

Report to: Schools Forum

Date of Meeting(s): 23rd January 2020

Subject: Early Years Funding Formula 2020/21

Report of: James Winterbottom – Director Children and Families

Contact Officer: John McDonald Strategic Finance Manager
Jayne Challiner Service Manager Early Years

Summary: To update Schools Forum on the Early Years DSG allocation

Recommendation(s): For Schools Forum to note the contents of the report and agree the proposed rates and level of central spend.

Implications:

*What are the **financial** implications?* Contained within the report

*What are the **staffing** implications?* n/a

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
N/A	

1. Introduction

- 1.1 The early years national funding formula for 3 and 4 year olds consists of a universal base rate including factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language.
- 1.2 The formula also includes an area cost adjustment multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and Nursery Rates Cost Adjustment (NRCA) to indicate cost of premises.
- 1.3 The formula rate for Wigan was £4.30 for 2019/20 and this has been increased to £4.38 for 2020/21. This equates to an increase of £0.3m.
- 1.4 Funding for the most disadvantaged 2-year olds will also increase by 8p to £5.38. This equates to an increase of £0.050m. There are no changes to funding for Early Years Pupil Premium. This remains at £0.53 per hour.

2. Our Proposals

- 2.1 The current rates agreed last year are contained in the table below. We recommend that the 3 and 4 year old rate is increased to £4.10 across the sector and retain the current FSM and Deprivation rate. The additional £0.02 funding will be retained to support the increasing demand for additional SEND support in early years (c£80k).
- 2.2 Local authorities are required to plan to pass-through 95% of their 3- and-4-year-old funding from the government to early years providers. This pass-through requirement ensures that the vast majority of government funding reaches providers so that they can deliver the government's free entitlements. Wigan's pass-through rate for 2020/21 based on increasing the rate to £4.10 will be 97%.
- 2.3 The retained funding will continue to support staff within the Early Years Teams. This will cover;
 - quality
 - training
 - speech and language
 - safeguarding
 - sufficiency
 - SEN inclusion fund (3 / 4 year olds) – further details can be requested from the Early Years Team.
- 2.4 In addition to this centrally retained fund we currently top slice 10p from the hourly rate from 2 year old funding to help fund SEN support. We would like to continue to top slice the 10p. The rate paid to providers will now be £5.28 per hour.
- 2.5 The local authority also receives disability access funding of £615 per child. This is awarded to children in receipt of DLA (Disability Living Allowance).

- 2.6 Maintained Nursery Schools are protected until March 2021. This protection will help settings in terms of the transition to the lower base rate. The authority will work closely with both of the schools to help support them in the longer term.

Table 1

Early Years Block - Proposed Rates / Payments Three and Four Year Olds			
		19/20	20/21
Payment	Recipient		
		per hour	per hour
Free Entitlement 3 & 4 year old	Maintained Nursery Schools	4.04	4.10
Free Entitlement 3 & 4 year old	Maintained Nursery Classes	4.04	4.10
Free Entitlement 3 & 4 year old	PVI's	4.04	4.10
FSM Supplement	Maintained only (per meal)	2.30	2.30
Pupil Premium	All Sectors	0.53	0.53
Deprivation Supplement	All Sectors	0.33	0.33

3. Conclusions

- 3.1 Forum members to note the contents of the report.
- 3.2 Forum members to agree to the rates proposed for both 2, 3 and 4 year olds, the retention for central services and the top slice of 10p from the 2 year old funding to continue.