

North Northamptonshire Schools Forum: 10th February 2022

Agenda Item 3

Early Years Funding 2022-2023 Proposal Report

1. Introduction

North Northamptonshire Council (NNC) is required to consult with Schools Forum on the proposed arrangements for the Early Years Funding Formula for PVI, Childminders and Maintained Nursery Sector funded providers.

NNC is committed to supporting and enabling the funded and non-funded Early Years sector to deliver sustainable and high quality provision within North Northamptonshire. The proposal available within this report has been based on a safe and sound balance of our commitment to passport as much DSG funding to providers, as well as being able to meet our statutory duties as a council in delivering a high quality service to the Early Years Sector.

2. Schools Forum requirements

This report is being presented to Schools Forum for the following:

- Comment on the proposed budgets for the below funding streams. **Table 1**
- Approve the 5% retention for central costs from the 3 and 4 year budget only. **Point 2.1**
- Approve the consultation questions to go out to the sector. **Table 3**

Table 1 - Proposed rates to providers for 2022-23

Funded Entitlements	2021-22 rates	Change	2022-23 proposed*
2 year old funding	£5.23 per hour	19p increase	£5.42 per hour
Universal and Extended Entitlement for 3 and 4 year olds	£3.97 per hour	16p increase	£4.13 per hour
Notional SEND which is SEN Inclusion Fund (SENIF)	£0.08	Frozen	£0.08 per hour
Deprivation for 3 and 4 year olds 30% SOA	£0.28 per hour	2p increase	£0.30 per hour
Inclusion Fund	£8.00 per hour	Targeted at highest levels of need and budget capped	£160k
Centrally retained budget	5% - £896k	£30k	5% - £926k
Early Years Pupil Premium (EYPP)	£0.53 per hour	7p increase	£0.60p per hour
Disability Access Fund (DAF)	£615 per child per year	£185 per child per year increase	£800 per child per year

There is no intention to change the current formula funding structure for 2022-23. As per the DfE/ESFA guidance the following are and will be included in the local funding formula for early years settings for 2022-2023:

- 2 year old base rate
- 3 and 4 year-old Universal and Extended base rate
- Notional SEND (must be spent on SEND before requesting additional SEND support)
- Deprivation payments on IDACI bands under 30%;
- Early Years Pupil Premium (EYPP)
- Disability Inclusion fund; and
- Disability Access fund (DAF)

2.1 Centrally Retained Budget 5%

The DSG funding for 3 and 4 year olds includes an allocation for centrally retained services. The centrally retained services include the following:

- Statutory Back office function – analysing claim data, resolving duplicate claims, eligibility checks, payment data and payments
- Statutory Families Information Service and Sufficiency Duty
- Inclusion and SEND services
- *Census Contingency Fund – children claiming outside of Census
- Statutory Audits of Childcare Providers claiming public funds
- Statutory Support Service
- Training and Advisory Service

This represents 5% of the expected 3 and 4-year-old grant which is **£925,741**. The amount of funding that must pass through to providers for 3- and 4-year-olds is called the “High Pass-Through Rate”.

** The contingency for 2022/23 has been set at **£307,489** and forms part of the high pass-through rate. This provides a small amount of funding to accommodate any variance in the actual take up of places that are not fully accounted for in the overall final grant allocation.*

3. Rates to be received by Local Authorities

The increased hourly rates for the Early Years Entitlements for 2-year-olds and 3 and 4-year-olds were announced 25 November 2021 as set out in the [2022 to 2023 early years technical note](#). Funding for the early years entitlements includes:

- Universal Free Entitlement for 3 and 4-year-olds
- Extended Entitlement (30 hours) for 3 and 4-year-olds
- 2 Year old Funding

The indicative allocations for each local authority for the above funding streams is calculated as follows:

- the number of part-time equivalents (PTEs) taking up the entitlements as recorded on the January 2021 schools, Early Years and AP Census
- multiplied by 15 hours × 38 weeks × local authority’s hourly funding rate
- Education Skills and Funding Agency (ESFA) will update these initial allocations in July 2022 based on January 2022 PTE census numbers
- July 2023, based on five-twelfths of the January 2022 PTE census numbers (to cover the April 2022 to August 2023 period), and seven-twelfths of the January 2023 PTE census numbers (to cover the September 2022 to March 2023 period)

This report proposes the hourly rates allocation of funding for *Early Years places for 2, 3 and 4 years olds received via the Early Years National Funding Formula (EYNFF) as set by the Department for Education (DfE) through the Dedicated Schools Grant (DSG).

**Report does not include maintained Nursery Funded Places*

Expected Funded Entitlement	2021-2022	2022-2023
2 Year old base rate	£5.41	£5.62
*Universal and Extended Entitlement for 3 and 4 year olds	£4.49	£4.66

*It is the expectation of the DfE that the minimum funding floor increase will be £4.61 per hour for the universal and extended funding for 3 and 4 year olds.

Expected Increases to also be received are:

Expected Funding	2021-2022	2022-2023
Early Years Pupil Premium (EYPP)	£0.53p	£0.60p
Disability Access Fund (DAF)	£615*	£800

**per eligible child, per year*

As per the DfE/ESFA guidance the following will be included in the funding formula calculation for 2022-2023

- ⇒ 2-year-old base rate
- ⇒ 3 and 4-year-old Universal and Extended base rate
- ⇒ Deprivation payments on IDACI bands under 30%
- ⇒ DSG Contingency for any unexpected decrease through the year
- ⇒ *Notional SEND in addition to the base rate

4. Proposed Funding Rates 2022/23

4.1 3 and 4 year olds

In previous years, the base rate quoted for 3 and 4 year old provision has included an element for notional SEND, £0.08 of the £4.05 in 2021/22. In order to provide greater clarity, for 2022/23 it is proposed to more clearly separate these amounts. The expectation of all Early Years Providers is that the Notional SEND should be retained by the setting and used to support children with additional needs. In future, the effective use of the Notional SEND funding will form part of the Early Years Audit

process where, upon request, evidence on how the funds have been spent and the impact on the child will be requested. The Notional SEND element is therefore the primary support for children with additional needs in Early Years.

It is proposed the base rate itself is increased from £3.97 per hour to £4.13 per, an increase of slightly over 4%. For clarity, this is separate to the Notional SEND funding set out above. As such, the comparative hourly rate from 2021/22 is an increase from £4.05 per hour to £4.21 per hour.

The Deprivation factor, paid based on postcode, will be increased by £0.02 per hour from £0.28 per hour to £0.30 per hour, an increase of over 7%.

The Inclusion Fund (IF) has previously been used to provide additional, non statutory, support to settings in meeting identified Special Educational Needs and supporting inclusion. Due to increasing demand, it is projected that the IF will overspend in 2021/22, leading to a deficit being carried forward in the Early Years Block (EYB)

The IF has to date been funded in part through a transfer from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG). The HNB as a whole is also under increasing pressure and as a consequence is also projecting an overspend, and consequent deficit to be carried forward, for 2021/22.

In order to create a resilient and sustainable budget that looks to balance all expenditure within the DSG, whilst still ensuring statutory requirements are met, the Schools Forum agreed at its January 2022 meeting to restrict the non statutory SEND resources that are available to schools. In addition, a Task and Finish group was established to review the wider issues around High Needs Funding, including in the Early Years Sector. Appropriate representation from the sector will be included in the membership of the group.

For 2022/23 it is clear there will be no resources available to transfer from HNB to EYB and so the IF has reduced funding available. In line with the Forum decision in relation to schools, it is proposed to take a more focussed approach to the delivery of additional, non statutory, SEND funding. This will look to provide one off resources that support inclusion and allow settings to take action that allows them better meet needs. Applications for this funding will need to demonstrate a lasting impact on the investment of these resources.

In line with the forum decision in relation to schools, these arrangements will be in place until September 2022. Any continuation will be subject to the work of the Task and Finish Group.

4.2 2 Year old Funding (2YO)

The national rate for 2 year old funding is flat rate per hour for all eligible 2 year olds in North Northamptonshire. Families check their eligibility using an Online system which provides an instant response from the Department for Work and Pensions. There is no change to this process for 2022/2023

4.3 Early years pupil premium (EYPP)

The national rate for EYPP is 60 pence per hour per eligible child, up to a maximum 570 hours per year, as set out in the [2022 to 2023 early years technical note](#). The indicative allocation for each local authority is calculated as follows:

- the number of PTEs taking up the EYPP as recorded on the January 2021 schools, early years and AP censuses.
- Multiplied by 15 hours x 38 weeks x £0.60

4.4 Disability Access Fund (DAF)

The national rate for DAF is £800 per eligible child per year. Allocations are calculated based on Disability Living Allowance (DLA) data from February 2021. These allocations will not change and are final for 2022 to 2023. For each local authority, the total February 2021 DLA claimant count of 3 and 4-year-old children, using data from the Department for Work and Pensions (DWP), is adjusted to remove an estimated number of children in reception. This gives an estimate of the number of 3 and 4-year-olds eligible to take up DAF in the local authority, which is multiplied by £800 to arrive at the final allocation. On receipt of the 3 and 4 allocations, the LA does the following:

- Allocates 5% for retained items (the maximum that can be retained is 5%)
- Allocates 95% of the budget (called pass through) to the required base rate and supplements (not be greater than 10% of the total allocation within the formula), SENDIF and contingency.

**All rates for MNS will be consulted on separately*

The proposed questions for the survey are as follows:

	questions
1	Do you support the LAs proposal to add: 4p to the base rate for 3 and 4 year olds for Universal and extended provision and 2p to the deprivation rate for 3 and 4 year olds for Universal and extended provision
	Yes / no Comments:
2	If you do not agree with the proposals for 3 and 4 year olds, what would your proposal be?
	Yes / no Comments:
3	Do you support the LAs proposal to add 19p to the 2 year old hourly funding rate?
	Yes / no Comments:
4	If you do not agree with the proposals for 2 year olds, what would your proposal be?
	Yes / no Comments:
5	Do you agree with the proposals regards increasing Notional SEND from 8p to 12p.
	Yes / no Comments:
6	If you do not agree with the proposal regards Notional SEND what would your proposal be?
	Yes / no Comments:

Next Steps

Forum to vote on the following points:

1. Comment on the proposed budgets for the below funding streams. **Table 1**
2. Approve the 5% retention for central costs from the 3 and 4 year budget only. **Point 2.1**
3. Approve the consultation questions to go out to the sector. **Table 3**

North Northamptonshire Council Early Years Funding Proposal Report 2022-2023

24th January 2022

Neil Goddard – Head of SEND

Kelly Mills – Early Years’ Business Compliance and Funding Support Service Manager