

SLOUGH SCHOOLS' FORUM
24 March 2021

Directorate of People: Children

Early Years National Funding Formula 2021-22 Update

1 PURPOSE OF THE REPORT

This report updates Schools' Forum on the conclusion of the Early Years National Funding Formula (EYNFF) modelling following the outcome of the consultation with the Early Years sector and the Task Group meeting held 21st Jan 2021.

Background

- 1.1 In November, at the Spending Review, the Chancellor announced a **£44 million** investment in 2021-22, for local authorities to increase hourly funding rates paid next financial year to childcare providers for the government's free childcare entitlements.
- 1.2 The EY task group were alerted to the funding increases to the sector, which 2021-22 we will increase 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. This will pay for a rate increase that is higher than the costs nurseries may face from the uplift to the national living wage in April.

2 RECOMMENDATIONS

- 2.1 That Schools' Forum:
 - **Notes** the conclusions of the work to develop the 2021-22 EYNFF funding model and associated budget development.
 - **Approve** the LA recommendation to implement **option 1** as per the outcome of the sector wide consultation.

3 REASONS FOR RECOMMENDATION

- 3.1 The January Schools' Forum received a verbal update on the preparation of the 2021-22 EYNFF under the auspices of the Early Years Task group and this report offers a final update. Officers are grateful to the sector representatives who participated in the Task Group and consultation exercise.

4 SUPPORTING INFORMATION

- 4.1 Schools' Forum must be consulted on changes to local Early Years funding formulas, including agreeing central spend by the 28th **February**, although the final decision rests with the local authority.
- 4.2 Financial modelling was undertaken to stress test various hourly rates against estimated participation, using a dynamic sliding tool to establish affordability, which includes the additional local funding. It was agreed that a rate increase was affordable which incorporates the additional funding, whilst allowing for growth within the sector.
- 4.3 Four options were presented to the EY task group, where a decision was made to put forward the two most preferred options out to wider consultation, via a Survey Monkey poll.
- 4.4 The consultation was opened to the Early Years sector on the Friday 22th Jan 2021 and closed on the 5th Feb 2021. The sector were asked two questions and to choose one option for each question.
- Option 1 3 & 4 year funding rate: £5.55 (6p increase)
 Deprivation: £0.72 (same as 2020/21)
 2 year funding rate: £5.75 (8p increase)
 EYPP: £0.53 (same)
 SEN Inclusion Grant: £40,000 (£10,000 decrease from £50,000)
 - Option 2 3 & 4 year funding rate: £5.55 (6p increase)
 Deprivation: £0.75 (3p increase)
 2 year funding rate: £5.75 (8p increase)
 EYPP: £0.53 (same as 2020/21)
 SEN Inclusion Grant: £35,000 (£15,000 decrease from £50,000)
- 4.5 **The results of the consultation were as follows:**
- Of the 62 responses, 42 chose option 1 and 26 chose option 2.
- 4.6 A summary of the financial impact of the overall final position is set out in appendix A. It uses the estimated participation rates for 2021-22 which has been provided by and validated by the Early Years' Service.
- 4.7 Schools' Forum will recall the statutory requirement to pass through at least 95% of Early Years DSG to 3-and-4-year olds providers in 2021-22. Local authorities were provided with a compliance test formula by the ESFA to confirm the test would be met. This test was a fundamental feature of the modelling, viewable at Appendix B, which demonstrates its compliance with Early Years National Funding Formula regulations.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

6.1 Monitoring Officer

The relevant legal provisions are contained within the main body of this report.

6.2 Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

6.3 Access Implications

There are no access implications.

7 CONSULTATION

7.1 Not applicable

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Appendix A

Option 1		Option 2	
3-4 Yr. Old		3-4 Yr. Old	
DfE Rate	£5.93	DfE Rate	£5.93
Slough Rate	£5.55	Slough Rate	£5.55
Hours (Slough Estimate)	2,011,400	Hours (Slough Estimate)	2,011,400
Pass Through Cost	£11,163,270	Pass Through Cost	£11,163,270
Supplement - Deprivation	£162,856	Supplement - Deprivation	£169,642
Contingency	£50,000	Contingency	£50,000
SEN Inclusion	£40,000	SEN Inclusion	£35,000
Subtotal Pass Through	£11,416,126	Subtotal Pass Through	£11,417,912
Average Hourly Rate	£5.68	Average Hourly Rate	£5.68
DfE Rate	£5.93	DfE Rate	£5.93
Pass through Compliance	95.7%	Pass through Compliance	95.73%
MNS	£722,350	MNS	£722,350
Centrally Retained 3-4 Yr. Old	£654,229	Centrally Retained 3-4 Yr. Old	£654,229
Growth	£1,014,216	Growth	£1,012,431
TOTAL 3-4 Yr. Old	£13,806,921	TOTAL 3-4 Yr. Old	£13,806,921
2 Yr. Old		2 Yr. Old	
DfE Rate	£6.04	DfE Rate	£6.04
Slough Rate	£5.75	Slough Rate	£5.75
Hours (Slough Estimate)	187,340	Hours (Slough Estimate)	187,340
Subtotal Pass Through	£1,077,205	Subtotal Pass Through	£1,077,205
Centrally Retained 2 YO	£64,263	Centrally Retained 2 YO	£64,263
Growth	£143,799	Growth	£143,799
Total 2 Yr. Old Budget	£1,285,267	Total 2 Yr. Old Budget	£1,285,267
Disability Access Fund	£51,045	Disability Access Fund	£51,045
EYPP	£86,652	EYPP	£86,652
Grand Total	£15,229,885	Grand Total	£15,229,885
Settlement	£15,229,885	Settlement	£15,229,885
Variance	0	Variance	£0
Centrally Retained	£718,492	Centrally Retained	£718,492
SEN Inclusion	£40,000	SEN Inclusion	£35,000
	£758,492		£753,492

Appendix B

Calc	DfE Line	Description	DfE Example	Option x
A	1	Anticipated budget for base rate (including funding to MNS) for 3 and 4 year olds for UNI and EXT	£13,000,000	£11,163,270
	2	Anticipated budget for MNS lump sums for 3 and 4 year olds	£700,000	£722,350
	3	Anticipated budget for supplements for 3 and 4 year olds: Deprivation (including funding to MNS)	£600,000	£162,856
	4	Anticipated budget for supplements for 3 and 4 year olds: Quality (including funding to MNS)	£300,000	£0
	5	Anticipated budget for supplements for 3 and 4 year olds: Flexibility (including funding to MNS)	£200,000	£0
	6	Anticipated budget for supplements for 3 and 4 year olds: Rurality (including funding to MNS)	£200,000	£0
	7	Anticipated budget for supplements for 3 and 4 year olds: EAL (including funding to MNS)	£100,000	£0
	8	Anticipated budget for 3 and 4 year old SEN inclusion fund (top up grant element)	£400,000	£40,000
	9	Anticipated budget for 3 and 4 year old contingency	£1,000,000	£50,000
			Subtotal =	£16,500,000
B	10	DfE initial quantum allocation to local authority of MNS supplementary funding	£98,000	£722,350
C	11	Planned total base rate hours for universal 15 and additional 15 hours for 3 and 4 year olds	2,950,000	2,011,400
D	12	Equivalent average rate to providers for entitlement hours for 3 and 4 year olds (A-B) / C = (lines 1+2+3+4+5+6+7+8+9 - 10) / (line 11)	5.56	5.68
E	13	LA EYNFF hourly rate for 3 and 4 year olds (published alongside this document, or in DSG tables in future)	5.83	5.87
F	14	Test of meeting requirement $F = (D / E) * 100 = ((\text{line } 12) / (\text{line } 13)) * 100$	95.4%	95.9%