

City of Wolverhampton Council

SCHOOLS FORUM

Date	05 December 2019
Report title	2020-2021 Consultation on Early Years Funding Formula
Contact Officer/s	Debra Boniface
Telephone number/s	01902 557975

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.

All providers of early years education have been consulted on proposed amendments to the disbursement methodology, and the outcomes of this consultation are included in this report.

Decision

Members of Schools' Forum are asked to:

- a) Note the outcomes of the consultation;
- b) Consider the implications of the impact of the various options for all early years providers in Wolverhampton;
- c) Register a vote that represents their school's cohort:
 - Agree or disagree with the 1 p per hour increase to the SEND Inclusion fund.
 - Agree or disagree with the introduction of a 2 pence per hour top-slice to support central functions.

1. Background

1.1. The Early Years National Funding Formula (EYNFF) was introduced in April 2017. The formula provides an hourly rate for 3&4 year old provision (both the Universal 15 hours and additional entitlement), and an hourly rate for 2 year olds. These hourly rates have not changed since the introduction of the formula.

1.2. 2020-2021 sees the first year that the hourly rates have been adjusted, and a review of the disbursement is required, by way of a consultation will all early years providers.

2. Early Years Funding Formula Consultation

2.1. Purpose

There have been no amendments to the disbursement methodology used by City of Wolverhampton Council since the introduction of the EYNFF, and any amendments to the methodology used must have sought Schools' Forum Approval following a period of consultation. A consultation was held with all Early Years Providers (primary schools nursery schools and PVI's) from 21 November to 4 December 2019.

2.2. Pass-through rates

- Local authorities are expected to "pass-through" to providers 100% of the 2 year old funding and a minimum of 95% of the 3&4 year old funding.
- It is a DfE requirement that Local Authorities create both an Early Years Inclusion fund, and a deprivation fund, by means of making top slices from the 3&4 year old funding.
- These top-slices are not included in the pass-through calculation, since the funds still go to providers.
- The City of Wolverhampton Council has "passed-through" 100% of the 3&4 year old funding since the onset of the EYNFF.
- The maximum top-slice (within the 5% permissible) for central functions would be approx. 20p per hour

Based on the hours funded in 2019-2020,

- 1p per hour would equate to a total of £29,700
- 2p per hour would equate to a total of £59,400

2.3. 2020-2021 Funding Formula

The DfE announced in November 2019, that the level of early years funding provided to Local Authorities is to be increased by 8 pence per hour, and that this increase will apply to both the 3&4 year old and 2 year old rates in 2020-2021. Since the rate received for 2 year olds is "passed-through" at 100%, it is outside the scope of this consultation proposal.

The current hourly rate (2019-2020) of funding for 3&4 year olds is:

3 & 4 year old funding (2019-2020)	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

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 & 4 year old funding (2020-2021)	Hourly rate £
Local Authority Settlement	4.76
Clawed back for SEN Inclusion	0.09
Clawed back for Deprivation	0.35
Clawed back for central support services	0.02
Universal hourly rate for all settings	4.30

2.4. Central Support Services

- 2.4.1. The early years central support team are responsible for ensuring accurate and timely payments are made to providers in the city, as well as providing valuable support to providers. Under current arrangements, payments frequencies vary between providers. DfE guidelines require that payments should be made monthly and the City of Wolverhampton Council wishes to move towards making regular monthly payments to all providers.
- 2.4.2. The cost of the central support functions for Early Years amounted to £293,000 in 2018-2019, and this has been fully funded from the Local Authority core grant. It is proposed that the centrally held funding is utilised to fund the costs of additional resources and operations to ensure complete compliance with the legislation governing payments to service providers.
- 2.4.3. As this funding is to be retained centrally, it is included in the pass-through calculation, and the new pass-through rate would be 99.58%.

2.5 SEND Inclusion Fund

- 2.5.1. 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).
- 2.5.2. 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.
- 2.5.3. 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.
- 2.5.4. 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.
- 2.5.5. Since this funding is ultimately paid to providers, it is excluded from the pass-through calculation

2.6 Outcomes of Consultation

- 2.6.1. There has been a single response from a primary school, in support of both proposals, but making the request the central support clawback be for a single year only.
- 2.6.2. The Cabinet Member for Education and Skills received a letter from the Chair of Governors of a maintained nursery school, expressing concerns about the potential for the LA to redirect 100% of the increase, whereby providers would not receive any increase. However, a response was provided explaining the proposed disbursement of the additional funding, and this was understood and accepted.

2.7 Recommended Option and Next Steps

- 2.7.1. The recommended option for the City of Wolverhampton is to implement both of these proposals, to enable:
- the continued support to the SEND inclusive provision, and
 - the resourcing requirements to progress towards a monthly payment mechanism.
- 2.7.2. Forum are advised that the final decision on the funding formula rests with the Local Authority, whilst taking every consideration to adhere to the agreed formula.

financial ✓ governance ✓ educational ✓ other directorates ✓