

EARLY YEARS SINGLE FUNDING FORMULA - PROPOSED REVISIONS TO THE FUNDING BASE RATES FOR 2015/16

1. Introduction

The Early Years Single Funding Formula (EYSFF) is the statutory mechanism for funding the free Early Education Entitlement for 2, 3 and 4 year olds and applies to both Schools and the Private, Voluntary and Independent (PVI) sector, including Childminders.

The EYSFF for 3 and 4 year olds currently includes a Base Rate for 2, 3 and 4 year olds with Supplements for 3 and 4 year olds for Quality and Deprivation.

The current Base Rate for 2 year olds for all settings is £6.00 per child, per hour.

The current Base Rates for 3 and 4 year olds for Maintained Schools, Independent Schools, Academies and Free Schools is £4.03 per child, per hour. For Private and Voluntary settings and Childminders the Base Rate is £3.49 per child, per hour.

2. Proposed Changes to Base Rates for 2015/16

(a) Base Rate for 2 Year Olds

The current Havering Base Rate is £6.00 per child, per hour. This is the London funding rate received the previous Government when this was first piloted in Havering in 2009. A number of other London Local Authorities have maintained this rate.

The 2 Year Old Early Education Entitlement (EEE), for children meeting certain qualification criteria, became statutory with effect from 1 September 2013. The criteria was expanded from 1 September 2014 and nationally is expected that 40% of 2 year olds will qualify for this entitlement.

The current average England funding rate set by the Government is £5.09 per child per hour. It has been possible to maintain the funding rate to settings of £6.00 per hours, as the Government funding received has been comparatively generous. Whilst the received funding rate has been less than £6.00, it has been based on the estimated number of qualifying children taking up the full entitlement for a full year. In addition Trajectory Funding has also been given to support the development of the entitlement.

However, from 2015/16 funding received by local authorities will be based on actual participation based on the Department for Education's January 2015 Annual Census, bringing this in line with the funding received for the EEE for 3 and 4 year olds, albeit

for 2015/16 only there will be a second voluntary 2 year old pupil count in October 2015.

The Department for Education has confirmed that the indicative England average funding rate for 2 year olds will remain at £5.09 for 2015/16. Indicative funding rates for individual local authorities have also been published. The indicative rate for Havering is £5.28. This is the same rate as for nearby authorities such as Barking and Dagenham, Newham, Redbridge, Waltham Forsest and Thurrock.

The indicative funding rates for Havering's national comparator authorities are as follows:

Authority	Hourly Rate
Havering	£5.28
Bexley	£5.28
Bury	£4.95
Essex	£5.02
Kent	£4.93
Medway	£4.88
Solihull	£4.89
Staffordshire	£4.85
Stockport	£4.95
Swindon	£4.97
Thurrock	£5.28

The funding received for 2 year olds forms part of the Early Years Block of the Dedicated Schools Grant (DSG). The annual cost of maintaining the funding rate of £6.00 per hour would be approximately £463,000, assuming the full take-up of the entitlement by the estimated number of qualifying children. It is not expected that there will be any flexibility within the Early Years Block in 2015/16 to maintain the 2 year old funding rate of £6.00 hours or anything in excess of the funding rate expected to be received of £5.28 per hour. There is also no flexibility within the Schools and High Needs Blocks of the DSG to support this.

It is therefore recommended that the 2015/16 EYSFF Base Rate Funding for 2 Year Olds should be £5.28 per child, per hour.

Impact of the Reduction in this Funding Rate

This proposed 2015/16 funding rate will be a reduction of £0.72 per child, per hour. This equates to a reduction in funding of £410 per annum for each child taking-up the full entitlement of 570 hours.

In order to minimise the initial impact on settings, it is proposed that a payment be made to each setting of £205 per qualifying 2 year old child based on the verified 2015 Spring Term Census. The maximum cost of this is estimated to be £231,000, assuming that all the estimated number of qualifying children have

taken-up this entitlement on that day, and which can be met from the current budget funding for 2 year olds.

(b) Base Rate for 3 and 4 Year Olds

The current Base Rate for Schools is £4.03 per child, per hour and for Private and Voluntary settings, including Childminders £3.49. These Base Rates have remained at this level since the EYSFF was introduced for the PVI sector from 2010/11 and for Schools from 2011/12.

It is therefore proposed to increase these Base Rates by £0.07 for 2015/16. This will be £4.10 for Schools and Independent settings and £3.56 for Private and Voluntary settings, including Childminders.

Impact of the Increase in these Funding Rates

This proposed 2015/16 funding rates will be an increase of £0.07 per child, per hour. This equates to an increase in funding of £57 per annum for each child taking-up the full entitlement of 570 hours.

The estimated annual cost of this increase will be approximately £138,000, based on actual take-up in 2013/14. It will be possible to meet this increase from within the Early Years Block.

3. EYSFF Supplements for 3 and 4 Year Olds

The current supplements are:

- (i) Quality:
 - Ofsted Inspection Judgment “Good” - £0.29 per child, per hour
 - Ofsted Inspection Judgement “Outstanding” - £0.39 per child per hour

There are no proposals to amend these rates for 2015/16.

- (ii) Deprivation:

These supplements relate to individual children whose post codes fall into the following IDACI Bands:

- Band 2 - £0.37 per child, per hour
- Band 3 - £0.57 per child, per hour
- Band 4 - £0.97 per child, per hour
- Band 5 - £1.35 per child, per hour
- Band 6 - £1.75 per child, per hour

There are no proposals to amend these rates for 2015/16. However with the introduction of the Pupil Premium from 1 April 2015 (See section below), the Department for Education is encouraging local authorities to consider using their EYSFF deprivation supplement to increase the local rate of Early Years Pupil Premium.

It is not considered appropriate to consider this at this stage but will be reviewed once the implementation of the Early Years Pupil Premium has had an opportunity to be evaluated.

4. Early Years Pupil Premium

The Government has announced that an Early Years Pupil Premium (EYPP) for 3 and 4 year old will be introduced for 2015/16. The qualification for this will be as per the School Pupil Premium, i.e. free school meals. This will be available for children in all Early Years settings, including Childminders and as with the School Pupil Premium, emphasis will be placed on showing the impact of the use of this funding and it will be included in Ofsted Inspections.

The funding rate for the EYPP will be £300 per child accessing the full 570 hours EEE and will be allocated direct to Providers as an hourly rate. The DfE's estimate of qualifying children in Havering is 644 and the indicative funding allocation for 2015/16 is £194,696.

A number of pilots of the implementing of the EYPP early are taking place and these will lead to further guidance being given on the implementation and administration of the EYPP from April.

Recommendations

The Schools Funding Forum is Recommended to:

- (i) Agree the following Early Years Single Funding Base Rates for 2015/16:**
 - 2 Year Olds - £5.28**
 - Schools (including Maintained, Independent, Academies and Free Schools) - £4.10**
 - Private and Voluntary Settings and Childminders - £3.56**
- (ii) Agree that the Supplements for Quality and Deprivation should remain at the current rates for 2015/16**
- (iii) Agree a payment to settings of £205 per qualifying 2 year old child, based on the verified 2015 Spring Term Census**
- (iv) Note the introduction of an Early Years Pupil Premium for 3 and 4 year olds from April 2015**