

Report No.  
ED15035

London Borough of Bromley

PART ONE - PUBLIC

---

**Decision Maker:**      **SCHOOLS' FORUM**

**Date:**                      **Thursday 15 January 2015**

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

**Title:**                      **EARLY YEARS FUNDING FORMULA 2015/16**

**Contact Officer:**      Amanda Russell, Head of Schools Finance Support  
Tel: 020 8313 4806      E-mail: Amanda.Russell@bromley.gov.uk

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

**Ward:**                      (All Wards);

---

1.    Reason for report

This report outlines the proposed changes to the Early Years Funding Formula

---

2.    **RECOMMENDATION(S)**

**The Schools Forum is asked to agree the proposed Early Years Funding Formula for 2015/16.**

### 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. However, due to a number of changes within the of Early Years Funding it is proposed that the Bromley's formula be reviewed and for a few changes to take place.

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 staff qualifications and an Ofsted outcome of Good or Outstanding	0.33p or 0.40p	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 Special Educational Needs (not receiving SIPS or only partially receiving SIPS) 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, upto a maximum of 570 hours per annum ( which is the current free entitlement for three and four year olds) usually though not necessarily over the 38 week period ie the number of weeks that schools and approximately half 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 (EYPP) which will provide additional funding for deprivation, but as with 5 to 16 age pupil funding, this will sit outside of the DSG and the funding formula.

3.5 In addition to this, in 2014/15 all settings received a payment 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 in September 2014 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.

3.6 The LA is therefore proposing the following changes to the EYFF for 2015/16:

- a) Base rates to be increased to include funding for inclusion previously paid as a lump sum
- b) Quality supplement to be based on an Ofsted outcome of Good/Outstanding outcome as opposed to the current combined requirement for staff qualifications and Ofsted outcome ( as a result of this a greater number of settings will attract this funding)
- c) Flexibility supplement removed – this encouraged providers to offer the free places at times to suit parents and this has now largely been achieved
- d) Deprivation supplement – will remain the same for 2015/16 but from 2016/17 will be based on deprivation as indicated by the EYPP
- e) No changes to SEN

3.7 The new funding formula for 2015/16 would therefore be:

Rate	Description	PVI Settings	Maintained Settings
Base rate	Basic hourly rate for all pupils	£3.90	£3.80
Deprivation	Based on post code of individual pupils (EYPP from 2016/17)	0.10p to 0.55p	0.20p to 0.60p
Quality	Good/Outstanding Ofsted outcome	0.40p or 0.50p	0.10p or 0.20p
Flexibility	Deleted as no longer relevant	0	0
SEN	Based on the number of pupils with Special Educational Needs (not receiving SIPS or only partially receiving SIPS) within the setting	0.41p	0.41p
Maximum Hourly Rate		£5.36	£5.01

3.8 In order to support this, the Schools Forum have agreed an additional sum of £500,000 to support Early Years Funding which will ensure that there are no significant impact of loss of funding to individual settings as a result of these changes. This funding is clearly identified within the report outlining the overall DSG allocation for 2015/16.

3.9 The Schools Forum is asked to agree the proposed Early Years Funding Formula for 2015/16.

