

Schools Management Forum

Report of: Dianne Nielsen

Subject: 2021/22 Early Years Block Indicative Budget

Date: 13th January 2021

1.0 Purpose of the report

1.1 The purpose of this report is to provide an update to the forum on unit rates for 2021/22.

2.0 Background

2.1 The DSG is a ring fenced grant of which the early years block is part of. The early years block is provided to the Local Authority to fund universal free entitlement for 3 & 4 year olds, qualifying 30 hours entitlement for 3 & 4 year olds and 15 hours funding for qualifying 2 year old entitlement, early years pupil premium (for qualifying children) and Disabled Access Funding (for qualifying children). In addition, the early years block provides the Local Authority with funding for centrally provided early years support and an early year's inclusion fund.

2.2 The amount of funding received for the early years block is based upon a national funding formula. This formula provides funding at a unit value (differing for the 3 & 4, 2 year old, EYPP, DAF etc.) based upon the January census pre and during the financial year.

3.0 Budget Allocations

3.1. The following DSG allocations for early years were received from ESFA on 17th December. Forum are reminded that at this point these allocations are only draft as they are based on the January 2020 census, the final allocation will be based on the January 2021 and January 2022 census and therefore as in previous years will not be known until after the end of the financial year.

Description	2021/22 (Provisional) £
3 & 4 Year Old Universal Entitlement	6,865,582
3 & 4 Year Old Additional 15 hours	1,697,606
2 Year Old Entitlement	2,923,827
Early Years Pupil Premium	221,893
Disables Access Fund (DAF)	52,275
Maintained Nursery Supplementary Funding	0
TOTAL	11,761,183

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- 3.2 The DSG Early Years Block, 3 & 4 year old funding allocations are based on a unit rate of £4.80 per an hour. This is an increase of 6 pence per hour. The rate received for 3 & 4 year olds must cover the universal hourly rate, extended hourly rate, supplements, central allocation and SEN inclusion funds. Therefore the full rate of £4.80 cannot be passed onto providers.
- 3.3 The DSG Early Years Block, 2 year old allocation is based on a unit rate of £5.36 per hour. An increase of 8 pence per hour.
- 3.4 The EYPP allocation is based on a unit rate of £0.53 per hour. This is the same rate as was received for 2020/21.
- 3.5 The DAF allocation is based on £615 per child, this is the same rate as received in 2020/21.

4.0 Supplementary Payments

- 4.1 Funding supplements are amounts of funding paid to providers in addition to the base rate to reflect local needs or policy objectives. These only apply to 3 & 4 year old funding. This is paid from the £4.80 unit rate paid to local authorities.

There are no supplementary payments for 2 year olds.

- 4.2 Middlesbrough Borough Council pay the following supplementary payments:
- Deprivation (mandatory)
 - Flexibility (discretionary)
- 4.3 The terms and conditions of the DSG Early Years grant stipulates that the total planned value of funding supplements, must not be more than 10% of the total value of planned formula to providers.

5.0 Middlesbrough's Early Years Rates 2021-22

- 5.1 The following table below summarises the early years funding rates.

3 & 4 Year Old Funding	2021/22 Rate £
All providers - Universal Entitlement, per hour per child	4.11
All providers - Additional 15 hours, per hour per child	4.11
Deprivation (budget)	230,000
Flexible supplementary payment	0.81
2 Year Old Funding	
All providers – per hour per child	5.19

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- 5.2 The rates above are paid in line with the following notes.
- 5.3 The 3 & 4 year old rate is a universal hourly rate paid to all providers for all qualifying children. This rate covers payments for both the universal 15 hour entitlement and the 30 hours enhancement for working parents. The hourly rate paid to providers will increase by 6 pence per hour for 2021-22.
- 5.4 The deprivation supplement is a mandatory supplement in the formula. The supplement is paid based on pupil premium children in the spring term. The payment is made by pro rata the deprivation budget by the number of children who are eligible for pupil premium in the spring term.
- 5.5 The flexibility payment is also a supplement in the formula, however this is not mandatory. It is paid to providers who offer flexibility in their offer, this will be paid at 81 pence per hour.
- 5.6 In addition to the universal base rate, Early Years Pupil Premium is paid to qualifying children at the rate received, currently £0.53 per hour.
- 5.7 A disabled access fund is paid to settings for qualifying children at £615 per year in line with the national guidance.
- 5.8 The two year old rate of £5.19 per hour is paid to all providers. This is an increase of 8 pence per hour.

6.0 SEN Inclusion

- 6.1 SEN inclusion fund is a mandatory requirement of the early year's formula. An allocation of £200,000 has been set aside for SEN inclusion in 2021/22, of which £150,000 funded from DSG Early Years and £50k funded from DSG High Needs. This allocation covers children accessing universal entitlement and also children accessing the 30 hour entitlement.
- 6.2 Please note this budget will be finalised in line with the formal setting of the DSG High Needs budget.

7.0 Central Funding

- 7.1 The Local Authority to retain an element of 2 year old and 3 & 4 year old to be held centrally to contribute towards the Early Years' Specialist Support service. This central allocation represents 3.25%, (compared to 2020/21 3.5%) of the 3 & 4 year old funding, 2021/22 funding allocation and is therefore within the maximum 5% allowable for 2021/22.

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8.0 Recommendations

- 8.1 That School Management Forum note the central allocation.
- 8.2 That School Management Forum notes the proposed early years' formula and rates for 2021/22.
- 8.3 SMF note the indicative SEN Inclusion Fund total budget of £200k to be formalised in line with the setting of the DSG High Needs budget.