

Early Years Deprivation Funding Consultation £1.2m

The current deprivation funding factor in Sheffield

Sheffield currently uses data from the Income Deprivation Affecting Children Index (IDACI). This measures the proportion of all children aged 0 to 15 living in income-deprived families as defined by the Ministry of Housing, Communities and Local Government. The definition of low income includes people that are out of work and those who are employed but have low earnings and satisfy the respective means test.

England and Wales are broken down into 32,844 Lower Super Output Areas (LSOA). Every LSOA is ranked to determine the most deprived geographical areas in Sheffield based on their household income. The IDACI data set is updated every 5 years and was last updated in 2019 by the Ministry of Housing, Communities and Local Government.

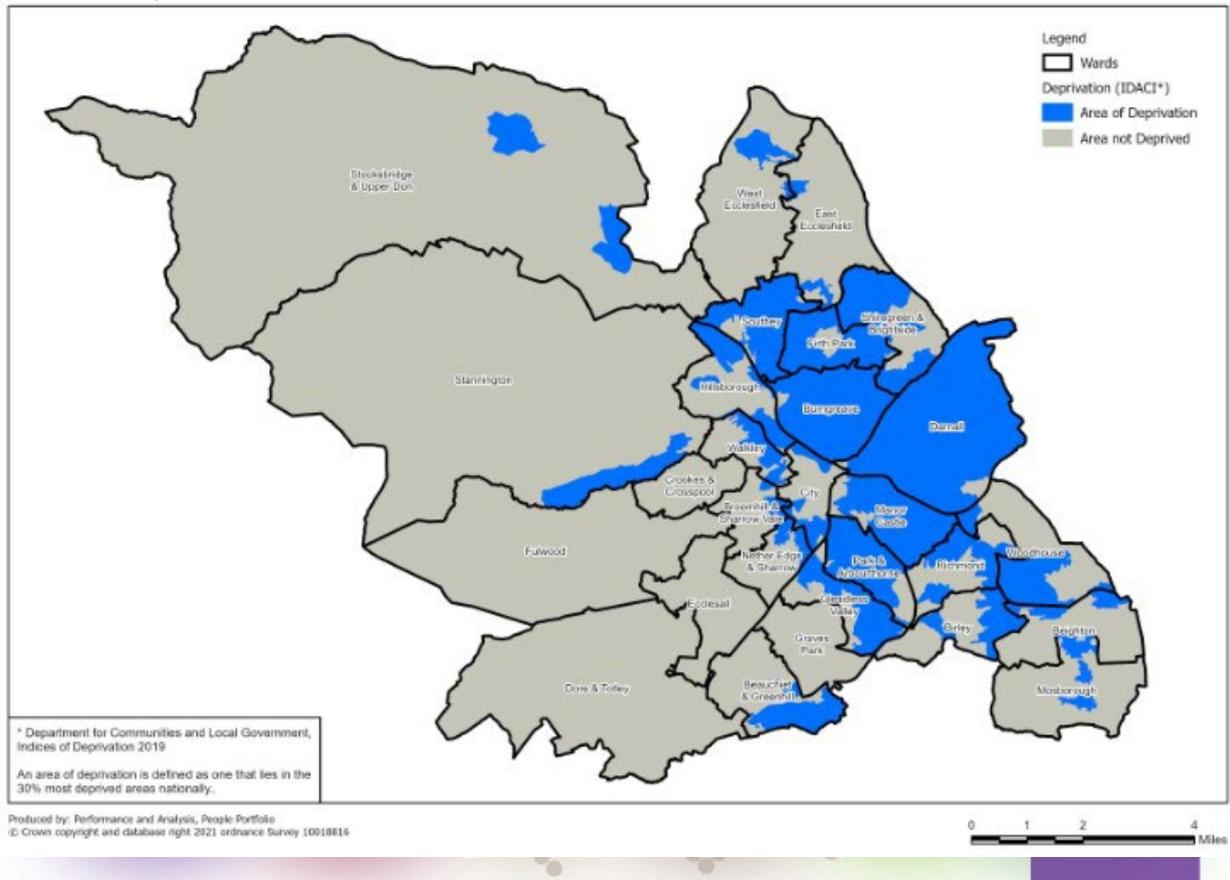
Sheffield introduced the 2019 data set from the financial year 2021/22. Sheffield's average IDACI score improved between 2015 and 2019 (e.g., Sheffield was less deprived than previously in absolute terms), Sheffield became more deprived relatively, based on the IDACI ranking, as other areas improved at a greater rate.

Sheffield's deprivation funding rate is £0.44 per hour as agreed by the Schools Forum in February 2022. The funding rate has not increased because the Early Years Working Group prioritised increasing the Base Funding hourly rate, which in turn benefitted all providers in the city.

Early Years providers are not funded based on their location or post code in the city - funding is based on the pupil's post code. Providers will only receive the maximum 100% of deprivation funding of £0.44 per pupil hour if all pupils attending their setting live at a postcode that attracts deprivation funding.

The Deprivation hourly funding rate for 2022/23 is calculated based on the post code of pupils who attended a FEL provider in Spring, Summer, and Autumn in 2021. Therefore, deprivation funding rates can increase or decrease depending on where children reside. This results in Sheffield FEL providers attracting an hourly deprivation funding rate of between £0.01 to £0.44.

Areas of Deprivation - IDACI 2019



Below is an example of how deprivation is calculated

Provider ABC – Example of deprivation Funding	
Spring 2021 - pupils attracting deprivation	87%
Summer 2021 - pupils attracting deprivation	90%
Autumn 2021 - pupils attracting deprivation	90%
Overall deprivation funding percentage for 2022/23	89%
	£
Deprivation funding rate agreed for 2022/23 for all providers	0.44
	£
Provider ABC - Deprivation Funding Rate for 2022/23	0.39
	£
Base Rate for all Providers in 2022/23	4.43
	£
Provider ABC Hourly Rate	<u>4.82</u>

Explanation of the graph and table above.

Provider A had 59 children in its setting in Spring 2021 and of those 59 children, 51 of them are classed as deprived (87%).

In Summer 2021 70 children attended and of the 70, 63 of them were classed as deprived (90%).

In Autumn 2021, 48 children attended and 43 of them were classed as deprived (90%).

Provider ABC would therefore be entitled to the total percentage of the three terms of deprived attendee data (87%+90%+90%) = 267% divided by 3 terms = 89%

The providers deprivation funding rate for the financial year 2022/23 would be 89% x 44p = 39p + the base rate of £4.43 = Provider ABC's annual hourly rate payable of £4.82.

Deprivation Funding expectations

The aim of deprivation funding is to reduce the inequalities children face where they live in an identified area of deprivation. Early Years providers should use this funding to support children and reduce the gap between the most and least advantaged. Examples of good practice include reducing or removing any additional charges for 'extras' that these children/families receive, fund additional support hours for the eligible children or offer a free meal.

Model 1 – 100% IDACI Deprivation 2022/23 (Current model)

This is the current deprivation funding method that distributes the £1.2m deprivation funding to all Sheffield Early Years providers. This method allocates 100% deprivation funding at 44p per pupil hour to all Lower Super Output Areas (LSOAs) in Sheffield that are in the 30% lowest ranking areas of the country.

This model has been used to provide the comparative analysis.

While IDACI clearly has its challenges, no other proxy indicator appears to be superior. All eligible pupils attract £0.44 per pupil hour. The IDACI funding method is readily available, it doesn't require a change in parental or provider behaviours and data collection funds more children than those on other qualifying benefits.

Provider Type	IDACI Deprivation Funding 2022-23 £
Childminders	25,848
PVIs	529,625
Maint. Nurseries	26,379
Maint. Schools	197,692
Academies	459,384
Grand Total	1,238,928

Model 2 – 100% Early Years Pupil Premium (EYPP)

This method allocates 100% deprivation funding to providers based on actual EYPP funding paid to providers in Summer 2021, Autumn 2021 & Spring 2022.

Funding is redistributed from Childminders and PVI's to maintained schools and academies. The reason for the funding movement is due to pupils who attract EYPP status are predominately located in school-based areas with the highest levels of social deprivation.

Provider Type	Model 2 - 100% EYPP	Original Funding £	Variance £
Childminders	13,722	25,848	-12,126
PVIs	472,447	529,625	-57,178
Maint. Nurseries	25,489	26,379	-890
Maint. Schools	208,933	197,692	11,241
Academies	518,337	459,384	58,953
Grand Total	1,238,928	1,238,928	0

Model 3 - 80% IDACI & 20% EYPP

This model is based on allocating deprivation using 80% of funding via IDACI and 20% based on EYPP funding paid to providers in Summer 2021, Autumn 2021 and Spring 2022.

Funding is redistributed from childminders and PVI's to maintained schools and academies. The reason for the funding movement is due to pupils who attract EYPP status are predominately located in school-based areas with the highest levels of social deprivation.

Provider Type	Model 3 - 80% IDACI/20% EYPP	Original Funding £	Variance £
Childminders	23,423	25,848	-2,425
PVIs	518,189	529,625	-11,436
Maint. Nurseries	26,201	26,379	-178
Maint. Schools	199,940	197,692	2,248
Academies	471,175	459,384	11,791
Grand Total	1,238,928	1,238,928	0

Summary of all 3 Models

Provider Type	Model 1 - IDACI Deprivation Funding 2022-23 £	Model 2 - 100% EYPP	Model 3 - 80% IDACI/20% EYPP
Childminders	25,848	-12,126	-2,425
PVIs	529,625	-57,178	-11,436
Maint. Nurseries	26,379	-890	-178
Maint. Schools	197,692	11,241	2,248
Academies	459,384	58,953	11,791
Grand Total	1,238,928	0	0

Pupils	4,940	2,101	4,372
	£	£	£
£/pupil	250.80	589.74	283.37
	£	£	£
£/pupil hour	0.44	1.03	0.50