

Committee:	Schools Forum
Meeting Date:	17 January 2017
Title:	Early Years National Funding Formula (EYNFF)
Author:	Fiona Heath and Alison Manning
Decision making / consultative / information:	Decision making
Who can vote?	All those with voting rights

What is the Forum being asked to decide?

1. Schools Forum is asked to decide whether an additional single agenda item meeting should be held in the middle of February to agree the EY proforma or whether to delegate the decision making to the Chair and Vice Chair. Subsequently, political approval will be given by the Cabinet member, for Education and Skills and the Director of Children’s Services.

Reason for recommendation

2. The paper includes various funding formula options which will be developed for decision making before the end of February 2017. However, there is no Schools Forum meeting scheduled between the 17 January 2017 and the DfE submission date of 28 February 2017.
3. Due to the late release by the DfE of their response to the Early Years funding consultation it was not possible to complete this work in time for the January meeting of the Schools Forum.

Alternative options

4. There are no other alternative options.

Who will be affected by this decision?

5. All early years and childcare providers including nursery schools, nursery classes in primary schools and private, voluntary, and independent (PVI) providers including childminders, as well as the early years and childcare service provided by the local authority.

Main body of the Report

6. Following the consultation on the EYNFF in August 2016, the DfE published its response on 1 December 2016 with an implementation date of 1 April 2017.
7. There are very few changes to the final EYNFF compared to the proposals that were consulted upon; although a notable change is that local authorities can still include a quality factor supplement in the local formula.
8. The DfE's response means that the financial impact on Suffolk is as feared, a reduction in funding from the DfE of 10% i.e. a £2.8m decrease in the current funding over the next two financial years (5% in 2017-18 and a further 5% in 2018-19).
9. The new EYNFF has some constraints to which local authorities must adhere when finalising the local funding formula for the allocation of funding to providers. These include a single base rate for all providers and a mandatory supplement of deprivation. In addition, the centrally retained element of funding must be 7% or less in year one of the transition and the total funding used for supplements cannot exceed 10% of the funding allocated via the base rate.
10. Local authorities are required to also have an SEN Inclusion Fund in addition to continued access to DSG High Needs block funding. DfE guidance states this 'must be established by combining an amount from either one or both of their early years block and high needs block'.
11. Local authorities are required to consult on the local funding formula and submit the proforma to the DfE by 28 February 2017.
12. The current Suffolk Single Funding Formula meets some of the criteria of the new formula; the main exception being that the funding allocated to supplementary factors exceeds 10%. Therefore, it is not possible to merely reduce the various formula factors by a single percentage.
13. Provisional options for the formula have been modelled and were presented to the Early Years and Childcare Consultative Forum (a representative group of early years providers) on 4 January 2017. The presentation is attached in Annex A.
14. Following considerable discussion about the importance and relevance of the formula factors, the group concluded that it was important to recognise

qualifications and the implications these have on quality provision and ultimately children’s outcomes. But also that, for settings in areas of deprivation, the funding generated by the deprivation supplement was key and was a significant source of funding.

15. The Early Years and Childcare Consultative Forum concluded that three further options should be modelled:

- Option A - reduce the deprivation unit value and extend the quality supplement to all qualified staff at Level 6 (QTS and equivalent/degree level).
- Option B - reduce the deprivation unit value and have no quality supplement to enable a higher base rate for all providers
- Option C - retain the deprivation unit value at the current level and extend the quality supplement to all qualified staff.

16. The financial impact of these options is summarised in the table below together with the current funding rates for comparison purposes:

Option	Base rate/hour (£)	Quality supplement/hour (£)	Deprivation supplement /child per annum (£)	Annual Lump sum (£)
Current	3.50	0.00 - 0.74	255.00	Ranging from £345 to £3,330
A	3.70	0.24	210.00	0
B	3.87	-	210.00	0
C	3.70	0.17	255.00	0

Next Steps

17. The Early Years and Childcare Consultative Forum will consider the revised options based on their actual claims for Spring Summer and Autumn terms 2016. Based on the feedback, the funding formula options will be finalised and presented to Schools Forum for consideration before the submission deadline of 28 February 2017.

18. Depending on the decision made, the final option will be approved by a single agenda item meeting of the Schools Forum in mid-February, or by the Chair and Vice Chair.