

Schools Forum

16 January 2020

Early Years National Funding Formula 2020/21

This report relates to all early years providers and is for decision by all school and PVI members of Schools Forum

Recommendation

The Schools Forum is asked to approve the universal base rate of £4.09 from 2020/21 as recommended in paragraphs 1.6 and 2.4.

1. Review of Current Funding Allocations

- 1.1. Schools Forum was informed at their meeting in on 17 January 2019 that there had been no change in the Early Years National Funding Formula base rate (£4.30 per hour) for 2019/20 and Schools Forum approved the following funding allocations.

Table 1 – Current 3 and 4 Year Old Funding Allocation

Factor	2019/20 Allocation Per Hour £
Total for 3 and 4 Year Olds	4.30
Universal rate allocated to all providers	3.96
Deprivation Supplement	0.13
Central Provided Services (5%)	0.21

Note: The deprivation rate is £0.53 per eligible child

- 1.2. The Early Years Working Group has been reviewing the funding allocation to 3 and 4 years olds in 2019/20. The Working Group has undertaken extensive analysis of the level of children eligible for the deprivation supplement.

- 1.3. Historically only data for Maintained Nursery Schools (MNS) and Primary Schools with Nursery Classes were used to estimate the percentage of children that attracted the deprivation supplement. Based on the January 2019 census data this suggested that nearly a quarter of children were eligible for the deprivation supplement as outlined in table 2.

Table 2 – January 2019 Census Hours for 3 and 4 Year Olds in WCC Schools

Number of Hours	MNS	Primary	WCC Schools
Base Hours	237,700	664,528	902,228
Extended Hours	43,774	148,373	192,146
Total Hours	281,474	812,901	1,094,374
Deprivation Hours	7,833	256,870	264,703
Deprivation Hours %	2.78%	31.60%	24.19%

- 1.4. When January 2019 census data for the Private, Voluntary and Independent (PVI) and Child Minders (CM) sectors are considered this give a different picture as set out in table 3.

Table 3 – January 2019 Census Hours for 3 and 4 Year Olds for all Providers

Number of Hours	WCC Schools	PVI	CM	All Providers
Base Hours	902,228	3,352,207	90,387	4,344,822
Extended Hours	192,146	1,339,962	84,233	1,616,341
Total Hours	1,094,374	4,692,169	174,619	5,961,162
Deprivation Hours	264,703	264,703	24,595	796,755
Deprivation Hours %	24.19%	10.81%	14.08%	13.37%

- 1.5. Therefore it can be assumed that the 13p deprivation rate in table 1 has been overstated and actually represents just over 7p of the £4.30 available to fund 3 and 4 year old provision.
- 1.6. There are 3 options to change the funding allocations from 2020/21:
1. Increase the deprivation rate from £0.53 to £0.98
 2. Increase the universal rate from £3.96 to £4.02
 3. A mixture of options 1 and 2

- 1.7. The Early Years Working Group recommendation is that the universal rate is increased to £4.02 as per option 2 above, which will benefit all early years providers and also Schools Forum aspiration to get the universal rate to a least £4.00 per hour. The remainder of this report assumes the approval of option 2.

2. Early Years Funding Allocations 2020/21

- 2.1. In August 2019 Government announced an additional £66 million to fund early year provision in 2020/21. In December 2019 a further announcement was made which advised Local Authorities that the base rates for 2 year olds and 3 and 4 years old would increase by £0.08 per hour. From April 2020 the base rate for 2 year olds will be £5.37 per hour and £4.38 for 3 and 4 year olds.
- 2.2. It is worth noting that without protection the 3 and 4 year old base rate for 2020/21 in Warwickshire would be £4.09 per hour and it is coincidental that this is the same as the proposed universal rate for 2020/21.
- 2.3. The Local Authority is proposing that it continues to top slice the funding allocation by 5% to fund centrally provided services in line with previous years. This equates to 22p per hour and enables Education Services to provide an early years service.
- 2.4. If Schools Forum agree to the recommendation to increase the universal rate to £4.02 per hour as per paragraph 1.7 the proposed funding allocations for 2020/21 are detailed in table 4.

Table 4 – Proposed 3 and 4 Year Old Funding Allocation 2020/21

Factor	2020/21 Allocation Per Hour £
Total for 3 and 4 Year Olds	4.38
Universal rate allocated to all providers *	4.09
Deprivation Supplement *	0.07
Central Provided Services (5%)	0.22

Note: The deprivation rate will still remain at £0.53 per eligible child

* This reflects passporting 95% of the additional 8p of funding to early years providers

2.5. In the October report, it was noted that one-off monies are available for Early Years in 2019/20. Schools Forum agreed that the utilisation of this is to be ringfenced to Early Years and should be considered in light of the budget setting process for 2020/21 to enable sustainability. It is recommended that the first call of the £0.162m one off monies is to offset any 2019/20 overspend (currently forecast to be £0.032m). This leaves a projected £0.130m available for Early Years. The recommendation is that this money is held in an equalisation reserve to ensure that the above £4.09 universal rate is protected in the short term in case the January 2020 child census figures have an impact.

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