

EARLY YEARS FUNDING 2022-23: AGREEMENT OF LOCAL FUNDING FORMULA

Purpose of the Report

1. To inform the Early Years and Schools Forum of the responses from Early Years providers to the Authority's local funding formula consultation.
2. To seek agreement of the 2022-23 local funding formula for Early Years for recommendation to the Authority's Policy Committee.

Information and Advice

1. The formal consultation on the proposals for early years funding was held from 15th November 2021 to 3rd December 2021.
2. **Appendix 1** includes the consultation responses and comments from the consultation which included feedback from 100 early years providers.
3. In order to agree the local funding formula, Forum members will need to vote on the proposals in consideration with the responses to the consultation. Each of the proposals that require a vote to be taken are detailed in the main body of the report.
4. Forum members are reminded that, in accordance with the Schools Forum (England) Regulations 2012, only the following members are allowed to participate in a vote regarding the local funding formula:
 - Schools (Primary, Secondary and Special)
 - Academies
 - Governors
 - Private, Voluntary and Independent providers

Other non- schools' members (Diocesan and Trade Union) can engage and participate in any discussions held but are not eligible to participate in a vote. The Chair of the Forum has a casting vote in the event of a tied result.

Rationale for proposals

3. A report was presented to the Forum in November which set out the consultation proposals for the Early Years Funding formula for 2022-23. At that time, it was

unknown what the likely hourly rate increase for next year would be, but a commitment was made to pass on the full increase once known.

4. On the 28th November 2021 the Department for Education announced how much the base rates will be increased by, as follows:
 - 21p per hour for 2-year-olds
 - 17p per hour for 3- and 4-year-olds
 - 7p per hour for children eligible for Early Years Pupil Premium attending universal hours
 - Disability Access Fund increased by £185 per annum to £800 per annum.

Early Years Consultation Questions

Consultation responses

5. The consultation questions were to clarify the sector's understanding that the expected rate increases for 2022-23, yet to be announced at that time, would be passed onto them in full and that potential adjustments to the rate for 2021-22 may be made once government had confirmed this years allocation in the new year.
6. A total of 100 (11 Schools, 89 PVI settings) eligible responses were received to the Early Years consultation which was a response rate of 10.3% up from 5.2% last year.
7. The analysis of the responses received, along with the comments for each question are attached as **Appendix 1**.
8. Question 1 asked if respondents understood that the local authority would pass on in full any increases to the rate for 2022-23 to be once the announcement was made by government.

The majority (63%) of respondents understood that they would receive the full increase whilst 24% were unsure what this meant for them.

9. Question 2 asked if respondents had any comments or concerns that any proposed changes to the rate might have on their setting.

58% of respondents were concerned about the impact this would have on their setting. Of the 14 respondents who commented the common theme was concern that increases in the rate would be insufficient to meet rising staff costs associated with increases in the National Minimum wage, etc, which is likely to impact further on their ability to recruit and retain staff.

10. Question 3 asked if respondents understood that any temporary uplift of this years rates will be decided and paid to providers when the final position is assessed in July 2022.

The majority (66%) of respondents understood this.

In summary, there is overwhelming concern from amongst respondents that despite the proposed increases in the hourly rates providers are concerned that they will be insufficient to cover the rising staffing costs such as those associated with the increases in the national minimum wage, and that the level of uncertainty still prevalent in the system leaves the sector vulnerable and potentially, unsustainable. However, it must be noted that the national funding announcements were made after the consultation was launched.

Early Years Funding Formula Proposals

11. Since the consultation was held the Early Years Funding Formula for 2022-23 was announced by government.

12. The current and proposed basic hourly rates are shown in the table below including the increases in Early Years Pupil Premium for eligible children.

Factor	2021-22	2022-23
	Basic Hourly Rate	Proposed Basic Hourly Rate
2 year olds PVI & Schools	£5.39	£5.60
3 - 4 year olds PVI & Schools Universal and working parents	£4.31	£4.48
Early Years Pupil Premium for 3- and 4-year-olds	£0.53	£0.60
LAC Early Years Pupil Premium (all ages)	£0.53	£0.60

13. A vote is required on the following proposal by **School, Academy, Governor, & PVI members**.

In line with Government funding announcements, it is proposed that the basic hourly rate for 2-year-olds is increased by 21p from £5.39 to £5.60.

Are you in agreement with this proposal?

14. A vote is required on the following proposal by **School, Academy, Governor, & PVI members**.

In line with Government funding announcements, it is proposed that the basic hourly rate for 3- and 4-year-olds is increased by 17p from £4.31 to £4.48

Are you in agreement with this proposal?

15. In line with Government funding announcements, it is proposed that the hourly top up rate for 3- and 4-year-olds eligible for Early Years Pupil Premium is increased by 7p from £0.53 to £0.60.

Are you in agreement with this proposal?

16. In line with Government funding announcements, it is proposed that the hourly top up rate for all Looked After Children is increased by 7p per hour from £0.53 to £0.60.

Are you in agreement with this proposal?

17. In line with Government funding announcements, it is proposed that the Disability Access Fund for 3- and 4-year-olds claiming Disability Living Allowance is increased from £615 per annum to £800 per annum.

Are you in agreement with this proposal?

18. No change is proposed to the funding supplements and they will remain as follows:

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

19. In addition, government also announced increases to the following supplements

RECOMMENDATIONS

That the Early Years and Schools Forum:

- 1) Notes the content of the report; and
- 2) Undertakes the votes required to recommend the early years local funding formula for 2022-23 for approval by the County Council Policy Committee on 10 February 2022 and for submission to the ESFA by the deadline of 31 March 2022.

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