

Decision Maker: **SCHOOLS' FORUM**

Date: **Tuesday 13 September 2016**

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

Title: **AN EARLY YEARS NATIONAL FUNDING FORMULA -
CONSULTATION RESPONSE**

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Chief Officer: Director: Education (ECHS)

Ward: (All Wards);

1. Reason for report

This report outlines the DfE proposals for an Early Years National Funding Formula and changes to the way three and four year old entitlements to childcare are funded, and the LA's draft response.

2. **RECOMMENDATION(S)**

The Schools forum is invited to review and discuss the consultation document and the proposed draft response.

3. COMMENTARY

3.1 On the 11th August 2016 the DfE launched a consultation document on proposals for an early years national funding formula and changes to the way three and four year old entitlements to childcare are funded. The closing date for the consultation is Thursday 22nd September.

3.2 The consultation focuses on three main areas:

Part 1: National funding to local authorities –

- Hourly funding rates (national average) to increase from £4.56 to £4.88 for three and four year old (including average Early Years Pupil Premium spend) and from £5.09 to £5.39 for two year olds
- A new early years national funding formula would allocate funding to local authorities for the existing 15 hour entitlement for all three and four year olds and the additional 15 hours for three and four year old children of eligible working parents
- The formula would include factors for additional needs and an area cost adjustment to reflect variations in local costs
- While the majority of local authorities would see increases in their hourly funding rates, the DfE would set a funding floor to ensure that no authority would see a reduction of more than -10% once the formula is fully implemented
- To use transitional protections to ensure that no local authority would see an annual reduction in their hourly funding rates of more than -5% in any year
- That all local authorities should be funded by the early years national funding formula, without any transitional protections by 2019-20

Part 2: Local funding from local authorities to providers

- To require that all local authorities pass 93% in 2017/18 and 95% in 2018/19 of early years funding to providers
- Local authorities would use a universal base rate to fund providers for each hour of the free entitlement, by no later than 2019-20. This would bring about greater equality in funding between different types of provider.
- There would be supplementary funding for maintained nursery schools for at least two years to keep their transition to a universal base rate manageable.
- There would be a limited set of permitted funding supplements, limited to those which reflect drivers of cost and incentivise providers to meet the need of parents. These supplements would be capped at 10% of the hourly funding rate

Part 3: Meeting children's additional needs

- There would be a new Disability Access Fund to support disabled children to access the free entitlements
- Local inclusion funds for children with special educational needs would support providers in driving outcomes for these children
- The Early Years Pupil Premium will continue

3.3 The full consultation document can be found at the following address

<https://consult.education.gov.uk/early-years-funding/eynff>

3.4 Alongside the consultation document the DfE has published illustrative funding allocations which show that the funding rates for Bromley would increase from £4.19 (compared to a national average of £4.43) to £4.91 (compared to the national average of £4.71). It is anticipated that this increase would be passed onto providers and would mean that potentially there may not be the need to find savings in this block as part of the overall DSG budget exercise, and that settings may see a real increase in funding.

3.4 The consultation document outlines a number of specific questions covering these areas in great detail. The LA has produced a draft response to each question. We are still waiting for some wording relating to the set of questions regarding meeting the needs of disabled children and children with special educational needs. These responses will either follow shortly or will be tabled at the SF meeting.

3.5 The Schools Forum is asked to consider these proposals and the LA's draft responses.