

**Report to Hartlepool Schools' Forum 8<sup>th</sup> December 2017**  
**From Danielle Swainston (Assistant Director – Children's Services)**

**Item 5: Dedicated Schools Grant – Early Years Block 2018/19**

**1. Introduction**

- 1.1 The purpose of the report is to consult on the 2018/19 Early Years National Funding Formula (EYNFF) and seek approval of the central spend element of the funding.

**2. Background**

- 2.1 Since its introduction in April 2017, the EYNFF has set the hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for three and four year olds.
- 2.2 Local authorities are required to consult providers on annual changes to local early years funding formulas, although the final decision rests with the local authority. The consultation period closed on 30 November 2017 and the outcome will be referred to Children's Services Committee on 17 January 2018.
- 2.3 As part of the transition to the EYNFF, in 2017/18 Hartlepool's funding rate per pupil was capped at £4.46 per hour.

**3. 2018/19 Block Funding**

- 3.1 The 2018/19 initial funding allocation for the Early Years Block will be announced in December 2017. Therefore, the funding contained in the table below provides indicative funding only, although the hourly rates will not change. The updated funding allocation will be reflected in the Children's Services report of 17 January 2018.

<b>Early Years Block</b>	<b>Rate</b>	<b>2018/19 Indicative Funding (£)</b>
3/4 Year Old Funding	£4.49 per hour	4,398,413
Disability Access Fund (DAF)	£615 per pupil	24,600
Pupil Premium	£0.53 per hour	119,330
Total 3/4 Funding		4,542,343
2 Year Old Funding	£5.20 per pupil	1,390,116
<b>Total Indicative Early Years Block</b>		<b>5,932,459</b>

- 3.2 The local authority is proposing a local formula in accordance with the published Early Years Operational guide 2018/19. The table below shows the proposed allocation for the three and four year old funding

There are two changes to the EYNFF for 2018/19:

- a) the hourly rate received from the ESFA for 2018/19 has been uncapped and increases to £4.49 per hour
- b) the pass-through rate paid to providers has increased from 93% to 95%.

3.3 The outcome of the changes are reflected in the tables below:

Proposed three & four year old formula	Hourly Rate (£)	% Allocated	Total Funding (£)
<b>DFE allocation</b>	<b>4.49</b>	<b>100%</b>	<b>4,398,413</b>
<b>Allocation of funding for the Formula:</b>			
Base Rate	4.09	91%	4,006,145
Supplements	0.13	2.9%	127,348
Contingency - place funding	0.02	0.5%	20,000
SEN Inclusion Fund	0.03	0.6%	25,000
<b>Pass- through rate to providers</b>	<b>4.27</b>	<b>95%</b>	<b>4,178,493</b>
<b>Centrally retained funding</b>	<b>0.22</b>	<b>5%</b>	<b>219,921</b>
<b>Total</b>	<b>4.49</b>	<b>100%</b>	<b>4,398,413</b>

#### 3.4 Pass-through rate – 95%

Local authorities are required to passport 95% of funding to providers (called the pass-through rate). The pass-through rate includes the place funding base rate 91%, the funding of supplements 2.9%, contingency 0.5% and an allocation of 0.6% for the SEN inclusion fund. A small contingency fund has been included in the formula, to fund any shortfall in funding arising from the implementation of the 30hr per week offer.

#### 3.5 Base rate - 91%

The base rate has been set at £4.09, an increase of 9p per hour compared to 2017/18. This is as a result of the additional funding from the ESFA of 3p per hour and the additional funding relating to the increase in the required pass-through rate via the reduction in the centrally retained funding of 6p per hour.

#### 3.6 Supplements - 2.9%

Funding allocated for supplements should not equate to more than 10%. Deprivation is the only mandatory supplement. The local authority is proposing to allocate 2.9% £0.127m in the formula for 2018/19 and retain the same supplements and weightings as the 2017/18 formula, the supplements and per hour funding is detailed in the table below;

Ranking	Place Funding £ per hour	Flexibility £ per hour	Quality £ per hour	Deprivation £ per hour
1	4.09	-	0.02	0.02

2	4.09	-	0.01	0.01
3	4.09	0.02	-	-
4	4.09	0.09	-	-

3.7 All Early Years providers will receive at least £4.09 per hour and up to a maximum of £4.22 per hour dependent upon individual providers' eligibility of supplements.

3.8 The SEN Inclusion Fund has been maintained at the 2017/18 level of £0.025m. This fund can be accessed by all providers in accordance with the agreed policy.

3.9 Centrally Retained Funding

In accordance with ESFA guidance, centrally retained funding of 5% £0.220m (£0.309m in 2017/18) is proposed to be retained.

The funding will be used to:

- continue to support the costs of existing staff to deliver early years free entitlement, including an Early Years Consultant and Free Nursery Entitlement Officer together with administration support
- contribute to the support costs of specialist SEN services and the development of the SEN inclusion fund. These costs cannot be counted within the pass through rate
- support the implementation of the additional 15 hours for working parents. This includes the purchase and installation of a new IT solution as mandated by DfE
- administration of the DAF funding including advice and support
- fund further capacity in the early years team to implement the new early years developments and additional statutory functions placed upon the local authority
- contribute to two year old place funding, where there is a funding pressure between participation and actual funding received based on census returns.

3.10 Other Specific Funding

The local authority also receives specific funding for eligible three and four year olds relating to the DAF and Pupil Premium; this is passported to eligible providers. The ESFA have maintained the 2017/18 rates per pupil for 2018/19, DAF £615.00 per pupil and pupil premium of £0.53p per hour.

3.11 Two Year Old Funding

The funding for the most disadvantaged 2 year olds is already allocated on a formulaic basis. The rate paid by the ESFA has remained static at a rate of £5.20 per hour.

#### **4. Consultation Responses**

- 4.1 The consultation ended on 30 November 2017. The summary of the responses are shown below. The majority of respondents agreed to the LA's proposed formula for 2018/19.

<b>Early Years Consultation 2018/19 - Responses</b>	<b>Yes</b>	<b>No</b>	<b>Not Sure</b>	<b>Total</b>	<b>% Agreed</b>
1: Do you agree that the base rate is increased from £4 per hour to £4.09 per hour?	26	0	0	26	100%
2: Do you agree that the mandatory deprivation factor is maintained at 2% of the funding supplements?	24	1	1	26	92%
3: Do you agree that the Flexibility and Quality supplements at their current weightings continue to be included in the local formula?	23	3	0	26	88%
4: Do you agree that the LA allocates £25,000 for the SEN Inclusion Fund?	25	1	0	26	96%
5: Do you agree to the LA retaining 5% £0.220m of the funding	24	1	1	26	92%

#### **5. Recommendations**

- a) To note the contents of the report and the outcome of the consultation response
- b) To recommend the proposed funding formula (paragraphs 3.3 to 3.11) to Children's Services Committee on the 17 January 2018 for implementation from April 2018.
- c) To approve the centrally retained funding as detailed in paragraph 3.9.

**A vote is required and ALL schools Forum members are eligible to vote.**