
Report of: Lead Officer Admissions and FIS

Agenda item

Report to Schools Forum

Date: February 2021

Subject: 2021/22 Early Years Block



Summary of main issues

1. Local authorities will continue to receive funding via the Early Years National Funding Formula in the financial year 2021/22 to fund the Free Early Education Entitlement (FEEE) for 2, 3 and 4 year olds.
2. The DfE have increased the rate paid to the Local Authority by £0.08 per hour per child for 2 year olds and £0.06 per hour per child for 3&4 year olds.
3. The local authority is consulting with providers and School Forum on the proposed rates for 2021/22. The formula for allocating the DSG Early Years Block will be determined by the Local Authority following the conclusion of the consultation with providers and School Forum.
4. Schools Forum are required to agree the proposed allocation of the **centrally retained** element of the 3&4 Year Old DSG Early Years block funding stream.

Background information

1. The Dedicated Schools Grant includes an Early Years block which is made up of the funded early education entitlement for 2, 3s and 4 year olds. This funding is paid out to childcare providers (PVI nurseries, Childminders and Schools) where they deliver the FEEE offer.
2. A consultation on the proposed local funding formula commenced for providers on 25 January 2021. The consultation was sent to all registered childcare providers in Leeds setting out proposals for the FEEE rates that would come into force from April 2021. The consultation closed on 19 February 2021. The responses will be collated and analysed prior to determination of the funding arrangements, a decision taken by the Director of Children and Families.
3. This paper sets out the proposals for the Early Years block of DSG, and feedback is requested to inform final determination. It is a requirement that schools forum are consulted on changes to local early years funding formulae by 28 February, and all responses will be considered by the Local Authority as final decision maker.
4. The Early Years DSG allocation for Leeds is calculated by the DfE under the EY National Funding Formula. In 2021/22 Leeds will receive an £0.08 increase on its per pupil funding allocation for 2 year olds and £0.06 per hour pupil funding for 3&4 year olds.

5. Initial feedback from providers on the proposal for the funding indicates that providers welcome the full increase being received from the DfE being passed through on the base rate.

Main Issues

1. Method of allocation

- 1.1 The DSG Early Years block allocation is based on the number of hours submitted on census in January each year. The number of hours claimed that week in January is then multiplied by the rate set by the DfE, which for Leeds in 2021/22 will be £5.36 per hour for 2 year olds and £4.95 per hour for 3/4 year olds.
- 1.2 The normal approach to the grant allocation is that the January 2021 census would generate funding for Autumn 2020, Spring 2021 and Summer 2021, creating a lagged funding effect for the Autumn and Summer terms.
- 1.3 3&4 Year old funding is not claimed equally across the year, despite the funding methodology calculating income on this basis. The number of hours claimed in Autumn is the lowest in any year, increasing until the highest claims are seen in the Summer term. In addition, the Autumn term is the longest term (14 weeks vs 12 weeks for the other terms), often leading to a surplus in funding when the lagged effect is adjusted for in the June/July the following year.
- 1.4 During 2020/21, the DfE adjusted the funding methodology in response to Covid-19. The intention was to protect Local Authorities against a reduction in grant income due to January 2021 census being low, as Local Authorities were asked to continue funding providers in Summer and Autumn 2020 'as though Covid had not happened'. This meant that the allocation for 2020/21 was paid to the LA based on 9/12ths of January 2020 census and 3/12ths of January 2021 census as opposed to 7/12ths : 5/12ths.
- 1.5 At this time, it is expected that the Local Authority allocation for the financial year 2021/22 will return to the normal method of allocation - 5/12^{ths} of those hours returned by providers on the 2021 spring term census and 7/12^{ths} of those hours returned on the 2022 spring term census. The expected DSG income for 2021/22 is currently projected based on previous allocations and patterns of take-up and is subject to change.
- 1.6 Providers will continue to receive payments from the LA monthly. During 2020/21, schools have transitioned over to use the provider portal (Synergy) for claiming FEEE funding. As with all other providers, where schools choose to input estimates into the provider portal in advance of the term, they will receive monthly payments. Where they only provide data at the headcount point, they receive the single termly payment at the end of the term.
- 1.7 All settings are invited to provide an **estimate** of the number of funded hours they expect to provide over the following term. This generates a monthly payment throughout the term of the 'base rate' hourly funding.

- 1.8 Providers are required to confirm child level data which includes all relevant eligibility information at three fixed points in the year (once per term). This '**headcount**' data generates the balancing payment in the final month of the term to ensure the settings have been funded for the number of children attending and the number of hours eligible for funding for that term.
- 1.9 The supplement payments (SENDIF and Deprivation Uplift) will be paid in one payment to providers at the end of the term based on the child level data returned on 'headcount'.
- 1.10 Disability Access Fund (DAF) payments are made to providers based on headcount claims where providers identify that a child is in receipt of Disability Living Allowance (DLA). The payment of £615 is made in the first term that the child is recorded as being in receipt of DLA and covers 3 terms, regardless of the number of hours the child claims.
- 1.11 All providers will receive the same funding rates, as identified by the formulae set out in this paper.

2. Funding for two year olds

- 2.1 The 2 year old FEEE funding rate paid to Leeds City Council (the LA) by the DfE has increased from £5.28 to £5.36 for each eligible hour of entitlement.
- 2.2 In line with the decision in previous years to pass through the full 2YO FEEE funding to providers, the funding rate paid to providers for 2021/22 will increase to £5.36 per hour up to a maximum of £3,055.20 per child per annum for 15 hours x 38 weeks of early education.
- 2.3 Although providers continue to share their concerns that the DfE is under-funding the early years entitlement, initial responses from childcare providers have been positive and in favour of the proposed increase to their 2 year old FEEE rate.

3. Funding for three and four year olds

- 3.1 The 3 and 4 year old FEEE funding rate paid to Leeds City Council by the DfE has increased from £4.89 per eligible hour to £4.95.
- 3.2 Leeds has been able to increase the funding allocated to providers through the base rate year on year, by reflecting on the amounts claimed in previous years, and reducing the amount of centrally retained funding.
- 3.3 The full £0.06 increase in the LA allocation from the DfE will be passed through to providers. The consultation sent to providers proposed:

3&4s	Total DfE Hourly allocation to LA	Centrally Retained	Deprivation Supplement	SEN Inclusion Fund (SENDIF)	Base hourly rate funding
	£	£	£	£	£
20/21 (current)	4.89	0.17	0.29	0.05	4.38
21/22 (proposed)	4.95	0.18	0.28	0.05	4.44

4. 3&4 YO Centrally retained funding

- 4.1 The Local Authority is permitted to retain centrally up to 5% of the £4.95 per pupil allocation for 3 and 4 year olds, to support the provision of necessary eligibility checks and a wide range of central services or services in-kind.
- 4.2 Despite increases in the per pupil allocation being received in 2019/20 and 2020/21, Leeds City Council did not increase the amount of per pupil funding retained centrally, meaning the centrally retained element fell to 3.5% of the per pupil per hour funding. At the same time, it is recognised that the central support required by settings continues, and for some cohorts of children – such as those with emerging SEND – the demand for support has increased.
- 4.3 In recognition that the final Early Years block funding remains unconfirmed until after the end of the relevant financial year, LAs do not adjust the centrally retained budget. This means that where there are fluctuations in the number of children on January census, there is some risk of the centrally retained element being either under or over stated. Increasing the centrally retained element (£0.17 in 2020/21 to £0.18 in 2021/22) mitigates some of this risk.
- 4.4 Increasing the centrally retained element to £0.18 per hour per child ensures a pass through rate of 96.3% of the per pupil funding received, a slight increase to 3.7% retained (from 3.5% in 2020/21). Although an increase on the % retained, the amount to be centrally retained is currently projected to be less than in 20/21 due to the expected reduction in total hours funded by the DfE.
- 4.5 Table 2 outlines the proposed commitments for the centrally retained element of the Early Years block, with all elements maintained at 20/21 levels, other than the contingency, which is proposed to reduce.

Table 2:

		20/21 (central retention £0.17)	21/22 (proposed % of 0.18 centrally retained)	21/22 (indicative)
		£		
1	Special Educational Needs Inclusion Team (SENIT)	460,000	25%	460,000
2	Commissioned Service - Portage	140,000	8%	140,000
3	Sensory Services	160,000	9%	160,000
4	Education Psychology	70,000	4%	70,000
5	Early Years Funding for Inclusion team. 3&4 YO Assessments.	30,000	2%	30,000
6	Family Information Service	110,000	6%	110,000
7	Family Services	500,000	27%	500,000
8	Sufficiency	40,000	2%	40,000
9	Commissioned Services - Northpoint Wellbeing (Leeds Counselling)	60,000	3%	60,000
10	Learning Improvement	200,000	11%	200,000
11	Early Years Action plan	35,000	2%	35,000
12	Contingency	47,785	1%	12,974
	Total	1,852,785		1,817,974

- 4.5.1 **SENIT** EY SENIT comprises Early Years Special Educational needs Co-ordinators (EY SENCOs) and the EY inclusion workers. This is a City level offer to all educational settings (school nurseries, Childrens centres, PVI, childminders) for 3 and 4 years olds to support children with special educational needs. SENCOs offer high support and challenge to EY settings to develop their capacity in promoting equality and inclusion, the early identification of need, assessment, securing appropriate provision and improving outcomes. Inclusion Officers play a crucial role in supporting the planning of children transitioning from their EY setting to school. This is a contribution towards the overall cost of this service.
- 4.5.2 **Portage** This is a contribution towards the commissioned service for parents and families of children with identified SEN delivering home visits, information and support. This service is currently commissioned to Barnardo's by the Early Help service.
- 4.5.3 **Sensory Services** The Sensory Services support settings and families to meet the additional educational and developmental needs of children with visual and/or hearing impairment. This is a contribution towards the overall cost of the service. The support offered depends on the needs of the child and family, it could include support by a teacher of the deaf/visually impaired who will support and advise the

- family around educational support for the child. Support could also take the form of support for staff in the setting. A city wide training offer is also in place.
- 4.5.4 **Education Psychology** Supporting Educational Psychology consultations and input to EHC assessments. The team offer a city wide consultation service in children's centres across the city to support early intervention and support for children with complex needs. There is also individual support from the EPT for H-EN cases referred from SENIT on request. This is a contribution towards the cost of the EP support offered.
- 4.5.5 **Early Support & Inclusion.** This is a contribution towards the Early Years Funding for Inclusion Team who manage the EY FFI and SENDIF processes.
- 4.5.6 **Family Information Service** This contributes to the costs of eligibility checks, advice and support to all childcare providers, promotion of the 3&4 year old offer and audit checks by the Family Information Service for all providers.
- 4.5.7 **Family Services** Contribution towards the costs of family outreach workers and the GRT outreach team who promote the take up of FEEE for all settings, supporting 3&4 year old take up of the early education entitlement and attendance at early years provision, improving readiness for learning at 4/5 years old. This element of spend supports an element of the Leeds approach to whole systems support. The model creates an integrated offer across a health, social care and early education model ensuring a community based universal offer for all children under 5. The main offer for 3-4 year olds is in the city wide play and stay offer where families bring children to play learn and communicate together and develop skills for school readiness. Family Outreach Workers also work intensively with targeted families. These are families who have been referred or refer themselves for short, but intensive support.
- 4.5.8 **Sufficiency** A contribution towards the cost of the Sufficiency and Participation team, who are responsible for ensuring the sufficiency of Early Years places on a citywide level, including 3&4 year old provision. The work undertaken is currently overseen by three members of the team and involves supporting providers, monitoring places and forecasting future demand, tracking take up of FEEE and assessing the sufficiency of places across a range of provision, which is accessible for families. Advice and support is available to school nurseries and other providers on improving their FEEE offer to ensure it meets the needs of their local families. Limited business advice is also provided to improve take up and in turn income, ensuring a more sustainable business model can be achieved. The outcomes of this support work can result in increased numbers of places in the city, improved access to local places, higher numbers of 3&4s accessing places and assisting provision to be more sustainable therefore ensuring longevity.
- 4.5.9 **Northpoint Wellbeing Counselling** A contribution towards the cost of a citywide parents counselling service. The purpose of the service is to deliver an individual counselling service to parents and carers of children aged 0-5 years. Northpoint Wellbeing delivers an early intervention responsive service which prevents unnecessary escalation to more targeted services. The contract has been in place since 1/7/2014.
- 4.5.10 **Learning Improvement** A contribution towards the cost of the Early Years Learning Improvement Team and the support they offer to settings in relation to improving outcomes for children, working directly in settings with children and offering generic leadership support across all types of settings. The team provide

post-Ofsted support to Requires Improvement and Inadequate settings and childminders.

4.5.11 **EY Action plan** – Continued commitment to the Early Years Action plan introduced in 2020/21 and offering support for all settings to improve outcomes for all children

4.5.12 **Contingency** – This allows for some exceptions or discretionary payments to be made where there have been issues with eligibility codes being issued but the family were otherwise eligible for funded early education places.

4.6 No comments have yet been received from providers relating to the centrally retained funding.

5. Local Universal Base Rate (3&4 year olds)

5.1 Currently the base rate for FEEE is £4.38 per hour. The proposal is to increase this to £4.44 per funded hour, passing through the full increase of £0.06 per hour being received from the DfE.

5.2 Initial responses to the proposal to increase the base rate in Leeds are positive, although providers continue to share their concerns that the increase offered by the DfE is insufficient to meet the increasing costs of delivering a quality early learning provision.

6. Supplements

6.1 There are some discretionary supplements permitted within the funding guidance, however in Leeds we have only previously used the mandatory supplements, in order to ensure that all providers receive as much funding through the base rate as possible.

6.2 Deprivation

6.2.1 There is a mandatory requirement for a supplement over the base rate for deprivation. The £0.28 from each hourly rate funds enhanced rates for those children living in areas of deprivation.

6.2.2 The supplement for deprivation will continue to be calculated using the Income Deprivation Affecting Children Index (IDACI) with children receiving an hourly supplement if they live in an area of deprivation.

6.2.3 The funding is banded so that children from areas of higher deprivation receive more support ranging from payments of £0.30 per hour per child to £0.85 per hour per child depending on the IDACI banding the child's address falls into. The formula is weighted to each IDACI banding to pass through all of the deprivation funding to providers where they have a child living in IDACI bands A-F. The latest figures from the DfE suggest that 45% of children live in an area classed as IDACI bands A-F and 55% living in an IDACI band G area which receives no deprivation uplift.

6.2.4 Deprivation uplift payments are paid termly in the balancing payment for the term as child level information is required in order for the deprivation uplift to be allocated.

Deprivation uplift:

	<i>Base rate paid per hour £</i>	<i>Deprivation Uplift payment £</i>	<i>Total Hourly rate equivalent £</i>
<i>Child lives in IDACI Band A area</i>	<i>4.44</i>	<i>0.85*</i>	<i>5.29*</i>
<i>Child lives in IDACI Band B area</i>	<i>4.44</i>	<i>0.65*</i>	<i>5.09*</i>
<i>Child lives in IDACI Band C area</i>	<i>4.44</i>	<i>0.55*</i>	<i>4.99*</i>
<i>Child lives in IDACI Band D area</i>	<i>4.44</i>	<i>0.55*</i>	<i>4.99*</i>
<i>Child lives in IDACI Band E area</i>	<i>4.44</i>	<i>0.35*</i>	<i>4.79*</i>
<i>Child lives in IDACI Band F area</i>	<i>4.44</i>	<i>0.30*</i>	<i>4.74*</i>
<i>Child lives in IDACI Band G- no dep uplift paid</i>	<i>4.44</i>	<i>0.00</i>	<i>4.44</i>

*please note, to ensure the deprivation supplement is paid out in full to providers, the rates applied to each IDACI banding may change depending on the grant allocation paid to the Local Authority following census.

6.3 SEND Inclusion Fund (SENDIF)

6.3.1 This is a mandatory supplement to be paid to providers where 3 and 4 year olds take up any number of hours of their free entitlement where the children have lower level or emerging SEND.

6.3.2 Providers apply to the Funding For Inclusion (FFI) Team, who assess the application and then award funding to support settings to meet children's emerging SEN needs. The funding is paid to providers at a rate of £3,600 per year where the child attends for 30 hours per week, or £1,800 per year where the child attends for 15 hours. This is the equivalent of an hourly supplement of **£3.15 per hour**. This funding rate is targeted at those children who do not yet need the support offered from the Funding For Inclusion offer (EYFFI).

6.3.3 In 2021/22, there has been a slight reduction in claims from providers on this supplement. In particular, there has been a reduction in the number of applications for SENDIF support from schools – historically the settings most likely to access SENDIF support – which is believed to be due to the impact of COVID-19.

7. Other

7.1 The Disability Access Fund is a fixed amount of £615 per year per child paid in accordance with national regulations to those children in receipt of Disability Living Allowance, remains with no change. This is funded by the DfE based on DWP data and providers claim this funding when a parent identifies and can evidence that they are in receipt of Disability Living Allowance for their child. In 21/22, the Family Information Service intend to promote this funding to all providers to that they ensure they claim appropriately for any child who is eligible.

Recommendations

Members of Schools forum are asked to:

1. Comment on the funding proposals for the Early Years Funding formula
2. Approve items 1 to 12 of the centrally retained funding identified in 4.6