

2020-2021 EARLY YEARS FUNDING FORMULA CONSULTATION

Date	21 November 2019
Report title	2020-2021 Consultation on Early Years Funding Formula
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Summary

In November 2019, the Department for Education made announcements regarding increases to the funding levels for Early Years settings in 2020-2021.

This report explains the options available for application of the Early Years National Funding Formula to Wolverhampton providers in 2020-2021.

Request

Those responsible for Early Years provision are asked to consider and make comment on the following:

1. An increase the hourly rate clawback used to create a SEN Inclusion fund.
2. Introduction of a top-slice hourly rate to support central functions

The outcome of this consultation will be discussed at Schools' Forum on Thursday, 5 December 2019 and will be applied to the 2020-2021 data once it becomes available.

1.0 Background

- 1.1 The Early Years National Funding Formula (EYNFF) was introduced in April 2017, and the city of Wolverhampton Council were early adopters of the formula, implementing it with no transitional phase.
- 1.2 The EYNFF requires that Local Authorities create funds from their allocations for SEN inclusion and for Deprivation. These funds are created by way of claw-back from the hourly rate.
- 1.3 The SEN Inclusion fund is clawed back at a rate of 8 pence per pupil hour, and it used to support Early Years providers with inclusive SEN provision.
- 1.4 The Deprivation fund is clawed back at a rate of 35 pence per pupil hour, and is paid back to providers as a multiplier based on the deprivation weighting of the pupils attending the setting.
- 1.5 Local Authorities may also hold back funds to support central functions, provided that a minimum of 95% of the funding is passed-through to providers.
- 1.6 Both the SEN Inclusion fund, and the deprivation fund are passed back to providers, so are not counted as held-back funds. As such, the pass-through rate in Wolverhampton is 100%.
- 1.7 The hourly rates since April 2017, have been as follows:

3 & 4-year-old funding		Hourly rate
		£
Local Authority Settlement		4.68
Clawed back for SEN Inclusion		0.08
Clawed back for Deprivation		0.35
Universal hourly rate for all settings		4.25
2-year-old funding		Hourly Rate
		£
Local Authority settlement		5.24

- 1.8 The 2-year-old funding is fully passed through to providers.

2.0 Options for consideration in 2020-2021

- 2.1 In its November announcement, the Department for Education announced an additional £66 million of funding, guaranteeing all Local Authorities a minimum funding rate of £4.38 per hour.
- 2.2 This additional funding equates to an additional 8 pence increase to the hourly rates for both 2-year-old and 3 and 4-year-old funding.

3.0 Proposal

3.1 The proposal for the City of Wolverhampton 2020-2021 EYNFF is:

- To maintain the deprivation funding at £0.35
- To increase the SEND inclusion fund by £0.01 to £0.09
- To hold back funds to support central functions amounting to £0.02, therefore passing through 99.58% to providers

3.2 The proposed hourly rates would be:

3 & 4-year-old funding 2020-21	Hourly rate £
Local Authority Settlement	4.76
Clawed back for SEN Inclusion	0.09
Clawed back for Deprivation	0.35
Hold for central functions	0.02
Universal hourly rate for all settings	4.30
2-year-old funding	Hourly Rate £
Local Authority settlement	5.32

4.0 Central functions

- 4.1 Payments to service providers is governed by the DFE's Early education and childcare statutory guidance for Local Authorities; this guidance is for English local authorities on their duties pursuant to section 2 of the Childcare Act 2016 and sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006
- 4.2 **Section A4** covers the funding of places within establishments and states that Local Authorities should provide **“fair and transparent funding which supports a diverse range of providers to deliver free places on a sustainable basis and encourages existing providers to expand and new providers to enter the childcare market. This diversity enables parents to choose a provider that best meets the needs of their child and family”**
- 4.3 **Section A413** states that LA's should **“Pay all providers the full amount owed to them monthly unless they have good reason not to do so, for example, if, after consultation, the clear majority of providers opt for an alternative method of payment. Local authorities should be mindful of the concerns of smaller providers, particularly childminders, about their cash flow when making decisions about payment methods. Local authorities should regularly review how they pay providers to ensure that it continues to meet the needs of all providers in their area.**
- 4.4 At present the City of Wolverhampton Council cannot fulfil its duty to pay the full amount owed on a monthly basis, if required to do so. This is due to capability issues with the system used to collate pupil numbers and calculate payment amounts. Funding has been earmarked for an initial two-day system health check with the system supplier, this is to begin the process of addressing the capability issues. It is proposed that the centrally held funding is utilised to fund the costs of resources and operations to ensure complete compliance with the legislation governing payments to service providers.

5.0 SEN Inclusion Fund

- 5.1 Early Education and Childcare Statutory Guidance for Local Authorities places a requirement on local authorities to establish an Early Years SEN Inclusion fund to support 3- and 4-year olds [not those in reception] with emerging SEND. This funding is to enable children to have the opportunity to access an Ofsted registered provision e.g. Maintained nursery classes, PVI's and childminders and to fully engage with the Early Years Foundation Stage (EYFS).
- 5.2 For the academic year 2019-2020 there has been an increase in applications to the Inclusion Funding panel and there are currently 74 children in mainstream, 46 children in PVI's and 3 resources applications.
- 5.3 This year we have supported requests for 30-hour entitlement and out of the 120 children receiving Inclusion Funding, 21 children have received this creating double funding. A further impact on this year's budget spend is that 9 children are supported through summer born deferral and therefore receiving a continued nursery placement and Inclusion Funding.
- 5.4 This funding supports the most severe and complex needs children to access an Inclusive provision and we are now predicting that any further agreed new applications will create an overspend within this budget.

6.0 Actions

- 6.1 The consultation period will run from Thursday 21 November to close of play on Wednesday 4 December. **Responses received after this period will not be considered.**
- 6.2 Please email your responses to Schools.Resources@wolverhampton.gov.uk, marking the subject "EARLY YEARS FUNDING CONSULTATION RESPONSE"
- 6.3 Appendix 1 provides settings with indicative figures using 2019-2020 data to illustrate a like for like settlement.
- 6.4 Each setting is allowed a single response. Any additional responses received will not be considered.
- 6.5 Further representations can be made via your Schools' Forum representative.
- 6.6 Should you require any further information, please contact Debra Boniface – 01902 557975 or by email – Debra.Boniface@wolverhampton.gov.uk, including EARLY YEARS FUNDING CONSULTATION in the subject line.

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