

## EARLY YEARS UPDATE

To: Peterborough Schools' Forum

Date: 23rd February 2022

From: Karen Hingston – Head of Early Years & Childcare

### 1.0 INTRODUCTION

- 1.1 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](#).
- 1.2 This paper shares the details of the most recent announcements with Schools Forum along with the rationale and proposed passporting of this funding.

### 2.0 2022/23 EARLY YEARS BLOCK ALLOCATIONS

- 2.1 For the vast majority of local authorities, the 2022/23 funding rates have increased from their 2021/22 allocations.

DfE funds local authorities on the same basis for both the universal 15 hours entitlement and the additional 15 hours entitlement for working parents. This is because the statutory framework and the quality requirements for the two entitlements are the same and therefore local authorities are expected to fund providers in the same way for both sets of hours and not to distinguish between the two. This means using the same hourly base rate and same supplements for both entitlements.

Additionally;

- EY Pupil Premium hourly rate has increased from 53 pence per hour to 60 pence per hour.
- Disability Access Funding has increased from £615 per year to £800 per year.

- 2.2 The indicative allocations for each local authority for the funding streams are 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.
  - This is multiplied by 15 hours \* 38 weeks \* each local authority's hourly funding rate.

The 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 means that the final allocations for each of these funding streams will be based on (five-twelfths January 2022 PTE census numbers) + (seven-twelfths January 2023 PTE census numbers).

- 2.3 The final 2021/22 and initial 2022/23 funded allocations are shown in the table below. As you will see in the table below, despite an increase from the DfE of the hourly rate, the overall allocation for Peterborough for 2022/23 is slightly less than the 2021/22 figure.

|   | Final allocation     |
|---|----------------------|
| Dedicated schools grant: Initial 2021 to 2022 Early years block allocations   | 874                  |
|   | Peterborough         |
| Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)                                  | 5.05                 |
| Number for 3 and 4 year old universal entitlement funding (part-time equivalent)                                      | 3,721.97             |
| Initial funding allocation for universal entitlement for 3 and 4 year olds (£s)                                       | 10,713,691.00        |
| Number for 3 and 4 year old additional 15 hours entitlement for eligible working parents (part-time equivalent)       | 3,721.97             |
| Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£s) | 3,954,455.00         |
| Hourly rate for 2 year old entitlement (£ / hr)   | 5.57                 |
| Number for 2 year old entitlement funding (part-time equivalent)  | 781.16               |
| Initial funding allocation for 2 year old entitlement (£s)  | 2,480,105.00         |
| Initial funding allocation for early years pupil premium (£s)   | 118,224.00           |
| Funding allocation for disability access fund (£s)  | 85,485.00            |
| 2020 to 2021 Initial supplementary funding allocation for maintained nursery schools (£s)                             | 232,027.00           |
| <b>Total early years block (£s)</b>   | <b>17,583,987.00</b> |
|   | Initial allocation   |
| Dedicated schools grant: Initial 2022 to 2023 Early years block allocations   | 874                  |
|   | Peterborough         |
| Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)                                  | 5.22                 |
| Number for 3 and 4 year old universal entitlement funding (part-time equivalent)                                      | 3,581.91             |
| Initial funding allocation for universal entitlement for 3 and 4 year olds (£s)                                       | 10,657,616.00        |
| Number for 3 and 4 year old additional 15 hours entitlement for eligible working parents (part-time equivalent)       | 1,404.14             |
| Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£s) | 4,177,879.00         |
| Hourly rate for 2 year old entitlement (£ / hr)   | 5.78                 |
| Number for 2 year old entitlement funding (part-time equivalent)  | 670.22               |
| Initial funding allocation for 2 year old entitlement (£s)  | 2,208,107.00         |
| Initial funding allocation for early years pupil premium (£s)   | 184,759.00           |
| Funding allocation for disability access fund (£s)  | 118,400.00           |
| 2020 to 2021 Initial supplementary funding allocation for maintained nursery schools (£s)                             | 224,406.00           |
| <b>Total early years block (£s)</b>   | <b>17,571,167.00</b> |

### 3.0 2022/2023 FUNDING ARRANGEMENTS

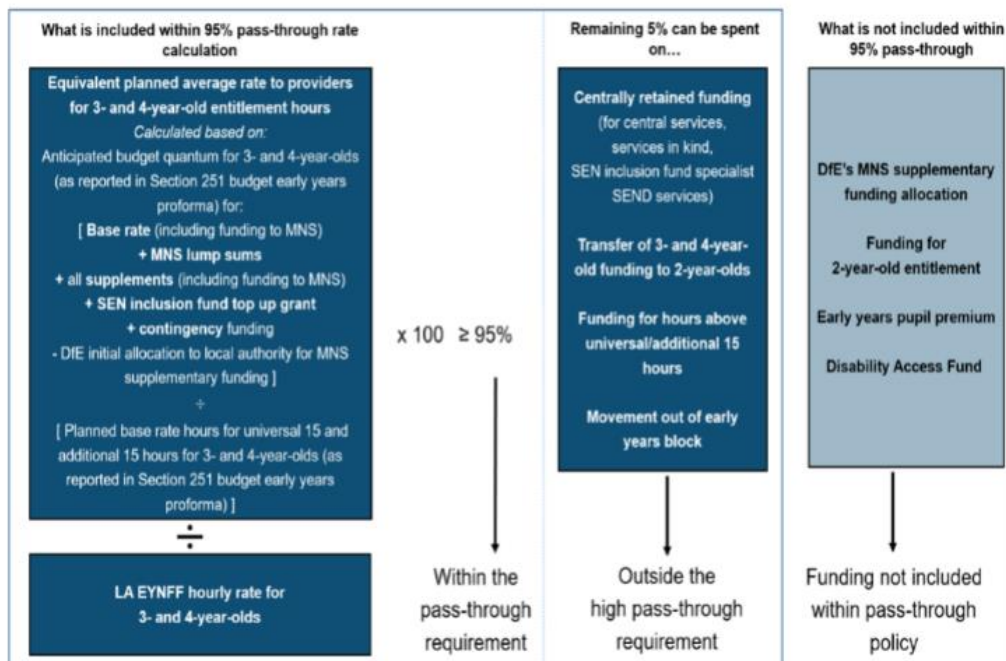
- 3.1 As highlighted above, due to the reduction in the overall allocation, alongside the anticipated increase in the hourly rate, the local authority has worked hard to ensure that as much funding as is possible has been passported to the early years sector for the delivery of the early years funded entitlement. To enable this, we have had to increase the contribution from the high needs block to support the increasing needs in SEND and to minimise the contingency required.

This table over shows how the distribution of funding for 2022/23 has been calculated. The total hours are based on the Summer-21, Autumn-21 funding payments and projections for the Spring-22 term. A contingency of £200k is built in to cover any changes or adjustments to funding which have been identified following the 2022 Census. This also provides a level of protection to mitigate any future events or circumstance that cannot be predicted which will require additional funding to support the sector.

| Factor  | Hours        | Hourly Rate (£) | Allocation (£)                     |
|---|--------------|-----------------|------------------------------------|
| Basic Entitlement Funding @ £4.60 plus 17p uplift     | 1,983,621.24 | 4.77            | 9,461,873                          |
| Extended Entitlement Funding @£4.60 plus 17p uplift   | 709,376.21   | 4.77            | 3,383,725                          |
| Flexibility Funding @ £0.49                           | 1,504,280.55 | 0.49            | 737,097                            |
| Deprivation Funding @ £0.25                           | 975,345.13   | 0.25            | 243,836                            |
| <b>3-4-Year-Old Funding</b>                           |              |                 | <b>13,826,532</b>                  |
| Basic Rate Funding @ £5.30 plus 10p uplift            | 439,787.13   | 5.40            | 2,374,851                          |
| <b>2 Year Old Funding Entitlement</b>                 |              |                 | <b>2,374,851</b>                   |
| SEN Inclusion Funding (previously funded at £200,000) |              |                 | To be funded from High Needs Block |
| Early Years Team                                      |              |                 | 580,413                            |
| Two Year old Team                                     |              |                 | 48,901                             |
| Centrally Retained Services                           |              |                 | <b>634,492</b>                     |
| EYPP  | 320,811      | 0.60            | 192,486                            |
| Maintained Nursery Supplement                         |              |                 | 224,406                            |
| Disability Access Funding                             |              | 800.00          | 118,400                            |
| Contingency   |              |                 | 200,000.00                         |
| <b>Total</b>  |              |                 | <b>17,571,167</b>                  |
| Total Early Years DSG Income                          |              |                 | -17,571,167                        |

3.2 Local authorities can retain funding from the DSG Early Years Block to meet the required early year's central functions. During the 2017/18 funding reforms the government introduced a threshold for level of funding local authorities can retain. This centrally retained funding supports all the internal infrastructure functions required to deliver the early years funded entitlement to the sector, along with the practical support, advice and training for the early years and childcare sector in meeting and maintaining the requirements of the EYFS, Ofsted registration and inspection. The specialist SEND advice and support for the early years' service is also funded from this centrally retained funding.

This threshold is a percentage of the hourly rate used to fund local authorities. In 2017/18 the percentage was set at 7% decreasing to 5% in 2018/19. This threshold remains at 5% for 2022/23. The table over details the high pass-through calculation. In recognition of the financial challenges currently being faced by the early years sector the local authority centrally retained funding figure is at approx. 4%, which remains below the expected level from the DfE.



3.3 Action - Schools Forum is asked to support the proposed hourly rates and the funding allocations outlined in 3.1.

## Appendix A – 2022/2023 Funding Arrangements

| <b>SEN Funding</b> |  |   |   |  |
|--------------------|--|---|---|--|
| SEN Inclusion Fund | <p>In recognition of the high levels of need early years providers are being expected to meet and the increase in children with presenting needs the local authority will allocate £400k from the High Needs block to passport to settings to ensure they are able to access adequate funding to effectively support the youngest children with SEND.</p> <p>To be eligible to receive SENI funding children must be in receipt of an early years funded entitlement and be on The Early Support Pathway. To be accepted onto the pathway the Early Support Multi Agency Meeting will consider requests for:</p> <ul style="list-style-type: none"> <li>• children who are not independently mobile</li> <li>• children with significant receptive communication difficulty or lack of ability to communicate a need</li> <li>• children with significant sensory impairments</li> <li>• children with significant medical needs</li> <li>• children who need significant support to engage with the learning environment.</li> </ul> <p>All requests for this additional funding will be reviewed at the half termly Special Educational Needs Inclusion Fund meeting which involves a range of Early Childhood Specialists who look at each request.</p> <p>SENI funding; (academic years);<br/>2020-2021; 118 children<br/>2021 to date; 139 children</p> <p>The process and allocation of this funding has been reviewed to provide a more robust process, based on the child's needs and the support required to access the early years curriculum, with all applications being made electronically. From 1<sup>st</sup> April 2022 a banding structure and funding allocation is being introduced, detailed below:</p> |   |   |  |
|                    | <b>Band</b>  | <b>Criteria</b>   | <b>Termly Funding<br/>(Based on 15<br/>hours funded<br/>entitlement per<br/>week)</b> | <b>Termly Funding:<br/>(Based on 30<br/>hours funded<br/>Entitlement per<br/>week)</b> |
|                    | A  | The child requires some level of additional targeted support throughout the session to ensure they can access the full benefit of early years curriculum to support their learning and development in addition to what would be offered to all children within the setting in line with the requirements of the EYFS. | £350 per term   | £700 per term  |
|                    | B  | The child's needs are more complex and they require a more focused and targeted level of support during the session to allow them to access and benefit from the early years curriculum offered. Evidence of observations and targets to measure the child's progress would be  | £675 per term   | £1350 per term   |

|  |   |   |                |                |
|--|---|---|----------------|----------------|
|  |   | clear and demonstrate that the setting were using a graduated approach.   |                |                |
|  | C | The child needs a considerable amount of support to access the full benefit of the early years curriculum. Due to the nature of the child's needs without additional interaction with adults in the setting they would not be able to participate in the learning and development programmes offered within the setting. Settings have clear strategies in place and ensure all observations, assessments and planning are evidenced and all appropriate steps to ensure progress are in place. | £1000 per term | £2000 per term |
|  | D | The child's needs are of such a complex nature that they require substantial adult support and interaction to access any of the activities or experiences that the setting are able to offer. The child receives considerable support from a range of professionals, and they will continue to require high levels of support throughout their education.   | £1350 per term | £2700 per term |

### 3- & 4-Year-Old Funding

|                        |  |
|------------------------|--|
| Universal Hourly Rate  | All early year's providers will receive the full increase and therefore a universal hourly rate of £4.77.  |
| Flexibility supplement | <p>In recognising that flexibility is key for many parents, and the additional costs this brings to providers who offer the entitlement in a more flexible way to meet parental need, the flexibility supplement will remain and stay at £0.49 per hour. It will be allocated to early years providers meeting the following criteria:</p> <ul style="list-style-type: none"> <li>The provider operates under a single registration for a minimum of 50 weeks per year (not including bank holidays) and is open continuously for more than seven hours per day</li> </ul> <p>Or;</p> <ul style="list-style-type: none"> <li>The provider operates for less than 50 weeks but more than 40 weeks per year and is open for a minimum of ten hours per day.</li> </ul> <p>In addition to meeting these criteria children must regularly be attending the provider each week the provider declares itself open and at the very beginning and end of each day. They must also be able to access continually through the day during opening hours, with no closure at lunch. The Provider should also actively promote the stretch entitlement to families accessing the provision.</p> |
| Deprivation Supplement | The Deprivation supplement of £0.25 per hour will be allocated to providers with children living in the 30% most deprived areas of the country based on their postcodes/IDACI rankings.  |

### 2 Year Old Funding

|                        |  |
|------------------------|--|
| 2-year-old hourly rate | Providers with 2 years olds that meet the eligibility criteria will receive an increase of 10p per hour this increases the hourly rate for two-year-olds to £5.40. |
|------------------------|--|

### Other early years funding streams

|   |  |
|---|--|
| <p>Early Years Pupil Premium (EYPP)</p>         | <p>EYPP funding will continue in 2022/23 on the same basis as current arrangements. Qualifying 3- and 4-year-olds will receive the increased amount of £0.60 per hour for each eligible child.</p> <p><i>Early years providers are responsible for identifying their eligible children</i></p>   |
| <p>Disability Access Fund (DAF)</p>             | <p>Providers can claim an annual payment of £800 (this is an increase from £615) for all 3- and 4-year-olds who meet both the following criteria:</p> <ul style="list-style-type: none"> <li>• the child is in receipt of child Disability Living Allowance (DLA) <b>and</b>;</li> <li>• the child receives free early education.</li> </ul> <p>Early years providers are ultimately responsible for identifying eligible children and should request evidence of the DLA in the form of the child's disability living allowance award letter.</p> <p>Where a child eligible for the DAF is splitting their free entitlement across two or more providers, the funding will be paid in whole to the setting the parent nominates as their main setting.</p> <p>A second payment cannot be claimed until the anniversary or after of the first claim.</p> <p>If a child receiving DAF moves from one setting to another within a financial year, the new setting is not eligible to receive DAF funding for this child within the same financial year. DAF funding received by the original setting will not be recouped.</p> |
| <p>Maintained Schools Supplementary Funding</p> | <p>Supplementary funding for maintained nursery schools has been made available to enable local authorities to maintain their current maintained nursery schools funding levels.</p>   |