

LANCASHIRE SCHOOLS FORUM

Date of meeting 13 January 2022

Item No 9

Title: Recommendations of the Early Years Block Working Group

Executive Summary

On 30 November 2021, the Early Years Block Working Group considered a number of reports, including:

- Early Years Block Funding 2022/23;
- Chancellor's Children's and Family Services;
- SEN Inclusion Fund;
- Household Support Grant – Christmas Food Vouchers for Early Years Children;
- Early Years Benchmarking;
- Operation Encompass.

Recommendations

The Forum is asked to:

- a) Note the report from the Early Years Block Working Group held on 30 November 2021**
- b) Ratify the Working Group's recommendations.**

Background

On 30 November 2021, the Early Years Block Working Group considered a number of reports. A summary of the information presented, and the Working Group's recommendations are provided below:

1. Early Years Block Funding 2022/23

On 27 October 2021, the Chancellor delivered his Autumn Budget and 2021 Spending Review. The speech made a number of announcements that will impact on school and early years funding going forward.

On 25 November 2021, the Government made further announcements about 'Early years entitlements funding rates for 2022 to 2023'.

This announcement provided more detailed information on early years block funding and gave some Lancashire specific details for 2022/23.

Announcements confirmed that the increases in funding for the government's early years entitlements over the coming years, compared to 2021 to 2022, were as follows:

- £160 million in 2022 to 2023,
- £180 million in 2023 to 2024;
- £170 million in 2024 to 2025.

DfE said that these increases are for LAs to increase the hourly rates paid to childcare providers and reflect cost pressures, as well as anticipated changes in the number of eligible children.

Specific information was provided about how the additional £160m will be allocated nationally in 2022/23 and the report set out how these additional allocations may impact in Lancashire. In considering the national allocations, the Working Group were also mindful of the initial modelling of the Schools Block for 2022/23 estimated that there would not be any headroom available from April 2022, which would have EYB implications as £2m had been transferred to early years in each of the last 2 years to help mitigate the costs pressures facing the sector.

At the last working group, it was resolved to use circa £1m of DSG reserves to help the transition away from the use of Schools Block headroom and to mitigate the impact on providers. This resolution was supported by the full Schools Forum at their meeting on 19 October 2021.

The following proposals were therefore put forward for the EYB in 2022/23

2-year-old entitlement

Lancashire's allocation from April 2022 will be £5.57 per hour, which is a 21p per hour increase from the £5.36 per hour rate we received in 2021/22.

This is the lowest rate nationally, received by just over a third of LAs. The highest rate is £6.87 per hour, which is applicable to a dozen London LAs.

The rate paid out to providers in Lancashire for 2021/22 was £5.16. The 20p reduction from the Lancashire allocation rate funds the supplementary claims process.

Initial modelling of the allocation suggests that the full 21p DfE increase can be passed on to providers, which would give a 2022/23 Lancashire funding rate for 2 year olds of £5.37 per hour. This rate will need to be the subject of confirmation through the budget setting process.

3 and 4-year-old entitlements

Lancashire's allocation from April 2022 will be £4.61 per hour, which is a 17p per hour increase from the £4.44 per hour rate we received in 2021/22. Members will recall that the DfE indicate the Lancashire rate for 2021/22 is protected and the DfE's formulaic calculation would only have provided £4.40 per hour without protection.

This is again the lowest rate nationally, received by just under a third of LAs under this entitlement. The highest rate is £8.51 per hour, which is applicable to one London LA.

The 3&4 year old base rate paid out to providers in Lancashire for 2021/22 was £4.35 per hour, which included an 8p per hour contribution from the Lancashire Schools Block. The reduction from the Lancashire allocation rate funds the supplementary claims process and the deprivation supplement that is paid out to eligible providers.

It is intended to pass on the additional 17p per hour to providers in Lancashire, but, as mentioned in the early budget report, the £2m contribution from the Schools Block is not available in 2022/23 and the working group recommended the use of £1m of Schools Forum reserves to help reduce turbulence in the system. The £1m contribution would equate to circa 4p per hour.

The 2022/23 funding rate may therefore be calculated as follows:

2021/22 base rate, which included £0.08 contribution from Lancashire Schools Block	£4.35 per hour
2022/23 adjusted base rate without £0.08 contribution	£4.27 per hour
2022/23 base rate with DfE £0.17 uplift	£4.44 per hour
2022/23 base rate with £0.04 one off contribution from Schools Forum reserves	£4.48 per hour

This initial modelling of the allocation suggests that the Lancashire base rate for 3 and 4-year-old entitlements would be £4.48 per hour in 2022/23, an increase of 13p per hour from 2021/22. This rate will need to be the subject of confirmation through the budget setting process.

Supplementary funding hourly rate for maintained nursery schools

Lancashire will utilise in full the 3.5% increase in the supplementary funding hourly rate for maintained nursery in 2022 to 2023.

Early Years Pupil Premium

Lancashire will increase our early years pupil premium rate by 7p to 60p per hour, equivalent to up to £342 per eligible child per year, for 2022/23

Disability Access Fund

Lancashire will increase the disability access fund by £185 to £800 per eligible child per year for 2022/23.

Other EYB Issues

One key expenditure element for the sector related to increases in the Minimum Wage from 1 April 2022 that were announced, which are set out below:

- National Living Wage for those aged 23 and over: From £8.91 to £9.50 an hour
- National Minimum Wage for those aged 21-22: From £8.36 to £9.18
- National Minimum Wage for 18 to 20-year-olds: From £6.56 to £6.83
- National Minimum Wage for under-18s: From £4.62 to £4.81
- The Apprentice Rate: From £4.30 to £4.81

The Early Years Block outturn position for 2020/21 indicated a circa £1.5m underspend, but it was noted that this did not include the implications from any further adjustments relating to the January 2021 census data. The final adjustment for 2020/21 was actioned by DfE in November 2021, which reduced our 2020/21 DSG allocation by circa £1.2m.

Even though this adjustment recalculates the 2020/21 Early Years Block underspend to circa £0.3m, it is still viewed as vital that £1m of DSG reserves are utilised in 2022/23 to support the 3 and 4 year old hourly rate, as this transitions away from the use of Schools Block headroom.

There was discussion at the previous working group about issuing a consultation with the sector in Lancashire seeking views on future principles of funding options, perhaps around the balance of allocations for example base rates versus deprivation supplements etc. This consultation may now take place in the summer term, as any changes arising from the consultation can only be implemented from 2023/24.

One final issue to highlighted related to the DfE's mechanism for calculating Early Years Block allocations, which was adjusted for 2021/22 to be based on a termly count. Recent information from DfE indicates that for 2022/23, the allocations will revert to the original methodology, based on the January census data across 2 years.

Members discussed the proposed funding increases and also the considerable cost pressures facing the sector. The increased pressure on settings from children attending with higher levels of deprivation and need were also highlighted. There was also discussion of the latest sufficiency and take-up data and information was provided on the launch of campaigns to raise awareness of the entitlements and build participation.

The Group supported the proposed EYB funding allocations for 2022/23 and whilst it was acknowledged that these would need to be subject to confirmation via the Schools Budget setting process, it was recommended that the proposals be shared with the sector so that providers had early notification of the likely rates, for their planning purposes.

The Working Group

- a) Noted the report;
- b) Supported the proposed EYB funding allocations for 2022/23;
- c) Recommended that the proposals be shared with the sector so that providers had early notification of the likely rates, for their planning purposes

Subsequent to the meeting, officers have had further contact with the DfE, which has included clarification of the current national early years budget forecasts for future years. DfE indicated that the current forecast for 2023/24 and 2024/25 do not include any proposals to uplift the DSG funding rates for LAs from those agreed for 2022/23. The increased funding of £180m in 2023/24 and £160m in 2024/25 included in 2022/23 announcements were expressed as uplifts from 2021/22, so simply maintain the 2022/23 funding rates, with a smaller figure required in 2024/25 due to falling numbers. Officers fed back to DfE that these announcements could be misleading.

There is still considerable time before early years DSG funding rates for 2023/24 and 2024/25 are confirmed, so final allocations can still change and may be influenced by ongoing cost pressures in the sector and beyond, but expectations of increases in early years DSG elements in 2023/24 and 2024/25, as received in 2022/23 and based on the 2022/23 announcements, must be treated with considerable caution.

2. Chancellor's Children's and Family Services Announcements

On 27 October 2021, the Chancellor delivered his Autumn Budget and 2021 Spending Review. The main implications for the working group relating to the Government's increases to the early years block allocations are reported elsewhere on the agenda. However, there were a number of other announcements made by the Chancellor that were about Children's and Family Services that related to the sector, including:

- The Budget invests £500 million over the next three years to transform 'Start for Life' and family help services in half of the council areas across England. This will fund a network of Family Hubs, Start for Life services, perinatal mental health support, breastfeeding services and parenting programmes. It will also expand the Supporting Families programme with an additional £200m of funding, providing up to 300,000 families with high quality, multidisciplinary support.
- An additional £200m will be invested into the cross-government Supporting Families programme, representing around a 40% real-terms uplift in funding by 2024-25, to help families facing a number of interconnected issues access the support they need.
- The Budget maintains the Public Health Grant in real terms, enabling local authorities across the country to continue delivering frontline services like child health visits.
- The government reaffirmed its commitment of £150 million over the SR21 period for training of early years staff to support children's lost learning.
- SR21 provides £104 million by 2024-25 for reforms to unregulated children's social care, and £7 million by 2024-25 to improve access to services and support for adopted children and their families.
- £259 million will be provided over the SR period so more children and young people can receive the care they need.

Members highlighted that Lancashire was unlikely to receive any additional funding from the training of early years staff to support children's lost learning allocation, as we had already been involved in the programme.

The Working Group

- a) Noted the report;**

3. SEN Inclusion Fund

A number of working group members are involved in the Early Years SEN Task and Finish Group that has been meeting to review the SEN Inclusion Fund arrangements.

The last meeting of the SEN Task and Finish took place on 11 October 2021 when it was confirmed that the revised SEN Inclusion Fund arrangements developed by the group had commenced in September 2021, which included:

- Increased the value of allocations;
- Extended the eligibility criteria;
- Reduced bureaucracy in the application process.

Initial feedback at the Task and Finish Group suggested that there had been positive comments made from the sector that the process was easier.

A further meeting of the Task and Finish Group is scheduled for 10 January 2022 and this report provided an opportunity, especially for those members who are not part of the Group, to feedback any comments on the new arrangements, now that they have been in place for a significant part of the term.

Feedback from members indicated that the new process was viewed positively, as simpler and less bureaucratic.

The Working Group:

- a) Noted the report;**
- b) Provided feedback on the revised SEN Inclusion Fund arrangements for consideration at the SEN Task and Finish Group.**

4. Household Support Grant – Christmas Food Vouchers for Early Years Children

Information was provided to the group on Christmas Food Vouchers for Early Years Children. It has been agreed that food vouchers for vulnerable families with 2, 3 & 4 year olds will be provided to cover the two week Christmas holiday period, in the same way that they are being provided for eligible school age children. The food vouchers will be issued directly to the children's home addresses by the postal service from 13 December onwards.

The following children will qualify for a £30 food voucher (£15 per week):

1. All 2 year old children that are taking up a place in the autumn term 2021 in PVI and maintained settings.
2. All 2 year old children who are currently eligible for a 2 year old place in autumn 2021, but have not yet accessed a place
3. All 2 year old children who have been found eligible to take up a place from 1 January 2022

4. All 3 & 4 year old children that are taking up a place in the autumn term 2021 in PVI and maintained settings that are eligible for Early Years Pupil Premium (EYPP).

Settings were notified in the early years bulletin.

The Working Group:

- a) Noted the report.**

5. Early Years Benchmarking

The DfE have just published the latest EY benchmarking data, relating to forecast expenditure for 2021/22.

The Lancashire data compared to our statistical neighbours was shared with the Group and members considered the benchmarking information. The data could be used to help inform possible areas for inclusion in the consultation with the sector that was planned ahead of the 2023/24 financial year.

It was agreed that the benchmarking spreadsheet would be circulated to members to enable further consideration of the data to take place outside the meeting.

Members agreed to feedback any issues for further investigation.

The Working Group:

- a) Noted the report;**
- b) Noted that the benchmarking spreadsheet would be circulated to members to enable further consideration.**

6. Operation Encompass

Operation Encompass is a system that provides schools with timely information about all police-attended incidents of domestic abuse.

The system is not fully operational in the EY sector and it was reported that work was being undertaken to resolve the specific issues that had been identified and enable the system to be rolled out across the sector.

The Working Group:

- a) Noted the report.**