

Ealing Council Consultation on Early Years Funding Arrangements for 2022-2023

Local authorities are required to consult providers on annual changes to their local formula. Schools' forums must also be consulted on changes to local early years funding formulas, including agreeing central spend.

The purpose of this consultation is to seek the views, comments and where applicable, preferred options from key partners and stakeholders on arrangements of the Early Years block funding arrangements for 2022-23.

- To seek views/comments on the Early Years formula – proposal to hold at current levels.
- To seek views/comments on the Early Years Inclusion fund – proposal to hold at current levels.
- To seek views/comments on the Early Years central spend – proposal to hold at current levels.

Please provide feedback to us via the online survey on the below link;

[Ealing Council Early Years Consultation on the proposed funding arrangements for 2022-23 Survey \(surveymonkey.co.uk\)](https://www.surveymonkey.co.uk/s/Ealing-Council-Early-Years-Consultation-on-the-proposed-funding-arrangements-for-2022-23)

For any queries please contact; children@ealing.gov.uk

The consultation will close on **Friday 17th December 2021**

Timeline for the consultation and implementation of proposals to the Early Years Block

The proposed timetable is:

Date	Action
6 th December 2021	Consultation exercise commences
17 th December 2021	Consultation closes
11 th January 2022	Report to School Forum

1. Background information

All children in England and Wales are entitled to 15 hours of free nursery education per week, 38 weeks a year from the term after their third birthday until they reach statutory school age. Parents may choose to take this up in a maintained school, nursery or in a private, voluntary or independent sector (PVI) early years setting or with a childminder.

The government extended the free entitlement to nursery childcare from 15 to 30 hours a week for working parents in September 2017. The aim was to reduce the cost of childcare for working families and break down the barriers to work, so that parents who want to return to work or work more hours can do so.

The Early Years Block element, within the Dedicated Schools Grant (DSG) funds the universal provision for all 3 and 4 year old children and the Early Years provision for disadvantaged 2 year old children. Funding is also currently used to support the costs of under 5 year old Children in Need places in order to meet the council's statutory duty in this area.

2. National Funding Formula Guidance

- LAs are required to allocate 95% of funding to providers since 2018/19.
- The government requires LAs to set up Inclusion Funds, to support children with additional needs.
- The formula requires using a single base rate for all providers regardless of sector.
- The formula may have a fixed number of supplements in addition to the required deprivation factor. There is a cap on all these supplements of 10% of the total allocated to providers.
- Maintained nursery schools are financially protected under the national proposals, in order to minimise disruption. To support this, the government has been providing supplementary funding for maintained nursery schools. This will be outside of the main early years, formula allocation.

On 27 October 2021, at the Spending Review, the Chancellor announced increases in funding for the early years entitlements: £160 million in 2022-23, £180 million in 2023-24 and £170 million in 2024-25, compared to 2021-22. This is for local authorities to increase the hourly rates paid to childcare providers for the government's early years entitlements and reflects cost pressures, as well as anticipated changes in the number of eligible children.

As a result of this additional funding, it was confirmed that in 2022-23 local authorities will see an increase in their hourly funding rates by 21 pence an hour for the two-year-old entitlement and, for the vast majority of areas, by 17 pence an hour for the three- and four-year-old entitlements. The minimum funding floor was also increased meaning no council will receive less than £4.61 per hour for the three- and four-year-old entitlements.

A small number of local authorities have been protected in recent years from large drops to their funding rate for the three- and four-year-old entitlements by the 'loss cap'. These authorities will continue to have their 2021-22 hourly funding rates protected in 2022-23. One of these local authorities will see an increase to their hourly rate as they move off the loss cap in 2022-23. The loss cap local authorities in 2022-23 are: Bristol, Camden, Ealing, Halton, Islington, Lambeth, Southwark, Tower Hamlets, and Westminster.

Ealing's funding allocation therefore stays the same.

LA name	2021-22 EYNFF rate	2021-22 EYNFF rate without protections	17p uplifted applied	Minimum funding of £4.61 applied	2022-23 EYNFF rate
Ealing	£5.83	£5.64	£5.81	£5.81	£5.83

Ealing allocate funding as follows:

Early Years Block (£m)	
Central Spend 5% Allowance	1.190
Early Years Inclusion Fund	2.118
Nursery Education Grant Spend	19.716
Contingency	0.787
Total 3-4Year Old	23.811
Early Years Pupil Premium/Disability Access Funding/Maintained Nursery School Supplement	0.955
2 Year old Grant Spend	2.987
Total	27.753

3. Proposed funding formula for 2022/23

Ealing recognises the current difficult climate that many of our early years providers have faced. We recognise the importance of continuing to offer a stable funding rate and continue with high levels of inclusion support at a time that has been most testing for our provisions ensuring a fair and equitable offer, which meets the needs of Ealing children. In order, to continue with this, we propose to keep funding arrangements stable at the current levels as in the previous year, with further views being taken around supplements in the formula.

The below table outlines the hourly funding rates for the Local Funding Formula 2021-22 and proposed rates for 2022-23;

Early Years Funding Formula Factor	All Nursery Providers 2021-22	All Nursery Providers 2022-23
Base Rate <ul style="list-style-type: none"> • Universal 15 hours • Additional 15 hours 	90% of funding £4.63	90% of funding £4.63
Deprivation (mandatory)	5% of supplement funding £0.26	5% of supplement funding £0.26
Quality	5% of supplement funding £0.26	5% of supplement funding £0.26

Question: Is 10% the correct amount that should be allocated via supplements?

- **Deprivation** –reflecting the higher costs of providing quality early education for children from backgrounds of socio-economic disadvantage. This is the only mandatory supplement factor in the local formulae. This currently holds a 5% weighting of the 10% of funding allocated for supplements. The funding is allocated based on the 25% most deprived postcodes of the children attending provision as at the previous year’s January census using the ‘income deprivation affecting children index’ dataset (IDACI).

Question: Is 5% (0.26per hour £148.20 per year) the correct amount to be funded via the mandatory deprivation supplement?

- **Quality** –recognising the higher costs associated with employing staff with Qualified Teacher Status or Early Years Practitioners Status. This currently holds a 5% weighting of the 10% of funding allocated for supplements. The funding is allocated based on teaching in a provision being led by a qualified teacher or an Early Years Practitioner.

Question: Is 5% (up to 0.26per hour £148.20 per year) the correct amount to be funded via the quality supplement?

- **Efficiency** –Encouragement of providers to exploit the considerable scope for efficiencies, to improve the sustainability of businesses and ensure childcare is provided at good value to parents and the taxpayer.
- **Flexibility** – Encouragement of provision of a ‘stretched offer’ including holiday care, ‘wraparound’ to extend the day or ‘out of hours’ provision.
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Question: Should Ealing consider reducing the value of the Deprivation and Quality supplement and include Efficiency and Flexibility supplements into our formula?

4. Central Spend

Under guidance of the National Funding Formula, authorities can retain up to 5% of funding to support central services. For 2022/23 Ealing propose to continue to keep this at the full 5% allocation;

The table below reflects proposals of how the 5% allocation is used:

Description	Budget	Proposed Budget
	2021-22	2022-23
	£m	£m
Family Information Service and Early Years Quality Improvement	0.605	0.605
Central Services for Early Years Supporting High Needs Administration	0.320	0.320
Service Planning, Management Business Support and Overheads including IT Contract and System Management	0.317	0.315
Quality Improvement Consultancy Buy Back (PVI)	(0.048)	(0.050)
TOTAL	1.194	1.190

Question: Do you support the proposal to continue with the current arrangements of the Early Years Central Spend? If you do not support the arrangements what changes do you suggest?

5. In addition to the formula

Following the announcement from the DfE some additional funding has been awarded to local authorities to support Early Years providers.

5.1. 2 Year Old Funding

Ealing's current 2 year old funding allocation is £6.00, this is allocated in full to providers and Ealing propose to continue with this arrangement. Following the new announcement this has increased to £6.29 which will be allocated in full to providers.

5.2 Early Years Pupil Premium and Disability Access Funding

From 2015 the government introduced the Early Years Pupil Premium to 3 and 4 year olds from disadvantaged backgrounds. Following the recent announcements this will increase by £0.60 per hour equivalent to £342 per eligible child per year from £302.10 to support better outcomes for disadvantaged three and four year olds.

Funding for the Disability Access Fund - an additional payment made to providers to help to make reasonable adjustments within their provision to support eligible 3- and 4-year-old children in receipt of disability living allowance, will increase by £185 to £800 per eligible child per year from £615 per year.

5.3 School budget allocations

Schools are funded based on participation over the whole year and not just the highest count, this ensures that funding is realistic and adjustments for over/under occupancy at the end of the year are more manageable. This will not change in line with the changes above.

6. Children with special educational needs

Local authorities are required to have **SEN Inclusion Funds** to provide additional top up funding to providers to improve outcomes for children with special educational needs.

In, order to establish a SEN inclusion fund, Ealing combine funding from the early years block and high needs block of the DSG to meet the needs of children with and without EHCPs.

Ealing manage funding of £4.204m for the provision of approximately 314 part time equivalent places and central high needs services across the Early Years and High Needs blocks of the DSG and as such existing costs apply to the inclusion fund. The value of the fund must take into account the number of children with SEN in the local area, their level of need, and the overall capacity of the local childcare market to support these children and has created additional funding for children with emerging and less complex needs.

The growth in Education, Health and Care (EHC) plans and budget pressure is a national and local issue. The number of EHC plans continues to rise, with a further

10% increase to 2,956 plans in January 2021. Children with EHC plans now represent 3.1% of the age 3-24 population. This has increased from 2.3% in 2018.

A higher proportion of plans have historically been, and continue to be, issued for Under 5s and in the primary sector in Ealing than nationally, which generates a long term spend pressure. The number of primary age plans continued to rise in 2020, despite a falling primary age population, and we saw a 61% increase in plans for children under age 5 in the past year. If the trend in prevalence continues to increase at the current rate, overall number of plans would increase by a further 25% to 3,700 in the next three years, continuing to place pressure on the high needs block. The latest figures (as at 18th October 2021) show the number of plans has increased to 3,087 plans.

Age Breakdown (as at previous 31st Aug)	Jan 2018	Jan 2019	Jan 2020	Jan 2021	% <i>increase 2020-2021</i>
Under age 5	103	131	119	192	61%
Aged 5 to 10	929	1,012	1,130	1,176	4%
Aged 11 to 15	662	782	840	964	15%
Aged 16 to 19	448	475	431	447	4%
Aged 20 to 25	60	151	159	177	11%
Total	2,202	2,551	2,679	2,956	10%

Ealing's EY SEN Inclusion Fund;

Description	Draft Budget 2022/23	Budget 2021/22	Funding streams:		
			Inclusion Fund Early Years Block	Early Years Centrally Retained	High Needs Block
Speech and Language Places	210,000	210,000	210,000	-	-
Central Services for Children with High Needs	320,000	320,000	0	320,000	-
Specialist Nursery Places	2,359,052	2,359,052	1,000,000	-	1,359,052

Children in Need Support	650,000	650,000	290,000	-	360,000
Early Start Inclusion support to mainstream providers	500,000	500,000	500,000	-	-
Total Early Years High Needs	4,039,052	4,039,052	2,000,000	320,000	1,719,052
Increase in Fund for additional eligible 15 hours at 7/12ths	239,108	239,108	118,398	-	101,766
Total Funding forecast 2021/22	4,278,160	4,278,160	2,118,398	320,000	1,820,818
COMF Funding (one off)	225,000	225,000			
Total Funding	4,503,160	4,503,160			

Question: Do you support the proposal to continue with the current funding allocation of the Early Years Inclusion Funding?

In October 2021 Early Years set out a proposal to Public Health, which aimed at transforming and enhancing our current support to parents and preschool children with SEND, particularly to those harder to reach families. We also set out how we would enhance the knowledge, quality and increase SEN provision in the early education sector and continue this into the primary phase. Strengthen multi-agency working and support families in their key transitions from home to early education provider and then from provider to primary school.

Our proposal was successful, and we were granted £450k to deliver and test this transformative service and support. The COMF project timeline is from October 2021-June 2022.

The project will focus on the following areas;

Project element	Outcomes	Outputs
LA to commission Pre-education home visiting service	<ul style="list-style-type: none"> The aim of the service is to empower parents and carers in developing their child's play and learning and promote positive outcomes. Support the successful transition from home to early years provider Increase the number of children attending early education provision Work cohesively with other professionals e.g. Early Start Health workers, SENCOs & through EHAP process provide educational advice to the local authority as part of the EHCP pathway 	<ul style="list-style-type: none"> Commissioned service including voluntary sector expertise Pre-education home visiting service training package developed inc. key COVID related health messages keeping the child and family safe Minimum of 8 Parent/carer recruited Between 16-32 families supported- Priority if the child is looked after, has a Child Protection Plan or is a child in need Qualification pathway established for parents/carers

	<ul style="list-style-type: none"> • 8 parent/Carers engaged in qualification pathway 	
Establish Pre-education home visiting hubs in CCs	<ul style="list-style-type: none"> • Flagship portage hubs established as a key CC service and support for parents 	<ul style="list-style-type: none"> • 4 CC portage hubs established
Develop and Deliver enhanced SEND training to providers	<ul style="list-style-type: none"> • Increased awareness , skills, and quality within early education sector • Increased availability of high quality SEND provision for families 	<ul style="list-style-type: none"> • Development of enhanced SEND training programme • 368 number of providers begin training • Development of enhanced SEND QA Standards • 368 providers begin QA scheme • Increased parental confidence in early years provision • Increased sector knowledge, capacity and local place availability
Enhanced communication through CC and Community Partners	<ul style="list-style-type: none"> • Greater awareness within hard to reach community of key health messages • Individual and group awareness sessions enables greater family and community safety • Individual and group awareness sessions enables greater family engagement with the portage and early education providers and awareness and take up of early childcare entitlements. 	<ul style="list-style-type: none"> • Minimum of 2500 families reached • 25 events delivered • Supporting resources developed
Targeted interventions- Setting Support reduction in EHCPs	<ul style="list-style-type: none"> • Greater skilled and confident workforce in SEND provision • Increased availability of high quality SEND provision • Continuous improvement through SEND QA system • Parental confidence increases • Decreasing demand for specialist provision • Reduction in pre-school EHCPs • High quality transition support 	<ul style="list-style-type: none"> • 1 Early Start Team Leader recruited • 2 Early Start Setting Support Workers recruited • 368 number of providers supported • % increase in parents confidence of providers and support
Targeted interventions- Family Support	<ul style="list-style-type: none"> • Greater support for children and families; practical support; Support planning and assessment; provide information and specialist support: support co-ordination and co-production • Parental confidence increases • Decreasing demand for specialist provision • Reduction in pre-school EHCPs • High quality transition support 	<ul style="list-style-type: none"> • 1 Early Start Team Leader recruited • 2 Early Start Home Support Workers recruited • 50 families supported • 50 children supported in transition • % increase in parents confidence of providers and support

Sustaining the enhanced SEN service

We will not be seeking additional financial resources to sustain the enhanced service beyond June 2022 once the COMF project ends and plan to use the learning and transfer this into a 'business as usual' service.

Whilst we would like to continue with the overall allocation of 9% or £2.1m of the provider pass through to an inclusion fund with around 60% of the cost of early years high needs being funded by the early years block and 40% from the central early years and high needs block combined.

We are proposing to review and restructure two existing funding elements through a phased approach, which will enable the core elements of the new support services to be sustained.

1. Redistribution of CIN funding, equalisation and ensuring fair transparency of funding rates and enhancing case review and duration of support.
2. Reorganisation of EY SEN Inclusion Service in order to redirect to support new enhanced COMF team structure expanding the offer.

Reorganisation of CIN funding

Structure funding rates and duration of support

CIN Funding is provided for children between the ages of 0-5, based on their level of need.

The Children Act (1989) states a child in need can be defined based on;

- Status – Legal status as a child subject to children protection legislation or as a looked after child or as a disabled child.
OR
- A judgement that their health and development is, or is likely to be, impaired without the provision of services.
OR
- A judgement that they are unlikely to achieve a reasonable standard of health and development without the provision of services.

CIN funding currently provides placements of approx. 280 places, with an average waiting list of 98 places at any given time in the year. CIN funding is offered in 22 early years settings, currently funded at hourly rates between £7-£12.50 per hour.

The reorganisation will look to ensure we are able to offer a fairer, more flexible approach across wider provision reach in the borough by supporting more settings to place CIN children, with an equalisation of hourly funded rates. The new approach will ensure we are working towards similar offers as our neighbouring boroughs with benchmarking data reflecting fixed hourly rates with time limited placements.

Proposed Reorganisation:

- Equalisation and transparency of hourly funding rate.
- Time limited & review process on placements.
- Change of model from the advance purchase of places to move to a spot purchase.
- To extend the number of provisions that provide CIN placements.

Question: Do you agree with the principles of introducing equalised hourly funded rates for CIN placements?

Question: Do you have any comments/suggestions on timeframe for managing the changes?

Reorganisation of EY SEN Inclusion

The Early Start Inclusion Team was introduced in 2018/19 in line with enhancing support for children with emerging SEN needs in Early Years settings, through accessing early years provision through inclusion support packages to nursery classes and early years private providers. These packages of support can include top up funding to settings based on individual emerging needs, currently based at 3 levels; support visits to settings to collaborate on strategies and interventions for child/cohorts of children as well as bespoke training.

The service currently supports approx. 300 children over an academic year supporting mainstream provisions with SEN support and training needs as well as providing inclusion grants for children meeting the criteria.

COMF funding will help expand the numbers within the team, as well as the skill mix within the team including specialist SEND advisory teachers, Team Leads and an increase in hands on SEND Workers. This will enable a wider reach of support into schools in KS1 as well as more capacity to support transition into Reception.

This will increase capacity to reach by potentially doubling the numbers of children on Sen support accessing the service within schools. Enabling the development of bespoke interventions, tools and guidance documents for use in the inclusive classroom. A focus will be to strengthen the transition from home, to early years to school to ensure successful placements.

Reorganisations as described will work alongside the COMF project with an implantation date expected for September 2022 with transition protection in place.

Question: Do you agree the projected demand increase for children with SEN warrants the reorganisation of EY inclusion?