

SCHOOLS' FUNDING FORUM

SUBJECT:	Early Years Funding 2022-23
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SUMMARY:	This paper provides an update on the proposals for Early Years Funding for 2022-23
FOR:	Comment & Recommendation

1. Introduction & background

1.1 The ESFA have announced the local authority funding rates will be increased from 2022-23 by 21 pence per hour for two-year olds and 17p per hour for three- and four-year Free Entitlement Funding. Funding rates for both the Early Years Pupil Premium and Disability Access Fund have also increased to £0.60 per hour per eligible child for EYPP (13%) and £800 per eligible child per year (23% increase). Below is a table showing the increases in rates used to calculate the Early Years Block since 19-20:

	19-20 Rate £	20-21 National Increase £	21-22 National Increase £	22-23 National Increase £	22-23 Rate £
3&4 old hourly rate	£4.48*	£0.08	£0.06	£0.17	£4.79
2-yr old hourly rate	£5.28*	£0.08	£0.08	£0.21	£5.65
Pupil Premium per hour	£0.53	£0.00	£0.00	£0.07	£0.60
Disability Access Fund per year	£615	£0.00	£0.00	£185	£800
Overall Increase in funding		<i>£44m</i>	£44m	£180m	

*Kent's Funding Rates

1.2 The hourly rate for three- and four-year olds paid to providers continues to be set in line with the ESFA's Early Years Single Funding Formula (EYSFF) guidelines. In 2021-22, Kent's rate to providers is made up of a base rate of £4.14 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 2021-22 is £4.47 per hour. The Early Years funding rate for eligible 2-year-olds is £5.18 per hour.

1.3 In both 2020-21 and 2021-22, the data used to calculate the overall Early Years Block Allocation was amended to reflect the impact of the COVID pandemic on

the number of children attending, however in 2022-23 the DFE have confirmed they will be returning to the original methodology for calculating these allocations. The Early Years Funding Block allocation will be calculated based on the January census of both the previous and current financial year that the block relates to for example: for 2022-23 financial year, the Early Years Funding Block for Free Entitlement would be based on 5/12ths of the January 2022 census and 7/12ths of the January 2023 census. Therefore, the final allocation for 2022-23 will not be known until the Summer of 2023.

- 1.4 Payments to Early Years providers is also based on the number of hours provided to children attending. Between Summer 2020 and Spring 2021 payments to Early Years providers were amended (in part) to reflect the impact of the pandemic on the number of children attending. Since the Summer 2021 Term, the DFE have set out its expectation that payments to early years providers would return to normal and so based on the number attending and hours provided during each term. Where providers have been unable to operate for periods of time due to staff shortages KCC has not requested the return of funding where providers can demonstrate they have done all that they responsibly can to stay open and if not, in the first instance they have prioritised vulnerable children and children of key workers.

2. Rates proposed

- 2.1 Our proposal is to increase the base rates paid to providers from £5.18 to £5.39 per hour for two-year olds, and from £4.14 to £4.31 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 and will reflect the third year of passing the full increase to all providers by uplifting the base rate.

3. Deprivation Supplement Consultation Update

- 3.1 The Local Authority had originally intended to consult on possible changes to the deprivation supplement during 2021-22 in preparation for any changes from April 2022. The consultation was focused on whether to continue with the existing methodology or to link the deprivation rate to pupil premium data. This was in response to a possible change in the data source that is used in the existing methodology and feedback from providers regarding transparency in the calculation.
- 3.2 The original timescales were influenced by the possible need to end the contract with the existing data supplier however this decision has been delayed. This coupled with the late notification of funding rates for 2022-23 did not leave sufficient time to consult adequately with the sector ahead of April 2022 implementation. Therefore, the deprivation supplement for 2022-23 will continue to be calculated on the same basis as previous years whereby the average deprivation score for a provider is based on the addresses of the children that attended during the Autumn 2021 term headcount. Providers whose average score is above the qualifying threshold will qualify for the supplement, the amount of which depends upon the providers' score relative to the minimum qualifying threshold.

- 3.2 The revised plan is to consult on options to change the calculation of the deprivation supplement during the Summer 2022 Term. The results of this consultation and subsequent proposals will be presented to the Schools Funding Forum in 2021 Autumn Term and in turn will allow a significant notice period for providers if changes are to be made.

4. Maintained Nursey Lump Sum

- 4.1 The Early Years Funding Block includes a supplementary funding rate for maintained nurseries to reflect the additional costs they have, which other early years' providers do not, as a result of being constituted as schools. For example, they must have a head teacher and governing body, and they must have qualified teachers. As all early years providers must be paid on the same universal base rate, the guidance allows for a maintained nursery to also be paid an additional lump sum to acknowledge these extra costs.
- 4.2 In Kent, there is one maintained nursery school (Northfleet Nursery) and the lump sum has not been reviewed since the introduction of the EYSFF in 2017-18, nor has it received any inflationary increases. To recognise this the proposal is to align the lump sum amount with the primary lump sum in the National Funding Formula. This would provide a basis for future increases and recognise maintained nurseries are assessed against the same framework as a primary school.
- 4.3 The lump sum for the nursery is currently £87,036. This proposal would increase the amount to £121,386. The National Early Years Block Grant provides £168,000. This proposal would resolve difficulties over justifying the figure each year without creating an unreasonable pressure as this is still less than amount of funding received to pay for it.

5. 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.

3.2 The Local Authority is not planning to increase the central services allocation in 2022-23.

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 21p and three- and four-year olds by 17p in line with the increase to the funding rate.
- Align the lump sum amount for the maintained nursery with the primary lump sum for 2022-23.
- Note the revised timetable for the consultation on the deprivation supplement