

SCHOOLS FORUM REPORT

Subject: Early Education Funding Rate 2017/18

Summary

The outcome of the DfE consultation requires local authorities (LA's) to allocate the funding to early education providers based on a local single funding formula. LA's are required to fund all providers at the same base rate and must include a deprivation supplement for 3/4 year old early education funding, with the option of including additional supplements. LA's can retain 5% of the 3 / 4 year old budget allocation to fund central services.

Early years national funding formula Operational guide December 2016 states:

Schools forums must be consulted on changes to local early years funding formulae, including agreeing central spend by 28th February, although the final decision rests with the local authority.

Recommendations to Schools Forum

- Note the decisions made and approved by the Children and Young People's Departmental Leadership Team regarding the Early Years 2017/18 allocation (Appendix 1).

Appendix 1

BRIEFING PAPER

1.	Date of meeting:	January 2017
2.	Title:	Proposed Early Education Funding Rate 2017/18
3.	Directorate:	CYPS

1. Background

Following the outcome of the Department for Education's (DfE) Early Years national funding formula consultation, the DfE has provided local authorities with initial budget allocations for the Early Years Dedicated Schools Grant (EY DSG) for 2017/2018. This will provide the funding for early education places in schools and other early years providers. See below the allocation for Rotherham (this budget will be adjusted based on January 2017 and January 2018 census returns):

Initial 2017/18 Early Years Block Allocation	
3/4 year Early Education	£10,217,239
30 Hour Childcare (from September 2017)	£1,532,692
Nursery School Stability	£987,302
Early Years Pupil Premium	£221,903
Disability Access Fund	£86,100
2 Year Early Education	£3,396,349
	£16,441,585

The outcome of the DfE consultation requires local authorities (LA's) to allocate the funding to early education providers based on a local single funding formula. LA's are required to fund all providers at the same base rate and must include a deprivation supplement for 3/4 year old early education funding, with the option of including additional supplements. LA's can retain 5% of the 3 / 4 year old budget allocation to fund central services.

A local consultation has been carried out with all private, voluntary and independent (PVI) providers and schools to gather views on the make-up of the local funding formula and the proportion of the budget to allocate to supplements. The outcome of the consultation is included at Appendix 2. Based on the consultation responses it is proposed that the Rotherham early education formula for 3 / 4 year olds is made up of:

- Base Rate
- Medium Deprivation Supplement (10p per hour)
- High Deprivation Supplement(15p per hour)
- No additional supplements to be included

In addition the three nursery schools will receive the nursery school stability funding.

The consultation response favoured an allocation of 2% of the budget on the deprivation supplement. It is therefore proposed that EY DSG 3/4 year old allocation is proportioned as detailed below:

5%	Centrally Retained	£587,496
2%	Deprivation Supplement	£234,998
93%	Early Education Base Rate (for 15 and 30 hour entitlements)	£10,927,435

This would equate to the following hourly rate for providers for 3/4 year old early education provision:

Base Rate	£4.00
Deprivation Supplement	0p / 10p / 15p

In addition providers can apply for Early Years Pupil Premium for eligible children at a rate of 53p per hour. Disability Access Fund of £615 per year is also available for children claiming Disability Living Allowance.

A total of 66 schools and 184 PVI providers are currently contracted to deliver early education places. Based on information gathered as part of the Childcare Sufficiency Assessment in June/July 2016, 9.4% (17) of PVI providers charge more than £4.00 per hour for fee paying families based on their daily rate, with the remainder charging £4.00 per hour or less.

2 year old early education funding

The DfE have confirmed that the hourly rate for 2 year old early education provision for Rotherham will be £5.20. All of this funding must be passported directly to providers without any central retention.

Nursery school stability funding

The DfE has allocated £987,302 of nursery school stability funding to Rotherham for distribution to the three nursery schools to support funding levels whilst further consultation takes place around the future funding of nursery schools. The three nursery schools have been consulted on the distribution of this funding, and they have all agreed that they would like the funding to be split equally between the three nursery schools. Therefore it is proposed that each nursery school receives one third of the nursery school stability funding allocation in addition to the funding detailed above.

SEN inclusion fund

It has been confirmed that each LA is required to establish an SEN inclusion fund to support providers to meet the needs of children with SEND. Rotherham already has an inclusion support grant which funds the private and voluntary sector, but will need to make this available to school nursery/F1 provisions from April 2017. When the 30 hours of childcare offer is introduced in September 2017, children with SEND will be in provision for longer periods of time and further funding will need to be made available to meet this need. The 2016/17 budget for the Inclusion Fund is £210k which is allocated from the High Needs Block. It is projected that a budget of approximately £420k will be required to extend the funding to schools and meet the 30 hour childcare need. It is proposed that this amount is allocated from the High Needs Block.

2. Key Issues

The EYCS are aware that a small number of Rotherham providers are concerned about the new hourly rate and the sustainability of their businesses should they offer the new 30 hour entitlement from September 2017 based on an hourly rate of £4.00.

3. Key actions and relevant timelines

January 2017:

- Report to DLT proposing hourly rate and central retention
- Inform Schools Forum of agreed hourly rate and central retention information

February/March 2017:

- Re-contract with all early education providers

April 2017:

- Introduction of new national funding formula and local funding rate

4. Recommendations to DLT

- Approve the £4.00 per hour hourly rate for 3/4 year old early education funding.
- Approve the 2% retention of 3/4 year old funding for the purposes of the required deprivation supplement.
- Approve the 5% retention of 3/4 year old funding for the purposes of central functions in the Early Years and Childcare Service
- Approve the £5.20 hourly rate for 2 year olds
- Approve the distribution of the nursery school stability funding as an equal split between the three nursery schools.
- Approve £420K to be allocated from the High Needs block for the purposes of the Inclusion Support Grant.

5. Name and contact details

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Aileen Chambers, Early Years and Childcare Manager (Early Education, FIS, Sufficiency), Tel ext: 54770, email aileen.chambers@rotherham.gov.uk

**Appendix 2 –
Early Education Funding 2017/18 - Local Consultation Results**

Deprivation Supplement Options:

The DfE have indicated it will continue to be a requirement to include a deprivation supplement as part of the funding formula for 3 / 4 year olds.

The purposes of the deprivation element of the funding formula are:

- To target under-achievement among children from socially deprived backgrounds
- To allocate additional funding to settings which support children from socially deprived backgrounds, to enable them to provide the additional support required so as to 'promote their opportunity to achieve at equivalent levels to other children'
- To support settings' efforts to target deprivation appropriately e.g. through specialist skills and training, additional staff and increased resources.

Please tick one option:

	11 responses received
Retain same % of funding to be distributed through this supplement	8
Increase % of funding to be distributed through this supplement. If ticked please propose an alternative % in the comments section.	1
Decrease % of funding to be distributed through this supplement. If ticked please propose an alternative % in the comments section.	2

Distribution of the Deprivation Supplement:

Currently the High level deprivation supplement (15p per hour) is allocated to settings with a deprivation score of 37> (equivalent to 17% most deprived areas) and the Medium level deprivation supplement (10p per hour) is allocated to settings with a deprivation score of between 21 and 36 (equivalent to 18% - 40% most deprived areas) (based on average IMD score of children attending provision).

Please indicate which option you would prefer to be used for the 2017/18 allocation of deprivation supplement:

	11 responses received
Distribute using the current formula – 10p for Medium or 15p for High deprivation	6
Change to one supplement rate only to the most deprived children based on one of the following options:	
Only fund settings with a ranking of 10% most deprived	1
Only fund settings with a ranking of 20% most deprived	2
Other. If ticked please propose an alternative in the comments section.	2

Other Supplements:

The DfE allows local authorities to include additional supplements as part of the local single funding formula to meet any local policy objectives. The other supplements suggested as options are for: rurality/sparsity; flexibility; efficiency; delivery of additional 15 hours free childcare.

Please note – a reduction in the base rate would be required in order to pay any additional supplements.

Please indicate whether you would like any of the following additional supplements to be included in the Rotherham early education formula. If any are ticked please propose what level of supplement you consider would be appropriate and what criteria would be applied to distribute such supplement:

	4 responses received
Rurality / sparsity	
Flexibility	1
Efficiency	2
Delivery of additional 15 hours childcare	
Other	1 (mobility)

Consultation on additional supplements introduced as an option in the DfE response to national consultation:

32 responses

Should the local authority include a supplement for 'Quality' as part of the Early Education funding formula:

NO	35	YES	5
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Should the local authority include a supplement for 'English as an Additional Language (EAL)' as part of the Early Education funding formula (please note this would require providers to gather additional information for the LA to administer such a supplement):

NO	35	YES	4
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