

# DARLINGTON SCHOOLS FORUM

7<sup>th</sup> March 2017

ITEM NO 6

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## DARLINGTON EARLY YEARS FORMULA 2017/18

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### **Purpose of Report**

1. To agree the early years funding rates for 2017/18.

### **Background**

2. The DFE published their response to the early years national funding formula consultation on the 1<sup>st</sup> December 2016. This publication outlined the criteria for Local Authorities to set their local early years funding arrangements from April 2017.
3. Forum was provided with a summary of the national guidelines regarding early years funding at their January 2017 meeting. The proposals in this report follow the national criteria.

### **Early Years Funding Formula**

4. At the January Forum a proposed formula for 2017/18 in Darlington was outlined. This formula proposed both what the factors and the unit rates for funding in Darlington would be in 2017/18. The proposal presented to Forum was as below.
5. A universal hourly rate would be paid to all providers in Darlington for qualifying 3 & 4 year old children.
6. That a mandatory supplement would be paid for deprivation, but no other supplements would be used.
7. Three proposals were put forward regarding the rate for the deprivation supplement, with three corresponding differing hourly rates.
8. A mandatory SEN inclusion fund would be created which can be accessed by all providers for qualifying children on the same criteria.
9. Supplementary funding provided by the DFE for maintained nursery schools will be passed onto the two maintained nursery schools in line with the funding requirements.
10. Early Years Pupil Premium (EYPP) is outside of the formula and will continue to be funded to each qualifying child on the national rate of £0.53 per hour.

11. The disabled access fund will be paid to settings for qualifying children at £615 per year in line with the national guidance.
12. The Local Authority will hold £113,754 of funding centrally to continue to provide funding into the Council's early years team. This team will continue to provide support to providers as in the current year free of charge.
13. For qualifying two year old children an hourly rate of £5.20 will be paid to all providers.
14. Following Forum the proposed formula for Darlington was consulted upon locally. This consultation involved a questionnaire being sent to all providers and two contact sessions, where providers could ask questions regarding the questionnaire and the proposals. In addition the Early Years team provided one to one responses to questions from providers. The questionnaire is attached at appendix one.

### **Outcome of the consultation**

15. The questionnaire asked six questions the full results of which are attached at appendix 2. In summary from the consultation,
  - a. All respondents agreed that there should be one universal hourly rate for qualifying 3 & 4 year old children.
  - b. The largest percentage of respondents preferred that the deprivation rate be reduced by 50% with a corresponding increase in the hourly rate.
  - c. All but one respondent agreed to not have any discretionary supplements.
  - d. All respondents agreed with the proposal to pass on all two year old funding and hence have a rate of £5.20 per hour for qualifying children.
  - e. All respondents agreed with the increase in the SEN inclusion fund, to cover the 30 hour entitlement from September 2017.
  - f. All respondents agreed with the proposal for the procedure for accessing the SEN inclusion funding.

### **Darlington's Formula for 2017/18**

16. In line with the outcome of the consultation it is proposed that Darlington's formula for early years in 2017/18 will be as follows.

#### Qualifying 3 & 4 Year Old Children

17. A universal hourly rate will be paid to all providers from April 2017. This rate will cover payments for both the universal 15 hour entitlement and the 30 hours enhanced when introduced from September 2017.
18. The hourly rate payable for 2017/18 will be £4.15.
19. Only one supplement will be paid, this being the mandatory deprivation supplement. This supplement will be paid based on IDACI bandings (as in 2016/17) for the top 30% of most deprived postcodes. Payments will be made on a per child basis each term as follows.

£50 for the top 10% of deprived post codes  
£25 for the top 11% to 20% deprived postcodes  
£12.50 for the top 21% to 30% deprived post codes.

20. EYPP will be paid to qualifying children at the rate received from the DfE, currently £0.53 per hour.
21. The disabled access fund will be paid to settings for qualifying children at £615 per year in line with the national guidance.
22. All funding received through the supplementary funding for maintained nursery schools, will be passed onto the two maintained nursery schools in equal shares. The current indicative amount of funding in this area is £223,476, which if received will equate to £111,738 per nursery school.

#### Qualifying 2 year old children

23. A rate of £5.20 per hour will be paid to all providers.

#### Central Funding

24. The Local Authority will hold £113,754 of funding centrally to continue to provide funding into the Council's early years team. This "top slice" represents 2.2% of the 2017/18 funding allocation and is therefore well within the maximum 7% allowable for 2017/18.

#### SEN Inclusion

25. A SEN inclusion fund is a mandatory requirement of the early years formula. As per the proposal to Forum in January an allocation of £150,000 has been set aside for SEN inclusion in 2017/18. This allocation will cover children accessing universal entitlement and also children accessing the 30 hour entitlement. As it is unknown exactly how many children will qualify for funding and what the uptake will be for the additional entitlement assumptions have been made in setting the £150,000 budget. It is possible that the demand on this budget will be greater than the £150,000 allocated, if this is the case it is intended that funding will be drawn from any underspend that is brought forward from 2016/17. It is preferred to use underspend to bridge any SEN funding shortfall as the alternative would require the universal hourly rate to be reduced.

#### 2016/17 Resources

26. Within the 2016/17 budget management it is currently projected that there will be underspends in the early years budgets. The final expenditure for 2016/17 will not be known until all payments have been made for the spring term (and therefore the projection is subject to change), however it is likely that there will be underspend to bring forward from 2016/17 into 2017/18.
27. It is not intended to allocate this underspend within the 2017/18 formula at this stage as there are a number of unknowns in the building of the formula that may require additional

funds. As mentioned above there may be greater calls on the SEN inclusion fund and also the take up of 30 hours may be higher than estimated. It is proposed therefore that any underspend is held in reserve to cover any possible funding shortfall.

28. In addition it is expected that the funding that is received from Government will be fixed in terms of the hourly rates received at least until the end of this Parliament, therefore no additional funding will be received to cover any pressures or to increase future hourly rates. The funding of early years therefore needs to be managed across the next three years.
29. In the event that there is any underspend in funding during 2017/18, this will be taken account of when setting the funding rates for 2018/19.

### Summary

30. The following table summarises the funding formula for 2017/18 and shows the increase on the 2016/17 levels.

<b>Provision</b>	<b>2016/17 Rate</b>	<b>Proposed 2017/18 Rate</b>	<b>Change</b>
<b><u>3 &amp; 4 Year Old</u></b>			
Nursery School – Per hour per child	£3.68	£4.15	£0.47
School Nursery Class – Per hour per child	£3.68	£4.15	£0.47
Private, Voluntary & Independent Sector – Per hour per child	£3.78	£4.15	£0.37
Deprivation – Top 10% most deprived post codes – Per term, per child	£100	£50	(£50)
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£50	£25	(£25)
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£25	£12.50	(£12.50)
<b><u>2 Year Old</u></b>			
All Providers – Per hour per child	£5.10	£5.20	£0.10

### Recommendations

31. That Forum notes the content of this report.
32. That Forum agree to the proposed early years formula for 2017/18.

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