. This alters each term and the childminders who claimed in January 23 may not necessarily currently have any funded children on roll
- 5.4. In this example, we would divide 372,000 by 248, which would give a total amount allocated to each provider of approx. £1,500.
- 5.5. This is the simplest and most straightforward option to implement, however it does not target those providers who have the additional costs associated with higher qualified staff.
- 5.6. It also does not recognise that each organisation will have different numbers of children on role.

## 6. Option 4

- 6.1. This additional option recognises that maintained nursery schools face greater financial challenges in relation to staffing than primary schools that will in the majority of cases have 1 qualified teacher in place overseeing the nursery provision.
- 6.2. 64 of our 138 PVI settings employ a qualified teacher.
- 6.3. 2 maintained nursery schools employ eight (3 @ Clyde, 5 @ Chelwood), qualified teachers.
- 6.4. In this option we would divide the total funding £372,000 by the number of qualified teachers i.e. 123. This would mean the allocation per qualified teacher working in nursery provision would be £3,024.39.

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- 6.5. This, like Option 1, is a straightforward option that targets providers employing qualified teachers but recognises that some providers employ more by necessity and therefore the salary costs are higher.
- 6.6. It is again intended as a contribution and not to meet the total cost.

## 7. Summary

- 7.1. Of the local authorities consulted, half had paid it as a quality supplement to those providers who employed a QTS or EYPS, in order to recognise the higher costs associated with employing more highly qualified staff and as a consequence the impact on quality.
- 7.2. The other half distributed it as a supplement to all early years providers under the rationale that the supplement would benefit the greatest number of children.
- 7.3. Of the 6 local authorities reviewed nationally, all had agreed to add the quality factor to the base rate and pass it through to all providers.
- 7.4. Funding on this basis would mean that providers judged to be less than good would receive the same amount of funding as a good or outstanding provider.
- 7.5. There is a significant body of evidence demonstrating that where highly qualified staff are employed outcomes for children are better.
- 7.6. The guidance from DfE encourages local authorities to be mindful of the original purpose of the funding when determining the appropriate metric for allocating funding.

## 8. Recommendation

- 8.1. The DfE recommendation for the distribution of this funding is to consider the original purpose of the grant. It can be seen in this context that options 1,2 and 4 all recognise the intention of providers, or the legal requirement placed on schools, to employ high quality staff that have spent time to extend and supplement their qualifications. Research has also clearly shown that highly qualified staff have a positive impact on the quality of provision. Correspondingly option 3 does not meet this commitment, but has been included as it is an approach used by some other authorities.
- 8.2. Officer recommendation would be option 4 which recognises that some providers have a higher ratio of qualified teachers to other staff by necessity. The approach is straightforward to implement and provides a one-off payment as a contribution to costs.
- 8.3. It can be executed quickly, and the formula used is simple and should minimise confusion.

## 9. Financial implications

- 9.1. There are no financial implications of this report as the quality factor applied will need to be within the budget allocated.

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## **10. Legal implications**

10.1. There are no significant legal implications of this report.

## **11. Equalities implications**

11.1. There are no direct EI implications arising from this report as it complies with the implementation of the EYNFF which itself would have been through the EI assessment.

## **12. Climate change and environmental implications**

12.1. There are no climate change or environmental implications of this report.

## **13. Crime and disorder implications**

13.1. There are no crime and disorder implications of this report.

## **14. Health and wellbeing implications**

14.1. There are no direct health and wellbeing implications.

## **Report authors and contact**

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