

Report to the Schools Forum 15 March 2018

Early Years Funding 2018/19

1 Context and Background

- 1.1 As part of the move towards national funding formulas for DSG, in 2017/18 the DfE implemented a national funding formula (NFF) for early years. As the NFF is at local authority level, not setting level, local authorities continue to determine a local funding formula for early years, albeit within DfE rules.
- 1.2 The amount of funding allocated to T&W was based on the following hourly rates, which remain unchanged for 2018/19
- 2 Year Old Funding
- £5.20 per hour (had been £4.85 per hour in 2016/17)
- 3 and 4 year old funding
- £4.36 per hour (had been £4.03 per hour in 2016/17)
- 1.3 In 2018/19 at least 95% of the total funding will have to be passed through to providers (this was 93% in 2017/18). A maximum of 10% of the money in the funding formula can be distributed through supplements.
- 1.4 There is a requirement for each local authority to have an inclusion fund.
- 1.5 In addition, Disability Access funding is passed to settings educating children eligible for DAF at the rate of £615 per year.

2 T&W 2018/19 Proposals

- 2.1 In the context of the above is planning the following for 2018/19:
- unchanged hourly funding rate for 2 year olds at £5.11 per hour.
 - unchanged basic hourly funding rate for 3 and 4 year olds at £3.82 per hour;
 - unchanged flexible provision supplement at £0.33 per hour;
 - unchanged lump sum to nursery schools, £148,329.
 - a reduction of around £90,000 in the amount of funding being allocated to the deprivation supplement in order to fund part of the costs of the LA's early years provision, slightly offset by a reduction in the amount retained to promote the 30 hours offer. See below for more discussion of this.
 - unchanged central retention for early years high needs provision of £200,000 (£160,000 from 3 and 4 year old funding, £40,000 from 2 year old funding);
 - an unchanged central retention of £10,000 for early years moderation.
 - a reduction in the central retention for the LA to carry out early years pupil premium grant eligibility, from £4,195 to £2,758 due to an unchanged cost of £8.50 per child checked but a lower number of children. The alternative to this retention is for settings to do this

themselves, or enter into individual agreements with the Benefits team – each of these alternatives is likely to be more time consuming.

- a reduction in the central retention for supporting and promoting the 30 hours offer, from £50,000 in 2017/18 to £40,000 in 2018/19 in the context that the extended offer is now in place and whilst there are ongoing costs for portal maintenance (around £16,000) marketing materials and promotion (around £3,000), staffing (around £10,000), preparation and management of 'Capital' and 30 hour support bidding (around £4,000) and additional costs of the annual sufficiency survey (around £7,000) these are less than in the first year.

- a new central retention of £100,000 to support the costs of the early years team. Historically, T&W has not retained funds for this, the £64K below being for 30 hours support, early years moderation and early years pupil premium grant checks. This is anomalous compared to other LAs, as illustrated when comparing T&W to statistical neighbours and the England average. The planned central retentions in 2018/19 (early years team £100,000, 30 hours support £40,000, early years moderation £10,000, early years pupils premium grant eligibility checks £2,758, total £152,758) would still leave T&W far below the average.

2017/18 Planned Expenditure on Early Years: T&W compared to statistical neighbours and England average

	Total delegated EYSFF Budget	Central Spend	Central Spend as a proportion of EYSFF Budget	If each LA was at average level	Difference
England	£2,623,852,333	£127,829,484	4.87%	£127,829,484	£0
Telford & Wrekin	£8,658,918	£64,195	0.74%	£421,847	£357,652
Medway	£14,304,566	£939,707	6.57%	£696,893	-£242,814
Peterborough	£12,357,699	£790,051	6.39%	£602,045	-£188,006
Doncaster	£13,189,209	£730,600	5.54%	£642,555	-£88,045
Dudley	£13,924,851	£614,600	4.41%	£678,394	£63,794
Plymouth	£11,998,698	£539,345	4.50%	£584,556	£45,211
Rotherham	£12,149,737	£510,862	4.20%	£591,914	£81,052
Derby	£14,492,777	£471,529	3.25%	£706,063	£234,534
Wigan	£15,017,899	£347,695	2.32%	£731,646	£383,951
North Linc'shire	£6,680,645	£347,000	5.19%	£325,469	-£21,531
Lancashire	£56,043,491	£57,186	0.10%	£2,730,341	£2,673,155

2.2 The Forum is asked to express its views on the proposals for 2018/19 early years funding.

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