

## Schools Funding Forum 17<sup>th</sup> June 2021

## ITEM 8

<b>Subject Heading:</b>	<b>Early Years Funding update</b>
<b>Report Author:</b>	<b>Nick Carter – Principal Finance Officer (Schools)</b>
<b>Eligibility to vote:</b>	<b>All members</b>

### SUMMARY

This report details the change made by the DfE to the way that Early Years funding for Local Authorities will be calculated in 2021-22 and outlines the LAs proposal to review funding rates for providers in light of this. It also provides details on the Early Years Discretionary Grant made available to providers.

### RECOMMENDATIONS

That the Schools Funding Forum:

- (i) notes the changes made to the way that Early Years funding for Local authorities will be calculated and notes the details of the Early Years Discretionary Grant
- (ii) agrees the proposed arrangements for a review of funding rates for providers

### REPORT DETAIL

#### 2020-21 funding for LAs

Last year LAs were asked by the DfE to pay providers for attendance regardless of Covid, however, from 1<sup>st</sup> January 2021 LAs were asked to return to the normal funding process and pay providers for places and hours delivered for EY entitlements.

The DfE announced changes to the way that LAs would be funded in recognition of the fact that January 2021 may not be representative because of the pandemic. Funding is usually

based on a once a year count in January which is felt provides the 'mid point' between lower numbers in the autumn term and higher numbers in the summer. Funding for 2020-21 would instead be as follows:

- Pay LAs for 2020 summer and autumn terms on the basis of their January 2020 census.
- Pay LAs for the 2021 spring term based on January 2021 census attendance

**Plus**

- A top up if attendance increased through the spring term based on the average of the January 2021 and May 2021 census numbers. This would be capped, however, and only apply if numbers fell below 85% of the January 2020 numbers.

Havering will not receive this top up as numbers for 2 year olds were 85% of the January 2020 number and numbers for 3 - 4 year olds were 94% of the January 2020 number.

Funding for LAs not eligible for the top-up will be based on:

- 9/12<sup>th</sup> of the January 2020 census PTE numbers (to cover April 2020 to December 2020)

**Plus**

- 3/12 of the January 2021 census numbers (to cover January 2021 to March 2021)

Final funding allocations will be published in November

## **2021-22 funding for LAs**

Given the uncertainty created by Covid, the DfE do not think that the usual once a year count in January would provide the usual representative 'mid point' on which to base funding for the whole year.

There will be a temporary variation to the approach for funding Early Years in 2021-22 to give LAs and providers more protection over their funding income.

Each LA will be funded based on **termly attendance** for 2021-22. This is to ensure funding aligns with attendance as children return to their settings or take up free entitlements for the first time, as lockdown restrictions are eased. LAs will continue to pay providers for actual attendance.

LAs will be asked to submit their 'local' 2021 summer and autumn counts to the DfE to determine allocations in each of these terms. Spring term 2022 would be funded as usual using the January 2022 census.

The final funding allocations will be based on the following:

- 5/12<sup>th</sup> of the May 2021 count PTE numbers (to cover April 2021 to August 2021)
- Plus**
- 4/12<sup>th</sup> of the October 2021 count PTE numbers (to cover September 2021 to December 2021)
  - 3/12 of the January 2022 count PTE numbers (to cover January 2022 to March 2022)

Final funding allocations will be announced in July 2022 as normal

In 2019-20 the use of the January census as a 'mid point' proved beneficial to Havering as numbers in January were higher than the average for all three terms. This is the reason why the previous year adjustment of £701k, as detailed on the DSG outturn statement, was not required to meet payments made to providers. The variation to the funding arrangements means that there will be no similar sum for 2021-22 when final funding allocations are announced in July 2022.

### Proposals for a review of the funding rates for providers

In June 2020 the funding rates for 2020-21 were reviewed resulting in an increase in the hourly rates paid to providers. The Local Authority intends to carry out a similar review for 2021-22 taking into account the revised funding arrangements for LAs and the census numbers for May 2021. Verified census data for May is now available.

The findings will be discussed with EYPRG later this term, together with the use of use of the Early Years balances in the DSG. The outcome of these discussions and any proposed change to funding rates will be brought to the Schools Forum at the September 2021 meeting.

### Early Years Discretionary Grant – Phases 1 and 2

The council was able to secure a grant of £1.03m to support Early Years providers during the pandemic. This followed on from an earlier grant of £77k made available in August 2020.

Further details on payments made to providers are shown below:

#### Phase 1 - Early Years Discretionary Grant (August 2020) - payments Sep-20

Provider Type	No. of eligible Providers	Sum of Total payable	Min of Total payable	Max of Total payable	Average of Total payable
Childminder	65	£22,700.00	£300.00	£500.00	£349.23
Day Nursery	26	£24,750.00	£750.00	£1,500.00	£951.92
Preschool	36	£28,000.00	£500.00	£1,500.00	£777.78
Independent	1	£1,500.00	£1,500.00	£1,500.00	£1,500.00
<b>Grand Total</b>	<b>128</b>	<b>£76,950.00</b>	<b>£300.00</b>	<b>£1,500.00</b>	<b>£601.17</b>

#### Phase 2 - Early Years Discretionary Grant (March 2021) - payments Mar-21/Jun-21

Provider Type	No. of eligible Providers	Sum of Total payable	Min of Total payable	Max of Total payable	Average of Total payable
Childminder	79	£271,523.00	£3,437.00	£3,437.00	£3,437.00
Day Nursery	19	£218,825.00	£10,311.00	£21,769.00	£11,517.11
Preschool	47	£470,869.00	£3,437.00	£10,311.00	£10,018.49
Out of School Club	14	£68,740.00	£3,437.00	£10,311.00	£4,910.00
<b>Grand Total</b>	<b>159</b>	<b>£1,029,957.00</b>	<b>£3,437.00</b>	<b>£21,769.00</b>	<b>£6,477.72</b>