

Schools Forum

Title: Early Years National Funding Formula (EYNFF) Consultation

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Local members affected: All

Introduction:

DfE has launched a [consultation](#) on how the Early Years Block of Dedicated Schools Grant (DSG) is allocated across local authorities; the consultation closes on 22nd September 2016.

The proposals include:

- introducing a new early years national funding formula for 3 and 4 year olds;
- changing the way local authorities fund the early years providers in their area; and
- making sure that children with special educational needs or disabilities attract the extra funding they need.

Currently LAs receive an hourly funded rate ranging from £3.24 - £9.17 (Buckinghamshire currently receives £4.115) so the aim is to review how funding is distributed to achieve a more equitable arrangement.

Key Headlines:

New formula commences April 2017 for existing provision, all LAs to be on formula by 2019/20. Rate and budget to be confirmed possibly by December but if not early 2017.

Buckinghamshire is currently 90th highest funded LA, moves to 60th after transitional arrangements.

Funding floor protection of 10% with maximum loss of 5% per year over 2 years – this doesn't apply to Buckinghamshire as we are not seeing a reduction to our hourly income.

No need to continue Minimum Funding Guarantee

£300m additional national funding for +15 hours, average national hourly rate £4.88 per hour (was £4.56) including EY Pupil Premium (EYPP) – increased on average by 15%

Average rate of £4.88 includes 0.02p Disability Access Funding (DAF), 0.05p EYPP, 0.09p MNS, 0.01p quality & expertise, £4.71 base hourly rate. Buckinghamshire's base hourly rate is proposed at £4.64

No changes to EYPP – 0.53p per hour, outside of EYNFF

+15 hour rate to LAs is same as core (universal) 15 hour rate

Funding continues based on Participation, i.e. bums on seats not capacity.

LA hourly rate based on 3 factors:

1. Universal base rate (89.5% of funding)
2. Additional Needs Factor (ANF)– SEN (FSM 8%, EAL 1.5%, DLA 1%) = 10.5%
3. Base rate + ANF x Area Cost Adjustment (ACA) – geographic costs (salary + premises rateable values) ACA = range from 1-1.9. So ACA can almost double the base hourly rate + ANF. Buckinghamshire's proposed ACA = 1.235

LAs to reduce factors and supplements. All providers to receive same base rate regardless of sector but at least 2 years protection for Maintained Nursery Schools (MNS). Buckinghamshire currently funds all providers the same base hourly rate with the exception of our two maintained nursery schools.

Few Supplements/factors allowed (up to maximum 10% of funding):

1. Deprivation – must have for 3 & 4s (current average 4%)
2. Sparsity – to be judged by distance from nearest provider or provider type – optional
3. Flexibility – guidance due in autumn, to incentivise +15 hours and flexibility - optional
4. Efficiency – efficient models of delivery - optional
5. Growth – new place supplement to manage capacity - optional

Providers may make reasonable charges for consumables and additional services such as meals, nappies, dance lessons but payment cannot be a condition of access

LAs will not be required to self-fund early education as part of 100% Business Rate Retention – or not until the programme is fully implemented.

SEND Funding:

£12.5m per year available for DAF, ring fenced

1. Disability Access Funding (DAF) – for every child on DLA, to be fully pass ported to providers to use at their discretion – similar to EYPP mechanism. Funding not expected to cover full cost of provision, it's a top up from HNF Block but is funded within the core rate to LAs so will require new money to move to HNF.
2. Inclusion Fund – LAs to set up an inclusion fund from EY and/or HNF blocks. Recommended to support SEN Support. DfE has not illustrated this as for LAs to determine how much funding to set aside, which block and criteria for allocation.

If funding is used centrally to buy service and then offered free of charge, this is still considered part of central retention.

Central retention:

Currently LAs retain between 0-20%, average is 6%. Buckinghamshire 16/17 6.5%

17/18 LAs may retain maximum 7%, reducing to 5% from 18/19.

LAs may retain budget to support administration of eligibility but should consider buy back for training and quality improvement.

High Pass Through (95%) – wording used to describe funding which can't be retained centrally

Contingency Funding:

LAs to hold back contingency for in year growth, counted as part of High Pass Through funding.

+15 hours – minimal need for contingency as LA funding based on Jan count.

Two Year Olds:

Current formula continues

EYNFF doesn't apply

Rates to be uplifted from April 2017 from an average of £5.09 to average of £5.39

Bucks rate currently - £5.33 rising to £5.71 April 2017 - £5.33 is fully passported to providers currently

What this means for Buckinghamshire:

Current hourly rate paid to LA - £4.115

Rate without capping £4.64 (no transitional caps apply in Bucks)

Baseline rate 16/17 - £4.35 for comparison – but we only receive £4.115

MNS 17/18 allocation - £213,354

EYPP – no change

16/17 BCC EY central spend = £1.3K - includes 2YO central spend

See attached Appendix

BCC has consulted with the Early Years Forum which Zahir Mohammed attended. Illustrations show the challenges ahead in reaching an affordable rate which incentivises the market place to expand ready for + 15 hours.

A response to the consultation has been drafted and will be shared with F40 group prior to finalising.

The issue is still that the funding is insufficient. The annual Childcare Sufficiency Assessment (2016) shows that average childcare fees across Buckinghamshire (January 2016) are:

Primary Planning Area	Day Nursery	Pre-School	Childminder	After School Club
Amersham	£5.74	£6.56	£5.79	£6.08
Aylesbury Town	£5.83	£4.46	£4.69	£4.63
Beaconsfield	£6.51	£7.05	£5.79	£5.84
Bourne End	£6.29	£4.67	£5.24	£5.78
Buckingham	£4.62	£4.23	£4.46	£4.56
Burnham	£6.50	£7.96	£4.84	£4.82
Chesham	£5.23	£4.75	£5.47	£6.11
Farnham & Stoke Poges	£6.29	£5.30	£5.46	£5.58
Gerrards Cross & The Chalfonts	£5.65	£6.14	£5.52	£6.45
Great Missenden		£4.67	£5.80	£5.99
Haddenham	£5.75	£4.64	£4.73	£5.10
High Wycombe	£5.97	£5.05	£5.28	£5.33
Ivers	£4.60	£4.56	£4.00	£4.83
Marlow	£5.99	£5.15	£5.36	£5.27
Princes Risborough	£5.85	£4.83	£4.94	£4.54
Waddesdon	£5.00	£4.73	£4.39	£4.14
Wendover	£5.30	£4.94	£5.07	£5.23
Wing and Minghoe	£5.28	£4.48	£4.99	£5.03
Winslow	£4.65	£4.76	£4.14	£4.19
Wycombe West	£6.08	£6.49	£4.94	£5.09
Buckinghamshire average	£5.64	£5.27	£5.05	£5.23

Recommendations:

To delegate BCC response on the EYNFF to Director of Finance and Cabinet Member Education & Skills.

Agree to further illustrate local rates and formula once the outcome of the consultation is published.