

Schools Forum

13 January 2022

Early Years National Funding Formula 2022-23

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

Recommendations

1. The Schools Forum is asked to approve increasing the deprivation rate to 60p per eligible child, in line with the changes to the Early Years Per Pupil Premium (EYPPP) rate and allocating the remaining available funding to the universal base rate of £4.30 for 2022-23 as recommended in paragraph 3.5 and table 2.
2. The schools Forum ask the Early Years Working Group to make a recommendation to utilise an appropriate allocation of the reserve for the benefit of all Early Years providers, for example, a one-off increase in the Universal rate for 2022-23, once the final outturn position is known later in the year.

1. Introduction

- 1.1. The ESFA announced in December 2020 early years allocations for 2022-23. These allocations cover the following areas:
 1. 2 year olds
 2. 3 and 4 year olds
 3. Early Years Per Pupil Premium (EYPPP)
 4. Disability Access Fund (DAF)
 5. Supplementary Funding for Maintained Nursery Schools

1.2. Rates for 2022-23 and a comparison to 2021-22 rates are as follows:

Factor	2021-22 Rates	2022-23 Rates	% Change
2 Year olds	£5.45	£5.66	3.85%
3 and 4 year olds	£4.44	£4.61	3.83%
EYPPP	£0.53	£0.60	13.21%
DAF	£615	£800	30.10%

Table1: Early Years allocations rates 2021-22 and 2022-23

1.3. The Early Years Working Group met on Monday 20 December 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 21p per hour from £5.45 per hour in 2021-22 to £5.66 per hour in 2022-23. This represents a 3.85% increase above the 2021-22 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 17p per hour from £4.44 per hour in 2021-22 to £4.61 per hour in 2022-23. This represents a 3.83% increase above the 2021-22 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.

3.3. The main issues for the Early Years Working Group are how the additional funding is allocated to providers through the universal rate and mandatory deprivation rate. The deprivation rate currently mirrors the EYPPP which is 53p per hour in 2020-21. The ESFA have announced that this rate will increase to 60p in 2022-23. About 14% of Warwickshire children are eligible for the EYPPP which means a 7p increase in EYPPP is roughly equivalent to a 1p reduction in the universal rate.

3.4. The Early Years Working Group considered 2 options, subject to the 5% retention:

- (Option 1) Allocating the whole increase to the universal rate
- (Option 2) Continue to mirror the EYPPP rate and therefore allocating slightly less to the universal rate than in Option 1

Factor	2021-22 Allocation Per Hour £	Option 1 2022-23 Allocation Per Hour (Dep 0.53p) £	Option 2 2022-23 Allocation Per Hour (Dep 0.60p) £
Total for 3 and 4 Year Olds	4.44	4.61	4.61
Universal rate allocated to all providers	4.15	4.31	4.30
Deprivation Supplement	0.07	0.07	0.08
Central Provided Services (5%)	0.22	0.23	0.23

Table 2: options for 3 and 4 year olds allocations 2022-22

3.5. The Early Years Working Group unanimously agreed to recommend to schools forum option 2 and to continue to keep the deprivation rate the same as the EYPPP rate.

4. Early Years Per Pupil Premium and Disability Access Fund

4.1. The Early Years Per Pupil Premium rate for 2022-23 is 60p per hour for eligible children, an increase of 13.21%

4.2. The Disability Access Fund allocation rate for 2022-23 is £800 per eligible child, an increase of 30.10%.

5. Supplementary Funding for Maintained Nursery School (MNS)

5.1. Local authorities with MNS will continue to receive supplementary funding for the next three financial years until 2024-25.

5.2. Allocations will be announced later in the spring and these must be paid to our 6 Maintained Nursery Schools.

6. Early Years Block Reserve

- 6.1. There is currently a surplus in the early years block reserve. At the end of 2020-21 the balance was £2.109 million. The current forecast balance of this reserve at the end of 2021-22 is included in the DSG Monitoring Report that is on this agenda.
- 6.2. Schools forum in January 2020 unanimously agreed that the reserve would be held to maintain the increase in the Early Years Universal rate at that time.
- 6.3. Due to continued uncertainty around future funding for all early years providers this reserve will continue to be held to maintaining the increase in universal rates in 2022-23.
- 6.4. Given the balance of the reserve, it is recommended that Schools Forum ask the Early Years Working Group to make a recommendation to utilise an appropriate allocation of the reserve for the benefit of all Early Years providers, for example, a one-off increase in the Universal rate for 2022-23 once the final outturn position is known later in the year.
- 6.5. 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 beyond 2024-25 as outlined in section 5.

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