

Decision Maker: **SCHOOLS' FORUM**

Date: **Thursday 20 November 2014**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **PROPOSED CHANGES TO EARLY YEARS FUNDING
FORMULA FOR 2015/16**

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Chief Officer: Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

This report outlines the proposals for a full review of the Early Years Funding formula to include consultation with all stakeholders.

2. **RECOMMENDATION(S)**

The Schools Forum is asked to review the proposals.

3. COMMENTARY

- 3.1 Since the Early Years Funding Formula (EYFF) was established in 2009 there have been no reviews or changes as part of the National Fair Funding process. The formula itself therefore remains unchanged. There are some changes which are happening within the Local Authority itself and within the wider remit of Early Years Funding, and therefore it is proposed that the Bromley's formula be reviewed to establish whether it is still fit for purpose.
- 3.2 The current EYFF is used to fund both maintained nurseries, including those in schools that have converted to Academy status, and all Private, Voluntary and Independent (PVI) settings, although there some minor differences between the funding levels. The current funding formula is made up of the following elements.

Rate	Description	PVI Settings	Maintained Settings
Base rate	Basic hourly rate for all pupils	£3.66	£3.60
Deprivation	Based on post code of individual pupils	0.10p to 0.55p	0.20p to 0.60p
Quality	Based on suitably qualified staff	0.40p/0.33p	n/a
Flexibility	Based on the pattern of hours that settings are able to offer	0.18p	0.18p
SEN	Based on the number of pupils with level Special Educational Needs within the setting	0.41p	0.41p
Maximum Hourly Rate		£5.20	£4.79

- 3.3 Each of these rates is an hourly rate, therefore the setting would receive this amount for each pupil for the number of hours attending the setting, up to a maximum of 15 hours per week (which is the current free entitlement for three and four year olds) over the 38 week period ie the number of weeks that schools and EY settings are open. It should be noted that there is no quality payment for maintained settings as they are required to employ a qualified teacher which is recognised in the base rate. Conversely, PVI settings have a slightly higher base rate to cover occupancy costs where maintained schools have historically received funding within the lump sum which is premises related.
- 3.4 It should be noted that this formula is used only for three and four year old pupils, and that the funding for two year olds is identified and paid separately. Also, from 2015/16 the Government will be introducing an Early Years Pupil Premium which will provide additional funding for deprivation, but as with 5 to 16 age pupil finding, this will sit outside of the DSG and the funding formula.

- 3.5 In addition to this, in 2014/15 all settings received a lump sum of between £750 and £5,500 depending on the volume of pupil hours, to support inclusion. This was paid as a one off lump sum this year at the discretion of the DfE, however the DfE guidelines do state that all payments should be pupil led. It is therefore necessary to look at an alternative method for paying this in future years. It is therefore proposed that while looking at this, the other elements of the formula should be considered. As Early Years funding will be one of the areas that will be part of the Local Authority's market testing, it is an opportune time to streamline the formula.
- 3.6 DfE guidelines state that the only element, in addition to the base rate, which must be included in the funding formula is deprivation. It is therefore possible to remove all other elements . Officers have discussed this issue and are proposing that the Forum consider the following changes:
- The inclusion funding which was allocated as a one-off lump sum in 2014/15 should be absorbed into the based rate, giving an additional amount of 0.16p.
 - Deprivation will remain as a separate element, but may be adjusted to follow the funding methodology to be used for the allocation of the new EYPP for ease of distribution .
 - SEN factor to remain as a separate element, but for EY and SEN officers to explore the long term viability of the current methodology and to explore alternatives. nb This factor is currently only paid to 8 settings.
- 3.7 This will result is the base rate increasing to £3.82 for PVI settings and £3.76 for maintained settings with an additional rate of 0.41p for SEN and deprivation funding yet to be calculated.
- 3.8 In addition to proposing these minor changes to the EYFF, the Head Of Schools and Early Years Commissioning has highlighted the issue that Early Years settings in Bromley have received no increase to their base rate since it was introduced. The Schools Forum is being asked to consider a growth bid for £500,000 which would represent a 3% increase which may be used as follows;
- To provide an increase in the base rate
 - To provide transitional support to any settings losing through any re-distribution of funding
 - To provide a specific increase to the quality supplement to be focussed on settings that are good or outstanding
 - A combination of the above.
- 3.9 The Schools Forum is also being asked for comments or suggestions as to where this funding may be found from within the overall DSG.