

TITLE 2022/23 Early Years Block Budget

FOR CONSIDERATION BY Schools Forum on 16 March 2022

WARD None Specific;

DIRECTOR Director of Children's Services - Helen Watson

OUTCOME / BENEFITS TO THE COMMUNITY

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

RECOMMENDATION

Schools Forum is asked to:

- approve the centrally retained element of the 2022/23 Early Years Budget which will be used to fund the associated statutory duties of the Local Authority;
- note the proposals to increase the current hourly rates paid to all providers by 21p per hour for 2 year olds, and 17p per hour for 3 and 4 year olds.

SUMMARY OF REPORT

The report provides an analysis of the initial 2022/23 budget allocation for Early Years announced by the Department for Education (DfE) on 16th December 2021. The block allocations are based upon the Early Years census from January 2021 and will in due course be updated to reflect the January 2022 census data.

From the census data and budget information currently available, discussions have taken place with the Early Years Task and Finish Group and the proposals put forward will allow for an increase in funding for all providers supporting provision for 2 year olds, of 21p per hour, and for 3 and 4 year olds of 17p per hour.

Confirmation of the rates for schools with Early Years provision will be notified as soon as possible and for other Early Years providers no later than 31st March 2021.

2022/23 Early Years Budget March 2022

.01 Purpose of the Report

This report provides the Schools Forum with details of the 2022/23 Early Years' Budget, and the proposed level of the centrally retained element used to fund the Local Authority's statutory duties.

.02 Recommendations

Schools Forum is asked to:

- approve the centrally retained element of the 2022/23 Early Years Budget, which will be used to fund the associated statutory duties of the Authority;
- note the proposals to increase the current hourly rates paid to all providers by 21p per hour for 2 year olds, and 17p per hour for 3 and 4 year olds.

.03 Background

Since its introduction in April 2017, the Early Years' National Funding Formula (EYNFF) has set the hourly funding rates that each local authority is paid to deliver the universal and additional free entitlements for three and four year olds.

Local authorities are required **to pass 95%** of their three and four year old funding from Central Government onto Early Years' providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.

.04 2022/23 Budget Setting

The national hourly funding rates for 2022/23 have been increased as follows:

- 2 year old funding rates have increased from £5.90 to £6.11 per hour
- 3 & 4 year old funding rates have increased from £5.11 to £5.28 per hour

For Wokingham, the initial allocation for the Early Years Block in 2022/23 is £11,289,225 which is based on the January 2021 census.

The Authority is permitted to retain 5% of the allocation to meet its statutory duties. Taking into account that our allocation will change once the January 2022 census is taken into account, we are proposing retaining 5% of our initial allocation less 5% of the amount we are anticipating to be recouped in July 2022.

For 2022/23 this amount is £549,938 as set in Table A and B. Table A also provides a detailed analysis of the December 2021 allocation.

Finance staff and Early Years colleagues have met with the Early Years Task and Finish Group to discuss the proposals for 2022/23 and the consensus view is that we will be able to increase the rates payable to all providers supporting 3 and 4 year olds by 17p per hour, and those supporting 2 year olds by 21p per hour.

The Provider Reserve Fund has been set at £162,792 (£146,500 in 2021/22) which is the same PTE as 2021/22. Setting the reserve at this level aims to strike a balance between allowing for changes in activity in-year while ensuring rates paid to settings are maximised from the outset.

The element of funding retained by the LA provides a contribution to Early Years Services. In particular, the Early Years Team provides the following services:

- Provider Agreement with Terms and Condition to all Early Years providers which includes PVI's, Schools with Nursery provision, Childminders and maintained nursery.
- Direct work with settings, to support quality - ensuring that the Council meets its statutory obligations under the Early Education and Childcare Statutory Guidance document (2017)
- Training to providers
- Support to settings to ensure inclusive provision for all children
- Moderation of EYFSP data, in line with the STA's requirements
- Cluster groups to support Early Years' providers
- Presentation and briefing at Early Years' Forum
- Monitoring the termly adjustments and verifying census information from providers to enable the correct funding to go to providers
- Financial management of supplements and free entitlement
- SEN Early Years inclusion.

Some of the other support to the Early Years' Team which is required for the delivery of the service include:

- Leadership support;
- Data and performance analysis;
- Finance, I.T., HR, Legal and other support costs;
- Property services etc.

Early Years is part of the Learning, Achievement & Partnership Service (LAP) within Children's Services. A strategic review of LAP is currently being undertaken as part of ongoing development and improvement work within the local authority. Forum members may be aware of the recent unexpected departure of the EY service lead, and therefore the opportunity is being taken to consider the leadership structure of LAP as part of the strategic review.

This review is set in the context of services seeking to meet increasing demand against a challenging financial landscape. The Early Years Task & Finish Group will be kept informed should any opportunities for cost efficiencies in this area be identified.

05. **Financial Summary**

A summary of the Early Years Budget Proposals for 2022/23 is set out in the Tables attached.

Table A provides details of the Early Years Indicative Allocation to the Local Authority.

Table B provides a breakdown of the proposed allocation of the Early Years Budget to providers.

Table C shows the compliance funding for 3 and 4 year olds demonstrating that 96.2% of funding based on the DfE methodology has been “passed through” to Providers.

06. **Members of the Task and Finish Group**

Ian Morgan	Early Years Representative - Schools Forum
Kerrie Clifford	Early Years Representative - Schools Forum

Katherine Vernon
Schools Finance Manager
March 2022