

## Schools Forum Briefing

1.	<b>Date of meeting:</b>	<b>17<sup>th</sup> January 2020</b>
2.	<b>Title:</b>	<b>Early Education and Inclusion Support Funding – Proposals for 2020/21</b>
3.	<b>Directorate:</b>	<b>CYPS</b>

### Summary

This paper summarises statutory guidance in place for the allocation of early education funding; and Inclusion Support Grant and proposals for the 2020/21 allocation.

### Recommendations

- Note the early education funding rates for 2020/21.
- Approve retention of 5% of the 3 year old and 30 hour budget to cover central spend (Early Years and Childcare Service).
- Note the Inclusion Support Grant proposals.

#### 1. Background

- 1.1 The purpose of this report is to detail the statutory guidance in place for the allocation of early education funding; the current position and proposals for the 2020/21 allocation.
- 1.2 Following the outcome of the Department for Education's (DfE) Early Years national funding formula consultation in 2016 a national single funding formula was introduced by the DfE in 2017/18 for the allocation of the Dedicated Schools Grant Early Years Block early education funding to all schools and providers. Local Authorities (LAs) are required to allocate the funding to early education providers based on a local funding formula made up of a single base rate and a mandatory deprivation supplement (for 3/4 year old early education). LAs can retain 5% of the 3 / 4 year old budgets allocation to fund central services
- 1.3 Local authorities are required to consult providers on annual changes to their local formula. Schools forums must also be consulted on changes to local early years funding formulas, including agreeing central spend by 28 February, although the final decision rests with the local authority.
- 1.4 The Early Years Block budget for 2020/21 will be allocated initially as an 'indicative' budget in December 2019. This indicative budget is based on the 2019 January Census data. The budget will be adjusted during the year (July) based on the January 2020 Census data and further adjusted in July 2021 based on 5/12ths of January 2020 Census and 7/12ths of January 2021 Census.

- 1.5 The rate that the Local Authority receives from the DfE will increase in 2020/21 from £4.30 per hour to £4.38 for 3 / 4 year olds and from £5.20 per hour to £5.28 for 2 year olds. The previous rates were set by Central Government as part of the National Funding Formula introduced in 2017/18 and remained static for 3 years.
- 1.6 The current local formula, as detailed below, was consulted on prior to introduction in 2017/18 and the deprivation supplement was reviewed again in January 2018.

### **3 / 4 year olds & 30 Hour Budgets:**

- 5% Centrally Retained
- 2% Deprivation Supplement
- 93% Early Education Base Rate

The deprivation supplement is allocated as follows:

- High deprivation – providers with an average Index of Multiple Deprivation score (based on postcode of children accessing) in top 10% deprivation level
- Medium deprivation - providers with an average Index of Multiple Deprivation score (based on postcode of children accessing) in between the top 11 – 30% deprivation levels

The deprivation supplement is allocated as an addition to the hourly rate. The deprivation supplements in 2019/20 were 15p / hour (High) and 10p / hour (Medium).

### **Two year old Budget:**

- 100% passported to providers

### **1.7 SEN inclusion fund**

DfE guidance (Early years entitlements: local authority funding of providers Operational guide 2018 to 2019) states that LA's are required to have a special educational needs inclusion fund. These funds are intended to support local authorities to work with providers to address the needs of individual children with SEN. Local authorities should target SEN Inclusion Funds at children with lower level or emerging SEN. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the high needs block of the DSG. The value of the fund must take into account the number of children with SEN in the local area, their level of need, and the overall capacity of the local childcare market to support these children. Local authorities must consult with early years providers to set the value of their local SEN inclusion fund. Local authorities will establish their SEN Inclusion Funds using funding from either one or both of their early years block and high needs block of the DSG. Local authorities should pass the majority of their SEN inclusion fund to providers in the form of 'top up grants' on a case-by-case basis.

## 2. Proposals

2.1 It is proposed to retain the current local funding formula in 2020/21 as follows:

Retention for Central Spend	5% of 3 / 4 year old and 30 hour budgets (projected £670k)
3 / 4 year old hourly rate	£4.08 plus deprivation supplement if eligible (increase of 8p per hour)
3 / 4 year old Deprivation Supplements	Up to 2% of 3 / 4 year old and 30 hour budgets to be distributed as an additional hourly rate as detailed above, maintaining the 10p / 15p supplement
2 year old hourly rate	£5.28 (increase of 8p per hour)
Nursery Stability Funding*	Lump sum to be passported to 3 nursery schools as required by guidance.

\*The Department for Education have confirmed that Local Authorities with maintained nursery schools will continue to receive supplementary funding in 2019 to 2020. This funding is provided in order to enable local authorities to protect their 2016 to 2017 funding rates for MNS (that is, the rates that existed before the EYNFF).

The 2020/21 increases in hourly rate for early education providers will be the first increase they have received in 3 years. This increase is essential for ongoing sustainability as the cost of delivery has increased significantly over the last three years with increases in minimum wage, business rates increases as well as increases in running costs.

2.2 **Early Years Pupil Premium** Providers can apply for Early Years Pupil Premium for eligible children at a rate of 53p per hour.

2.3 **Disability Access Funding** of £615 per year is also available for children claiming Disability Living Allowance. In 2019/20 the DfE advised that surplus DAF allocations should be *spent in line with the principles and aims of DAF*. As well as Makaton and Autism Training, the funding was used to provide £615 DAF for eligible 2 year olds. It is proposed to continue to offer DAF to 2 year olds in 2020/21 should the DfE allow continued use of DAF carry forward. (It is projected that £40k of the £83k 2019/20 DAF budget will be allocated this year).

2.4 **SEN Inclusion Funding:** The Inclusion Support Grant (ISG) in Rotherham has historically been funded through the High Needs Block but in 2018/19 and 2019/20 carry forward from the Early Years Block has been utilised to provide ISG. A review of the ISG was carried out in 2019/20 and approval obtained from the CYPs Directorate Leadership Team to continue to offer the ISG in the current format in 2020/21. The grant is available to support children, predominantly on a 1:2 ratio to meet needs throughout all childcare / out of school provision, including Foundation

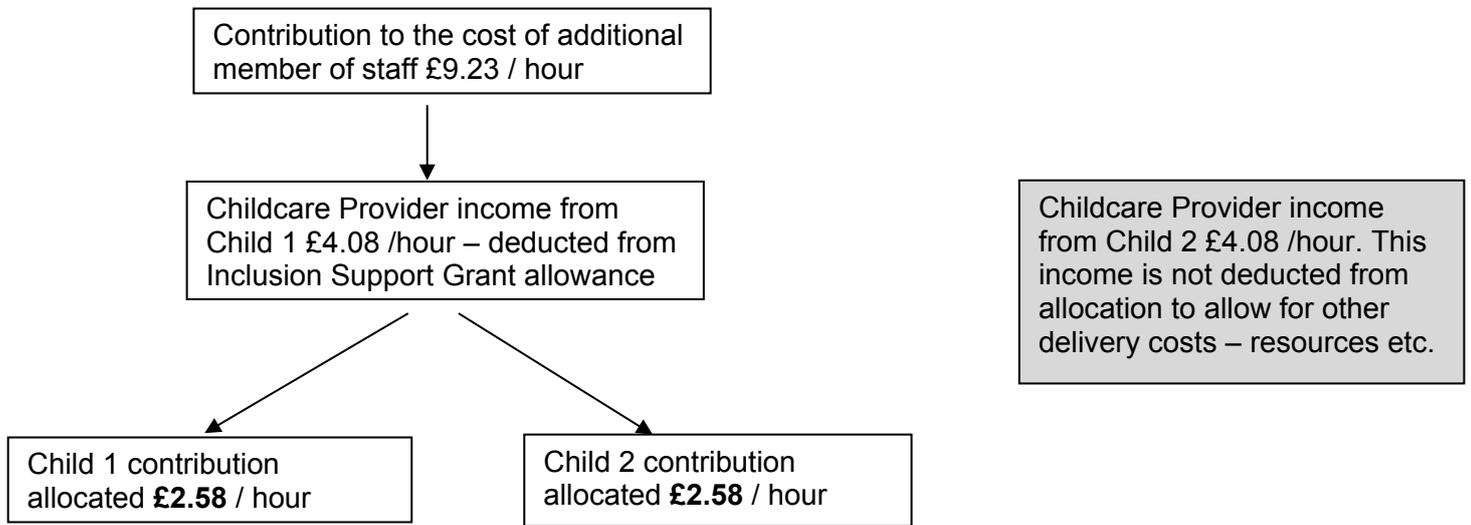
1 classes in school. Appendix 1 details the methodology for allocation of the funding. It is anticipated that a budget of £410k will be required in 2020/21. The ISG will be funded in 2020/21 from the Early Years Block through a contribution of carry forward from 2019/20 and in year 2020/21 budget.

### **3. Name and contact details**

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## Appendix 1

### Inclusion Support Grant Allocation Methodology – 3 / 4 year olds children (Proposed 2020/21 rates)



### Inclusion Support Grant Allocation Methodology - 2 year olds children

