

## **EARLY YEARS FUNDING 2022-23 – FUNDING FORMULA CONSULTATION**

### **Purpose of the Report**

1. To agree the proposed consultation questions for early years providers in relation to funding rates for 2022-23.

### **Information and Advice**

2. The Spending Review announced on 27<sup>th</sup> October 2021 provides new funding, of which:
  - £170 million by 2024-25 to increase the hourly rate to be paid to early years providers, to deliver the government's free hours offers. In addition to the £44 million increase confirmed at the 2020 Spending Review.
  - £150 million for training of early years staff, as part of the £1.4 billion announced in June 2021 to help children catch up on lost learning
3. The hourly rate increase is not yet known, and initial allocations will be announced by the DfE in December 2021.

### **Rationale for proposals**

4. The Early Years funding calculation for 2021-22 has significantly changed due to the impact of the pandemic. The ESFA have changed the funding from being based on the January Census (5/12ths of January 2021 and 7/12ths of January 2022) to being 5/12ths of May 2021, 4/12ths of October 2021 and 3/12ths of the January 2022 censuses with the aim of aligning the pupil patterns of the pandemic with the funding and the payments.
5. The outcome of the next two censuses will have a major impact on the final position for 2021-22 and any resulting underspend. We will continue to monitor the forecast for Early Years on a termly basis. The final 2021-22 allocation will be published in July 2022.
6. Therefore, as there is uncertainty around the final position for 2021-22 the proposed hourly rates for 2022-23 will be maintained at current rates.

7. The financial position will be monitored closely throughout the remainder of 2021-22 and 2022-23. Any underspend will be reported to the Early Years and Schools Forum and consideration given to distribute this via the hourly rate at a future date.
8. It is the intention to pass on in full the increase in the 2022-23 hourly rate if there are no requirements to increase funding for centrally held budgets for the Early Years Inclusion Fund and Early Years Deprivation Fund.
9. No changes are proposed to the 2-year-old hourly rate or the deprivation factors of the formula.

## Early Years Consultation Questions

10. The Nottinghamshire EYSFF currently has two factors (basic hourly rate and deprivation) which are listed in the table below together with the criteria for each. The current funding rates for 2021/22 and proposed hourly rates for 2022/23 are illustrated in the tables below.

### Current and Proposed Basic Hourly Rates

| Factor  | 2021-22                       | 2022-23 Proposed                                 |
|---|-------------------------------|--|
|   | Basic Hourly Rate             | Basic Hourly Rate                                |
| 2-year olds PVI & Schools                                   | £5.39<br>(38 weeks per annum) | £5.39 + 2022-23 funding increase to be confirmed |
| 3 - 4-year olds PVI & Schools Universal and working parents | £4.31<br>(38 weeks per annum) | £4.31 + 2022-23 funding increase to be confirmed |

### Current and Proposed Funding Supplements

| Supplement  | 2021-22 Factor Value | 2022-23 Proposed Factor Values |
|---|----------------------|--------------------------------|
| 3- & 4-year olds deprivation - LAC, CIN & CPP         | £406 per year        | £406 per year                  |
| 3- & 4-year olds deprivation - Based on EYPP criteria | 10p per hour         | 10p per hour                   |
| 2-year olds deprivation - LAC, CIN & CPP              | £406 per year        | £406 per year                  |

## **Early Years Funding Formula Consultation Questions**

### **Question 1**

Do you understand that the expected increase in the 2022-23 hourly rate, to be announced by the government in December, will be passed on to providers?

Yes/No/Not sure

### **Question 2**

In consideration with the proposed changes to the hourly rate, do you have any comments or concerns about the impact of this on your provision?

Yes/No/Not sure

### **Question 3**

Do you understand that any temporary uplift of the rates will be decided and paid to providers when the final position is assessed in July 2022?

Yes/No/Not sure

## **Early years Consultation timetable**

- 11th November Early Years and Schools Forum meeting – agree content of consultation.
- Week commencing 15<sup>th</sup> November 2021 consultation period
- December DSG EY funding allocation announced by ESFA
- 3rd December 2021 – circulation of consultation responses and proposed 2022-23 local funding formula.
- 9th December 2021 Schools Forum meeting – recommendation of EY local funding formula.
- 10<sup>th</sup> February 2022 – agreement of EY local funding formula at Policy Committee.
- 24 February 2022 – update to the Early Years and Schools Forum on final 2022-23 local funding formula for Schools and Early Years
- 31 March 2022 – deadline for notification of 2022-23 funding allocation to EY providers

## **RECOMMENDATIONS**

### **That the Schools Forum:**

- 1) Consider and agree the proposed questions to be included in the consultation for early years funding rates for 2022-23.

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