

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

**Date:**                    **Thursday 24 November 2016**

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

**Title:**                    **EARLY YEARS FUNDING FORMULA 2017/18**

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

**Chief Officer:**        Director: Education (ECHS)

**Ward:**                    (All Wards);

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1.    Reason for report

This report outlines the proposals for the changes to the Early Years Funding Formula for 2017/18 in line with DfE guidance.

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2.    **RECOMMENDATION(S)**

**The Schools Forum is asked to discuss and agree the proposed changes to the Early Years Funding Formula.**

### 3. COMMENTARY

3.1 In August 2016 the DfE launched a consultation on the new Early Years National Funding Formula. The Schools Forum agreed the LAs response to this document at their last meeting in September. Although the final outcome from the consultation is yet to be published, the EY working group has continued to meet to consider what changes may need to be made to the Bromley formula to meet the new guidelines.

3.2 As part of the consultation process, DfE published indicative funding guidelines for 2017/18 which indicate that the funding for the Early Years Block for Bromley is likely to increase and all modelling has been done on that basis. The current funding is based on an hourly rate of £4.19 which provides overall annual funding of £13,095,000 – based on the projections this could increase to £4.91 per hour giving overall funding of £15,298,067 which would represent a significant increase for Bromley settings.

3.3 The Early Years Working Group consists of:

Mandy Russell, Head of Schools Finance Team

David Bradshaw, Head of ECH Finance

Carol Arnfield, Head of Service for Education

Rosemary Meissner, Early Years Funding Manager

Alison Regester, Schools Forum EY Representative

Leah Crawley, Head Teacher Burnt Ash Primary

Teresa Robinson, EYDCP

3.4 The Working Group has met to look at the DfE proposals and to look at the Bromley Formula for 2017/18. The remit of the group was defined as follows:

- To look at the proposed supplements and to agree which should be included in the Bromley formula
- To look at methods for allocating funding through the supplements
- To discuss the proportion of funding to be distributed through the supplements.
- To look at modelling data based on these proposals to consider the impact on individual settings
- To discuss the proposals for meeting the needs of disabled children and children with special educational needs
- To discuss the proposal and timeframe for consulting with stakeholders
- To consider the timeframe for the introduction of the additional 15 hours childcare from September 2017

3.5 Supplements – the only supplements that are available for LAs to use are as follows:

- Deprivation (mandatory)
- Rural/sparsity (optional)

- Flexibility (optional)
- Efficiency (optional)
- Delivery of the additional 15 hours free childcare (optional)

The Working Group felt that the optional supplements either did not reflect Bromley's demographics or that the supplements would be very difficult to measure and to administer therefore the proposal is that Bromley will only use the mandatory deprivation supplement. The current formula also includes supplements for quality (based on OFSTED judgements) and SEN (based on actual need of children in each setting). With regard to the quality supplement, around 97% of settings receive this funding therefore if this funding is absorbed into the base rate there should be little impact on the majority of settings. With regard to the SEN supplement this is currently only paid to ten settings – it is anticipated that these settings would lose funding overall under the new formula but it is anticipated that the impact will not be significant. However, there is no way of mitigating the impact of this if the supplement is no longer allowed.

3.6 Having made the recommendation that the only supplement to be used would be the (compulsory) deprivation factor. Currently Bromley uses IDACI as the indicator for deprivation for EY funding (in the absence of any free school meal data). This appears to be the measure of deprivation that is used by the majority of LAs. However, settings also receive EY Pupil Premium which is based on parent's individual earnings, in the same way as free schools meals entitlement, and is perhaps a more accurate indication of circumstances.. The Working Group is therefore proposing that both measures of deprivation should be used to allocate funding to ensure that the additional funding is reaching the most deprived pupils.

3.7 The maximum amount that LAs can distribute through the supplements is 10%. The WG discussed this at length and were of the opinion that 10% seemed very high if only one supplement is being used. The Group looked at three sets of modelling data with the deprivation element being 3%, 4% or 5% - the group agreed unanimously in favour of the 96% : 4% split.

3.8 The modelling data produced on this basis can be seen at appendix 1. Under the new proposals the base rate is calculated at £4.70, deprivation funding based on IDACI to be paid at 30p for every pupil in the setting where the IDACI data is above an agreed threshold, and deprivation based on EYPP data to be paid at £1.47 for those eligible pupils only (to supplement the EYPP payment of 0.53p).

The current rates are as follows:

Base rate £3.90

Quality 40p or 50p

Deprivation ranging from 0.06p to 0.56p

SEN 0.42p

The modelling data shows that the majority of setting will receive more funding under the new formula, due to the increased level of finding. There are a very small number of settings that lose funding – these are the settings that previously received the SEN supplement. Schools Forum should also note that a small element has been built in for growth, however all proposed funding levels are indicative only and are dependent on the LAs final funding settlement. Maintained schools funding is shown as one total at the bottom of app 1 in order

to make sure the overall percentage splits are correct however a school by school analysis can be sent at appendix 2.

3.9 Appendix 3 shows a snapshot of the Early Years Block within the DSG. These figures will be updated when the final DSG allocations are received in December. However, the Schools Forum should note that this also includes the assumption that a proportion of expenditure relating to support in pre-schools will move across from the High Needs Block to the EY Block in line with the High Needs savings proposals. The LA will still be within the cap of 5% allowed to be spent centrally.

3.10 It is proposed that if the Schools Forum is in support of these proposals that a consultation document will be sent to all stakeholders at the beginning of December consulting on the underlying principles of the new formula but not to include details on a setting by setting basis. Settings will be given two weeks to respond to the proposals.

3.11 The EY WG also discussed the DfE proposals for disabled children and children with special educational needs. The DfE are proposing that they will establish a Disability Access Fund to support children in receipt of the Disability Access Fund however LAs are able to pool funds from the EY and High Needs Blocks to provide an Inclusion fund for children with SEN. The WG were of the view that the Bromley base rate has included an element of inclusion funding for a number of years and that it would be a retrograde step to strip this out and hold it centrally in the future. It was also felt that in view of the pressures on the High Needs Block it was unlikely that there would be any contribution to be made from there.

3.12 Finally, the Working Group discussed the time frame for the introduction of the additional 15 hours childcare to be introduced from September 2017. The DfE has published indicative funding to support this – based on the assumption that only 80% of eligible children will take up 80% of their entitlement Bromley will receive £2.6m in 2017/18. LA officer have not done any work yet to establish what the likely take up in Bromley will actually be.

3.13 The Schools Forum is asked to discuss and agree the proposed formula elements to be used in 2017/18, on the basis that this is dependent on the final regulations to be received from the DfE and on the understanding that the actual funding levels may vary depending on the final funding allocations.