

Report to: Schools Forum

Date of Meeting(s): 28th January 2016

Subject: School Funding Formula (SFF) 2016/17 – Early Years Block

Report of: James Winterbottom - Director for Children and Families

Contact Officer: John McDonald Strategic Finance Manager

Summary: To update Schools Forum on the Early Years Block DSG allocation. To agree the Early Years Single Funding Formula.

Recommendation(s): For Schools Forum to note the contents of the report and agree a rate for Private, Voluntary & Independent (PVI) Provision.

Implications:

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

*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 Department for Education (DfE) issued out the 2016/17 Dedicated Schools Grant (DSG) allocations on December 17 2015 for the Schools Block, High Needs Block and Early Years Block. The allocation for Wigan with regard to the Early Years Block for 2016/17 is as follows :

Early Years Funding	2016/17
Unit of Funding	£3,386.94
FTE Numbers	2,961
Pupil Number Funding 3 & 4 years old as per DfE	£10,025,768
Funding for early education places for 2 year olds from lower income households	£2,877,930
Pupil Premium (3 & 4 yrs olds)	£273,525
Total Early Years Block	£13,177,223

- 1.2 **The amount per pupil for the early years free entitlement is the same as for 2015 to 2016.** Initially, this has been multiplied by pupil numbers from the January 2015 early years census and school census to produce a provisional allocation. This will be updated in: July 2016 based on January 2016 pupil numbers and July 2017 based on 5/12ths of the January 2016 pupil numbers (to cover the April 2016 to August 2016 period) and 7/12ths of the January 2017 pupil numbers (to cover the September 2016 to March 2017 period) This means that the final allocation for three and four year olds for 2016 to 2017 will be based on $5/12 \times$ January 2016 pupil numbers plus $7/12 \times$ January 2017 pupil numbers.
- 1.3 **The amount per child for disadvantaged two-year-olds is the same as for 2015 to 2016.** Initially, this has been multiplied by participation numbers from the January 2015 early years census and school census to produce a provisional allocation. Initial funding allocations for two year olds will be announced in July 2016. These will be based on the number of eligible children participating in early education as recorded in the January 2016 early years census and school census. The allocations will be updated in July 2017, based on 5/12ths of the January 2016 participation numbers (to cover the April 2016 to August 2016 period) and 7/12ths of the January 2017 participation numbers (to cover the September 2016 to March 2017 period). The final allocations for the funding for two year olds will be based on $5/12 \times$ January 2016 participation numbers plus $7/12 \times$ January 2017 participation numbers.
- 1.4 **The amount per pupil for the early years pupil premium is the same as for 2015 to 2016.** A provisional allocation for the early years pupil premium (EYPP) is included in the table above.
- 1.5 Initial allocations for EYPP will be announced in summer 2016. The allocations will be based on the number of children eligible for the EYPP as recorded in the January 2016 early years census and schools census. The allocations will be updated in summer 2017, based on 5/12ths of the January 2016 participation numbers (to cover the April 2016 to August 2016 period) and 7/12ths of the January 2017 participation numbers (to cover the September 2016 to March 2017 period).

This means that the final allocations for the funding for EYPP will be based on 5/12 x January 2016 participation numbers plus 7/12 x January 2017 participation numbers.

- 1.6 The rate has been determined by the DfE and equates to £0.53 per hour per eligible pupil. This means providers will receive over £300 for each eligible 3 or 4 year old who takes up the full 570 hours of state-funded early education they are entitled to.

2. Funding Allocation 2016/17

- 2.1 The School Finance (England) Regulations 2012 set out how local authorities must operate their early years single funding formula (EYSFF). Each year the authority conducts a review of rates. Last year the authority in consultation with School Forum agreed to increase the PVI after two years of a freeze, although we could not afford to break in line fully with the calculated rate. The calculations for rates relating to the other provision were in line with the current rates and keep the same. We are not proposing to undertake an exercise of the same level for 2016/17 due to the announcements from the Spending Review in November (see 3.) However, we do recognise the extra financial pressure that may result as a result of the increase from 1 April 16 to the national living wage and general inflation for PVI providers. For 2016/17 we would propose either a standstill position or we uplift for general inflation (1.2% as per the Council's MTFP). This would cost £91,200 and could be met from reserves if required dependent on the volatility of numbers.

- 2.2 The table below shows the current rates and central payments.

2016-17 EYSFF Block - Rates / Payments		
Payment	Recipient	£ per Hour
15 Hrs Free Entitlement 3 & 4 year old	Maintained Nursery Schools	4.95
15 Hrs Free Entitlement 3 & 4 year old	Maintained Nursery Classes	3.93
15 Hrs Free Entitlement 3 & 4 year old	PVI's	3.32
15 Hrs Free Entitlement 2 year old	All Sectors	4.90
FSM Supplement	Maintained	2.00
Pupil premium	All Sectors	0.53
Deprivation Supplement	All Sectors	0.33
Other Allocations (top sliced)		£ per annum
Quality Supplement (HT Lump Sum)	Maintained Nursery Schools	130,000.00
Nursery School MFG	Maintained Nursery Schools	46,673
Salaries x 3 posts	Childcare Sufficiency Staffing	105,000.00

3. Spending Review / Childcare Bill: Policy Statement

- 3.1 The Government conducted a six month long **Review on the Cost of Providing Childcare**. On 25 November the Chancellor announced that the government will invest an extra £1 billion per year by 2019-20 in the early education entitlements. This includes nearly £300 million per year from 2017-18 for a significant uplift to the national average rate paid for the two-, three- and four- year-old entitlements. The

national average rates for both two-year-olds and three- and four-year-olds will increase by at least 30p per hour. For three and four year olds the national average rate will increase from £4.56 to £4.88, including the Early Years Pupil Premium. For two year olds it will increase from £5.09 to £5.39.

3.2 The rates announced for the free entitlement for two, three and four year olds are national average rates. ***In terms of how the funding is actually distributed to local authorities the government has taken note that there are historical inconsistencies and inefficiencies with the current funding system for three- and four-year-olds and want to adjust the rates to reflect local circumstances.***

3.3 The Chancellor announced that the government will introduce a national funding formula for early years in 2017-18. This is to ensure that funding is transparently and fairly distributed between different types of providers and different parts of the country. *“We want councils to be able to afford to pay providers a sustainable rate and ensure that as much funding as possible reaches the front line. We have committed to consulting widely in the New Year on these issues, including on the transitional arrangements for the local authorities who will be most affected”*

4. Recommendations

4.1 Forum members to agree to keep the rates the same as 2015/16 or grant an uplift in line with general inflation.