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EARLY YEARS FUNDING UPDATE

Report of the Director of Children's Services

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1. Purpose

- 1.1 To update Forum regarding Early Years DSG funding for 2017/18 in light of the delay in receiving the expected response to the Early Years National Funding Formula Consultation that closed on the 22 September 2016.

2. Recommendations

- 2.1 Forum is recommended:

- To note the content of this paper;
- To agree to Officers consulting locally with the early years sector regarding implementation of the Early Years National Funding Formula as soon as the national consultation response and proposals are published by DfE.

3. Summary

- 3.1 The Forum is asked note the content of this paper and agree with the direction of travel. Due to the timescales Forum are asked to agree that officers can start the local consultation process with Early Years providers as soon as the response to the early years funding consultation is received from DfE.

Officers will return to Forum in the New Year with results of the consultation, levels of centrally retained EY DSG and the suggested hourly base rates.

4. Early Years National Funding Formula (EYNFF) Consultation

- 4.1 The EYNFF consultation outlined the Government's desire for greater transparency and equality within early years funding. The DfE require the funding they allocate to LA's to be based on the cost of providing a free early education place in a specific geographic area rather than based on historic factors. The DfE also wants to end the significant differential which exists in most LA's between providers delivering free early education places.
- 4.2 The EYNFF consultation also outlined the Government's recognition that the central support for free early education is significant and likely to remain the responsibility of the local authority. In the consultation document, the Government's expectation was that this was funded through EY DSG.

5. New universal base rates

- 5.1 DfE have stated very clearly that they intend to introduce a single hourly rate base rate for three and four olds for all types of early years provision within a local authority area . The tables below detail the current hourly rates paid to different providers.
- 5.2 **Free early education for three and four year olds**

	2016 – 2017
Childminders	£5.50p
PVI	£4.53p Non Fringe Area £4.62p Fringe Area
Nursery class in Maintained School	£4.50p Non Fringe Area £4.59 Fringe Area
Nursery Schools	£5.14 Non fringe Area £5.23 Fringe Area In addition nursery schools receive additional single sum supplements which equates to approximately £2.50 per hour per child

We are unable to fix the likely hourly rates until we have seen the response to the consultation and the new financial regulations and modelled the

potential level of central retention. Childminders are likely to see a fall in their hourly rate but as childminders currently deliver places for less than 100 children this is unlikely to affect availability of places to parents. Nursery classes and PVI providers are likely to see an increase of approximately 11%.

5.3 Free early Education for two year olds

	2016 – 2017
Childminders	£5.50p
PVI	£5.14 Standard rate £5.64 Higher rate
Nursery class in Maintained School	£5.14 Standard rate £5.64 Higher rate
Nursery Schools	£5.14 Standard rate £5.64 Higher rate

Currently we fund free early education for 2 year olds at two different rates; this was to recognise in the early days of the scheme that some vulnerable children may need providers to attend additional meetings etc. In a bid to ensure transparency it is proposed to fund all eligible two year olds the same rate. As the majority of funded two year olds are currently funded at the lower rate, moving to one standard rate will result in the majority of providers receiving significantly more funding per 2 year old.

6. Maintained Nursery Schools

- 6.1 It is anticipated that the LA will receive approximately £2m for maintained nursery schools for 2017/18 to support the transition to the universal hourly funding rate. For the financial year 2017/18 it is therefore the intention to fund maintained nursery schools at 2016/17 rates. DfE will be consulting about Maintained Nursery Schools during the coming months as the future direction for Maintained Nursery Schools across the country is uncertain. Until this consultation has been completed and DfE has formed a settled view, it is not possible to say more about the possible future or futures for these schools.

Officers from Early Childhood and Early Help Commissioning, HfL, and FSS will be supporting maintained nursery schools to ensure a balanced budget is maintained.

6. Recommendation

It is recommended that Forum notes the content of this paper and agrees to Officers consulting locally with the Early Years sector regarding implementation of the Early Years National Funding Formula as soon as the national consultation response and proposals are published by DfE.