

**Report to:** Schools Forum

**Date of Meeting(s):** 17<sup>th</sup> January 2019

**Subject:** Early Years Funding Formula 2018/19

**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 A new early years national funding formula for 3 and 4 year olds was announced on 1 December 2016. After consultation and agreement by Forum we proposed to move straight to a universal rate from 1 April 2017 rather than phase in over 2 years. We also proposed to pass through the maximum 95% of the funding from this date as per the guidance.
- The formula 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.
  - 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.
  - The formula includes a minimum funding rate of £4.30 per hour to local authorities, which will give local authorities the scope to pay providers an average funding rate of at least £4 per hour.
- 1.2 Funding for the most disadvantaged 2-year olds is already allocated on a formulaic basis (£5.30). 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 rate remains the same at £4.04 across the sector and retain the current FSM and Deprivation rate. We recognise that settings are facing increasing costs like all sectors but unfortunately the Government has not increased the rate from the minimum of £4.30. As we wished to support our settings we moved to a universal rate in 2017/18. The hourly rate increased by 20% in 2017/18 for PVI providers. Maintained Settings were already on a higher rate £3.93 hourly rate.

Under our model we will passport 98% of funding to settings which is 3% higher than the 95% required. Any further increase would mean a reduction to the specialist advice and support settings access and a reduction to the SEND inclusion fund which we feel would be detrimental considering the increasing demand for extra SEND support in early years

- 2.2 Maintained Nursery Settings are protected until the end of this Parliament (2020). 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. The government remains committed to consulting openly regarding the future role of maintained nursery schools and how best to secure their high quality provision.

<b>2019-20 Early Years Block - Proposed Rates / Payments Three and Four Year Olds</b>		
<b>Payment</b>	<b>Recipient</b>	<b>£ per Hour</b>
15 Hrs Free Entitlement 3 & 4 year old	Maintained Nursery Schools*	4.04
15 Hrs Free Entitlement 3 & 4 year old	Maintained Nursery Classes	4.04
15 Hrs Free Entitlement 3 & 4 year old	PVI's	4.04
FSM Supplement	Maintained	2.30
Pupil Premium	All Sectors	0.53
Deprivation Supplement	All Sectors	0.33

\* Maintained Nursery Schools are protected to the end of Parliament and a separate allocation is calculated by the DFES which will be pass ported to both the settings.

- 2.3 The retained funding will continue to support staff within the Early Years Teams. This will cover;
- quality
  - training
  - speech and language
  - safeguarding
  - 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. The rate paid to providers is £5.20 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).

### **3. Conclusions**

- 3.1 Forum members to note the contents of the report.
- 3.2 Forum members to agree to maintain the rates set in 2018/19 for 2019/20 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