



North Tyneside Council

Briefing

To: Schools Forum

Author: Commissioning and Investment

Date: 21st September 2016

Title of Report: Early Years National Funding Formula Consultation

A. Introduction

1. This report:

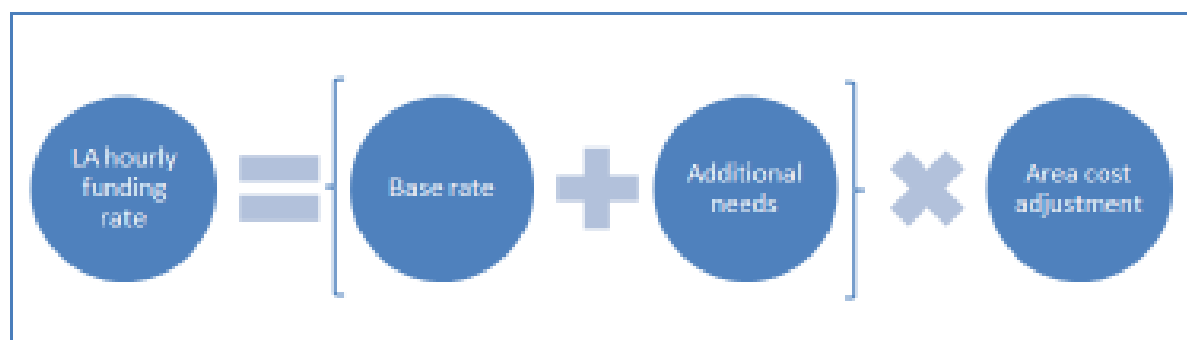
- Summarises the key elements of the Early Years Funding Formula consultation.
- Outlines North Tyneside Council's arrangements for consulting with schools and private, voluntary and independent childcare providers, which has informed the response.
- Sets out the key elements of the proposed response from North Tyneside Council.

B. Early Years National Funding Formula Proposals

Introduction

2. The Department for Education is consulting on a national funding formula for the early years. The new formula will determine the funding North Tyneside receives for the funded 2, 3 and 4 year old offers, as well as the forthcoming 30 hour entitlement for working families.
3. The consultation was launched on the 11th August 2016 and closes on the 22nd September 2016.
4. The review of the national early years funding formula aims to ensure all elements of the Government funded early education and childcare offer are sustainable.

5. The new national funding formula is set out below:



6. The proposed funding formula consultation sets out how much local authorities will receive for:

- the **existing** 15-hour entitlement for all three- and four-year-olds

AND

- the **additional** 15 hours for three and four-year children of eligible working parents that will be introduced in September 2017 (i.e. the 30 hours).

The consultation also sets out how much providers are likely to receive for the 2 year old offer.

7. North Tyneside's ***indicative*** funding rate for the **2 year old offer is £5.20 per hour.**

8. North Tyneside's ***indicative*** funding rate for the **3 and 4 year old offer is £4.24 per hour.** (This is an average rate and does not reflect any local supplements, which can account for up to 10% of total funding under the proposals).

9. The same rate will apply to all providers (i.e. school nurseries, private, voluntary and independent providers and childminders etc)

10. Local authorities have to set a local base rate for funding that will apply to all providers. This will determine the actual rate providers receive for 3 and 4 year olds. An early years sub group is being established to consider the local funding formula.

11. The local rate can include prescribed supplements, which will be capped at 10% of the total 3 and 4 year old funding. The permitted supplements include:

- Deprivation (this would be the only **mandatory factor** in the local formulae)
- Rurality
- Flexibility
- Efficiency
- Delivery of additional 15 hours

12. It is proposed that **maintained nursery schools** will receive supplementary funding for at least two years to support the transition. There is one maintained nursery school in North Tyneside.

13. The proposal is that the formula will commence, for the existing 15 hours entitlement in April 2017 and then apply to the 30 hour entitlement, when it is introduced in September 2017.

14. The Early Years Pupil Premium will continue at the current rate.
15. It is proposed that Disability Access Funding would be paid to providers for any child receiving their free entitlement at their setting who is in receipt of **Disability Living Allowance**. This would be paid as a total annual sum rather than an hourly rate and is in addition to the standard 3 and 4 year old funding.
16. The consultation recommends that every local authority establishes an inclusion fund to support children with special educational needs to access their free entitlements.

C. Consultation Arrangements

17. A consultation event for private, voluntary and independent childcare providers and schools was held on the 19th September 2016, which was attended by 18 providers.
18. Key feedback included:

- The local supplements cap of 10% is too high.
- The base rate needs to be as high as possible.
- Recognition that deprivation needed to be reflected in local formula but any funding should be in addition to the indicative average rate for the 3 and 4 year olds.
- The local formula needs to be sustainable for all providers.
- The various funding streams place a significant administrative burden on providers.
- Recognition that there were central costs associated with the administration of the offers and agreement that the proposed pass through rate seemed reasonable.
- Agreement that a single rate should be paid to all childcare providers.
- Cost of providing meals should be built into the hourly funding rate, rather than expect providers to make additional charges.
- Providers welcomed additional funding for special educational needs and disabilities but further detail is required.

D. Proposed Response From North Tyneside Schools Form Schools Forum Consultation Arrangements

19. North Tyneside Schools Forum draft response supports the proposals for:
 - A national early years funding formula that incorporates;
 - i. A universal base rate for funding, area cost adjustments and an additional needs element (although it questions whether English as an additional language would be more appropriate as a local supplement).
 - An increase in the 2 year old funding rate based on the existing formula;

- A 'pass through' rate to childcare and early education providers that is set by central Government;
- That all providers receive the same hourly funding rate;
- Local supplements to the hourly 3 and 4 year old rate and that the 10% cap, is appropriate;
- A Disability Access Fund, but states that further detail is required; and
- An inclusion fund but recommends this is developed in partnership with early education and childcare providers,

E. Recommendations

20. North Tyneside Schools Forum are asked to:

- Consider the national Early Years Funding Formula proposals; and
- Note the local authority response to the consultation and consider whether Schools Forum share the position on the consultation.