

School Forum 19 January 2022	
Report from Executive Director of People - Children Service	
Early Years National Funding Formula 2022/23	
Wards Affected:	All
Key or Non-Key Decision:	N/A
No. of Appendices:	N/A
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1 Purpose of the Report

- 1.1. This report updates Schools' Forum on the conclusion of the Early Years National Funding Formula (EYNFF) modelling following the outcome of the consultation with the EY Task Group.

2 Recommendations

- 2.1. The Schools Forum is asked to endorse Slough's Early Years Funding Formula for 2022/23:
- **Notes** the conclusions of the work to develop the 2022-23 EYNFF funding model and associated budget development.
 - **Approve** the LA recommendation to implement **option 1** as per the outcome of the Early Year Task Group.

3 Summary

- 3.1. Table 1 below, outlines the proposed allocation of Slough's Early Years Block 2022-23 (based on 2022-23 updated grant allocation published December 21). The final grant value will be determined based on pupil numbers at the January 2022 and 2023 censuses. Therefore, budgets and funding formula rates may be adjusted accordingly to comply with the 95% pass through regulation and to manage the affordability of the formula.

- 3.2. The Early Years Block allocations were also published in December 2021, which included an increase in the NEG 2 rate from £6.04 to £6.25, and an increase in the NEG 3 & 4 rate from £5.93 to £6.10.
- 3.3. Two options were presented to the EY task group, where a decision was made to put forward the preferred option.

Table 1 Early Year Provisional Budget

2021-22 Rates		Option 1		Option 2	
3 & 4 year old	£5.55	3 & 4 year old	£5.65	3 & 4 year old	£5.56
Deprivation	£0.72	Deprivation	£0.72	Deprivation	£0.80
2 year old	£5.75	2 year old	£5.94	2 year old	£5.90
EYPP	£0.63	EYPP	£0.70	EYPP	£0.70
SEN Inclusion	40,000.00	SEN Inclusion	100,000.00	SEN Inclusion	£135,000
Pass through compliance	95.00%	Pass through compliance	95.00%	Pass through compliance	95.00%
		3 & 4 year old	£0.10 increase	3 & 4 year old	£0.01 increase
		Deprivation	Unchanged	Deprivation	£0.08 increase
		2 year old	£0.19 increase	2 year old	£0.15 increase
		EYPP	£0.07 increase	EYPP	£0.07 increase
		SEN inclusion	£100,000	SEN inclusion	£135,000

- 3.4. Forum are asked to approve the 5% centrally retained budget for Early Years.

4 Proposed local funding formula for 2022-23

- 4.1. The overall base rate for providers is determined by the national formula allocation for Slough and the Local Authority's mandatory responsibility to children with special educational needs (SEN). Table 2, below, outlines the hourly funding rates for the Local Funding Formula 2021-22 and proposed rates for 2022-23.

Table 2 – Funding Rates

Current and Proposed Early Years Funding Formula Factors 2022-23			
Early Years Funding Formula Factor	Current All Nursery Providers 2021-22	All Nursery Providers OPTION 1 2022/23	All Nursery Providers OPTION 2
Base Rate			
• Universal 15	£5.55	£5.65	£5.56
• Additional 15 hours			
Deprivation (mandatory)	£0.72	£0.72	£0.80

- 4.2. After the 5% reduction for central resources, this funding will be distributed to providers as a universal base hourly rate plus the additional allocation for deprivation where applicable. The universal base rate to providers has increased from £5.55 in 2021/22 to £5.65 in 2022/23 in Option1 and £5.56 in Option 2.

4.3. Deprivation is allocated based on the Income Deprivation Affecting Children. There is no change in the rate £0.72 for Option one and the rate £0.80 has increased by £0.08 in Option 2.

4.4. **The results of the consultation were as follows:**

Two options were presented to the EY task group and 6 replies were received from members of the Task and Finish group. The results are

- Option 1- 5 votes 83%
- Option 2- 1 vote 17%

Option 1 is the preferred choice.

4.5. A summary of the financial impact of the overall final position is set out in appendix A. It uses the estimated participation rates for 2022-23 which has been provided by and validated by the Early Years' Service.

5 3 and 4 year old funding for children with special educational needs

5.1. Disability Access Funding (DAF) ensures that every child in an early year setting receiving the free entitlement and in receipt of the disability living allowance receives an additional funding allocation to the setting of £800. Recent announcements from the DfE increased this amount from £615 to £800 for each eligible child from 2022-23.

6 Early Years Pupil Premium

6.1. From 2015 the Government introduced the Early Years Pupil Premium to 3- and 4-year olds from disadvantaged backgrounds. Recent announcements in the Autumn term will see this increased in 2022-23 from the current year the rate is £302.10 to £342 for each qualifying child.

7 Participation based funding allocations

7.1. Schools and settings are funded based on participation over the whole year and not just the highest count, this ensures that funding is realistic and adjustments for over/under occupancy at the end of the year are more manageable. This will not change in line with the changes above.

8 Inclusion Fund

8.1 The government requires all Local Authorities to establish a SEN Inclusion Fund for three and four-year olds in their local funding systems. In order to establish a SEN Inclusion Fund, Slough have historically combined funding from the early years and high needs blocks of the DSG. The SEN inclusion grant funding forms part of the 95% pass through allocation for early years providers allocated on an application basis.

8.2. The proposal is to increase of SEN inclusion funding for 2022-23 allocating £0.1m which represents 0.7% of funding from the early years block. The SEN inclusion grant along with high needs block funding is used to support children with additional needs

in all settings including those in specialist nursery provision for young children with significant difficulties. The funding is allocated based on participation.

9 Base rate for Slough providers for 2 year old funding

- 9.1 In 2022/23, the funding rate has increased from £6.04 per hour to £6.25 per hour. It is proposed to pass on £5.94 to providers in option 1 and £5.90 in Option 2, with a deduction of 31p (5%) for central services.

10 Financial Implications

- 10.1 The financial implications have been detailed in the body of this paper.

11 ALTERNATIVE OPTIONS CONSIDERED

No alternative options were considered.

12 SUPPORTING INFORMATION

Not applicable

13 Legal Implications

There are no legal implications for this report.

14 Equality Implications

Not applicable

Appendix 1

3-4 Yr Old	£5.65	3-4 Yr Old	£5.58
Deprivation	£0.72	Deprivation	£0.80
2 Yr Old	£5.94	2 Yr Old	£5.90
Option 1		Option 2	
3-4 Yr Old		3-4 Yr Old	
DfE Rate	£6.10	DfE Rate	£6.10
Slough Rate	£5.65	Slough Rate	£5.56
Hours (DfE Estimate)	2,047,565	Hours (DfE Estimate)	2,047,565
Pass Through Cost	£11,574,890	Pass Through Cost	£11,384,460
Supplement - Deprivation	£190,750	Supplement - Deprivation	£206,610
Contingency	£0	Contingency	£139,570
SEN Inclusion	£100,000	SEN Inclusion	£135,000
Subtotal Pass Through	£11,865,640	Subtotal Pass Through	£11,865,640
Average Hourly Rate	£5.79	Average Hourly Rate	£5.80
DfE Rate	£6.10	DfE Rate	£6.10
Pass through Compliance	95.00%	Pass through Compliance	95.00%
MNS	£698,758	MNS	£698,758
Centrally Retained 3-4 Yr Old	£624,510	Centrally Retained 3-4 Yr Old	£624,510
Growth	£0	Growth	£0
Total 3&4 yr old	£13,188,908	Total 3&4 yr old	£13,188,908
Settlement	£13,188,908	Settlement	£13,188,908
Variance	£0	Variance	£0
2 Yr Old		2 Yr Old	
DfE Rate	£6.25	DfE Rate	£6.25
Slough Rate	£5.94	Slough Rate	£5.90
Hours (Slough Estimate)	175,725	Hours (Slough Estimate)	175,725
Subtotal Pass Through	£1,043,370	Subtotal Pass Through	£1,036,779
Centrally Retained 2 YO	£54,914	Centrally Retained 2 YO	£54,914
Contingency		Contingency	£6,595
Total 2 Yr Old Budget	£1,098,284	Total 2 Yr Old Budget	£1,098,288
Settlement	£1,098,284	Settlement	£1,098,284
Variance	£0	Variance	£4
Disability Access Fund	£51,200	Disability Access Fund	£51,200
EYPP	£122,696	EYPP	£122,696
Grand Total	£14,461,088	Grand Total	£14,461,092
Settlement	-£14,461,088	Settlement	-£14,461,088
Total Centrally Retained	£679,424	Total Centrally Retained	£679,424
SEN Inclusion	£100,000	SEN Inclusion	£135,000
	£779,424		£814,424