

Schools Forum

14 January 2021

Early Years National Funding Formula 2021/22

This report relates to all early years providers and is for decision by all school and PVI members of Schools Forum

Recommendation

The Schools Forum is asked to approve the universal base rate of £4.15 for 2021/22 as recommended in paragraph 3.3 and table 1.

1. Introduction

1.1. The ESFA announced in December 2020 early years allocations for 2021-22. These allocations cover the following areas:

- 2 year olds
- 3 and 4 year olds
- Early Years Per Pupil Premium
- Disability Access Fund
- Supplementary Funding for Maintained Nursery Schools

1.2. The Early Years Working Group met on Wednesday 6 January 2021 to discuss the allocation of funding for 3 and 4 year olds and to make a recommendation to schools forum.

2. Allocations for 2 year olds

- 2.1. The hourly allocation for 2 year olds has increased by 8p per hour from £5.37 per hour in 2020-21 to £5.45 per hour in 2021-22. This represents a 1.49% increase above the 2020-21 funding allocation.
- 2.2. Funding rules requires the whole of this funding is passported to all early years providers offering places for 2 year olds.

3. Allocations for 3 and 4 year olds

- 3.1. The hourly allocation for 3 and 4 year olds has increased by 6p per hour from £4.36 per hour in 2020-21 to £4.44 per hour in 2021-22. This represents a 1.37% increase above the 2020-21 funding allocation.
- 3.2. As schools forum are aware up to 5% of the allocation for 3 and 4 year olds can be retained by the Local Authority to fund central services which support all early years providers. For 2021-22 the Local Authority has decided that the whole 6p of funding will be passported to early years providers.
- 3.3. The main issue for the Early Years Working Group is how the remaining funding is allocated to providers through the universal rate and mandatory deprivation rate. The deprivation rate currently mirrors the Early Years Per Pupil Premium which is 53p per hour in 2020-21. The ESFA have announced that this rate will be the same in 2021-22. Therefore the Early Years Working Group would recommend that schools forum approve the additional 6p is allocated against the universal rate in 2021-22.

Table 1 – 3 and 4 year olds allocations 2020-21 and 2021-22

Factor	2020/21 Allocation Per Hour £	2021/22 Allocation Per Hour £
Total for 3 and 4 Year Olds	4.38	4.44
Universal rate allocated to all providers	4.09	4.15
Deprivation Supplement *	0.07	0.07
Central Provided Services (5%)	0.22	0.22

*Note: it is estimated that 13% of children are eligible for the deprivation supplement so when apportioning the 53p per hour it equates to 7p per hour (53p * 13%)

4. Early Years Per Pupil Premium and Disability Access Fund

- 4.1. As already outlined in this report the Early Years Per Pupil Premium rate of 53 p per hour will be the same in 2021-22 as it was in 2020-21.
- 4.2. Additionally the Disability Access Fund will also be the same in 2021-22 as it was in 2020-21. Providers will continue to receive up to £615 per year for each eligible child.

5. Supplementary Funding for Maintained Nursery School (MNS)

- 5.1. Local authorities with MNS will continue to receive supplementary funding for the 2021 to 2022 financial year.
- 5.2. For 2021 to 2022, part of the supplementary funding allocations are published as indicative, and part as conditional.
- 5.3. The allocations for April 2021 to August 2021 are indicative and will be updated, on the same basis as the universal entitlements, once January 2021 census data is published.
- 5.4. However, the MNS supplementary funding allocations for September 2021 to March 2022 are conditional: they may be subject to change and local authorities should therefore treat them as unconfirmed.
- 5.5. The ESFA have indicated that they will provide a further update on the MNS Supplementary Funding later in the spring. This will then be shared with schools forum once available.

6. Early Years Block Reserve

- 6.1. There is currently a surplus of £1.848 million in a ring-fenced early years block reserve and this was reported to schools forum on 4 June 2020 within the DSG outturn report for 2019-20.
- 6.2. The report recommended that the reserve would be held against the increase in the Early Years Universal rate that was unanimously approved at schools forum in January 2020.

- 6.3. Due to continued uncertainty around future funding for all early years providers this reserve will continue to be held against maintaining the increase in universal rates in 2021-22.
- 6.4. Any future allocation of the Early Years Block Reserve will be allocated to all providers on the same basis. The reserve will not be used, for example, to support any potential loss in supplementary funding for Maintained Nursery Schools as outlined in section 5.

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