



Schools Funding Forum 17th September 2020 ITEM 5

Subject Heading:

Early Years Funding 2020-21

Report Author:

**David Allen – Strategic Finance
Manager**

Eligibility to vote:

All school and academy members

SUMMARY

This report summarises the announcements of DSG Early Years Block funding for financial year 2020-21, and the support for providers where participation has been impacted by the COVID-19 pandemic.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the funding arrangements for financial year 2020-21 following the DfE update of the DSG Early Years Block
- (ii) notes the LA's arrangements for supporting providers during the COVID-19 pandemic

REPORT DETAIL

1. Revised Early Years Block Funding for 2020-21

At the meeting of the Schools Funding Forum held on 18th June 2020 it was agreed to increase the basic hourly rate for providers to £5.00 in financial year 2020-21

and to increase the SEN Inclusion Fund in anticipation of an increase in the DSG Early Years Block allocation.

Initial announcements of annual Early Years Block funding are based on the previous January census and then updated for the census data from the following January. For example, the financial year 2020-21 allocation was initially based on January 2019 census and has been updated in July for the January 2020 census.

The increases in funding to providers was agreed on the basis of the LA's estimate and the updated allocation has now been received from the DfE as follows:

	Original	LA estimate	Actual
DfE Hourly Rate	£5.36	£5.36	£5.36
PTE provision	5,695.98	6,056.10	6,056.10
Early Years Block	£17,402,373	£18,502,597	£18,502,597
Increase		£1,100,224	£1,100,224

LA Funding	Revised LA Estimate		
PTE to fund	5,695.98	5,888.29	5,922.98
LA Hourly Rate	£4.90	£5.00	£5.00
Cost (x 15 hrs x 38 wks)	£15,908,872	£16,781,627	£16,880,502
IDACI supplement	£468,390	£500,000	£500,000
SEN Inclusion Fund	£200,000	£300,000	£300,000
Central retention	£820,000	£820,000	£820,000
Total cost	£17,397,262	£18,401,627	£18,500,502
Increase		£1,004,365	£1,103,240
Balance (contingency)	£5,111	£95,859	£2,095

Notes:

1. The initial LA estimate of Early Years Block funding was confirmed by the actual allocation
2. In the table above, the LA's estimate of provision to be funded is based on preliminary data submitted by providers adjusted for over estimates and applying the protection for the Autumn term for 61 providers that have had a reduction in their Autumn term claim in comparison to previous years at a cost of £363,000.

2. COVID-19 Support for providers

The DfE has announced that, because of the risk of lower rates of participation that may be reflected in the January 2021 census, it will not be using January 2021 to adjust 2020-21 funding. This means that the LA's allocation will not change from the above figure.

In normal circumstances an LA's allocation of Early Years Block funding is also adjusted in retrospect for the next January census data. For example in 2020-21 it would be adjusted for January 2021 although the funding adjustment is not made until July in the following financial year. LAs take different approaches on the

financial year in which this adjustment is made. Havering takes the view that the adjustment should be accounted for within the same financial year in which it is received.

The figures in the table above are not based purely on providers' Autumn 2019 data but take into account known expansions or reductions over the last three years. This is to smooth out any peaks and troughs in provision.

The estimated cost of around £363,000 is subject to change following the conclusion of the Autumn term Census with more or less providers being eligible meeting the agreed thresholds. Currently 61 providers meet the criteria for support.

Other support provided is the funding of provisions that opened during holiday periods and those that took large number of children into their settings during the Summer term when other settings had closed.

This is estimated to cost £20,000 which is included in the amounts for the overall entitlement funding in the tables above.

As described above, an LA has its Early Years funding adjusted for the later January census. The amount received as an adjustment for 2019-20 funding is £700,768. This will be used to meet the costs of the support described above. The balance will be carried forward to financial year 2021-22 as the DfE has not yet advised if the 2021-22 funding will be protected or based on the reduced census data from January 2021, and to support expenditure in Early Years for the protection in place due to the COVID-19 pandemic if the demand exceeds the current year DfE funding allocation.