

**TO: SCHOOLS FORUM  
11 MARCH 2021**

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**2021-22 PROPOSALS FOR THE EARLY YEARS BLOCK BUDGET**

**Executive Director:  
People**

**1 PURPOSE OF DECISION**

- 1.1 The purpose of this report is to seek agreement for the 2021-22 Early Years budgets, including the values to be attributed to the Bracknell Forest Council Early Years Funding Formula (EYFF). There is also a decision to consider in line with the statutory funding framework .

**2 EXECUTIVE SUMMARY**

- 2.1 Bracknell Forest Council receives funding for the early years free entitlements through the Dedicated Schools Grant, which includes funding for eligible two year olds and the universal and extended entitlements for 3 and 4 year olds, as part of the dedicated schools grant. This funding is allocated locally to early years providers via the Early Years Funding Formula.
- 2.2 In November the Government announced a £44m increase in early years funding nationally, with details published on 17 December. Early Years funding to Bracknell Forest in 2021-22 will increase by £0.06 per hour for 3 and 4 year olds and by £0.08 per hour for 2 year olds.
- 2.3 It is proposed that the funding increases to Bracknell Forest are passed on in full to providers through the Early Years Funding Formula base rate for 3 and 4 year olds and the universal 2 year old funding rate.
- 2.4 Minor changes to the allocation of funding across the Early Years DSG income budget for 2021-22 are proposed to better reflect current budget forecasts and maintain the agreed proportional distribution of funds through the Early Years Funding Formula.

**3 RECOMMENDATIONS**

**That the Forum considers the EYB budget proposals from the council and AGREES:**

- 3.1 **That for the 2021-22 financial year the Executive Member sets:**
1. **The Early Years DSG income budget be set at £7.74m (Table 3)**
  2. **The funding rates in the Early Years Funding Formula are as set out in Table 4**
  3. **The proposed budgets as set out in Annex 1**
- 3.2 **That there are appropriate arrangements in place for administration of the Early Years free entitlement funding.**

**4 REASONS FOR RECOMMENDATIONS**

- 4.1 The proposals have taken account of local priorities and estimated levels of available resources.

## 5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 None. The proposals reflect the approach agreed by Schools Forum on 19 November 2020 and overall affordability within the forecast financial settlement allocated by the Government.

## 6 SUPPORTING INFORMATION

### Background

- 6.1 This report presents proposals on the Early Years Block (EYB) element of Dedicated Schools Grant (DSG) that the Department for Education (DfE) allocates to Local Authorities (LAs) to fund provisions and support for children up to the age of 5. It covers:
1. the 15 hours free entitlement to education and childcare for disadvantaged 2 year olds
  2. the universal 15 hours free entitlement to education and childcare for all 3 and 4 year olds
  3. the extended 15 hours free entitlement to education and childcare for eligible working parents of 3 and 4 year olds
  4. the early years pupil premium (EYPP)
  5. the disability access fund (DAF)
  6. the Special Educational Needs Inclusion Fund (SENIF)
  7. other specialist and general support services
- 6.2 The statutory regulatory framework necessitates that the council decide on the arrangements to be put in place to meet the requirements for children up to the age of 5 and associated resources, and for Schools Forum to comment on their appropriateness. Final decisions are due to be taken by the Executive Member for Children, Young People and Learning on 23 March.

### National Funding Framework

- 6.3 The DfE uses an Early Years National Funding Formula (EYNFF) to distribute DSG income to LAs. This funding framework sets out key requirements on LAs in setting their EYB budgets for **3 and 4 year old's**, these are:
1. To develop and maintain a local EYFF in accordance with parameters set by the DfE, undertaking consultation with providers and the Schools Forum when any changes are proposed, where the EYFF:
    - a. should include a single funding rate (including the same base rate and supplements) for both entitlements (that is, both the universal 15 hours, and the additional 15 hours for working parents)
    - b. must plan to pass on at least 95% of funding directly to providers – the “pass through rate”
    - c. must use a universal base rate, paid at the same value to all providers
    - d. must use a deprivation supplement to target additional funds to the providers admitting the most disadvantaged children
    - e. can include other, discretionary supplements, which the DfE restricts to rurality / sparsity, flexibility of provision, English as an additional language (EAL) or quality of provision

- f. supplements selected by an LA can generally use any measure of eligibility, provided it is applied equally to all providers in a transparent and fair way
- g. must not allocate more than 10% of funding through supplements
- h. That a Special Educational Needs Inclusion Fund (SENIF) must be created to support children with lower level or emerging SEN
- i. required to pass on the EYPP to providers to support eligible disadvantaged children
- j. required to pass on DAF funding to providers to support disabled children's access to the entitlements

6.4 Requirements on funding providers for **the most disadvantaged 2 year olds** is more straightforward than for 3 and 4 year olds, with no "pass through rate" or payment of additional funding supplements with the DfE encouraging LAs to pay a single flat rate amount. Neither is there a requirement for the SENIF to apply to 2 years, although this is permitted and included in arrangements in the BF SENIF.

Provisional estimate of Early Years Block DSG income

6.5 To reflect potential fluctuations in take-up of the entitlements, and therefore costs, the DfE uses 2 census points to calculate each LAs Early Years Block DSG income. January 2021 part-time equivalent (PTE) actual head count data of eligible children age 2, 3 or 4 for 15 or 30 hours are used to calculate funds the first 5 months of the financial year from April to August 2021; with the equivalent January 2022 data used to fund the 7 months from September 2021 to March 2022.

6.6 On 17 December 2020 the DfE published guidance setting out their intention to follow this approach in 2021-22, but that given the uncertainty, plans for funding local authorities for the summer term 2021 will be kept under close review.

6.7 In January the DfE published additional guidance setting out the requirements for the spring term census Early Years Census 2021 and the Spring School Census 2021, this guidance stated that:

1. For the Early Years Census 2021 *'where a child is reasonably expected to attend Early Years provision, and that provision is made available to them by the provider, their expected hours should be recorded in the Early Years Census. This means children who, were it not for the impact of coronavirus on either their own personal circumstances or on the operation of their Early Years setting, would be attending Early Years provision. This includes children who have previously attended the provision and children who were expected to start attending the provision in January.'*
2. For the Spring School Census 2021 *'Schools must provide pupil level data for pupils who are recorded on the school admission register as at census day, irrespective of whether they attend school on that day. Therefore, pupils who are absent from school on census day, whether the absence is COVID-19 related or for other reasons, should be counted in schools' census returns in the usual way.'*

This additional guidance removes most of the previous concern relating to the amount of funds LAs would receive for EY providers with actual attendance generally at lower levels than would ordinarily be expected.

6.8 Providers claimed early years free entitlements in the spring term 2021 on the same basis as they completed their Spring Census 2021, which allows for the calculation of an

estimated part-time equivalent (PTE) headcount for the Spring Census 2021. A comparison of the PTE for the Spring Census 2020 and 2021 are set out in table 1 and illustrates the reduced numbers accessing the free entitlements in Bracknell Forest due to the impact of COVID-19

**Table 1: Forecast Spring Census 2021 PTE**

|                                    | Spring 2020 PTE | Spring 2021 PTE | Change         |
|------------------------------------|-----------------|-----------------|----------------|
| 2 year olds                        | 179.87          | 143.39          | -35.98         |
| 3 & 4 year olds<br>Universal hours | 1,745.50        | 1,641.95        | -103.55        |
| 3 & 4 year olds<br>extended hours  | 764.50          | 781.96          | 17.46          |
| <b>Total</b>                       | <b>2,689.87</b> | <b>2,567.3</b>  | <b>-122.57</b> |

6.9 There continues to be uncertainty around the impact of COVID-19 on the number of children who will access the free entitlements in the 2021-22 financial year, particularly in the summer term. However, it is anticipated that numbers will return to pre-COVID levels by the Spring Census 2022. The Spring Census 2020 PTE has therefore been used as a proxy for the Spring Census 2022 in calculating income forecasts and expenditure has been forecast using data from the 2019-20 financial year

6.10 In November 2020 the government announced an additional £44m in early years funding nationally. Details of the increase at an LA level were published on 17 December 2020. Bracknell Forest will receive an increase in funding for 3 and 4 year olds of £0.06 per hour and for eligible 2 year olds of £0.08 per hour. Table 2 sets out the change in funding rates.

**Table 2: Forecast changes to Early Years Funding**

|                  | 2020/21 hourly rate | 2021/22 hourly rate |
|------------------|---------------------|---------------------|
| 2 year old's     | £5.96               | £6.04               |
| 3 & 4 year old's | £5.01               | £5.07               |

6.11 Table 3 below provides a summary of the £7.74m anticipated EY DSG income for 2021-22, and Annex 1 provides a more detailed breakdown of the calculation.

Table 3: Forecast Early Years Block Income 2021-22

| Item   | Estimated amount  |
|--|-------------------|
| Funding for 3 & 4 year olds: universal 15 hours                      | £4,919,630        |
| Funding for 3 & 4 year olds: additional 15 hours for working parents | £2,230,350        |
| <b>Sub total: 3 &amp; 4 year olds</b>                                | <b>£7,149,980</b> |
| Funding for 2 year olds  | £528,230          |
| Funding for Early Years Pupil Premium                                | £34,050           |
| Funding for Disability Access Fund                                   | £28,290           |
| <b>Total</b>   | <b>£7,740,550</b> |

Funding decisions previously taken by Schools Forum

- 6.12 To gather views from providers on appropriate funding arrangements for BF, provider consultations were undertaken in December 2016, December 2017 and December 2018 and October 2019. Reflecting on the outcomes, and the DfE requirements on LAs relating to the EY Funding Framework (paragraphs 6.3 **Error! Reference source not found.** and 6.4), Schools Forum has previously agreed parameters for setting the EYB budget as follows:
1. Funding to be managed centrally by the council is capped at 5% of income
  2. The SENIF should be set at 3%
  3. The provider contingency should be set at 1.5%
  4. The EYFF should allocate 90.5% with:
    - a. The uniform base rate set at around 93%
    - b. The deprivation supplement set at around 4.5%
    - c. The quality supplement set at around 2.5%
    - d. No supplements to be paid for rurality / sparsity, EAL or provider flexibility
  5. The DAF and EYPP funding allocation should be allocated to providers at the same funding rate as received from the DfE
  6. Calculation of the IDACI measure of the deprivation supplement is by average score per child.
  7. The percentage of funding paid in the forecast payment is set at 60%
- 6.13 The current EYFF and funding rates are set out in Annex 2.
- 6.14 In the absence of complete financial information from the DfE for the 2021-22 Early Years Block Budget, in November, the Forum agreed the following approach to setting the budget and associated provider hourly funding rates:
- The components and hourly rate values in the Early Years Funding Formula (EYFF) as agreed for 2020-21 is retained for 2021-22.
  - If the DfE provides an increase in funding for 3 and 4 year old's this will be applied in full to the uniform base rate that is paid to all providers. An increase in funding for 2 year olds will be applied in full to the hourly rate paid to providers

- The IDACI element of the deprivation supplement will be recalculated as normal using data from the 2020 calendar year
- The Quality element will also be recalculated as normal
- Early years providers indicative rates for 2021-22 will be calculated using these proposals

6.15 In December there was significant uncertainty surrounding likely January 2021 participation rates and how this could impact on income in 2021-22. In light of this uncertainty and in anticipation of additional guidance from the DfE on funding arrangements for the summer term 2021, it was not considered appropriate to present final budget proposals to Schools Forum, but to delay these until March.

#### Proposals for 2021-22

6.16 The increase in funding for 3 and 4 year olds of £0.06 is applied in full to the uniform base rate and increase in funding of £0.08 per hour for funded 2 year olds is applied in full to the hourly rate paid to providers. The proposed changes will:

1. Increase the base rate for 3 and 4 year olds from £4.39 to £4.45 per hour
2. Increase the rate for 2 year olds from £5.54 to £5.62 per hour

6.17 The number of hours claimed by 3 and 4 year olds eligible for the Early Years Pupil Premium (EYPP) in the 2020-21 financial year increased by 53% over the previous year. As a result, the forecast cost of the Deprivation Supplement in 2021-22, which is comprised of an Early Years Pupil Premium (EYPP) element and an IDACI<sup>1</sup> element, exceeds the available budget allocation.

6.18 The EYPP element is paid on universal hours claimed by 3 and 4 years olds eligible for EYPP funding, with eligibility based on criteria<sup>2</sup> set by the DfE. The IDACI element is paid on universal and extended hours claimed by 3 and 4 year olds at qualifying providers, with eligibility based on the average IDACI score for children attending the setting over the previous calendar year.

6.19 Children from the most deprived households are not eligible for the 30 hours extended entitlement, where eligibility depends on the child's parent(s) being in work<sup>3</sup>. To reduce the forecast cost of the Deprivation Supplement so that it remains within the available budget envelope and the overall agreed budget objective of around 4.5% of funds, while increasing the allocation for the targeted EYPP element of the Deprivation Supplement, it is proposed that:

1. The IDACI element is paid on universal hours only.
2. The allocation for the IDACI element is reduced to 1.9% of the available budget
3. The allocation of the EYPP element is increased to 2.4% of the available budget

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<sup>1</sup> The Income Deprivation Affecting Children Index (IDACI) measures the proportion of all children aged 0 to 15 living in income deprived families. It is a subset of the Income Deprivation Domain which measures the proportion of the population in an area experiencing deprivation relating to low income. The definition of low income used includes both those people that are out-of-work, and those that are in work but who have low earnings (and who satisfy the respective means tests)

<sup>2</sup> [Get extra funding for your early years provider - GOV.UK \(www.gov.uk\)](https://www.gov.uk/get-extra-funding-for-your-early-years-provider)

<sup>3</sup> [30 hours free childcare - GOV.UK \(www.gov.uk\)](https://www.gov.uk/30-hours-free-childcare)

6.20 Three changes to the allocation of funding within the EYB budget are proposed, these changes redistribute the allocation of funding to the EY funding formula to cover the forecast increase in expenditure while addressing an underspend in the SEN Inclusion fund. The proposed changes are:

1. Decrease the allocation for the SEN Inclusion fund to 2% of total available funds as this more closely matches spend expectations.
2. Decrease the centrally retained funding for Bracknell Forest Council services to 4.8% of total available funds.
3. Increase the allocation for the EY Funding Formula to 91.7% of total available funds.

**Table 4: Summary of the proposed 2021/22 Early Years Funding Formula**

| EYFF Element                  | Weighting  | Proposed hourly funding rate | % total EY funding |
|-------------------------------|--|------------------------------|--------------------|
| <b>Deprivation Supplement</b> | 1.9 % of EYFF via IDACI scores<br>Average IDACI score of children attending setting.<br>Universal hours only |                              |                    |
|                               | Band 3   | £0.39                        |                    |
|                               | Band 2   | £0.26                        |                    |
|                               | Band 1   | £0.13                        |                    |
|                               | 2.4% of EYFF via child eligibility to EYPP   | £1.54                        |                    |
| <b>Quality Supplement</b>     | 2.1% of EYFF via setting leadership qualification Level 5 and above  | £0.14                        |                    |
| <b>Uniform Base Rate</b>      | 93.6% of EYFF  | £4.45                        |                    |
|                               | Indicative EYFF average provider rate  | £4.76                        | 91.7%              |
|                               | Average SEN funding  | £0.10                        | 2.00%              |
|                               | Average contingency funding  | £0.08                        | 1.5%               |
|                               | <b>Subtotal to providers</b>   | <b>£4.94</b>                 | <b>95.2%</b>       |
|                               | Average BFC funding (5%) max   | £0.25                        | 4.8%               |
|                               | Indicative funding from DfE to BFC   | £5.07                        | 100%               |

6.21 Considering the forecast increase in the base rate and changes to the IDACI element of the deprivation supplement, the following highlight changes are expected in provider funding rates:

1. 9 providers will see a decrease of 6% to 7% in hourly rate. All are childminders no longer eligible for the IDACI measure of the deprivation supplement having qualified for Band 3 (£0.39 per hour) in 2020/21.
2. 4 providers will see a decrease of 4% to 5% in hourly rate. All are childminders dropping 2 bands for the IDACI measure of the deprivation supplement.

3. 19 providers will see a decrease of 1% to 2% in hourly rate. These providers are dropping 1 band for the IDACI measure of the deprivation supplement.
4. 105 providers will see an increase of 1% to 2% in hourly rate. The increase in funding is due to the increase in the base rate only.
5. 15 providers receive an increase of between 3% and 5%. These providers receive an increase of one band in the IDACI measure of the deprivation supplement or the quality supplement.
6. 6 providers receive an increase of 10%. All are childminders who did not previously qualify for the IDACI measure of the Deprivation supplement and are now eligible for band 3.

#### Next Steps

- 6.22 The EYB budget proposal for 2021-22 will be presented to Schools Forum on 11 March for approval and comment, after which the final budget proposal will be presented to the Executive Member for approval.
- 6.23 Providers will be notified of confirmed funding rates for 2021-22 by the end of March

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

#### Borough Solicitor

- 7.1 There are no specific legal implications arising from this report

#### Director of Resources

- 7.2 The financial implications anticipated from the report are set out in the supporting information.

#### Impact Assessment

- 7.3 There are no specific impact assessments arising from this report.

#### Strategic Risk Management Issues

- 7.4 There is no perceived risk, all proposals are within budget limits and are informed by provider feedback.

## **BACKGROUND PAPERS**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718179/Early\\_education\\_and\\_childcare-statutory\\_guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718179/Early_education_and_childcare-statutory_guidance.pdf)

Early education and childcare statutory guidance for local authorities - June 2018

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718181/Early\\_years\\_entitlements-operational\\_guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718181/Early_years_entitlements-operational_guidance.pdf)

Early years entitlements: operational guidance for local authorities and providers

## **CONTACT FOR FURTHER INFORMATION**

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