

Early Years Funding

Guidance for All Providers of Funded Early Years Provision relating to:

- Indicative Early Years Funding for the 2022/23 Financial Year
- Payment mechanism for Academies/PVIs and Childminders

March 2022

Introduction

1. This guidance has been produced for all providers of early years funded education. Providers are nursery schools, infant and primary schools and academies with nursery classes, private, voluntary and independent (PVI) nurseries and childminders, all providing funded early years' provision. It provides information regarding your indicative funding allocations for 2022/23. The guidance is set out in the following sections:
 - Forecast Funding Statements 2022/23
 - Funding for 2 Year Olds
 - Funding Participation for 3 and 4 Year Olds
 - Early Years Pupil Premium
 - Child Specific Special Educational Needs
 - Payment Arrangements
 - Contact Details
2. In addition to the main guidance the following information has been provided as an annex or appendix:
 - Annex A - Early Years National Funding Formula (EYNFF)
 - Appendix 1: Schedule of Payment and Early Years funding Dates 2022/23
3. You will have received along with this guidance the Indicative Early Years Funding Statement 2022/23. Included within the guidance at Annex A is information relating to the Early Years National Funding Formula (EYNFF), which is the basis on which funding allocations for 2022/23 will be made for 3 and 4 year old children.

2022/23 Forecast Funding Statement

4. Enclosed with this guidance is the indicative funding statement which provides a funding forecast for the financial year 2022/23 based on the census data collected over the last three terms for Nursery Schools/Classes and PVIs.
5. For childminders the estimate is based on the spring term actual carried forward into summer, autumn and spring. These estimates will be replaced following interim headcount tasks for childminders which will be carried out prior to the start of each term.
6. The statement provided sets out the total estimated allocations for early years funding for all 2, 3 & 4 year old children accessing their free entitlement.
7. The EYNFF provides funding for 3 & 4 year old nursery aged children. Annex A to this guidance provides detailed information on each of the individual factors within the EYSFF.
8. Important to note that Early Years funding is based on 12 weeks (180 hours) in Summer, 14 weeks (210 hours) in Autumn and 12 weeks (180 hours) in Spring. Which is based on the 38 weeks of funding received by ESFA. This is irrespective of the number of weeks in the School terms, see Appendix 1 for dates.

Funding for 2 Year Olds

9. Those providers that deliver free early years education to eligible 2 year old children will be funded based on a snapshot of those children attending at each census date, as with the 3 & 4 year old offer. The funding rate for 2 year olds in 2022/23 is £5.57 per child per hour.

Funding on Participation for 3 and 4 Year Olds

10. Early years funding is payable to providers that offer and deliver the Universal free entitlement of 570 hours early education to eligible children. Introduced in September 2017, an additional 570 hours is available for eligible working parents. All providers are required to sign up to the provider agreement and funding is conditional on compliance with the provisions set out in the agreement.
11. Funding will continue to be based on participation for all providers, the funding rate_of 2022/23 is **£4.48 per child per hour** based on actual hours in setting. A revised funding statement will be sent to you each term after the census date adjusting your allocation to reflect the actual take up of provision at the census date.
12. For the period April 2022 to March 2023, eligibility for 3 year olds relates to those children born on or between 01/01/2019 and 31/12/2019 and for 4 year olds, children born on or between 01/01/2018 and 31/12/2018. Children are eligible to take up their entitlement in the term after they reach their third birthday.

Funding for Early Years Pupil Premium (EYPP)

13. All providers eligible to be funded for 3 & 4 year olds early education attract additional funding in relation to those children eligible to receive the Early Years Pupil Premium (EYPP). Children are eligible where their family is in receipt of one of the following benefits:
 - a. Income Support
 - b. income-based Jobseeker's Allowance
 - c. income-related Employment and Support Allowance
 - d. support under part VI of the Immigration and Asylum Act 1999
 - e. the guaranteed element of State Pension Credit
 - f. Child Tax Credit (provided they're not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)
 - g. Working Tax Credit run-on, which is paid for 4 weeks after they stop qualifying for Working Tax Credit
 - h. Universal Credit (household income must be less than £7,400 a year after tax, not including any benefits)
14. Those children in England and Wales who are looked after, have been adopted from care, or have left care under special guardianship or residence orders will also be eligible to attract EYPP, but this funding will be allocated to providers only where a personal education plan is in place for that child and being delivered by the provider.
15. If a child qualifies for EYPP under more than one set of criteria they will only attract the funding once. EYPP is payable only on the universal 15 hours entitlement and not on the additional 15 hours entitlement for working parents.
16. Children must receive free early education for settings to attract EYPP funding and individual children do not have to take up the full 570 hours of early education they are entitled to. Children become eligible for free early education at different points in the year depending on when they turn three. Details of the dates when children become eligible are available in your Provider Agreement.

17. It is up to the provider to obtain parental consent that EYPP eligibility checks can be carried out. This can be obtained through the completed Parental Declaration Forms. Once consent has been obtained, the carer details would need to be completed against the child record on the Headcount task. This information is then used by FIS to establish eligibility.
18. If the child should be eligible for EYPP because they are looked after by the Local Authority or have left care through special guardianship, child arrangement order, or adoption a paper application would need to be submitted to the Families Information Service (FIS) for a manual check to be carried out. This can be sent as a copy of the completed Parental Declaration Form. Please ensure these are sent to FIS via a secure method.
19. Funding for EYPP will be included as part of the providers termly early years payment and will be pro-rated to the number of hours 3 & 4 year old free entitlement claimed for each child. The total EYPP allocation per child for the full 15 hours entitlement is £342 per child (£0.60 x 570 hours). The allocations each term are as follows:
 - Spring & Summer terms £108 (12 weeks each term)
 - Autumn term £126 (14 weeks)

Funding for Child Specific Special Educational Needs (SEN)

20. The Equality Act 2010 ensures that Local Authorities and settings must not discriminate, harass or victimise disabled children, and must make reasonable adjustments. Local authorities must ensure that disabled children entitled to a place are found suitable provision.
21. Two measures are available which were introduced in 2017/18 to support children with disabilities or SEN:
 - Disability Access Fund (DAF)
 - SEN Inclusion Fund
22. The DAF aids access to early years places by, for example, supporting providers in making reasonable adjustments to their settings and / or helping with building capacity (be that for the child in question or for the benefit of children as a whole attending the setting).
23. 3 and 4 Year Olds will be eligible for the DAF if they meet the following criteria:
 - the child is in receipt of child disability living allowance and
 - the child receives free early education (universal 15 hours entitlement).
24. If eligible, the settings will receive a payment of **£800** per year with payment only made to one provider, which is not recouped if the child leaves that setting. Local authorities must issue DAF payments to providers as soon as possible when the child takes up the universal 15 hours entitlement for three and four year olds, following receipt and verification of the relevant application. So, for example, if a child turns three in the summer term, they will be able to take up their entitlement in the autumn term and we will issue the first DAF payment in that term. Where children are still eligible for the DAF, providers should receive a second payment one year later; that is, one year after they first received the DAF.
25. All local authorities are required to establish an inclusion fund in their local funding systems for 3 and 4 Year Olds with SEN taking the free entitlement. The purpose of the fund is to support Local Authorities to work with providers to address the needs of individual children with SEN.
26. Local authorities should target the fund at children with lower level or emerging SEN. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the high needs block of the DSG.

Payment Arrangements

27. Payment arrangements for Maintained Nursery Schools and Primary Schools with nursery classes will remain the same. A journal entry will be made after each census in 2022/23 to reflect actual participation.

Academies, PVI providers and Childminders have the option to choose either 12 monthly payments or 6 termly payments across the financial year from April 2022 to March 2023. You will remain on the same option as 2021/22 unless you have requested otherwise and cannot be changed mid-term. If you wish to change during the year, the change will come into effect the following term.

28. Payments will be amended to reflect actual participation following the 3 census in May, October and January. This will apply to both the monthly and termly arrangements.
29. Please ensure that if there are any changes in your settings name, bank details or contact information that you advise TFC well in advance of any payments you may be expecting.

Contact Details

General enquiries regarding provider contact information, nursery placements or providing information for parents should be referred to Nicola Wardropper at Nicola.wardropper@togetherforchildren.org.uk.

If you require any further information regarding the data used to calculate your Early Years funding payments, or need to change your payment method please contact John Hope at john.hope@togetherforchildren.org.uk .

ANNEX A: EARLY YEARS NATIONAL FUNDING FORMULA GUIDANCE 2022/23

1. The formula to apply in 2022/23 is as detailed below:
 - Universal Base Rate – A single rate to be paid to all providers at **£4.48** per hour
 - Supplementary Factors (Capped at 10%)
 - Deprivation (Mandatory) - IDACI Rates £113 - £550
 - Flexibility - A rate of £0.50 per pupil per hour for those children taking up the flexible offer (42 weeks or more per year)
 - Rural Schools Protection – Using existing criteria - Sustainability
 - Nursery Funding (Mandatory)
2. The EYPP remains distinct from the early year's national funding formula and will continue as a separate funding stream provided to Local Authorities in order to support disadvantaged pupils. The funding will continue to be paid within the DSG and there are no funding changes proposed for 2022/23, with the universal 15 hour entitlement remaining at **£342** (or **£0.60** per hour).
3. The funding rate for the most disadvantaged 2 Year Olds in 2022/23 is **£5.57** per hour.
4. Funding is estimated at the beginning of the financial year based on the previous year's take-up and adjusted to reflect actual participation each term. Participation is counted based on the number of funded hours accessed by each child recorded at the census date divided by 15 to represent a number of part-time equivalent (PTE) children at each census. This applies to both the Universal and Additional 15 hours of funding.
5. The EYNFF allocation for the universal 15 hours entitlement will be calculated using part-time equivalent (PTE) child numbers. 1 PTE is defined as a child taking up 15 hours per week over 38 weeks. If a child qualifies for both the Universal and Additional 15 hours, i.e. 30 hours, this is classed as 2 PTEs.

Deprivation Supplement (Mandatory for All Providers)

6. The indicator used to measure deprivation at individual child level in each setting is the Income Deprivation Affecting Children Index (IDACI), which is a more child focussed indicator of need based on the individual child's postcode. Funding will vary each term based on the postcode data from children included in the termly census.
7. The IDACI indicator is based on a score applied to each super output area (SOA) across the local authority which determines the proportion of income deprived families with children in that area. The scores for each area SOA are assigned to the postcodes in the area. The scores are grouped together to form 6 funding bands from A to G, set out in the table below.
8. Individual children's postcodes are used to identify the IDACI score for each child appearing on the early years' census each term. This enables the local authority to determine the number of children in each band using their IDACI scores. The total number of children is multiplied by the funding level per pupil for that band. This is aggregated into the total deprivation allocation for each setting. The band levels for 2022/23 are set out below.

Band	Early Years Annual Rates	Rate/ Child/ Hour
Band G (IDACI score < 0.20)	£0	£0
Band F (IDACI score 0.20 -0.25)	£113.00	£0.198
Band E (IDACI score 0.25 -0.30)	£113.00	£0.198
Band D (IDACI score 0.30 -0.35)	£190.00	£0.333
Band C (IDACI score 0.35 -0.40)	£240.00	£0.421
Band B (IDACI score 0.40 -0.50)	£360.00	£0.632
Band A (IDACI score > 0.50)	£550.00	£0.965

The above bandings are now based on 2019 IDACI deprivation scores.

Flexibility Supplement

9. Flexibility is funded only to those settings that deliver the full free entitlement on a flexible basis. This will be paid to providers offering 42 weeks or more per year
10. As part of the termly census, all PVI providers are required to indicate on their data returns which children are taking up their entitlement flexibly based on the definition above.
11. How the child is accessing their entitlement from the provider should be clearly indicated on the parental declaration and retained as supporting evidence. Settings will receive **£0.50** per child/hour for those children accessing their entitlement flexibly.

Lump Sum Supplement

12. Maintained Nursery Schools receive a lump sum to reflect the average cost of a Headteacher. This recognises a disproportionate and unavoidable cost that applies to nursery schools and maintains an overall higher rate of funding per child per hour attributed to nursery schools nationally. For 2022/23 the funding the funding is fixed at the onset and payment will be made on the basis of 12/38 Summer, 14/38 Autumn and 12/38 Spring as with other funding streams.

Rural Schools Protection

13. In Sunderland there is a single school that is classified as rural and as a result receives additional funding in order to sustain the provision in certain circumstances. This only applies where there is no viable alternative provision for parents to access locally. Funding is calculated based on funding "ghost" pupils, which is the difference between the number of children at each census point and the minimum number of places required to deliver a sustainable provision in each term.

APPENDIX 1: SCHEDULE OF DATES – EARLY YEARS NATIONAL FUNDING FORMULA 2022/23

Payment dates for both Monthly / Termly Options

		6 Termly Payments				12 Monthly Payments	
Summer Term	Interim	12-Apr-22		Summer Term	1	12-Apr-22	
	Final	21-Jun-22			2	10-May-22	
					3	21-Jun-22	
					4	12-Jul-22	
					5	09-Aug-22	
Autumn Term	Interim	06-Sep-22		Autumn Term	1	06-Sep-22	
	Final	15-Nov-22			2	11-Oct-22	
					3	15-Nov-22	
					4	13-Dec-22	
Spring Term	Interim	10-Jan-23		Spring Term	1	10-Jan-23	
	Final	14-Feb-23			2	14-Feb-23	
					3	07-Mar-23	

NOTE: Please allow 1-3 days after the payment dates above for payments to be received depending on your banking arrangements.

Early Years Funding dates

The table below shows the Early Years funded dates compared with School term dates. Occasionally, the School term dates differ from Early Years funding dates. Funding is paid, as usual, on the basis of 12 weeks (180 hours) Summer, 14 Weeks (210 hours) Autumn and 12 weeks (180 hours) Spring. This is due to the funding received from ESFA is based on 38 weeks throughout the year even if the number of weeks in the 3 School terms is greater (which occurred in 2021/22 where there were 40 weeks in the period Apr-Aug). In 2022/23 the Early Years funding dates are in line with the School Term dates.

Summer Term 2022	Early Years Term Dates (12 Weeks)		Maximum Funding	
Early Years dates	Monday	25/04/2022 - Friday 22/07/2022	180 hours	12 Weeks
<i>School dates</i>	<i>Monday</i>	<i>25/04/2022 - Friday 22/07/2022</i>		12 Weeks
Half Term	Monday	30/05/2022 - Friday 03/06/2022		
Autumn Term 2022	Early Years Term Dates (14 Weeks)		Maximum Funding	
Early Years dates	Monday	05/09/2022 - Friday 16/12/2022	210 hours	14 Weeks
<i>School dates</i>	<i>Monday</i>	<i>05/09/2022 - Tuesday 20/12/2022</i>		14.1 Weeks
Half Term	Monday	24/10/2022 - Friday 28/10/2022		
Spring Term 2023	Early Years Term Dates (12 Weeks)		Maximum Funding	
Early Years dates	Monday	02/01/2023 - Friday 31/03/2023	180 hours	12 Weeks
<i>School dates</i>	<i>Wednesday</i>	<i>04/01/2023 - Friday 31/03/2023</i>		11.7 Weeks
Half Term	Monday	20/02/2023 - Friday 24/02/2023		