

TITLE OF REPORT: Early Years National Funding Formula – Schools Forum Sub Group

Purpose of the Report

1. The purpose of this report is to update Schools Forum on the progress made by the Early Years National Funding Formula Schools Forum sub group.

Background

2. The Government issued a consultation document on a new Early Years National Funding Formula (EYNFF) which will be implemented from April 2017.
3. The first stage consultation was predominantly split into two areas; how the LA will receive funding from the DfE as part of the Dedicated Schools Grant, and how LA's can distribute funding to providers. At the time of writing there has been no response to the first stage consultation and the second stage consultation which is expected to consult on further details of the first stage consultation has not been issued.
4. The Group has met twice on the 7 and 28 November 2016.
5. At the meeting on the 7 November, the group agreed the draft terms of reference (appendix 1). The group also received and discussed the background to and the changes made to the current formula.
6. The group also received and discussed a summary of the consultation proposals and what possible additional factors could be used.
7. Actions agreed at the meeting were:-
 - Create a draft funding model to providers using 95% of the base rate funding to the LA as a minimum threshold
 - The formula to have a single base rate for all settings which will allocate 90% of the funding available to settings
 - The remaining 10% funding to be allocated to deprivation and distributed via the Acorn score, (which is a geodemographic classification of postcodes of each child attending a setting in January, resulting in a numeric value) of each setting (as per current formula)
8. At the meeting on 28 November the group were presented with calculations requested at the previous meeting. In the model Bensham Nursery School also received the whole of the Maintained Nursery School Grant.

9. The results were then compared to 2016/17 budgets which are based on 2015 financial year data.

10. The comparisons provided an overall budget comparison and an hourly rate comparison. All settings except the nursery school received an increase in funding. In terms of hourly rates increases ranged from £0.02 per hour to £0.74 per hour.

11. Following discussions of the model presented the following actions were agreed:-

- A model with 90% allocated via basic entitlement and 10% deprivation with a stepped approach allocating the deprivation funding
- A model with 95% allocated via basic entitlement and 5% deprivation
- Capping gains to create an inclusion fund

Proposal

12. That Schools Forum approves draft Terms of Reference and notes the progress made by the Group.

Recommendations

13. It is recommended that Schools Forum approves the draft Terms of Reference and the progress that the Group has made.

For the following reasons:

- To ensure that Schools Forum is informed of progress of the groups
- To ensure that Schools Forum is able to approve funding decisions.

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Appendix 1

Draft Terms of Reference

1. Introduction

The Early Years Sub Group (EYSG) has been formed as a sub- group of the Gateshead Schools Forum in response to the Government's plans for early education funding reform.

Key to successful delivery of the free entitlement is for local authorities to achieve a balance in their priorities; securing sufficiency, quality and accessibility in free provision. Critical to achieving this is a strong partnership between Local Authorities and providers in all sectors; private, voluntary, independent, maintained and childminders, to enable them to assess and meet demand according to local circumstances and market.

2. Current Purpose

The purpose for the EYSG is to offer advice, experience, information and recommendations to the Local Authority and the Gateshead Schools Forum in relation to the practical exercise of developing, reforming and implementing early years funding arrangements including:

- modelling a new single local funding formula for distributing the funding for the free entitlement between all early years sectors in a fair and transparent way, including impact assessments of each model;
- implementing the new formula, including any appropriate transition or protection mechanisms;
- reviewing the new formula.

To act as the principal channel by which those involved in ownership and management of early years settings may convey their views.

3. Terms of Reference

Terms of reference are as follows:

To offer advice, experience, information and recommendations to the Local Authority and the Gateshead Schools Forum to ensure early years and childcare funding follows national and local requirements and priorities. The aim being to secure the best possible outcomes for children by delivering an entitlement which is high quality, flexible and accessible, and gives parents choices about what is best for their children.

This will include:

- promotion of sustainability and preservation of a mixed market, as well as encouraging clear terms of engagement with parents as key delivery partners;
- acting as the principal channel by which those involved in ownership and management of early years settings may convey their views;

- monitoring the impact of the single formula including undertaking ongoing analysis of the free early years entitlement as necessary, and reviewing its operation for future funding periods, including impact assessment;
- providing a view on the arrangements for the administration of central government grants for early years and childcare administered locally

4. Membership

The membership of the EYSG should be representative of the different types of early years education providers across the county who are eligible and registered to offer free entitlement nursery education.

Membership:

Chair of Schools Forum

3 representatives of private, voluntary and independent sector

2 representative of LA primary schools which have nursery classes

1 representative of LA nursery school

The group will be supported by officers

5. Conduct

In carrying out their functions, members of the EYSG are expected to act in accordance with seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

It is important that Sub Group members take a strategic view of the issues they are considering when contributing to the Group's business by focussing on the needs of the children and young people of Gateshead generally (0-19).

6. Approval

The above proposals were endorsed by the Early Years Sub Group at its meeting held on 7 November 2016, and will be taken to Schools Forum for approval.