

SLOUGH SCHOOLS' FORUM
5th March 2019

Directorate of Children Learning and Skills

Early Years National Funding Formula 2019-20
Update

1 PURPOSE OF THE REPORT

This report updates Schools' Forum (SF) on the conclusion of the Early Years National Funding Formula (EYNFF) modelling following the outcome of the consultation with the Early Years sector and the Task Group meeting of the 7th February 2019.

Background

- 1.1 The January Schools' Forum received a verbal update on progress to incorporate the changes required for 2019-20.

2 RECOMMENDATIONS

- 2.1 That Schools' Forum:
- Notes the conclusions of the work to develop the 2019-20 EYNFF funding model and associated budget development.
 - Notes the outcome of the sector wide consultation.

3 REASONS FOR RECOMMENDATION

- 3.1 The January Schools' Forum received a verbal update on the preparation of the 2019-20 EYNFF under the auspices of the Early Years Task group and this report offers a final update. Officers are grateful to the sector representatives who participated in the Task Group and consultation exercise.

4 SUPPORTING INFORMATION

- 4.1 Schools' Forum must be consulted on changes to local Early Years funding formulas, including agreeing central spend by the 28th February, although the final decision rests with the local authority. This was achieved in detail through the Task Group meeting held to develop and agree the Early Years budget.

- 4.2 Financial modelling was undertaken to stress test various hourly rates against estimated participation, using a dynamic sliding tool to establish affordability. It was agreed that a modest rate increase was affordable, whilst allowing for growth within the sector. The respective hourly rates were consulted upon across the sector via a Survey Monkey poll.
- 4.3 The consultation was opened to the Early Years sector on 9th January 2019 and closed on the 23rd January 2019. The results are viewable under appendix A. The sector were asked two questions and to choose one option for each question.

Question 1. 2 Year Old Funding Rate:

Option 1 – remain as is, at £5.58

Option 2 – secure an increase to £5.59.

Question 2. 3-4 Year Old Funding rate:

Option 1 – remain as is, at £5.35

Option 2 – secure an increase to £5.38.

For information, the deprivation factor, a supplementary factor, remains the same at £0.75 per hour.

- 4.4 The results of the consultation were as follows.

Question 1 (2 yr. olds) Option 2, an increase to £5.59

Question 2 (3 and 4 yr. olds) Option 2, an increase to £5.38

- 4.5 A summary of the financial impact of the overall final position is set out in appendix B. It uses the estimated participation rates for 2019/20 which has been provided by and validated by the Early Years Service.
- 4.6 The preferred hourly funding rates taken from the consultation results was presented and discussed with the Early Years' Task Group on the 7th February 2019, where it was agreed to implement the aforementioned proposed hourly rates for 2019/20.
- 4.7 Schools' Forum will recall the statutory requirement to pass through 95% of Early Years DSG to 3 and 4 yr. old providers in 2019-20. Local authorities were provided with a compliance test formula by the ESFA to confirm the test would be met. This test was a fundamental feature of the modelling, viewable at Appendix C, which demonstrates its compliance with Early Years National Funding Formula regulations.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

6.1 Monitoring Officer

The relevant legal provisions are contained within the main body of this report.

6.2 Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information.

6.3 Access Implications

There are no access implications.

7 CONSULTATION

7.1 Not applicable

Contact for further information

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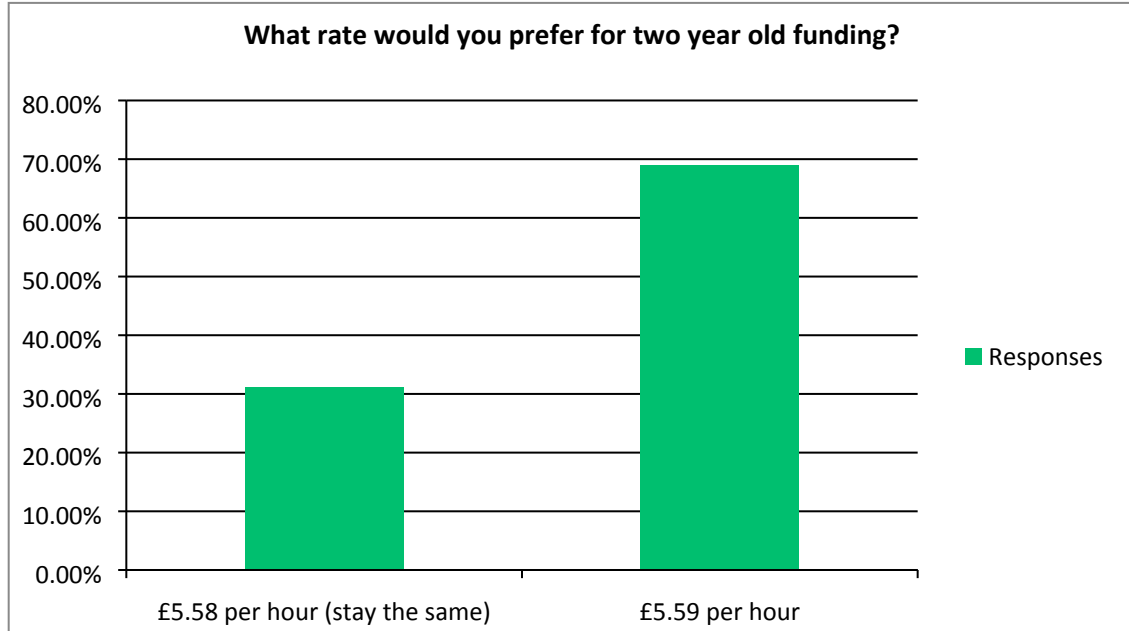
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Appendix A

Free Early Education Funding Rates 2019-20

What rate would you prefer for two year old funding?

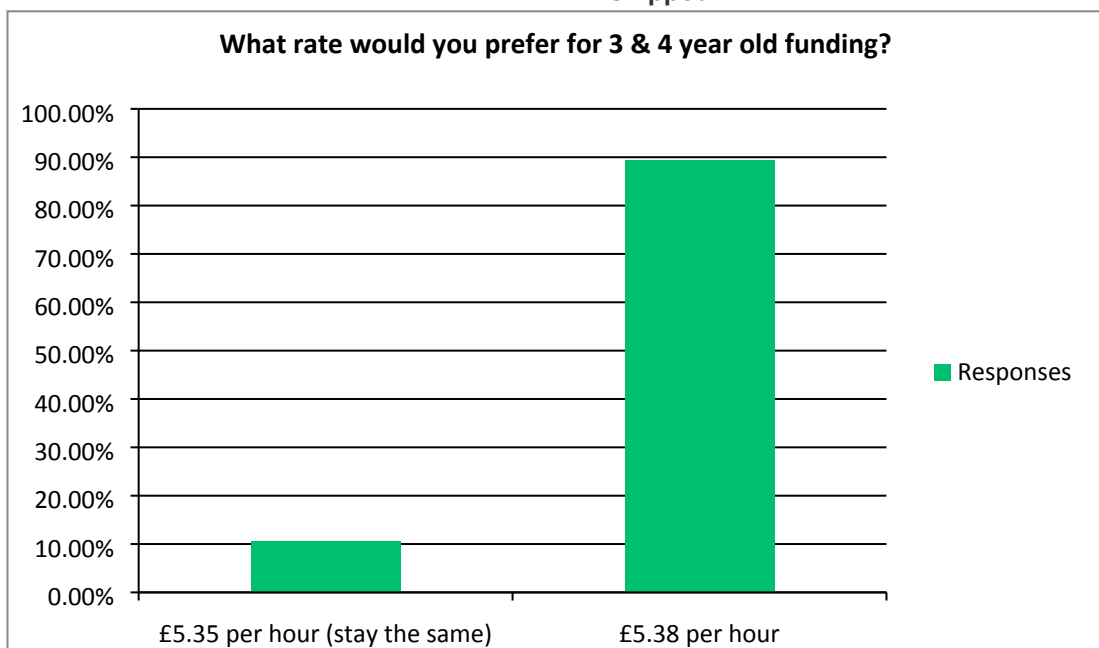
Answer Choices	Responses	
£5.58 per hour (stay the same)	31.08%	23
£5.59 per hour	68.92%	51
	Answered	74
	Skipped	2



Free Early Education Funding Rates 2019-20

What rate would you prefer for 3 & 4 year old funding?

Answer Choices	Responses	
£5.35 per hour (stay the same)	10.67%	8
£5.38 per hour	89.33%	67
	Answered	75
	Skipped	1



Appendix B

Option 2	
3-4 Yr. Old	
DfE Rate	£5.79
Slough Rate	£5.38
Hours (Slough Estimate)	2,023,500
Pass Through Cost	£10,886,430
Supplement - Deprivation	£105,796
Contingency	£88,059
SEN Inclusion	£50,000
Subtotal Pass Through	£11,130,285
Average Hourly Rate	£5.50
DfE Rate	£5.79
Pass through Compliance	95.00%
MNS	£771,826
Centrally Retained 3-4 Yr. Old	£615,744
Growth	£580,579
TOTAL 3-4 Yr. Old	£13,098,433
2 Yr. Old	
DfE Rate	£5.88
Slough Rate	£5.59
Hours (Slough Estimate)	232,400
Subtotal Pass Through	£1,299,116
Centrally Retained 2 YO	£69,055
Total 2 Yr. Old Budget	£1,368,171
Disability Access Fund	£55,350
EYPP	£68,905
Grand Total	£14,590,858
	-
Settlement	£14,592,051
Variance	-£1,193
Centrally Retained	£684,799
SEN Inclusion	£50,000
	£734,799

Appendix C

Calk	DfE Line	Description	DfE Example	Option 2
A	1	Anticipated budget for base rate (including funding to MNS) for 3 and 4 year olds for UNI and EXT	£13,000,000	£10,887,469
	2	Anticipated budget for MNS lump sums for 3 and 4 year olds	£700,000	£771,826
	3	Anticipated budget for supplements for 3 and 4 year olds: Deprivation (including funding to MNS)	£600,000	£105,796
	4	Anticipated budget for supplements for 3 and 4 year olds: Quality (including funding to MNS)	£300,000	£0
	5	Anticipated budget for supplements for 3 and 4 year olds: Flexibility (including funding to MNS)	£200,000	£0
	6	Anticipated budget for supplements for 3 and 4 year olds: Rurality (including funding to MNS)	£200,000	£0
	7	Anticipated budget for supplements for 3 and 4 year olds: EAL (including funding to MNS)	£100,000	£0
	8	Anticipated budget for 3 and 4 year old SEN inclusion fund (top up grant element)	£400,000	£50,000
	9	Anticipated budget for 3 and 4 year old contingency	£1,000,000	£88,059
			Subtotal =	£16,500,000
B	10	DfE initial quantum allocation to local authority of MNS supplementary funding	£98,000	£771,826
C	11	Planned total base rate hours for universal 15 and additional 15 hours for 3 and 4 year olds	2,950,000	2,023,693
D	12	Equivalent average rate to providers for entitlement hours for 3 and 4 year olds $(A-B) / C$ $= (lines\ 1+2+3+4+5+6+7+8+9 - 10) / (line\ 11)$	5.56	5.50
E	13	LA EYNFF hourly rate for 3 and 4 year olds (published alongside this document, or in DSG tables in future)	5.83	5.79
F	14	Test of meeting requirement $F = (D / E) * 100 = ((line\ 12) / (line\ 13)) * 100$	95.4%	95.00%