



Schools Forum

Date: 27 January 2022
Time: 8.30 am to 10.30 am

Venue: Virtual via Microsoft
(MS) Teams

Item

Public

Paper

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ALLOCATION OF EARLY YEARS BLOCK 2022-23

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Decision Required

None – Information only.

Summary

- 1.1 This paper is to inform School Forum of proposals for the allocation of the Early Years Block funding 2022-23.

Background

- 2.1 The Early Years Block funding covers the delivery of the following entitlements:
- the 15 hours entitlement for disadvantaged two-year olds
 - the universal 15 hours entitlement for all three- and four-year olds
 - the additional 15 hours entitlement for eligible working parents of three- and four-year olds
 - the Early Years Pupil Premium (EYPP)
 - the Disability Access Fund (DAF).

- 2.2 The funding for local authorities to provide the above entitlements from the Early Years Block of the Dedicated Schools Grant (DSG). The key requirements on local authorities in terms of how they use funding within the Early Years Block are as follows:

Local authorities must:

- plan to spend at least 95% of their funding for the three- and four-year old entitlements on the delivery of the entitlements for three- and four-year olds
- must use a deprivation supplement in their local three- and four-year old formulae
- must not channel; more than 10% of their funding for the three- and four-year old entitlements through funding supplements
- provide a SEN fund for two-, three- and four-year olds
- pass on EYPP and DAF funding in full to providers.

Compliance with the above requirements is monitored through the annual section 251 return.

- 2.3 The 2022-23 Early Years Block allocation is provisional at this stage as it is based on January 2021 early years census data. This provisional allocation will be updated in July 2021 and July 2022 with the final allocation based on 5/12ths of January 2022 pupil numbers and 7/12ths of January 2023 pupil numbers.
- 2.4 The provisional Early Years Block allocation includes funding for the universal 15 hours free entitlement funding for three- and four-year olds, the additional 15 hours free entitlement for three- and four-year olds of working parents and the two-year old free entitlement funding. In addition, the Early Years Block includes funding for the Early Years Pupil Premium (EYPP) and the Disability Access Fund (DAF).
- 2.5 For three- and four-year olds the funding allocation for the universal 15 hours free entitlement and the extended 15 hours free entitlement for pupils of working parents increases by 17p per hour to £4.61 per hour. The allocation for two-year olds from the most disadvantaged backgrounds increases by 21p per hour to £5.57 per hour. Given the current economic difficulties across the sector the aim is to pass as much of this additional allocation on to settings through increases in the hourly rate of funding.
- 2.6 The allocation for EYPP and DAF also increase. EYPP increases to 60p per hour per child and DAF increases to a one-off payment of £800.

Report

- 3.1 The initial 2021-22 Early Years block allocation for Shropshire is as follows:

Funding for the two-year old entitlement	£1,524,365
Funding for the two-, three- and four-year-old entitlements	£15,073,986
Funding for the Early Years Pupil Premium	£140,713
Funding for the Disability Access Fund	£69,600
Total	£ 16,808,664

Our current budgeted spend of this initial allocation is as follows:

Funding for the two-, three- and four-year old entitlements	£15,367,321
EYPP	£140,713
DAF	£69,600
Sustainability funding	£250,000
Deprivation funding:	£250,000
SEN fund	£350,000
Central retained funds	£381,030
Total	£ 16,808,664

Further detail in relation to each of the above:

3.2 Universal and extended three- and four-year-old entitlement

The hourly rate at which we are funded by the Department for Education (DfE) for the provision of these hours is £4.61 per hour per child. The hourly base rate which we pass on funding to providers for the provision of the entitlements will be £4.19 per hour per child (91%) thereby meeting the requirement set out above not to channel more than 10% of the funding allocation through supplements

3.3 Two-year old entitlement

The hourly rate at which we are funded by the DfE for the provision of these hours is £5.57 per hour per child. The hourly base rate which we pass on funding to providers for the provision of the entitlements will be £5.25 per hour per child (95%).

3.4 EYPP and DAF

The funding streams are passed on in full to providers based on claims made by them for those children meeting the relevant eligibility criteria.

3.5 Supplements to the base rates of funding

The funding formulae for Shropshire allows for two additional supplements to the universal base rate of funding for two-, three- and four-year olds.

These are as follows:

a) Sustainability

We retain a statutory duty to ensure that we have sufficient, high quality, affordable and accessible early years places across the whole of the county so that parents and children are able to access their entitlement regardless of where they live. We are therefore continuing to retain funding for sustainability. This funding will be passed on to early years providers in line with our current policies and procedures and, at the end of the financial year, any unspent funding will be carried forward to the next year. We will constantly review this funding stream to ensure it remains appropriate and provides the best possible value for money. We have a small number of providers for whom we provide regular support each year dependant on their overall income – the equivalent of a minimum funding guarantee. We also retain some funding to provide support where providers fall into short term financial crises.

b) Deprivation

Under the requirements of the early years national funding formula we are required to provide additional financial support for our most deprived children. We do so by providing a one-off deprivation payment to providers based on the IDACI measure of those children attending the setting on census date in January. Whilst the amount that providers will receive will vary depending on their situation and circumstances this funding will be passed on in full to settings.

We are also use an element of the funding to provide specific, targeted support to children and families who are suffering disadvantage due to their family circumstances, i.e. not just those children who meet the economic eligibility criteria.

We plan to spend the remainder of the block as follows:

3.6 Central retained funds

The local authority intends to retain around £350,000 of the overall allocation of funding for the universal and extended free entitlement for three- and four-year olds. This is well within the required 5% maximum amount which local authorities can retain centrally under the new regulations.

This funding is primarily used for the following purposes:

- i. Salary costs for staff employed within the early years' service which includes staff to support SEN, safeguarding and collection of data and distribution of funding to early years providers
- ii. Provision and maintenance of early years funding portal
- iii. Repairs, maintenance and running costs for a small number of buildings still owned by the local authority from which childcare is delivered
- iv. Provision of information, support and guidance to settings failing their Ofsted inspection
- v. Provision of statutory CPD and training including safeguarding and SEN.

3.7 SEN fund

We provide additional targeted support to two, three- and four-year olds accessing their free entitlement who are identified as having special or additional needs. Providers can apply for funding on a case-by-case basis and applications are considered by the early years panel who allocate funding termly. As you may expect, and mirroring the situation we find in our schools, funding commitments in this area are increasing term by term and year by year as we identify more children in need of additional support.

Conclusion

- 4.1 In terms of how we intend to allocate and spend the Early Years Block of the DSG the local authority operates within the requirements set out by the Education, Skills and Funding Agency (ESFA). Whilst there are often pressures on different parts of the overall funding allocation at different times our overall aim is to pass on as much of the funding allocation to providers as we can whilst ensuring that we continue to meet all our statutory duties.
- 4.2 We are aware that many of our childcare providers are concerned at the overall level of funding they receive and whether they can continue to remain sustainable and offer the free entitlements given the rate at which they are reimbursed. We feel that we are doing everything we can at a local level to pass on the highest possible hourly rate to our providers but will continue to lobby nationally for more funding for Shropshire.