

<b>REPORT TO:</b>	<b>SCHOOLS FORUM</b>
<b>Date of Meeting(s):</b>	<b>21<sup>st</sup> January 2021</b>
<b>Subject:</b>	<b>Early Years Funding Formula 2021/22</b>
<b>Report of:</b>	<b>Colette Dutton – Director Children and Families</b>
<b>Contact Officer:</b>	<b>John McDonald Strategic Finance Manager Jayne Challiner Service Manager Early Years</b>

<b>SUMMARY:</b>	<b>TO UPDATE SCHOOLS FORUM ON THE EARLY YEARS DSG ALLOCATION FOR 2021/22</b>
<b>Recommendation(s):</b>	For Schools Forum to note the contents of the report and agree the proposed rates and level of central spend.
<b>Implications:</b>	
<i>What are the <b>financial</b> implications?</i>	Contained within the report
<i>What are the <b>staffing</b> implications?</i>	n/a
<b>Risks:</b>	n/a

Please list any appendices:-

<b>Appendix number or letter</b>	<b>Description</b>
1	DFE Extract from Early Years Funding Guidance

## **1. Introduction**

- 1.1 The early years national funding formula for 3- and 4-year olds consists of a universal base rate including factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language.
- 1.2 The formula also includes an area cost adjustment multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and Nursery Rates Cost Adjustment (NRCA) to indicate cost of premises.
- 1.3 The formula rate for Wigan was £4.38 for 20/21 and this has been increased to £4.44 for 2021/22. Funding for the most disadvantaged 2-year olds will increase by 8p to £5.46.
- 1.4 There are no changes to funding for Early Years Pupil Premium. Local authorities must fund all eligible early year's providers in their area at the national rate of 53 pence per hour per eligible pupil up to a maximum of 570 hours (£302.10 per year). Where a child is also eligible for the additional 15 hours entitlement for working parents, EYPP is paid on the universal 15 hours only, up to a total of 570 hours in the year.

## **2. Our Proposals**

- 2.1 The current rates agreed last year are contained in the table below. We recommend that the 3- and 4-year old rate is increased to £4.14 from £4.10 across the sector and retain the current FSM and Deprivation rate. The balance (2p per hour) is to be retained to support the increasing demand for additional SEND support in early years (c£80k) as per the 20/21 agreement.
- 2.2 Local authorities are required to plan to pass-through 95% of their 3- and-4-year-old funding from the government to early years providers. This pass-through requirement ensures that the vast majority of government funding reaches providers so that they can deliver the government's free entitlements. Wigan's pass-through rate for 2021/22 based on increasing the rate to £4.14 will be 97%.
- 2.3 The retained funding will continue to support staff within the Early Years Teams and also funding to settings. This includes;
  - quality assurance
  - training
  - speech and language support
  - safeguarding
  - sufficiency
  - SEN inclusion fund (3 / 4-year olds) – further details can be requested from the Early Years Team.
- 2.4 In addition to this centrally retained fund we currently top slice 10p from the hourly rate from 2-year-old funding to help fund SEN support. We would like to continue to top slice the 10p (c£17k). The rate paid to providers will now be £5.36 per hour.

- 2.5 The local authority also receives **disability access funding** of £615 per child. This remains unchanged from 2020-21 This is awarded to children in receipt of DLA (Disability Living Allowance).
- 2.6 **Maintained Nursery Schools (MNS)** - part of the supplementary funding allocations published are indicative and part as conditional. The allocations for April 2021 to August 2021 are indicative. However, the MNS supplementary funding allocations for September 2021 to March 2022 are conditional: they may be subject to change and therefore we have been asked to treat them as unconfirmed. The amount provided is £215,871 (20/21 £214,776).

**Table 1**

<b><u>Early Years Block - Proposed Rates / Payments Three- and Four-Year Olds</u></b>			
		<b>20/21</b>	<b>21/22</b>
<b><u>Payment</u></b>	<b><u>Recipient</u></b>		
		per hour	per hour
Free Entitlement 3- & 4-year-old	Maintained Nursery Schools	4.10	4.14
Free Entitlement 3- & 4-year-old	Maintained Nursery Classes	4.10	4.14
Free Entitlement 3- & 4-year-old	PVI's	4.10	4.14
FSM Supplement	Maintained only ( <b>per meal</b> )	2.30	2.30
Pupil Premium	All Sectors	0.53	0.53
Deprivation Supplement	All Sectors	0.33	0.33

### **3. Conclusions**

- 3.1 Forum members to note the contents of the report.
- 3.2 Forum members to agree to the rates proposed for both 2-, 3- and 4-year olds, the retention for central services and the top slice of 10p from the 2-year-old funding to continue.

## Appendix 1 – Department for Education Guidance Extract

### 7. Early years block

#### 7.1 Funding for the free early years childcare entitlements

The hourly rates for the early years free entitlements for 2-year-olds and 3 and 4-year-olds were announced in December 2020 as set out in the [2021 to 2022 early years technical note](#).

Funding for the early years free entitlements includes:

- universal 15-hour entitlement for 3 and 4-year-olds
- additional 15-hour entitlement for 3 and 4-year-old children of eligible working parents
- 15 hours entitlement for disadvantaged 2-year-olds

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 2020 schools, early years and AP censuses
- multiplied by 15 hours × 38 weeks × local authority's hourly funding rate

The basis for updating the PTEs for these indicative allocations will be reviewed in spring 2021 and we will update the technical note as necessary.

Maintained nursery schools, and schools and academies with early years pupils, currently receive allocations for TPG and TPECG which include early years pupils. We will continue to provide these grants to these schools separately from the DSG in relation to early years pupils in 2021 to 2022. Allocations will be published in Spring 2021.

#### 7.2 Early years pupil premium (EYPP)

The national rate for EYPP is 53 pence per hour per eligible child, up to a maximum 570 hours per year, as set out in the [2021 to 2022 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 2020 schools, early years and AP censuses
- multiplied by 15 hours × 38 weeks × £0.53

The basis for updating the PTEs for these indicative allocations will be reviewed in spring 2021 and we will update the technical note as necessary.

#### 7.3 Early years disability access fund

The national rate for DAF is £615 per eligible child per year, as set out in the [2021 to 2022 early years technical note](#).

Allocations have been calculated based on Disability Living Allowance (DLA) data from February 2020. These allocations will not change and should be considered as final for 2021 to 2022.

For each local authority, the total February 2020 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. This is then multiplied by £615 to arrive at the final allocation.

#### **7.4 Early years supplementary funding for maintained nursery schools**

Supplementary funding for MNS is allocated to local authorities to protect the level of funding to MNS prior to the introduction of the EYNFF.

The supplementary funding allocation to local authorities in 2021 to 2022 will be at the local authority's 2019 to 2020 supplementary funding rate. The supplementary funding rate is the difference between the 'provider equivalent rate' and the 2016 to 2017 MNS baseline. Please see the [EYNFF technical note for 2019 to 2020](#) for details on the calculation of the 2019 to 2020 'provider equivalent' funding rate. The local authority's supplementary funding rate is described as 'element F' in the EYNFF technical note.

The indicative allocation for each local authority qualifying for the supplementary funding is calculated as follows:

- the number of PTEs taking up the universal 15 hours in MNS as recorded on the January 2020 schools and AP censuses
- multiplied by 15 hours × 38 weeks × local authority's 2019 to 2020 supplementary funding rate

For 2021 to 2022, part of the supplementary funding allocations are published as indicative, and part as conditional. The allocations for April 2021 to August 2021 are indicative and will be updated on the same basis as the universal entitlements (more information on funding arrangements in this period will follow). That is the only adjustment that will be made to those figures. However, the maintained nursery school supplementary funding allocations for September 2021 to March 2022 are conditional: they may be subject to change and local authorities should therefore treat them as unconfirmed. The indicative allocations and the conditional allocations have been published on the [2021 to 2022 early years funding page](#).