

Agenda Item 4

Early Years Funding for 2019-2020

Purpose of the report

1. This report details the proposed budget allocation for the early years block and funding of the two, three and four year old entitlements for 2019-2020 through the Early Years Funding Formula (EYFF) and Early Years Inclusion Fund (EYIF). Schools Forum's views are sought on the proposed changes within the report.

Recommendations

2. That Schools Forum review the proposed allocation of the early years block allocation and approve the increase in base rate funding and allocations for EYIF for 2019-2020. Final approval lies with the Local Authority following this consultation with the Schools Forum.

Previous reports to Schools Forum

3. This report follows an earlier report to Schools Forum in October 2018 on the local authority funding requirements for early years providers in 2019-2020. Following consultation with providers on the local formula, the Schools Forum Finance Sub Group was tasked with reviewing consultation responses and recommending changes to the EYFF to Cabinet. The recommendations from the Sub Group were in line with the majority of responses received from the consultation the following changes were approved by Cabinet at the meeting of 29 November 2018.
 - To retain the current funding formula and use of the deprivation, quality and rurality funding supplements.
 - To change the eligibility criteria for the rurality supplement to include sparsity and occupancy criteria to target those settings in need of supplementary funding.
 - To operate one rurality supplement at £2,000, removing the distinction between partial and full rurality.
 - To add further measures to the eligibility criteria and verification of qualifications to access the quality supplement. The mandatory provision of school readiness data by providers will allow further review of the impact of this funding supplement for 2020-2021.
 - To use the January census point to verify eligibility criteria for rurality and quality supplements.

- To retain the current payment methodology to providers with some improvements to timings, provision of information and bridging payments for funding exceptional circumstances.

Early Years Block allocation

4. The initial early years block allocation for the Local Authority was tabled to Schools Forum in January 2019. Schools Forum were advised that there had been no increase in the funding rates for two, three and four year olds and that in comparison to 2018-2019, the initial 2019-2020 allocation was £3k less in total. Initial early years block allocations for 2019-2020 are shown in the table below. Allocations will be updated in July 2019 from the headcounts taken at the January 2019 census.

Early Years Block	Pupil Numbers	Amount per pupil £	Allocation 2019-2020 £000
three and four year old universal	5,053	2,451	12,384
Maintained nursery supplementary			88
Extended 15 hours	2,171	2,451	5,321
Total 3 and 4 year olds			17,793
two Year Olds	792	3,010	2,382
Early Years Pupil Premium			149
Disability Access Funding		615	63
Total Early Years Block			20,388

Budget proposals for 2019-2020

5. The proposed EYFF is detailed in Appendix A. Following a review of the affordability of the formula, it is proposed to increase the base rate from £3.62 to £3.65 for 2019-2020. The base rate will be increased from additional funding from the high needs block to fund EYIF allocations for children with EHCPs. This in turn releases early years block funding to increase the base rate to all providers to further fund SEN support within settings. The funding factsheets included with this report show the allocations for each of the early years funding elements and the proposed budgets for 2019-2020.
6. Further detail on the budgets held as central spend are shown in the table below. The only change from 2018-2019 is the additional post agreed by Schools Forum to implement the Leuven scales.

Budgeted central spend on early years	£000
Two year old placement officer	25
Commissioning officers	92
Early Years Consultants	430
Early Years Workers	259
Total	806

Early Years Inclusion Funding

7. At the January 2019 meeting, Schools Forum reviewed proposed changes to descriptors for children with additional or special educational needs. For children in receipt of the free entitlements, a revised framework is to be implemented with a new model to allocate, review and monitor EYIF against the agreed descriptors. In general, Forum felt that the principles made sense, concerns of the PVI settings were recognised as was the need to get to the position where parents understood the criteria and what support they would get. In response to concerns about reduced levels of funding, the Local Authority reiterated that they were not seeking to reduce the total level of funding but to ensure existing funds were allocated on clear criteria reflecting differing levels of need. In addition, the Local Authority proposes on allocating £200k of the additional high needs funding for 2019-2020 to fund children with EHCPs in mainstream settings. This will allow equivalent funding to be released to increase the base rate to all providers towards meeting needs at universal and SEN support levels.

8. Views from Forum are being taken forward with implementation of the descriptors and panel process planned for April 2019. Alongside this, a banding mechanism for allocating funding is proposed to access enhanced levels of support. This will move away from a designated number of hours support to a lump sum allocation allowing providers to implement support flexibly. The proposed banding levels are set out in the table below and are based on the following key principles:
 - Needs identified as universal and SEN support are to be met from funding delegated to providers through early years funding, Disability Access Funding and Early Years Pupil Premium. This is in line with the principles of elements one and two in mainstream and specialist provision where lower level needs are met from delegated funding. Core funding for early years providers also reflects lower staffing ratios than those in mainstream to be met from the hourly rate.
 - Band A descriptors are likely to require an additional targeted intervention over a limited period of time which does not increase with the extended entitlement. Therefore one lump sum payment would be made for children regardless of 15 hours or 30 hours entitlement.
 - Bands B and C lump sums provide additional funding to individual children with high level and complex needs and reflect an increasing level of support which would reasonably be expected to double depending on access to the extended hours. Typically, Band B children would present with communication, ASD and social/emotional difficulties and would not require dedicated one to one support. A higher complexity of need is presented in Band C which requires a higher level of ongoing support.
 - Children with EHCPs would be assessed through the statutory process and would generally be funded at Band C with some at Band B.
 - Allocations will be made for one year and then reviewed. Children in receipt of funding at the end of the academic year would continue to be

funded into Reception for the first two terms whilst reviews are undertaken by the school.

- Allocations would be split across providers where a child is accessing more than one provider and would be made on a termly basis subject to the continuation of the child's entitlement.

	Universal and SEN Support	Band A	Band B	Band C
15hrs entitlement	Delegated funding through EYFF, DAF, EYPP	£1710	£3420	£5130
30hrs entitlement			£3420	£5130

Next Steps

9. To implement the EYFF and EYIF descriptors and funding rates for 2019-2020 and notify providers in accordance with the statutory timeframe of 31 March 2019.

Appendix A EYFF for 2019-2020

National Funding Formula Requirement	Proposed Cheshire West and Chester 2019-2020 Early Years Single Funding Formula
Base rate	Base rate of £3.65 per child per hour
<p>Mandatory supplement</p> <p>Deprivation: Local authorities must use this supplement to recognise deprivation in their areas.</p>	<p>Additional payment based on the number of children attending the Setting who reside in the 30% most disadvantaged areas in England on the Income Deprivation Affecting Children Index (“IDACI”) or in the 30% most disadvantaged areas in Wales on the Welsh Index of Multiple Deprivation. Payment of £0.005 per child per hour will be made based on the percentage of Eligible Children residing in such an area attending the Setting (e.g. if 40% of Eligible Children attending the setting live in a 30% IDACI area, the Provider will receive (£0.005x40) £0.20 per child per hour).</p>
<p>Discretionary supplements</p> <p>Rurality/sparsity: A rurality/sparsity supplement is permitted to allow local authorities to support providers serving rural areas less likely to benefit from economies of scale.</p>	<p>Rurality supplement - £2,000 lump sum if the Setting is defined as being in a Rural or Pre-dominantly Rural Census Output Area under the Council’s Rural / Urban Classification; is more than two miles from the next nearest providers and has below 77% occupancy according to the January 2019 census.</p>
<p>Quality: A quality supplement is permitted to support workforce qualifications</p>	<p>Qualification Supplement - Additional payment based on the highest qualified staff member at the Setting. If the highest qualified staff member holds an appropriate Qualified Teacher Status the Provider will receive £0.25 per child per hour.</p> <p>If the highest qualified staff member holds Early Years Professional Status the Provider will receive £0.15 per child per hour.</p> <p>Eligibility to be verified at the January 2019 census and includes the provision of progress and tracking data.</p>