



Subject Heading:

Early Years Funding 2022-23

Report Author:

**Nick Carter – Principal Finance Officer
(Schools)**

Eligibility to vote:

**All school and academy members and
the PVI representative**

SUMMARY

This report summarises the announcement of indicative DSG Early Years Block funding for financial year 2022-23 and outlines the process for the Local Authority to determine early years funding rates for the next financial year.

RECOMMENDATIONS

The Schools Funding Forum:

- (i) notes the indicative funding allocations for 2022-23
- (ii) notes the process and timeline for determining funding rates for 2022-23

REPORT DETAIL

1 Background

Early years education is funded through the Early Years Block of the DSG. Funding rates were announced on 25th November 2021 and indicative allocations for 2022-23 were issued to local authorities on 16th December 2021 along with the final allocations for the other DSG blocks.

In the autumn spending review 2021 the Government announced an increase in early years entitlements worth £160m in 2022-23 compared to 2021-22. The hourly rates for all local authorities will be increased by 21p an hour for the 2 year old entitlement and by 17p an hour for the 3 and 4 year old entitlement. Havering's increase is as follows:

Year	2 year olds £	3 & 4 year olds £
2022-23	6.03	5.59
2021-22	5.82	5.42
Increase	0.21	0.17

The autumn spending review covered three years. As well as the £160m rise in 2022-23 funding will be increased by £180m in 2023-24 and by £170m in 2024-25.

2 Funding arrangements for 2021-22

Funding arrangements for 2021-22 were originally agreed as follows:

Hourly rate for 2 year olds	£5.76
Hourly rate for 3 & 4 year olds	£5.02
SEN Inclusion Fund	£300,000
SEN Inclusion Fund hourly rate	£4.90
Central retention	£820,000

Funding rates were reviewed in autumn 2021 in order to distribute to providers sums unspent in the Early Year Block from previous years. Proposed increased rates were agreed by the Early Years Provider Reference Group on 6th October 2021 and by the Schools Funding Forum at their meeting on 21st October 2021.

The revised rates, backdated to 1 April 2021, are:

Hourly rate for 2 year olds	£5.76
Hourly rate for 3 & 4 year olds	£5.09
SEN Inclusion Fund	£400,000
SEN Inclusion Fund hourly rate	£5.09
Central retention	£820,000

Contingency funding was required to meet any in-term increases in hours that occurred after the autumn and spring census dates. It was also possible that hours supported through the Inclusion Fund would continue to rise requiring additional funding. A contingency figure of £200k was agreed.

3 Indicative Early Years Block allocation 2022-23

For 2021-22 the DfE put in place a temporary variation to the way that local authorities were funded in response to coronavirus. Funding will be calculated using data from each termly census. For 2022-23 the DfE will revert to the normal process of allocating funding based on the annual January census.

Indicative allocations for 2022-23 have been calculated by applying the 2022-23 hourly funding rates to January 2021 data. The table below shows a comparison with the indicative figures for 2021-22 released in December 2020.

Category	2022-23	2021-22	Change in numbers	Change £	Change %
Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)	5.59	5.42	-	0.17	3.14%
Number for 3 and 4 year old universal entitlement funding (part-time equivalent)	4,043.80	4,395.04	-352.04	-	-8.01%
Initial funding allocation for universal entitlement for 3 and 4 year olds (£s)	12,884,760	13,578,037	-	-693,277	-5.11%
Hourly rate for 3 and 4 year olds from early years national funding formula (£ / hr)	5.59	5.42	-	0.17	3.14%
Number for 3 and 4 year old additional 15 hours entitlement for eligible working parents (part-time equivalent)	1,575.92	1,661.06	-85.14	-	-5.13%
Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£s)	5,021,354	5,131,679	-	-110,325	-2.15%
Hourly rate for 2 year old entitlement (£ / hr)	6.03	5.82	-	0.21	3.61%
Number for 2 year old entitlement funding (part-time equivalent)	483.87	569.26	-85.39	-	-15.00%
Initial funding allocation for 2 year old entitlement (£s)	1,663,110	1,888,464	-	-225,354	11.93%
Initial funding allocation for early years pupil premium (£s)	100,641	69,402	-	31,239	45.01%
Funding allocation for disability access fund (£s)	64,800	68,880	-	-4,080	-5.92%
Total early years block (£s)	19,734,665	20,736,462		-1,001,797	-4.83%

The indicative allocations for 2022-23 will be updated as follows:

- July 2022 - updated based on January 2022 census numbers

- July 2023 - updated based on five-twelfths of the January 2022 census numbers (to cover the period April 2022 to August 2022 period), and seven-twelfths of the January 2023 census numbers (to cover September 2022 to March 2023)

4 Funding adjustment for 2020-21

The DfE announced the final funding adjustment for the 2020-21 financial year in November, several months later than usual. The period September 2020 to March 2021 is calculated using the January 2021 census numbers that were adversely affected by the pandemic. In previous years, this final adjustment has resulted in Havering receiving additional funding. For 2020-21, however, the adjustment has resulted in a reduction in funding with the DfE clawing back £398,272.

Category	Initial £	Final £	Adjustment £
Universal 3-4 year old entitlement	13,427,727	13,159,450	-268,277
Extended 3-4 year offer	5,074,871	5,009,856	-65,015
2 year old	1,862,505	1,792,652	-69,853
EY Pupil Premium	69,402	74,275	4,873
Disability Access Fund	70,110	70,110	0
Total	20,504,615	20,106,343	-398,272

5 Determining funding rates for providers 2022-23

The Local Authority is due to meet with the Early Years Provider Reference Group (EYPRG) on 10th January 2022 to discuss funding for 2022-23 and to agree the content of the consultation with providers. Details will be reported to the Schools Funding Forum at the meeting.

The outcome of the consultation will be shared with EYPRG and the resulting proposals brought to the meeting of the Schools Funding Forum on 10th February 2022 for approval.