



SCHOOLS FORUM

TUESDAY, 31ST JANUARY, 2017

At 2.30 pm

in the

ASCOT AND BRAY - TOWN HALL,

SUPPLEMENTARY AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
5.	<u>EARLY YEARS FUNDING FORMULA 2017-18</u> To consider the report.	3 - 8

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ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	31 January 2017	AGENDA ITEM: 2
Title:	Early Years Funding 2017-18	
Responsible officer:	Kevin McDaniel, Head of Education and Schools	
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1 SUMMARY

- 1.1 This paper summarises the implications of the Early Years National Funding Formula (EYNFF) and the suggested options for implementing a new local Early Years Funding Formula within the EYNFF framework.

RECOMMENDATIONS

Schools Forum is asked to note

- 1.2 The implications of the EYNFF as outlined in the DFE's publication dated 2nd December 2016 and summarised in 2 below.

1.3 Schools Forum is asked to approve:

- The funding formula for 3 and 4 year olds as described in 5.3
- The amount of £150k for an SEN Inclusion Fund as described in 6.1 to 6.3
- The two year old funding rate of £5.70 – see section 7.

2 EYNFF Implications

- 2.1 The likely implications to RBWM of the EYNFF were covered in October's forum report. The main issues being:-

- The funding rate payable to RBWM will increase by 13.9%
- All providers will receive the same base rates
- 95% of funding allocated to local authorities must be passported to Providers. (93% in 2017-18)
- Nursery schools will receive transitional protection

- 2.2 The DFE's response to the consultation on EYNFF was published on 2nd December 2016. The main differences are around the supplementary factors that are allowable, and the nursery school protection monies fell from £246k to £210k.

- 2.3 The early years block for 2017-18 is now estimated at £9.666m based upon the latest census data. The table below shows the component parts

	Pupil Nos	Unit of Funding	Amount Allocated
		£	£
3 & 4 Year old Free Entitlement	1,610	5.00	7,646,550
3& 4 Year old additional 15 hours	426	5.00	1,214,385
Transitional Funding Nursery Schools			209,778
Disability Access Fund			18,453
Sub – Total EYNFF 3&4 Year Olds			9,089,166
Early Years Pupil Premium	132	301.64	39,716
2 Year Olds	96	5.88	537,009
Total Early Years Block			9,665,891

The 3 and 4 year old block totals £9.089m, of which £620k will be held centrally – see annexe agenda item 1. This leaves £8.469m to be distributed to providers. For 3 and 4 year olds the 1610 are fte,s so $(1610 * 5.00 * 25 \text{ hours per week} * 38 \text{ weeks}) = \text{the allocation}$
The same principles apply for the 2 year old funding of £537k.

3. EYNFF for 3 and 4 year olds

- 3.2 The allowable factors under a local early years factor are given in the table below and it is important to recognise they have changed since the proposals were published in August.

Formula Factors	para	Allowable	Commentary
Base Rate	3.3	Mandatory	Must be 90% of funding to providers overall
Deprivation	3.4	Mandatory	There is discretion on how this is applied
Rurality	3.5	Allowable	Not relevant to RBWM
Quality	3.6	Allowable	This is now allowable, which is a change
EAL	3.7	Allowable	Collection of data is an issue
Efficiency	3.8	Not Allowed	Not generally considered
Additional 15 hours	3.9	Not allowed	This was expected and has meant changes

- 3.3 The base rate must account for 90% of the funding that is passed onto providers. All providers must have the same rate from 2018-19 but there can be differential rates in 2017-18.
- 3.4 Deprivation has to be a factor and providers have been consulted on how this may operate
- 3.5 Rurality has never been a formula factor for RBWM but has been consulted on.
- 3.6 The quality supplement has caused some confusion and anxieties. The DFE suggested in summer that this would no longer be allowable. The result of DFE national consultation was that quality supplements should remain. The DFE will allow staff quality and/or staff leadership. The problem with leadership is that the criteria has changed which makes it difficult to implement from 2017-18.
- 3.7 English as an additional language (EAL) is an allowable factor, but the DFE have stated they will not be collecting this data in the early years census. There was concern raised therefore about how the data maybe collected locally.

- 3.8 Efficiency was considered difficult to implement regarding the criteria that maybe applied. The DFE have come to the same conclusion and this is not allowable.
- 3.9 There has been long discussions with early years providers about incentivising the take up of the additional 15 hours. This is not now allowable which is a disappointment for many providers. The DFE state that it is unfair to those providers which do not have the capacity to expand. The DFE state they will keep this under review, no doubt monitoring the take up of the 15 hours.
- 3.10 The DFE publication of their final proposals in December coupled with the 2 major changes that have been made have created challenges in how to make final recommendations to this forum. The consultation process is described in 4 below.

4 Consultation and Final Proposals

- 4.1 Providers were consulted in November on how an EYNFF may operate, on the basis of the proposals published by DFE in August. Those proposals changed in December and providers were therefore consulted just before Christmas on revised proposals. The deadline for submission was 12th January 2017.
- 4.2 The questions posed in this consultation were as Follows :-
- 1. Do you agree RBWM should introduce a universal base rate from 2017/18?
 - 2. Do you agree we should keep the 3 deprivation supplement tiers?
 - 3. Do you agree that the starting threshold for the deprivation supplement should be increased either to 10% or 15%?
 - 4. Of the two quality supplements permitted, we recommended having a supplement for staff qualifications (determined as it is currently, by the level of approved childcare qualifications held by each person in a setting/provider or childminder practice who works directly with children) at a level not less than the current staff qualification supplement. Do you agree?
 - 5. If, as recommended, we include a staff qualifications supplement we won't be able to also have a supplement for leadership- how should we use the funding currently allocated to the leaders supplement? Should we use it to increase the new staff quality supplement, or should it be added to the new base rate? (this would increase the universal base rate by at least 10p per hour.)
 - 6. We do not recommend including a supplement for rurality/sparsity or flexibility. We feel they would be difficult to implement fairly because not all providers will be eligible. Including them will also limit the funding we can allocate to other supplements due to the 10% supplement funding cap. Do you agree?
 - 7. We have considered including an EAL supplement but at present the data necessary to implement this is not collected from early years providers and the DFE have confirmed for the January 2017 EY census that they will not be collecting information on language. We will keep this under review to determine whether we could include this from 2018-19 if possible. Do you agree?

The table below summarises the responses

Number of Respondents and Answers to the Questions:-

	Q1	Q2	Q3	Q4	Q5	Q6	Q7
Yes	31	26		31		28	19
No	1	3				1	12
Staff Supplement					18		
Base Rate					14		
5%			12				
10%			12				
15%			8				
Undecided		3		1		2	1
Totals	32	32	32	32	32	31	32

5 Final Proposals on EYNFF

5.1 The result of the responses mean that the final proposals on the EYNFF are as follows:-

- There will be one universal base rate for all providers
- There will be three deprivation tiers
- The deprivation tier will start at 10%, because only 8/32 wanted to remain at 5%. Only 12/32 wanted to move as high as 15%
- The quality supplement will be based upon staff qualifications
- The saving from not having a leadership supplement will be put into the staff qualifications supplement. (this could be reviewed for 2018-19 given the lack of clarity over this)
- There will not be a sparsity or flexibility supplement
- There will not be an EAL supplement for 2017-18 but this will be reviewed for 2018-19

5.2 The hourly rates proposed are as follows:-

- Base Rate (all providers) £4.30
- Deprivation

High	£0.27
Medium	£0.18
Low	£0.09
- Quality

High	£0.27
Medium	£0.18
Low	£0.09
- Nursery School Protection £209,778

- 5.3 These rates reflect the outcome of the consultation and keep the supplements approximately in proportion to 2016-17. These rates will passport the minimum requirement of 93%, excluding SEN Inclusion Fund.
- 5.4 The rates will apply equally to the additional 15 hours to be introduced from September. We will be reporting to forum in the new academic year re the take up of the additional hours.

6 Meeting the Needs of SEN and Disabled Children

Inclusion Fund for Children with SEN

- 6.1 In order to enable providers to deliver more effective support for SEN children, Las will be required to set up an inclusion fund, providing greater transparency on how funding is allocated to additional needs as well as helping the LA commissioning process.
- 6.2 The SEN inclusion fund can count as part of the 93% delegated funding to providers. This is not the intention for 2017-18. The SEN Inclusion Fund will be set at £150k initially and will form part of the central retention monies. This will be monitored during 2017-18 and may well be reviewed for 2018-19.
- 6.3 The criteria for access to the SEN Inclusion Fund will be brought to the March Forum.

Targeted Disability Access Funding

- 6.4 There is evidence to suggest that additional needs can be a barrier to disabled and SEN children accessing their entitlement to free childcare. The Government is addressing this issue by creating a ringfenced Targeted Early Years Disability Access Fund (EYDAF). RBWM allocation from the £12.5 national pot, is £18,453. This will be paid to all providers for each child in receipt of Disability Living Allowance taking up a place in their setting. It will be paid as annual amount rather than an increase to the hourly rate.
- 6.5 The provider will be responsible for deciding how their EYDAF allocation should be deployed. It is not intended to cover all costs, and providers will still be able to work with the LA to access other sources of funding, eg, from the high needs block of the DSG, early years central funding and other appropriate budgets.

7 Funding for Disadvantaged Two Year Olds

- 7.1 The Government has increased national average hourly rates for disadvantaged two year olds by 7.1% and for RBWM this means an increase from £5.49 to £5.88. This increase will be passed on to providers and the hourly rate will increase from £5.30 to £5.70. There is a small amount of two year old monies retained centrally (£20k appx) to support a small number of children, who do not meet the national criteria but have clear needs.

8 Early Years Pupil Premium (EYPP)

- 8.1 The funding methodology for 2017-18 remains unchanged being paid at £0.53 per hour per eligible child. (equivalent to £302 per annum). RBWM's illustrative allocation based upon the latest numbers is £39,716.
- 8.2 RBWM is disappointed that in 2015/16, only 44% of our ppm children achieved the GLD benchmark. This ranks RBWM 146th out of 150 LA's. To address this, RBWM will match the EYPP amount (£40k) for each of the next three years for the allowable retention to fund a programme of training, support and resources for settings to augment the focus on this vulnerable group.

