



BOURNEMOUTH, CHRISTCHURCH and POOLE SHADOW SCHOOLS FORUM

Subject	DEVELOPMENT OF THE EARLY YEARS SINGLE FUNDING FORMULA (EYSFF) 2019-20
Meeting Date	13 TH November 2018
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Status	Public
Classification	For consultation and decision
Executive Summary	<p>A new EYSFF for BCP is required for April 2019. Funding to the new authority is set for 3 and 4 year olds at £4.30 per child per hour and £5.23 for 2 year olds, the same rates as previously applied in Bournemouth, Christchurch and Poole. The new authority must create a new formula in line with national guidelines ensuring, for 3 and 4 year olds, a universal base rate across all providers and a mandatory deprivation supplement.</p> <p>A group of provider representatives from Bournemouth, Christchurch and Poole (BCP) has worked with officers to help shape proposals set out in the draft consultation document (appendix A).</p> <p>The level of central budgets for eligibility checking of the additional 15 hours for working parents and administration and marketing of the 2 year old entitlement is a Schools Forum decision with £181,000 proposed (the same level as 2018-19).</p>
Recommendations	<p>The Shadow Schools Forum (SSF) is asked to approve:</p> <ol style="list-style-type: none">1. The proposed central retention of £100,000 representing only (1.4%) from the 3 and 4 year old allocation of funding and £81,000 (4%) from the 2 year old allocation. <p>The SFF is requested to endorse</p> <ol style="list-style-type: none">1. The principles outlined in the draft consultation document:<ul style="list-style-type: none">• Minimise the amount retained centrally, maximising funding to providers.



	<ul style="list-style-type: none"> • Using a supplement to support children with a background of deprivation, to narrow the gap between the most disadvantaged children and their peers, at a level that will improve their outcomes. • Set a formula which allows providers to better forecast and business plan. • Special Educational Needs and Disability (SEND) funding for every hour the child attends a setting at a level to support improvements in their outcomes. <p>2. The proposals set out in the consultation paper</p>
Reasons for Recommendations	The funding is to provide for central support for the free entitlements, provider funding formula with some allowance for pupils with SEND. These recommendations propose to maximise base rate funding to providers, while supporting providers work with the most disadvantaged children and those with SEND.

BACKGROUND

1. From 1 April 2019 the new BCP Council will be required to operate a new EYSFF, which will mean changes to the funding rates paid to all providers. Currently the 3 authorities, Bournemouth, Christchurch (provided by Dorset County Council) and Poole, operate different funding rates (see appendix A, table 1). BCP provider representatives have been working with officers to help to formulate proposals on which to consult.
2. The government funding rate paid by the Department for Education (DfE) to the new local authority will be £4.30 per hour for 3 and 4 year olds and £5.23 per hour for 2 year olds. These amounts are the same as those previously paid to the 3 authorities since 2017 under the DfE's [Early Years National Funding Formula Operational guidance February 2018](#).
3. The Early Years National Funding Formula Operational Guidance places requirements on Local Authorities including:
 - A minimum amount of 95% funding to be passed through to providers.
 - A universal base rate for all types of provider, to be set by local authorities by 2019-20.
 - The total value of supplements used must not be more than 10% of the total value of planned funding to be passed through to providers.
 - Deprivation supplement is a mandatory supplement.
 - A requirement for authorities to establish a special educational needs and disability inclusion fund.



EYSFF PRINCIPLES

4. Provider representatives have worked with officers and have agreed on the following set of principles on which to consult with the sector:
 - Minimise the amount retained centrally, maximising funding to providers.
 - Using a supplement to support children with a background of deprivation, to narrow the gap between the most disadvantaged children and their peers, at a level that will improve their outcomes.
 - Set a formula which allows providers to better forecast and business plan.
 - SEND funding for every hour the child attends a setting at a level to support improvements in their outcomes.

TRANSFER TO HIGH NEEDS & CENTRAL FUNCTIONS

5. The High Needs Block (HNB) pressures have been discussed with the provider group and awareness raised of a projected in-year shortfall. BCP Schools will be asked to contribute to this and a transfer can be made with their agreement (and that of the secretary of state, if the transfer exceeds 0.5%). Any transfer from the Early Years Block (EYB) however is a council decision.
6. BCP is able to retain up to 5% of both 2 year and 3 and 4 year old funding for central retention for administration and marketing. This equates to 21.5p from the £4.30 funding for 3 and 4 year olds and 26p from the £5.23 funding for 2 year olds. Whilst this would generate approximately £0.8m to contribute to High Needs pressures (£0.2m to be set aside for central LA functions), it is accepted this funding turbulence for providers would be too great to safeguard the sufficiency of the sector. Some level of contribution will be required however.
7. The existing low levels of budget set aside for eligibility checking of the additional 15 hours for working parents and administration and marketing of the 2 year old entitlement will be maintained at 2018/19 levels. In addition, a further 1% (approximately £200k) of funding will be retained and used to contribute to high needs pressures in early years. The total retention would then be 6p (1.4%) from 3 and 4 year old funding and 21p (4%) from 2 year old funding. The percentage of funding used for 2 year old functions is higher due to the additional work around identification, marketing and eligibility checking.
8. This then leaves £5.02 for 2 year olds and £4.24 for 3 and 4 year olds to be used for an SEN inclusion fund and to distribute through a formula to providers. The full consultation paper is included as appendix 1.

USE OF SUPPLEMENTS

9. Ensuring high quality places for disadvantaged 2 year olds remains a priority for BCP as does narrowing the gap between the most disadvantaged children and their peers.



The current DfE guidance allows the following supplements:

- Deprivation (mandatory supplement);
 - Rurality or sparsity (discretionary supplement);
 - Flexibility (discretionary supplement);
 - Quality (discretionary supplement);
 - English as an additional language (EAL) (discretionary supplement).
10. Each local authority applies the mandatory deprivation supplement differently, both in terms eligibility and the rate applied (see appendix A, table 1). Meetings with provider representatives to date have indicated that they want to see a simple formula maximising the base rate and it is proposed that only the mandatory deprivation supplement is included in the new formula.
11. A maximum 10% of the formula may be used for supplements. It is proposed that the mandatory deprivation supplement is set at 3% (£0.13 of the formula which equates to 53p to the provider per eligible child (see appendix A, table 2) based on children previously funded as 2 year olds or those in receipt of EYPP. 25% of children are expected to qualify for this supplement. This will ensure that the funding is targeted towards the children that need it most, it protects and incentives the 2 year old market and also support providers in business planning.

SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND)

12. Local authorities are required to operate an inclusion fund, which represents a contribution to provider's existing resources to assist them in their duty to meet children's individual needs.
13. 3 different approaches to funding are in operation across the 3 authorities (see appendix A, table 1).
14. It is proposed that additional funding to support the needs of a 2, 3 or 4 year old children will be paid to match the number of early entitlement hours in attendance, up to 30 hours per week for 3 and 4 year olds and 15 hours per week for 2 year olds. Funding additional SEND support for 2 year olds is discretionary. BCP will continue to support those children.



PROPOSED NEW FORMULA

15. The proposals above would result in an EYSFF for 2019-20 as follows:

3 and 4 year olds		
	Government Rate	Provider Rate
	£4.30	
Base Rate	£4.00	£4.00 Every child
Deprivation Supplement	£0.13	£0.53 Per eligible child
SEND Inclusion Fund	£0.11	£2.00 or £6.30 Per eligible child
HNB Contribution	£0.04	
Central Functions	£0.02	

2 year olds		
	Government Rate	Provider Rate
	£5.23	
Base Rate	£4.95	£4.95 Every eligible 2yo
SEND Inclusion Fund	£0.07	£2.00 or £6.30 Per eligible child
HNB Contribution	£0.05	
Central Functions	£0.16	

IMPACT ON PROVIDERS

16. This will be a significant change in funding for all providers and there will be some funding turbulence in the sector (see appendix A, table 4). The DfE has made it clear that they will not provide any additional government funding to help with protection, and this would therefore need to be funded from the £4.30 rate received if part of any formula.
17. Protection was considered with provider representatives who were of the opinion that a reduction in base rate in order to protect some parts of the sector would not support BCP's aim of treating all providers equally in line with government universal base rate requirement. Providers also recognised that by protecting some parts of the sector there would be a reduction in base rate for all providers, thus a greater number of providers would see reduced funding.



RECOMMENDATIONS

The Shadow Schools Forum (SSF) is asked to approve:

1. The proposed central retention of £100,000 representing only 1.4% from the 3 and 4 year old allocation of funding and £81,000 (4%) from the 2 year old allocation.

The SFF is requested to endorse

1. The principles outlined in the draft consultation document.
2. The proposals set out in the consultation paper.

LEGAL IMPLICATIONS

18. The LA must ensure compliance with Early Years National Funding Formula Operational Guidance 2018.

APPENDICES

APPENDIX A Bournemouth, Christchurch and Poole, Proposed Change to the Early Years Single Funding Formula for the Free Entitlement for 2,3 and 4 year olds from April 2019.