

SCHOOLS' FUNDING FORUM

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| SUBJECT: | Early Years Funding 2021-22 |
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| DATE: | 12 December 2020 |
| SUBJECT: | This paper provides an update on Early Years Funding for 2021-22 |
| FOR: | Comment |

1. Introduction & background

- 1.1 The ESFA announced on the 17th December that the local authority funding rates will be increased from 2021-22 by 8 pence per hour for two-year olds and 6p per hour for three- and four-year Free Entitlement Funding. Funding rates for both the Early Years Pupil Premium and Disability Access Fund will continue to be set at the same level as 2020-21: £0.53 per hour per eligible child for EYPP and £615 per eligible child per year.
- 1.2 The hourly rate for three- and four-year olds to providers continues to be set in line with the ESFA's Early Years Single Funding Formula (EYSFF) guidelines. In 2020-21, Kent's rate to providers is made up of a base rate of £4.08 plus, if applicable, any of the following supplementary rates: Quality (qualified leader) 30p or 90p and Deprivation which is a range from 1p to £1.10. The average rate paid to providers in 2020-21 is £4.41 per hour.
- 1.3 The Early Years Funding Block allocation is calculated based on the January census of both the previous and current financial year that the block relates to for example: for 2021-22 financial year, the Early Years Funding Block for Free Entitlement would be based on 5/12ths of the January 2021 census and 7/12ths of the January 2022 census. Therefore, the final allocation for 21-22 will not be known until the Summer of 2022. At this time, it is unclear whether the DFE is intending to make any further changes to the funding arrangements for 2021-22 in light of the disruption caused by the Coronavirus as it has done so in 2020-21.
- 1.4 In 2020-21, the DFE has amended its calculation of the Early Years block so it is now based on 9/12^{ths} of the January 2020 census and 3/12th of the January 2021 census. This was following concerns the January 2021 Early Years census figures could be significantly lower than previous year because of COVID-19. In addition, by calculating a greater proportion of the block funding on the January 2020 census would enable Local Authorities to fund providers in the Autumn Term based on the higher of either their current or their previous years headcount. Prior to the current lockdown arrangements, the DFE set out its expectation that early years payments would return to normal for the Spring Term and so would be based on the number attending during this term in line

with the completion of the Early Years census return in January. The guidance for the Early Years census has subsequently been updated to ensure where providers remain open, or closed under certain circumstances, they should be recording the number of children that were expected to attend on their census return rather than those physically attending during this time. This in turn has enabled the Local Authority to fund providers for the Spring Term on the same basis.

2. Rates proposed

- 2.1 Our proposal is to increase the base rates paid to providers from £5.10 to £5.18 per hour for two-year olds, and from £4.08 to £4.14 per hour for three- and four-year olds.
- 2.2 This increase is in line with the Government announcement of additional funding for Early Years.
- 2.3 In addition, the Local Authority is not intending to update the calculation of the deprivation supplement for 2021-22, therefore Early Years Providers will receive the same deprivation supplement in 2021-22 as in 2020-21. The Deprivation supplement is normally recalculated on an annual basis using the October headcount information however concerns of over the impact of the Coronavirus on the children attending during the Autumn Term it was felt using the October 2020 census data could lead to distorted results.
- 2.4 During the Summer Term the Local Authority will be consulting on options to change the calculation of the deprivation supplement. The results of this consultation and subsequent proposals will be presented to the Schools Funding Forum in 2021 Autumn Term.

3. Central Services

- 3.1 Local Authorities can retain up to 5% of the three- and four-year old funding from Government to fund centrally retained services to support children under 5-years old. In Kent, the same rule has been applied for two-year old funding, although there is no such equivalent requirement in the funding guidance. The budget for central services is £4.2374m and contributes to the following services:
 - Early Years and Childcare Service (delivered through The Education People): includes the delivery of Kent County Council's statutory early years and childcare responsibilities. It is responsible for leading, supporting and (where necessary) challenging the quality of Early years provision and closely monitoring the Childcare Market in relation to supply and demand. Activities include the publication of the Early Years and Childcare Strategic Plan 2020 - 2023 as well as the continuation of compliance and business and sustainability visits to providers and childminders.
 - Specialist Teaching and Learning Service: The STLS SLA covers support to both mainstream early years settings and schools to build their capacity and confidence in supporting children with SEND. The

funding is used to contribute to the early years support provided through this SLA. This SLA is under review and future funding arrangements will need to be aligned to the outcome of this review.

- Management Information, Finance and system support for all early year provider payments and collection of Early Years census data.

4. Recommendation

4.1 Members of the Forum are asked to endorse the LA's proposal to:

- increase the funding rate for two-year olds by 8p and three- and four-year olds by 6p in line with the increase to the funding rate.
- Deprivation supplementary rates to be carried forward from 2020-21 to 2021-22.