



North Northamptonshire Schools Forum 20 October 2022

Agenda Item 12

Early Years Update

1 Background

- 1.1 This report request for additional representation of the various Early Years sectors on Schools Forum, the roll out of the Early Years Special Educational Needs Inclusion Funding (SENIF), budget updates on the 2021/22 and 2022/23 Early Years Block of the Dedicated Schools Grant (DSG) and the recent Early Years National Funding Formula Consultation by the DFE which closed on 16th September 2022.

2. Additional Representation of the various Early Years sectors on Schools Forum

- 2.1 [Schools Forum Operational and Good Practice Guide](#) states that the local authority must appoint at least one person to represent early years providers from the private, voluntary and independent PVI sector. Early Years, PVI settings need to be represented because funding for the three and four year olds and eligible two year olds comes from the Dedicated School Grant (DSG) and all settings are funded through the Early Years Single Funding Formula (YSFF).
- 2.2 In North Northamptonshire we have just under 400 hundred providers of Early Education and Childcare with currently only 1 Representative on Forum. In order for the sector to be adequately represented and to comply with Schools Forum Regulations when making decisions, Schools Forum are asked to increase the number of representatives from the sector to 3.

3. Early Years Special Educational Needs Inclusion Funding (SENIF)

- 3.1 North Northamptonshire, like all local authorities, is required to have a Special Educational Needs Inclusion Fund (SENIF) to support funded 3- and 4-year-olds with SEN, who are taking up their free entitlement.
- 3.2 Historically the Inclusion fund was utilised along with a contribution from the High Needs Block to support children in Early Years settings with severe and complex High Special Educational Needs. The High Needs Block contribution and High Needs Process in North Northants ceased 31 March 2022 in favour of moving to a statutorily compliant approach for children in early Year's settings with low level and emerging needs – Special Educational Needs Inclusion Funding (SENIF) to be in place from September 2022.
- 3.3 The Local Authority researched how the funding is being delivered in a number of other authorities and have worked with our Send Support Service team to ensure that there is a graduated pathway of support for children with emerging and low-level needs making sure they are supported at the earliest opportunity which may negate the need for further expensive input further down the line if appropriate support and interventions are put in place and the need for EHCP plans to support children in the early years.
- 3.4 The new SENIF process for North Northants will be overseen by a multidisciplinary panel led by Send Support Services (SSS) that will convene on a weekly basis where all applications will be overseen and assessed. This will ensure settings receive a swift response and access to funds to ensure that children are supported quickly

3.5 For some children, developmental delay can be identified from birth or at a very early age, this may lead to the child having identified special educational needs. A health professional, such as a paediatrician or health visitor is usually the first to raise concerns and with parental consent will ensure an Early Notification is sent to the Local Authority. In the future we are anticipating these notifications will come to this panel.

This means we will be able to:

- i. Check the family have enough information to make informed choices about Early Years (EYFS) provision
- ii. Check child can access their Early Education Entitlements (EEE)
- iii. Ensure the setting is getting all the funding and support available to enable them to support the child
- iv. Understand the future needs of children and young people with SEND and plan the right provision from a health service and commissioning perspective
- v. Predict the future number of places needed in our special needs schools and build capacity within mainstream schools

3.6 Given the anticipated increase in emerging needs for children born during the pandemic and to ensure that needs are identified as early as possible we have decided that these funds may also be used to support funded 2-year-olds with SEND.

3.7 SENIF funding is intended as a contribution towards supporting providers to address the needs of individual and groups of children with low level and emerging SEND.

3.8 The current High Needs Block Funding support and processes will remain for higher level and long-term need, for example children with an EHCP plan who require additional resources including one to one funding

3.9 The Guidance and application process was shared with eight providers from the Early Years Sector including a maintained nursery, private provider, school nursery and a childminder. The feedback was positive and SENIF was deemed as a positive step to enable settings to support individual children and groups of children at the earliest opportunity. In order to be able to support children in settings that started in September the guidance was issued to the whole sector on 20th September 2022. A series of workshops are being held to support the sector to understand the application process and address any queries they may have, they will run through September and October prior to the first submission of applications.

3.10 At present the following has been budgeted for as Notional SEND and SEN Inclusion Fund in 2022-23.

Notional SEND at £0.08 per hour	£321,997.10
Inclusion Fund – including Notional SEND and Early Years High Needs	£160,996.55

3.11 The amount currently set aside is insufficient to address the emerging needs of Early Years pupils requiring SEN Inclusion. It is envisaged that a greater amount needs to be set aside in 2023-24 for SENIF from both Early Years Block 3 & 4 year old funding and High Needs Block to address the growing emerging needs of Early Years pupils.

4. 2021/22 Early Years Block

4.1 Table 1 below is the 2021/22 final outturn of the Early Years Block DSG. Overall, there was an overspend of £0.681m as a consequence of historic over allocation of Maintained Nursery School Supplement not reflective of participation funding by the ESFA by the legacy council as well as the growing need on SEN Inclusion.

Table 1 - 2021/22 Early Years Block Outturn

Description	2021-22 Final Budget (March 2022)	2021-22 Actual Outturn	Variance
3 & 4 Year Old Universal Entitlement (£4.05 per hour)	£11,194,009	£11,352,130	£158,121
3 & 4 Year Old Additional Entitlement (£4.05 per hour)	£4,958,978	£4,757,988	-£200,990
3 & 4 Year Old Deprivation (£0.28 per hour)	£356,611	£362,982	£6,371
3 & 4 Year Old SEN Inclusion (£8.00 per hour)	£776,299	£1,096,166	£319,867
3 & 4 Year Old Centrally Retained	£895,521	£895,521	£0
2 Year Old Funding (£5.23 per hour)	£1,919,665	£2,007,646	£87,981
Maintained Nursery School Supplement	£893,195	£1,223,802	£330,607
Early Years Pupil Premium (£0.53 per hour)	£197,958	£236,865	£38,907
Disability Access Fund (£615 per child)	£86,715	£27,060	-£59,655
Transfer from High Needs Block	-£271,000	-£271,000	£0
Total Early Years Block	£21,007,950	£21,689,159	£681,209

4.2 The Department for Education (DfE) confirmed the final position of the Early Years Block of the DSG 2021-22 in July 2022. Unlike previous years, the adjustment was based on all Early Years headcounts: 5/12 based on Summer, 4/12 on Autumn and 3/12 on Spring 22 (the January 2022 Census). **Table 2** below shows the net increase of £110,580.

Table 2 - Final 2021/22 Early Years Block Adjustment to reflect January 2022 Headcount

2021/22 Early Years Block	Initial Early Years Block 2021/22	Final Early Years Block 2021/22	FINAL 2021/22 Adjustment
Amount LA allocated for universal 3-4 year old entitlement funding	£12,505,431.00	£12,421,589.00	-£83,842.00
Amount LA allocated for additional hours for 3-4 year olds	£5,404,986.00	£5,485,323.00	£80,337.00
Total funding to LAs for 2-year-olds	£1,919,665.00	£2,042,828.00	£123,163.00
Early Years' Pupil Premium	£197,958.00	£195,523.00	-£2,435.00
Disability Access Fund	£86,715.00	£86,715.00	£0.00
Maintained nursery school supplementary funding	£893,195.00	£886,552.00	-£6,643.00
Total	£21,007,950.00	£21,118,530.00	£110,580.00

4.4 The current trend of participation demonstrates a continued decline in 3 & 4 year old Universal entitlement pupil hours as well as participation in MNS settings and Early Year Pupil Premium eligibility. This is offset against the increase in accessing the Additional 30 hours for working parents and an increase in 2 year old participation.

5. 2022/23 Early Years Block

5.1 The Early Years Block allocation for 2022/23 is has now been updated to take into account January 22 headcount and has anticipated to be £22.271m, this is set out in **Table 3**. The Early Years Block is funded based on participation so any increase in funding should follow through to funding passported to providers.

5.2 The Early Years funding allocation which took place in 2021/22 will not continue in 2022/23 and the funding has reverted back to the standard base of 5 months of January 2022 and 7 months of January 2023 census. Although the impact of COVID on participation levels seems to now have realigned, North Northamptonshire continue to see an increase in overall pupils' numbers by 29.2% in 2 year olds and 6.1% in 3 and 4 year olds additional entitlement. However, participation appear to have decrease by 2.6% in 3- and 4-year-olds universal entitlement, 2.9% in maintained nursery school participation and 4.9% early years pupil premium eligibility.

5.3 The brought forward underspend from 2021/22 of £0.110m which has now been allocated to contingency should support any un-anticipated changes in headcount which are outside of the normal headcounts. The submission of summer headcounts in 2021/22 was beneficial to North Northamptonshire as the summer headcount was significantly higher, and we were funded on that basis. As this will not continue, there is a risk that the January 2023 headcount will be lower than actual numbers across the autumn term which in turn could cause pressure overall.

Table 3: Provisional Early Years DSG allocations 2022/23

Early Years Block Funding	Initial 2022/23 budget allocations December 2021			Revised 2022/23 budget allocations July 2022 based on Jan 2022 census			Change in Participation	% Change in Participation
	PTE pupils (570 hours)	Rate per hour / child	December 2021 Allocations	PTE pupils (570 hours)	Rate per hour / child	July 2022 Allocations		
2 Year old funding	547.44	£5.62	£1,753,670.00	707.21	£5.62	£2,265,477.00	£159.77	29.2%
3 & 4 Year old funding (Universal)	4994.80	£4.66	£13,267,188.00	4863.76	£4.66	£12,919,120.00	-\$131.04	-2.6%
3 & 4 Year old funding (Extended)	2066.54	£4.66	£5,489,144.00	2192.11	£4.66	£5,822,683.00	£125.57	6.1%
Early Years Pupil Premium	748.09	£0.60	£255,847.00	715.85	£0.60	£244,821.00	-\$32.24	-4.3%
Disability Access Fund	142.00	£800.00	£113,600.00	142.00	£800.00	£113,600.00	£0.00	0.0%
Maintained Nursery School Supplement	346.17	£4.73	£933,309.00	335.96	£4.73	£905,782.00	-\$10.21	-2.9%
Total			£21,812,758.00			£22,271,483.00		

6. EYNFF Consultation Update

- 6.1 On 4th July 2022 the DfE consulted on a number of funding reforms across the early years sector. Amongst them was the consultation on updating the Early Years National Funding Formula for 2, 3 & 4 year old free childcare entitlement and on the distribution of MNS supplementary funding. The Consultation closed on 16th September 2022. A copy of the consultation is attached to the report, together with a DfE presentation and Q&A document as well as North Northamptonshire Council's response to the Early Years National Funding Formula Consultation on **Annex A**.
- 6.2 The consultation recognised that many of the datasets used by the DfE in the formulae to reflect the variation in costs and levels of need between areas are out of date. In order to ensure the funding system is fair responsive to changing needs and targeted to where it can be most effective means the data used needs to be the most current available.
- 6.3 The consultation was on proposals to update the data sets and make some adjustments to the national formulae. The proposals included plans to mainstream the element of the Teachers' Pay and Pensions Grants, meaning this grant will be distributed through the EYNFF and MNS supplementary funding. The DfE were also consulting on plans to reform MNS supplementary funding: the proposal is to introduce a funding floor and cap to correct the most extreme outliers. There are no proposed changes to local level funding rules.
- 6.4 The proposals also included proposals for new year to year protections for local authority funding rates in 2023 To 2024. Illustrative modelling published as part of the consultation showed that all local authorities would see an increase of between 1% and 4.5% for the 3 & 4 year old entitlement and between 1% and 8.6% for the 2 year old entitlement.
- 6.5 The DfE also consulted on the regulatory changes proposals to participation ratios by allowing more flexibility in the Early Years sector.
- 6.6 The reforms proposed will result in some changes to local authorities' funding rates. Some local authorities would see their funding rate decrease if their relative levels of need have decreased compared to other areas. In order to mitigate the impact, the DfE are proposing to introduce year-to-year protections to ensure that local authorities can manage the changes at a local level. For 2023-24, the proposal is to set this at +1% meaning every local authority sees an increase in their hourly funding rate in 2023-24.
- 6.7 Since 2017, many local authorities have received supplementary funding for their MNS in recognition of the additional costs that they bear over and above other providers, because of the fact that they are schools. This additional funding was introduced to take account of historic LA spend on maintained nursery schools at that time and was intended to provide stability to the nursery school sector. From 2023-24, the DfE are proposing to invest an additional £10

million into MNS supplementary funding and to reform the distribution to ensure that it is being shared more evenly across all LAs with MNSs.

- 6.8 If the proposed changes are adopted this will see an overall increase in the base rate of the funding formula. **Annex B** illustrates that North Northamptonshire would benefit from a 4.5% increase in the 3 & 4 year old funding rate and 2% increase in 2 year old funding.
- 6.9 A published report on the outcome of the consultation together with announcements regarding Early Years funding are expected in the Autumn and therefore proposals regarding 2023/24 funding will be brought to the next available School Forum.

7. Recommendations for Schools Forum

- 7.1 Schools Forum are asked to approve 2 additional places for wider representation of the PVI sector
- 7.2 Schools Forum are asked to note the updates on roll out of Early Years SENIF funding
- 7.3 Schools Forum are asked to note the updates on the 2021/22 and 2022/23 Budget
- 7.4 Schools Forum are asked to note the DFE's Early Years National Funding Formula Consultation and the possibility of its implementation in 2023/24.

8. Next steps

- 8.1 This paper is to update Schools Forum on the Early Years Block in preparation for the December and January meeting when key decisions need to be made.

9. Financial implications

- 9.1 The financial information contained in this report is for information and consultation at this stage. A further report will be brought back to Schools Forum in December detailing the various decisions that need to be made in terms of amounts held for central expenditure, SEN Inclusion and the various funding rates for 2, 3 and 4 year old entitlement, deprivation,

10. Legal implications

- 10.1 Schools Forum need to ensure that all the various sectors are adequately represented to ensure all decisions made are valid.

10.1 Risks

- 10.1 There's the risk that the wrong financial decision may be made by Schools Forum. There is also the risk that decisions made could be ultra vires.

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