

	<b>Schools Forum</b> 21 January 2021
	<b>Report from the Strategic Director of Children and Young People</b>
<b>Early Years National Funding Formula 2021/22</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
<b>No. of Appendices:</b>	None.
<b>Background Papers:</b>	Prior financial reports to Schools Forum.
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## 1. Purpose of the Report

- 1.1. Following the confirmation of the provisional Early Years Block DSG funding for Brent, the local Early Years Funding Formula needs to be set for 2021/22.
- 1.2. There have been increases to the funding rates allocated to Brent for 2-year-old, and 3 and 4-year-old provision. The LA continues to retain 5% of the total allocated to Brent, with 95% allocated to providers.
- 1.3. The base funding rate to providers makes up 90% of allocated funding. The deprivation factor allocates the remaining 10%, based on the IDACI index, which has been updated to reflect 2019 data.

## 2. Recommendation

- 2.1. The Schools Forum is asked to endorse Brent's Early Years Funding Formula for 2021/22.

### 3. Summary

3.1. It is recommended that for 2021/22, the following are applied to the Early Years National Funding Formula:

- a) A universal base rate for Brent providers for 3 and 4 year old funding of £4.59 per hour. This has increased from £4.53 in 2020/21.
- b) An allocation for deprivation for 3 and 4 year funding of 10%.
- c) A base rate for Brent providers for 2 year old funding of £6.04. This has increased from £6.00 in 2020/21.
- d) A cap on centrally retained funding by the local authority to 5%.
- e) The funding previously allocated under a disapplication for the 2017/18 academic year for additional 15 hour places for some 3 and 4 year old based on local eligibility continues to be allocated to the Under 5's Nursery Panel, and both PVI and maintained providers can apply for this, to ensure the funding continues to be targeted at vulnerable children.

### 4. Funding from central government to the local authority

4.1. The Early Years National Funding Formula hourly rate has increased from £5.45 in 2020/21 to £5.51 in 2021/22. Key figures are:

4.2. **Table 1** EYNFF funding rates

<b>3 and 4 year olds</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Universal 15 hours allocation	£15.5m	£15.0m	£14.9m
Additional 15 hours allocation	£3.42m	£3.78m	£3.8m
Hourly rate before central spend	£5.37	£5.45	£5.51
Maximum percentage for central spend	5%	5%	5%
Hourly rate after central spend removed	£5.10	£5.18	£5.23
Maximum percentage for deprivation	10%	10%	10%
Maintained Nursery Schools Supplementary Funding	£778k	£725k	£717k
<b>2 year olds</b>			
Hourly rate for 15 hours allocation	£5.92	£6.00	£6.08
Provider rate for 2 year olds	£6.00	£6.00	£6.04

### 5. A universal base rate for Brent providers for 3 and 4 year old funding

5.1. 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. The universal base rate to providers has increased from £4.53 in 2020/21 to £4.59 in 2021/22.

a) Overall hourly rate received from DfE	£5.51
b) Remove central spend (5% of £18.17m)	£5.23
c) Allocate to Specialist Nursery Panel (0.13p)	£5.10
d) Reduce by allocation for deprivation (£5.10 x 90%)	£4.59

5.2. Deprivation is allocated based on the Income Deprivation Affecting Children Index (IDACI), which allocates a score according to postcodes. The index was updated based on 2019 data, as the previous data used was based on 2015. For 2020/21, transitional protection was applied to ensure that no provider rate reduced by more than 1.5% compared to 2019/20, while ensuring that 10% of the rate is still allocated for deprivation overall. For 2021/22, it is proposed that the updated IDACI scores will be used to allocate deprivation funding.

## 6. Specialist nursery panel

6.1. This is a multi-agency panel allocating funds for children with SEND or CIN based on eligibility criteria to assist with their successful inclusion in their setting.

6.2. A disapplication to the single national funding formula regarding funding for additional 15 hour places for some 3 and 4 year olds based on local eligibility criteria was allowed by the DfE in January 2017 and applied until the summer term of 2018. This equated to 13p from the 3 & 4 year old funding rate. In January 2018, Schools Forum agreed to release this funding (approximately £0.4m in 2018/19) to this panel for allocation in order to ensure the most vulnerable children receive some additional support. The principle remains that children with the most complex needs will be supported to attend one of the specialist nurseries where appropriate. For 2021/22, the value of this funding is £0.442m.

### 6.3. Table 2 Specialist Nursery Panel Budget

<b>Proposed income 2021/22</b>	<b>Amount</b>
DSG High Needs Block	(£ 1,128,085)
Early Years Block	(£442,190)
Disability Access Fund	(£79,950)
<b>Total Income</b>	<b>(£1,650,225)</b>
<b>Expenditure</b>	
Early Years Inclusion Fund for specialist nurseries	£724,988
CIN for specialist nurseries	£288,000
Inclusion fund for 3 & 4 year olds in non-specialist early years provision	£294,172
Transport	£39,627
Staff member for EY Inclusion team	£56,000
Disability Access Fund	£72,570
CIN/2 year olds in non-specialist early years provision	£94,753
Additional one off funding	£80,115
<b>Total Expenditure</b>	<b>£ 1,650,225</b>

## **7. Additional resources for maintained nursery schools**

- 7.1. The provisional allocation for maintained nursery school supplementary funding in 2021/22 is £0.717m, compared to £0.725m in 2020/21.
- 7.2. This funding is split between the council's four maintained nursery schools on an agreed local formula i.e. based on business rates, a lump sum and estimated hours.

## **8. Centrally retained funding**

- 8.1. The DfE mandated that 95% of the early years funding for 3 and 4 years olds is passed through to providers.
- 8.2. The central spend budget is based upon the DfE estimates for the take-up of provision and is then fixed for the year. The actual income received in year is dependent upon the number of 3 and 4 year olds who take up places in Brent and are counted in the January census.
- 8.3. The central spend will support early years services support as set out below. A significant number of Brent early years settings have accessed this support during the pandemic period, when this support has been particularly highly valued:
  - providing specialist early years advice and guidance to nursery schools, early years' settings and children's centres to improve the quality of early learning.
  - supporting the inclusion of young children who have a range of special educational needs and disabilities (SEND) that may be affecting their learning and progress.
  - expanding supply and take-up of good quality early learning and childcare opportunities for all 3 and 4 year olds and increasing numbers of 2 year olds. Administration of the NEG and related projects.
  - learning and development for practitioners from all parts of the sector including single and multi-day courses, projects and annual conferences.
- 8.4. The maximum 5% of early years funding is retained in 2021/22.

## **9. A base rate for Brent providers for 2 year old funding**

- 9.1. In 2021/22, the funding rate has increased from £6 per hour to £6.08 per hour. Funding providers at £6.08 per hour does not take into account the use of a proportion of 2-year-old funding for central spend. Allocating 5% of this budget for central spend would be the equivalent of reducing funding to £5.78 per hour. This gap has previously been funded from DSG reserves, which are no longer available.
- 9.2. It is proposed to pass on £6.04 to providers, with a deduction of 4p (0.7%) for central services. Not deducting the full 5% will mean a funding gap of £0.140m if the central budgets were to remain at the same level as 2020/21.

- 9.3. Since the DfE provisional funding figures estimates are based on January 2020 data, it is expected that the funding will be increased in line with increased take up, however further guidance is being sought from the DfE regarding arrangements for census 2021 in light of Covid-19 pandemic January lockdown. This will need to be monitored throughout the year and if take up does not increase in future years, options will need to be considered on how to manage this funding gap.

## 10. Early years funding based on DfE provisional allocations

- 10.1. The following table outlines an early years' budget based on draft allocations from the DfE and the recommendations from this paper.

### 10.2. **Table 4** Proposed Early Years block budget

<b>Expenditure</b>	<b>2020/21 £(000)</b>	<b>2021/22 £(000)</b>	<b>Part of high pass through requirement</b>
Distribute to providers for 3-4 year old universal offer	13,975	13,820	Yes
Distribute to providers for 3-4 year old children with working parents (additional 15 hours)	3,501	3,542	Yes
Supplementary funding distributed to maintained nursery schools	725	717	No
Early Years Pupil Premium	67	64	No
Disability Access Fund	73	80	No
Distribute to providers for 2 year olds	3,166	3,746	No
Central Spend	1,102	1,102	No
Additional Panel Funding	450	442	Yes
<b>Total Expenditure</b>	<b>22,901</b>	<b>23,514</b>	
<b>Income</b>			
Universal allocation for 3-4 year olds	15,090	14,918	Yes
Additional hours for 3-4 years from September 2017	3,781	3,824	Yes
Supplementary funding for maintained nursery schools	725	717	No
Disability Access Fund	73	80	No
Early Years Pupil Premium	67	64	No
Allocation for 2 year olds	3,166	3,771	No
<b>Total Income</b>	<b>22,901</b>	<b>23,374</b>	
Balance	158	<b>140</b>	
<b>Breakdown of balance:</b>			
Funding gap for 2 year olds	158		
Central spend for 2 year olds			
<b>Balance</b>	158		

## 11. Financial Implications

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

## **12. Legal Implications**

12.1. There are no legal implications for this report.

## **13. Equality Implications**

13.1. Not applicable.

## **14. Consultation with Ward Members and Stakeholders**

14.1. Not applicable.

## **15. Human Resources/Property Implications (if appropriate)**

15.1. Not applicable.

### **Report sign off:**

***Gail Tolley***

Strategic Director of Children and Young People