

Report to: Schools Forum

Date of Meeting(s): 20th January 2022

Subject: Early Years Funding Formula 2022/23

Report of: Colette Dutton – Director Children and Families

Contact Officer: Mark Rotheram Strategic Finance Manager
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Summary: To update Schools Forum on the Early Years DSG allocation for 2022/23

Recommendation(s): For Schools Forum to note the contents of the report and agree the proposed rates and level of central spend.

Implications:

*What are the **financial** implications?* Contained within the report

*What are the **staffing** implications?* n/a

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
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 £4.44 for 20/21 and this has been increased to £4.61 for 2022/23. Funding for the most disadvantaged 2-year olds has increased from £5.46 to £5.67.
- 1.4 The funding for Early Years Pupil Premium has increased from 53p to 60p per hour for the 15 hours universal element. Local authorities must fund all eligible early year's providers in their area at the national rate of £0.60 per hour per eligible pupil up to a maximum of 570 hours (£342.00 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. From the 17p increase (from £4.44 to £4.61) we recommend that the 3- and 4-year old rate is increased to £4.28 from £4.14 (14p) across the sector and retain the current FSM and Deprivation rate. The balance (3p per hour) is to be retained to support the continuing increasing in demand for additional SEND support in early years 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 2022/23 based on increasing the rate to £4.28 will be 96%.
- 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 the continued year on year increase in SEN support. We would like to continue to top slice the 10p. The rate paid to providers will now be £5.57 per hour.

- 2.5 The local authority also receives **disability access funding** which has increased from £615 to £800 per child. This is awarded to children in receipt of DLA (Disability Living Allowance).
- 2.6 **Maintained Nursery Schools (MNS)** – The indicative allocation for Wigan for April 2022 to March 2023 is £195,643 (21/22 indicative allocation £215,871). The indicative allocation is based on the number of part-time equivalents (PTEs) taking up the universal 15 hours in MNS as recorded on the January 2021 schools, early years and AP censuses. The final allocations will be based on 5/12ths of the January 2022 PTE census numbers and 7/12ths of the January 2023 PTE numbers.

Table 1

Early Years Block - Proposed Rates / Payments Three- and Four-Year Olds			
		21/22	22/23
Payment	Recipient		
		per hour	per hour
Free Entitlement 3- & 4-year-old	Maintained Nursery Schools	4.14	4.28
Free Entitlement 3- & 4-year-old	Maintained Nursery Classes	4.14	4.28
Free Entitlement 3- & 4-year-old	PVI's	4.14	4.28
FSM Supplement	Maintained only (per meal)	2.50	2.50
Pupil Premium	All Sectors	0.53	0.60
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 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 November 2021 as set out in the [2022 to 2023 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 2021 schools, early years and AP censuses
- multiplied by 15 hours × 38 weeks × local authority's hourly funding rate

7.2 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 × 38 weeks × £0.60

The basis for updating the PTEs for these indicative allocations will be reviewed in spring 2022 and we will update the technical note as necessary.

7.3 Early years disability access fund

The national rate for DAF has increased from £615 to £800 per eligible child per year, as set out in the [2022 to 2023 early years technical note](#).

Allocations have been calculated based on Disability Living Allowance (DLA) data from February 2021. These allocations will not change and should be considered as 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. This is then multiplied by £800 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 2021 to 2022 hourly supplementary funding rates are the starting point for calculating the 2022 to 2023 supplementary funding rates. These are uplifted by 3.47% and then rounded to 2 decimal places, which is equivalent to the increase in the 3 and 4 year old hourly funding rates.

The basis for updating the PTEs for these indicative allocations will be reviewed in spring 2022 and we will update the technical note as necessary.