



Agenda Item

Report Status

For information/note
For consultation & views
For decision

Schools Forum Meeting – 25th February 2021

Report Title: DSG Early Block Budget 2021-22

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Purpose: To provide Schools Forum with an overview of the Early Years Block Budget Allocation for 2021-22.

Recommendations:

1. That Schools Forum notes the indicative funding for the Early Years Block in 2021-22.
2. That Schools Forum agrees the proposed allocation of the Early Years Block towards the funding rate for 2021-22 as set out in this report.
3. That Schools Forum notes and agrees the proposed budget allocation for centrally retained funds as set out in this report.

1. Introduction

- 1.1 This paper seeks to provide Schools Forum members with an overview of the early years block funding within DSG for 2021-22.

2. Early Years Block Funding

- 2.1 The Early Years Block is provided for the Council to meet its statutory duties under the Childcare Act 2006 and is expected to fund:

- The Free Early Education Entitlement for all three- and four-year olds through an Early Years Single Funding Formula (EYSFF)
- The free entitlement for eligible two-year olds
- The Early Years Pupil Premium
- Access for disabled children
- Support for Maintained Nursery Schools

- 2.2 In addition to delivering the early years free entitlement, it is mandated that all local authorities have in place an Early Years Inclusion Fund to support 3 & 4-year-old children, with special educational needs, below the threshold for ECHPs, to access their free entitlement. Amongst the few budgets and services provided directly from the high needs block for children without an EHCP, the Early Years Inclusion Fund, is now provided as part of the Council meeting its statutory obligations.

3. Early Years DSG 2021-22

- 3.1 In December 2020, Haringey Council was notified of its indicative early years block funding allocation for 2021-22. The Government also set out changes to the funding rates for the delivery of the universal and extended free entitlement for 3- and 4-year olds, as well as the funding rate for delivery of the free entitlement for eligible two year olds. The new funding rates come into force from April 2021 and are reflected in the overall amount shown in the Council's allocation for 2021-22.

- 3.2 Guidance from government on the use of the early years block has been updated and can be found at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945677/Early_years_entitlements_local_authority_funding_of_providers_operational_guide_2021_to_2022.pdf

3.3 It should be noted that amongst the actions for the local authority some key requirements are set out in the statutory guidance. These include the following:

3.3.1 Local authorities are not required to establish a special educational needs inclusion fund (SENIF) for 2-year-olds. However, they may wish to do so as part of their provision for children with special educational needs (SEN).

3.3.2 Local authorities are required to pass-through 95% of their 3 and-4-year-old funding from the government to early years providers. This pass-through requirement ensures that the vast majority of government funding reaches providers so that they can deliver the government's free entitlements. This means that local authorities, in planning their budget allocations for the forthcoming financial year, need to allocate at least 95% of their EYNFF hourly rate to providers.

3.3.3 The '95%' includes the following budget lines:

- base rate funding for all providers
- supplements for all providers
- lump sum funding for MNS (please note any funding from the DfE's MNS supplementary allocation will be excluded—see below)
- the top-up grant element of SENIFs paid to providers
- contingency funding

3.3.4 The remaining 5% of expenditure could include the following:

- centrally retained funding (for central services or services in-kind, including special educational needs and disability (SEND) services)
- transfer of any funding to 2-year-olds
- any extra hours that local authorities choose to fund in addition to the government's entitlement hours for 3 and 4-year-olds.
- any funding movement out of the early years block

3.3.5 The following DSG early years block funding streams are not included in the 95% pass-through calculation:

- funding for the entitlement for disadvantaged 2-year-olds.
- payments to MNS from DfE's MNS supplementary funding allocation.
- the disability access fund (DAF).
- the early years pupil premium (EYPP).

4. Early Years DSG Budget Profile for 2021-22

4.1 Haringey's early years DSG budget profile reflects budget allocations notified to Haringey Council by DfE in December 2020. The allocation

is indicative, and subject to adjustment by DfE following their review of the early years and schools census submissions for January 2021.

- 4.2 The census that determines Haringey Council's allocation for the early years element of DSG is the one that takes place in January each year. During census week, a count of the number of pupils taking up a free entitlement place across all the ages is captured along with pupil level data, including whether they have special educational needs. All providers of the free early education entitlement are required to submit information based on those pupils attending their setting during the census week.
- 4.3 Any adjustments to Early Years DSG allocations are applied by DfE between August and September of the same year as a particular January census and represent DfE reaching a final position on the Council's budget allocation for the previous year.
- 4.4 Our indicative allocations for 2021-22 are as follows:

Table 1: Haringey's Indicative DSG Early Years Block Allocation for 2021-22

Funding Stream	2021-22 Indicative Allocation (£m)
3 & 4 YO Universal Free Entitlement (15hr)	12, 886,855
3 & 4 YO Extended Free Entitlement (Additional 15hrs)	4,309,107
2YO Offer	2,432,749
Early Years Pupil Premium	119,632
Disability Access Fund	71,340
Maintained Nursery Schools	1,216,623
TOTAL	21,036,306

- 4.5 In their notification of the 2021-22 allocation, the DfE highlighted that for the allocation of sustainability funding for Maintained Nursery Schools (MNS), part of the allocation is indicative, and part is conditional. This means that allocations for April 2021 to August 2021 are indicative and will be updated on the same basis as the universal entitlements. DfE has stated that is the only adjustment that will be made to those figures.

- 4.6 The MNS supplementary funding allocations for September 2021 to March 2022 are conditional, meaning they may be subject to change and local authorities should therefore treat them as unconfirmed.
- 4.7 The 2021-22 allocations shown in **Table 1** reflect an increase in the funding rates for 2, 3- and 4-year free entitlements. As part of the November Spending Review, DfE has increased the hourly funding rates for all local authorities by 8p an hour for the two-year-old entitlement and, for the vast majority of areas, by 6p an hour for the three- and four-year-old entitlements.
- 4.8 The funding rate for the Early Years Pupil Premium remains the same at 53p per hour per eligible child, and the Disability Access Fund at £615 per eligible child per year.
- 4.9 **Appendix A** sets out the impact of the changes in the calculation of a proposed new funding base rate for 3- and 4-year olds of **£5.13** per hour. The two-year olds funding rate increases to **£5.82**. These new rates will be applied from April 2021.
- 4.10 The proposed distribution of the block is also set out in **Appendix A** and outlines proposals for the centrally retained elements. The breakdown of the proposed use of the centrally retained block is set out in the table below:

Table 2: Centrally Retained Breakdown 2021-22

Elements	2019 (£)	2020 (£)	Proposed for 2021 (£)
EY Commissioning – Sufficiency and Funding Administration	244,320	320,000	320,000
EY Quality Statutory Moderation and Advisory Service	441,310	471,310	471,310
Corporate Overheads	19,000	19,000	19,000
TU Representation	18,000	18,000	18,000
TOTAL	722,630	828,310	828,310

- 4.11 **Appendices B and C** provide further details of the proposed centrally retained expenditure for 2021-22.

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