

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

TO:	READING SCHOOLS FORUM		
DATE:	12 TH JANUARY 2017	AGENDA ITEM:	
SUBJECT:	EARLY YEARS NATIONAL FUNDING FORMULA		
SERVICE:	EDUCATION, CHILDRENS'S & EARLY HELP SERVICES	WARDS:	All
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1 PURPOSE OF REPORT

- 1.1 To update Schools Forum on the proposed changes in the early years national funding formula (EYNFF) consultation.
- 1.2 To update Schools Forum on 2017/18 funding rates.
- 1.3 Schools forum to agree the proposed Early Years Central Spend from the early years block funding of the DSG for 2017/18.

2. RECOMMENDED ACTION

- 2.1 To note the contents of the report
- 2.2 To note the proposed changes in funding rates for 17-18
- 2.3 To note the allocation of the MNS supplement
- 2.4 **DECISION FOR ALL SCHOOLS FORUM:** To agree the allocation of 150k to the SEN inclusion fund under section 7.2.4
- 2.5 **DECISION FOR ALL SCHOOLS FORUM:** to agree the Continuation and increase of Central retention within the Early Years Block under Section 9

3 National Funding Formula review.

- 3.1 A new national funding formula for early years funding will be implemented from April 2017. A national consultation on the national funding formula undertaken by DfE concluded on 22nd September 2016. The response from the Government was published in December 2016. Operational guidance has been produced for local authorities.

- 3.2 The pass-through requirement in the new EYNFF is intended to ensure that the maximum amount of funding allocated to local authorities is passed to providers. The pass through requirement level is set at 93% for 2017/18 and will increase to 95% in 2018/19. It is proposed that RBC go straight to 95% pass though in April 2017.
- 3.3 The new EYNFF consists of a universal base rate. The formula includes an adjustment to reflect the variations in local costs. This is the general Labour Market measure to indicate staff costs and a Nursery Rates Cost Adjustment (NRCA) to indicate costs of premises.
- 3.4 The minimum funding rate nationally is £4.30 per hour. The rate that is allocated for RBC based on a 95% pass though is £4.80 per hour. This is a significant increase for all providers in Reading with the exception of the maintained nursery schools.

Funding per hour per child

3/4 Year Old Rates	16-17	17-18	+/- Difference	% Difference
Maintained Nurseries	£ 5.18	£ 4.80	-£ 0.38	-7%
Primary Schools	£ 3.30	£ 4.80	£ 1.50	45%
Independents	£ 3.56	£ 4.80	£ 1.24	35%
PVIs	£ 4.08	£ 4.80	£ 0.72	18%

4 Maintained Nursery Schools Supplement

- 4.1 It was recommended to determine how to use the maintained nursery school funding supplement working with the Head teachers from the five maintained nursery schools. This grant will be available from April 2017-19 and is ring-fenced for maintained nursery schools.
- 4.2 The head teachers of the maintained nursery schools have decided to allocate the funding on a per hour per child basis for children on their school roll. This was the option that they thought was best suited to them for the financial year 2017/18.
- 4.3 The funding allocation in the supplement for maintained nursery schools for 2017/18 is £285,469. This will be allocated on an hourly rate. The rate based on the attendance of children for the 2016/17 would be an allocation of an additional 98p per hour. This funding is to enable MNS to manage the adjustment to a lower funding rate while they consider future options to enable them to remain sustainable.

5 Funding for Two year olds (2YO).

- 5.1 This funding is already allocated on a national formula. The rate for funding has increased from £5.09 per hour to £5.39 per hour nationally.

Funding per hour - per child

2 Year Old Rates	16-17	17-18	+/- Difference	% Difference
All Settings	£ 5.36	£ 5.55	£ 0.19	4%

6 Early Years Pupil Premium. (EYPP)

- 6.1 The EYPP remains a separate funding stream. It continues to be paid into the DSG and there are no funding changes for 2017/18. The Government has committed to review the mechanism for EYPP taking into account the delivery of the new Disability Accessibility Fund. The allocation of funding for the EYPP for 2017/18 is £106,883. This equates to 53p hour.

- 7 Two new measures are being introduced to support children with disabilities or SEN.

7.1 Disability Access Fund (DAF)

- 7.1.1 The disability access fund is to support providers to make reasonable adjustments to their settings and help with building capacity for the benefit of the children. The criteria for funding is relating to the child in receipt of free early education and in receipt of the Disability living allowance.

- 7.1.2 The allocation of funding for 2017/18 for the DAF is £30,750.

7.2 SEND Inclusion Fund.

- 7.2.1 All LAs are required to establish an inclusion fund to support providers to address the needs of children with SEND. LAs should target the fund at children with lower level and emerging SEN.

- 7.2.2 In order to establish an SEN inclusion fund we propose to build on the current early year's panel for short term funding. This combines allocations of funding from the early years block and the High needs block to support children in early years with high level needs.

- 7.2.3 It is proposed that the new SEN Inclusion fund be managed in the same format as the current early year's panel. This will ensure there is one central place for referrals for all children in early years that require SEN support from emerging to high level needs.

- 7.2.4 The current 2016/17 budget is 110k. It is proposed to increase this to 150k for 2017/18.

8 Deprivation Supplement

- 8.1 The new EYNFF places a cap on the amount of funding that may be used for supplements. This must not be more than 10% of the total value of planned funding to be passed to providers. Deprivation remains a mandatory supplement, and should recognise deprivation in the local area.
- 8.2 The deprivation supplement in Reading will be significantly reduced from the current allocation based on the children within the top 30% IDACI. However, this was noted in March 2016 as we anticipated a significant reduction in the allocation of funding for supplements in the new national funding formula. It is noted that the supplement reduction is set against an increase in the current base rate of an average of 23% per hour.
- 8.3 It is proposed that the allocation of funding for the deprivation supplement will be reduced in line with the requirements of the new EYNFF and will be allocated within the 10% cap.
- 8.4 It is proposed to move the criteria for allocating this supplement to the same criteria as EYPP. This would then provide a higher rate of additional funding for disadvantaged children. The current EYPP hourly rate is 53p. It is proposed to allocate an additional 47p per hour to increase this to £1.00 combined rate per hour.

Funding per hour per eligible child

3/4 Year Old Rates	16-17	17-18	+/- Difference
Deprivation	£ 1.20	£ 0.47	-£ 0.73
EYPP	£ 0.53	£ 0.53	£ -
TOTAL	£ 1.73	£ 1.00	-£ 0.73

9 Centrally retained funding.

9.1 The table below outlines the proposed allocation of the centrally retained funding. This funding is used to cover the costs of management and administration of the early years block. It is proposed that funding is allocated to increase the capacity within the early year's team to manage the new 30 hours of free childcare for September 2017 and cover the costs of management and administration.

Central Retention Fund	16-17 £000	17-18 £000
Portage Contribution	45	45
Previously agreed Early Years Posts	169	169
<u>New Posts to be funded</u>		
Early Education manager	-	44
EYFS Compliance and welfare requirements	-	38
Development Officer	-	33
Early Year data Officer - 30 hrs	-	33
Family Information Service - support	-	33
Total	214	395

9.2 2017-18 proposal equates to central retained funding level of 3.76% and is below the 7% limit for 17-18 and the 5% limit for 18-19.