

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

TO:	READING SCHOOLS FORUM		
DATE:	06 OCTOBER 2016	AGENDA ITEM:	7
SUBJECT:	EYSFF		
SERVICE:	EDUCATION, CHILDRENS'S & EARLY HELP SERVICES	WARDS:	All
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Context & Background

National Funding Formula review.

The Government published a national review on the cost of providing childcare in November 2015. A new national funding formula for early years funding will be implemented from April 2017. A consultation on the national funding formula started in August with a deadline of 22nd September 2016 for responses. The response from the Government is due in December 2016.

The Government have announced they will introduce 30 hours of free early education and childcare to working parents from September 2017.

1 PURPOSE OF REPORT

- 1.1 To update Schools Forum on the proposed changes in the early years national funding formula (EYNFF) consultation.
- 1.2 To update Schools Forum on the impact of the EYNFF on the Early Years block funding for 2016/17.

2. RECOMMENDED ACTION

- 2.1 To note the contents of the report.
- 2.2 To note: The creation of two separate task and finish groups to determine how use the maintained nursery school funding supplement from April 2017-19 and the disability and inclusion supplements that are ongoing.

3. Update on the EYNFF on the budget position for 2016/17

- 3.1 Currently each local authority has its own early years single finding formula; these were devised following a national initiative nationally in 2010. In Reading this formula has been in place and an early years funding formula group comprised of representatives from all types of providers of early education and childcare have annually reviewed the early years block funding.
- 3.2 The new EYNFF will be implemented from April 2017. The recent consultation paper outlined the proposals from the government. This includes a period of two years transition as nationally there are winners and losers within the new formula.
- 3.3 The current formulas in Reading is based on a spend plus basis. This means that any settings allocated funding from 2011 have continued to be funded on the same basis despite any changes to their demographic profile and inflations.
- 3.4 The key principles behind the EYSFF were to ensure that the maximum funding went to providers and that there was a deprivation supplement that enabled more disadvantaged pupils to have a greater level of funding. RBC have funded, over this period, the administration, management and compliance of the grant.

4. The Proposed system

- 4.1 The proposed system is that local authorities will still have to set a local formula but there are very clear restrictions on how the new funding can be used. The same level of funding will be allocated for each child per hour attending all types of early years providers. The allocation of funding per child will continue to be allocated on the take up of the headcount, so termly headcounts will remain in place.
- 4.2 Another change that will impact on the funding block is that local authorities can retain 5% of the overall allocation from the early years block to cover the central administration and management costs. At no greater than 10% of the unit cost.
The funding formula locally must still include a proportion of funding for deprivation within the unit cost.
- 4.3 There is also a new disability and inclusion funding stream to ensure that children with SEND are able to access additional funding they require to access their free early education entitlement.

5. Early Years Pupil Premium (EYPP)

- 5.1 The EYPP is not funded from the early years block, so is additional funding for early years providers. The current take up of the early years pupil premium is low in Reading. From September 2016 we aim to increase the take up of the EYPP. The current funding of 53p per hour for up to 570 hours per year will remain.

6. Two Year olds place funding

- 6.1 Funding rates for 2 year olds will also receive a national uplift. These are already based on a national funding formula. The hourly rate will increase by 38p per child per hour from £5.36 to £5.74 an increase of just over 7%.

7. Financial Impact

- 7.1 Indicative allocations of funding for 2017-18 under an EYNFF have been published alongside the consultation. Extra funding has been made available to raise the national average hourly rate for 3 & 4 year olds. The current base rate for funding 3&4 year olds is £ 4.45 per hour this will increase to £5.14 per child in Reading. This is an increase of 15.5%.
- 7.2 The indicative funding from the EFA for Reading as the current proposals stands is that there is an additional 1.5 million pounds in the allocation to Reading from April 2017. This is of course subject to change following the consultation.

8. Maintained Nursery Schools.

- 8.1 The significant impact of the EYNFF is the impact nationally on maintained nursery schools. Because the new formula has set one rate for all early years providers the impact on maintained nursery schools will be greater. This is because they are currently funded at a higher rate that acknowledges the higher running costs of a maintained nursery school. The new EYNFF does not allow local authorities to retain and cover any additional costs for maintained nursery schools. RBC will receive supplementary funding for two years from April 2017-19 to cover additional costs for maintained nursery schools after which time they will be funded at the same unit cost for all providers.
- 8.2 We are creating a task and finish group to consider the impact of this and propose how the supplementary finding should be used.

9. 30 Hours childcare for working parents.

- 9.1 The Government will introduce 30 hours of free early education and childcare to working parents from September 2017. Preparation for this has started in April 2016 with the Reading Childcare Sufficiency audit (CSA).
- 9.2 Further updates will be provided on the proposals from the task and finish groups. Members of the Schools Forum are welcome to be part of these groups.