

Decision Maker: **SCHOOLS' FORUM**

Date: **Thursday 7th November 2019**

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

Title: **REVIEW OF EARLY YEARS FUNDING FORMULA**

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Chief Officer: Jared Nehra, Director of Education, Care and Health Services

Ward: (All Wards);

1. Reason for report

This report provides an outline of the Local Authority's proposed review of the Early Years Funding Formula.

2. **RECOMMENDATION(S)**

- i. **The Schools Forum is asked to review the proposals and to give a view on the progress to date.**

3. COMMENTARY

- 3.1 In July 2019 Bromley received notification of an increase to the Early Years funding block within the Dedicated Schools Grant of £2.3m which consisted of £1.45m relating to 2019/20 and a retrospective adjustment of £0.87m relating to 2018/19. Unlike the other blocks, Early Years funding is adjusted in year, either upwards or downwards, based on the January pupil numbers.
- 3.2 Funding adjusted retrospectively after the end of the financial year is based on a 5/12ths and 7/12ths split i.e. 2018/19 funding adjustment would be calculated as follows:
- January 18 pupil numbers x 5/12ths
 - January 19 pupil numbers x 7/12ths
- 3.3 If pupil numbers and take up are increasing this will result in additional funding however if numbers/take up are decreasing then funding will be clawed back. This can vary across the three main elements within the Block i.e. 2 year old numbers may be decreasing but universal funding for 3 and 4 year olds and additional 15 hours numbers increasing - if this is the case the funding adjustment will be “netted off”.
- 3.4 The current pattern in Bromley is that 2 year old numbers/take up is decreasing but 3 and 4 year old numbers/take up is increasing for both the universal entitlement and the additional 15 hours. As a result of this Bromley is seeing a net increase in the overall funding.
- 3.5 This adjustment has prompted a full review of the current EY funding formula by LA finance and Early Years officers to understand why the funding is increasing and to look at possible adjustments to the Bromley EY funding formula for 2020/21 to ensure that the increased funding is passed on to the EY providers to support EY education in Bromley.
- 3.6 As part of the review, LA Officers will meet with a representative group of EY providers to discuss proposals to increase funding base rates. The feedback from this consultation will be reported back to the Schools Forum.
- 3.7 Officers have used trend data for recent years to estimate the take up and numbers for the next financial year to calculate the expected income and expenditure. Based on these findings, the LA is recommending an increase to the EY funding to providers as follows;

	2019/20 funding- hourly base rate	2020/21 funding- hourly base rate	Increase	% increase
2 year old funding	£6.00	£6.50	0.50p	8.33%
Universal funding for 3 and 4 year olds	£4.70	£4.90	0.20p	4.25%
Additional 15 hours funding	£4.70	£4.90	0.20p	4.25%

- 3.8 The LA is proposing just to increase the base rate at this stage which will mean an increase to all providers, as opposed to increasing or changing the other supplements such as deprivation as this would produce different outcomes for different providers. This could form part of a further review for 2021/22.

- 3.9 The LA is proposing a higher increase to the 2 year old funding which is already higher than the other rates to reflect the different staff to pupil ratios for 2 year olds – it is also hoped that as Bromley is seeing a decrease in both the eligibility and take up for 2 year olds that this increase will encourage more settings to offer places for two year olds and will help to increase take up.
- 3.10 The figures are based on best estimates. It is always difficult to predict these figures accurately, however these funding changes are deemed to be low risk as the EY funding is adjusted in year and not subject to the impact of lagged funding in the same way that the other blocks are. Therefore if the numbers/take up increase more than anticipated, the funding would be increased to reflect this.
- 3.11 These funding levels are based on the current funding levels from the DfE – although there has been some discussion in the press regarding potential increases to EY funding no detailed figures have yet been released. If the per pupil funding that Bromley receives for EY pupils does increase as part of the 2020/21 funding settlement then the LA would also look at passing these increases onto the providers so the proposed rates could increase further.
- 3.12 The review also allows for an increase of £0.5m to the funding that is held centrally to support Early Year pupils with SEND which is currently held in the EY Block. The LA will continue to meet the required “pass-through” rate for the EY Block.
- 3.13 Full details of the supporting calculations can be seen at appendix 1.
- 3.14 The Schools Forum is asked to discuss these proposals with a view to the funding formula base rates being increased as part of the 2020/21 budget setting process, which will be presented to Members as part of the full 2020/21 budget in January 2020 for approval.