



North Northamptonshire Schools Forum: 17th March 2022
Early Years Funding 2022-2023 Proposal Report and additional Information

1. Introduction

North Northamptonshire Council (NNC) is required to consult with Schools Forum on the proposed arrangements for the Early Years Funding Formula for Private, Voluntary, and Independent settings (PVI), Childminders and Maintained Nursery Sector (MNS) 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 includes clarity on the following points raised at Extraordinary Schools Forum held 10 February 2022:

- Itemised Central Costs of the two services – Appendix A
- Additional Information regarding 2 Years Old Funding
- Additional Information regarding Early Years Pupil Premium (EYPP)
- Additional Information regarding Disability Access Fund (DAF)
- Additional Information regarding Deprivation Funding

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

- Approve the 5% retention for central costs from the 3- and 4-year budget only. **Point 2.1**

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 Special Educational Needs and Disabilities (SEND) which is Special Educational Needs (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

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Funded Entitlements	2021-22 rates	Change	2022-23 proposed*
Inclusion Fund – including Notional SEND and Early Years High Needs	£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 Department for Education (DfE) /Education Skills and Funding Agency (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 Special Educational Needs and Disabilities (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)

3. Centrally Retained Budget 5%

Central Retained Budget is calculated using a formula set by the DfE and it calculates the projected hours and linked income from the DfE.

Funding Entitlement	Draft Proposal 2022-2023
Base Rate for 3 and 4 year olds	£16,623,100.49
Notional SEND	£321,997.10
Inclusion	£160,998.55
Deprivation	£400,000.00
	£17,506,096.15
Central Expenditure	£925,741.67
Sub Total	£18,431,837.82
Contingency	£324,493.48
Total	£18,756,331.31

Therefore, the central budget for 2022-2023 will be £925k (5%) This movement requires approval at Schools Forum via a vote.

The disaggregation of the service into two Services following the unitary split has resulted in a need to increase the centrally retained budget due to increase of costs. **See appendix A**

This will enable North Northamptonshire Council to fully meet its statutory duties as per the Childcare Acts of 2006 and 2016, specifically regarding:

- 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 Childcare Sufficiency function
- Statutory Support Service
- Training and Advisory Service

4. 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-year olds received via the Early Years National Funding Formula (EYNFF) as set by the Department for Education (DfE) through the Dedicated Schools Grant (DSG).

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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

5. Proposed Funding Rates 2022/23

5.1. 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. To provide greater clarity, for 2022/23 it is proposed to separate these amounts more clearly. 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

consequently is also projecting an overspend, and consequent deficit to be carried forward, for 2021/22.

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 resource 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.

5.2 2-Year-old Funding (2YO)

The national funding rate for 2-year-olds is flat rate per hour for all eligible 2-year-olds in North Northamptonshire. Funding allocation for all Local Authorities is based on families who have registered a child's birth who are then in receipt of certain benefits from the Department of Work and Pensions. This information is highly confidential and is not shared with the LA at any point in the eligibility process.

For a family to be eligible for a 2 year funded place, an online check must be made, and an eligible code generated. NNC have an online checking service for families to check eligibility. This online checking services links directly with The Department for Work and Pensions (DWP) to provide an instant response to the eligibility check.

NNC complete a mailshot to parents/carers who **could be eligible** for a funded place to increase take up. This information is shared with LA's by the Department for Education and has very strict guidelines for use. This information cannot be shared outside of 4 named LA officers and is deleted within 14 days of being downloaded.

NNC are not provided with details of eligible children or eligible families and are reliant on parents/carers using the online checking system to determine eligibility. Once a 2 year funding place has been granted, it does not expire until the child becomes entitled to the Universal Free Entitlement for 3 and 4 year olds, regardless of any change in family circumstances.

There is no change to this process for 2022/2023.

5.3 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, split across 3 Funding Blocks 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

For a family to be eligible for EYPP, an eligibility check must be made. NNC have an EYPP Bulk Checker built into the monthly Headcount Return on the provider portal. If a setting submits details of any parent/carer, as part of the payment process these details are bulk checked against a link directly with Department of Work and Pensions (DWP). This provides an instant decision regarding eligibility and prompts payment if eligible.

All data regarding eligibility for EYPP is held directly by DWP. The information is highly confidential and is not shared with the LA at any point. The details of the child in the Provider Portal are given a 'P' marker which denotes eligibility for EYPP.

NNC are not provided with details of eligible children or eligible families and are reliant on parents/carers providing their setting with personal details such as family name, address, and NI number. If the information provided to the setting or information held by the DWP is incorrect, this will negatively impact the eligibility for an EYPP place.

If a child is eligible, payment is then made alongside the main monthly payment run

There is no change to this process for 2022/2023.

5.4 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

DAF funding can be claimed for at any point once a child has become eligible for a Universal 3 and 4 year old funded place. A setting can email the Early Years Funding and Business Compliance Service the child's name and evidence of Disability Living Allowance (DLA) for that child and funding will be paid as a lump sum in the next payment run. The DLA must be for the 3 and 4 year old child in a setting and cannot be a sibling or parent/carer

NNC are not provided with details of eligible children or eligible families and are reliant on parents/carers providing their setting with proof of the DLA entitlement before granting DAF.

There is no change to this process for 2022/2023.

5.5 Deprivation Funding

The Deprivation supplement is paid against children who live in one of the 30% Super Output Areas (SOA) in the North Northamptonshire.

NNC, as part of the payment process, undertake a bulk check of the submitted children's postcodes from the monthly Provider Portal. Any child living in a postcode area within the 30%SOA will be assigned the deprivation funding to the hourly rate for that child.

The monthly payment report provides information on children who have been granted the deprivation funding and the amount. For 2021-2022 the amount was 28p per hour per eligible child the proposed amount for 2022/2023 is 30p per hour per eligible child.

NNC are not provided with details children or families living in the 30% SOA and are reliant on parents/carers providing their setting with correct address details each month as part of the headcount submission on the Provider Portal. If the information provided to the setting incorrect, this would negatively impact the eligibility for Deprivation Funding.

If a child is eligible, payment is then made alongside the main monthly payment run

There is no change to this process for 2022/2023

6. Next Steps

Forum to vote on the following points:

1. Approve the 5% retention for central costs from the 3- and 4-year budget only. **Point 2.1**

North Northamptonshire Council updated Early Years Funding Proposal Report 2022-2023

23rd February 2022

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