
TITLE OF REPORT: Early Years Funding Consultation Document and Process

Purpose of the Report

1. To enable Schools Forum to comment and have input into the proposed early years funding consultation document and timetable for the provision of early years budgets for 2017/18.

Background

2. This report builds on reports to Schools Forum in December 2016 and Item 3 on this agenda.
3. In accordance with Schools and Early Years Finance (England) Regulations 2017 and Early Years National Funding Formula Operational Guidance, local authorities (LA's) are required to consult with Schools Forum and all early year settings on changes to their Early Years Single Funding Formula (EYSFF).
4. The timeline for the development of the new EYSFF, engagement with settings, stakeholders and consultation have been very challenging, with the new EYSFF to be implemented for April 2017, and all setting to receive their 2017/18 budget by 31 March 2017.

Consultation

5. When the basis upon which funding is allocated to settings is changed, it is inevitable that this will result in a change in the distribution of funding amongst settings. The purpose of this consultation paper is to seek the views of schools and PVI settings on all these proposals, and whether these proposals are right for pupils in Gateshead given constraints set by the DfE.
6. It is hoped that following the review and ratification of the Consultation document, it can be sent to all settings by the 10 February 2017.
7. Any suggestions or questions would be welcomed prior to the Schools Forum meeting if at all possible.

Proposal

8. It is proposed that Schools Forum reviews and agrees the consultation document attached for the distribution to all early years settings by the 10 February 2017.

Recommendations

9. That Schools Forum:-

- Review the attached consultation document
- Review the information contained within the document for clarity
- Depending upon the outcomes of discussions on earlier papers, either agree the attached consultation document or suggest changes that can be made within the very tight timescale required.

For the following reasons:-

- To consult with all settings on the proposed new EYSFF
- To comply with Schools and Early Years Finance Regulations (England) 2017
- To comply with the timescales to enable early years settings to receive their budgets by 31 March 2017

CONTACT: Carole Smith

Gateshead Metropolitan Borough Council

**Early Years Funding
From April 2017**

CONSULTATION PAPER

INTRODUCTION

This consultation paper is for all early years' providers.

Following on from the Government's consultation on Early Years funding, Schools Forum took the decision to set up an Early Years Funding Sub-group of Schools Forum to review Gateshead's Early Years Single Funding Formula.

This consultation is set in the context of the implementation of the Local Authority Early Years National Funding Formula, which the Department for Education (DfE) will implement from April 2017. Due to these change and the requirements set out in the Early Years National Funding Formula Operational Guidance a new Early Years Single Funding Formula (EYSFF) to settings is required.

The main requirements of a new Gateshead EYSFF are set out below:-

- Hourly rates for 2 year olds for Gateshead will increase from £4.85 to £5.20
- At least 93% of funding received by the LA (increasing to 95% funding by 2018/19) must be passed directly to providers
- There must be a universal base rate to all providers equivalent to 90% of planned funding no later than 2019/20
- The total value of supplements must not be more than 10% of planned funding
- Deprivation is a mandatory supplement
- Discretionary supplements are:-
 - Rurality/sparsity
 - Flexibility
 - Quality
 - English as an additional language (EAL)
- There will be a maintained nursery school grant for the duration of the Parliament (£0.147m for Gateshead 2017/18)
- Local authorities (LA's) must set up a local inclusion fund
- There is no Minimum Funding Guarantee

Further information is set out in the papers below:

- Early Years Funding – changes to funding for three and four year olds
<https://www.gov.uk/government/consultations/early-years-funding-changes-to-funding-for-3-and-4-year-olds>
- Early Years National Funding Formula – Operational Guidance (updated 3.1.17)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/580716/YNFF_Operational_Guidance.pdf

- Early Years National Funding Formula – Technical Note
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/574015/EYNFF_technical_note.pdf
- Early Years National Funding Formula – Local Authority Allocations 2017/18
<https://www.gov.uk/government/publications/early-years-national-funding-formula-allocations-and-guidance>

This consultation paper sets out the proposals of the Schools Forum Early Years Funding Sub-group, and all schools and PVI settings are encouraged to read this consultation paper carefully and respond to the questions on the attached consultation response form.

Special Educational Needs Funding is not part of this consultation. Details will be provided to all settings on the Inclusion Fund in due course.

Proposals within this document are based on 2015/16 data and 2016/17 budgets provided to settings.

The purpose of this consultation paper is to seek the views of schools and PVI settings on all of these proposals, and whether these changes are the right changes for early year's settings in Gateshead.

Detailed analysis has been undertaken on the potential impact of these proposals on the funding of all settings, and the impact of these changes had they happened in 2016/17. Please see appendix 1 for a summary of the changes proposed.

However, please remember that these can only be indicative values based on current data and the current cost base, and that there could be minor changes to the proposed funding values once the actual data set becomes available.

TWO YEAR OLD FUNDING

The DfE have announced that Gateshead's hourly funding rate to the LA for eligible 2 year olds will increase from April 2017 from £4.85 to £5.15 per hour.

Q1 Do you accept a flat funding rate for two year old funding?

Q2 Do you accept the increase in funding rate to settings for eligible 2 year olds from £4.85 to £5.20 per hour?

THREE AND FOUR YEAR OLD FUNDING

Universal Base Rate

LAs are required to set a universal base rate in their EYSFF for all providers by no later than 2019/20, and the base rate must be at least 90% of the total value of planned funding. Gateshead has historically had a universal base rate and therefore the proposal is for a universal base rate of £3.85 per hour to be set for 2017/18. The base rate will be the same for all funded hours.

Q3 Do you accept the use of a universal base rate from 2017/18?

Q4 Do you accept the universal base rate of £3.85 per hour for all settings?

Supplements

LAs are able to use a number of mandatory and discretionary supplements in addition to the base rate for 3 & 4 year old funding. Supplements will apply to all funded hours.

Deprivation is the only mandatory supplement, and LAs have the ability to choose the deprivation measure, and the value of the supplement up to the capped amount of 10% of the total value of planned available funding. Deprivation funding to the LA is allocated using Free School Meal eligibility of KS1 and KS2 pupil percentage as a proxy. The sub group discussed deprivation funding and the consensus was that the Acorn Score would be proposed to distribute deprivation funding, as this measure is used in the current EYSFF. The Acorn score of the setting is based on an average score of all children attending the setting using January census each year. Free school meal (FSM) eligibility as a measure was dismissed as this data is not currently collected for 3 & 4 year olds.

Q5 Do you accept the proposal to use of a settings Acorn score to distribute deprivation funding?

The allowable discretionary supplements are:-

- Rurality/Sparsity
- Flexibility
- Quality
- EAL

The group discussed each supplement in turn, with the following proposals:-

- Rurality/Sparsity was discounted as this measure was not applicable to Gateshead
- Flexibility was discounted as this would be difficult to measure, and could disadvantage some settings that did not have control over their opening hours (rented accommodation) or those settings where there is little demand for a flexible offer.
- Quality, this supplement is permitted either to support workforce qualifications or support system leadership. The group discussed the use of a quality supplement and agreed that a quality supplement should be included in the new EYSFF.
- EAL, the group thought that this supplement should be considered, however the funding to the LA is based on EAL proportions of pupils at KS1 and KS2 as this information is not currently collected for early year's children. It is understood that EAL information will be collected in the future and the group therefore propose that this supplement is not used for 2017/18, but its use be reviewed when EAL data for early years pupils becomes available.

Q6 Do you accept the proposal to use of a quality supplement in the EYSFF?

Q7 Do you accept the proposal not to include rurality/sparsity, flexibility and EAL in the EYSFF?

Following the proposal to include a quality supplement in the EYSFF, the group discussed an appropriate mechanism. The current EYSFF has a quality supplement based on the qualification level of staff at the setting. In order to qualify for a supplement at the highest level for that setting, at least 50% of 3 and 4 year old hours must be delivered on at least 1:13 ratio (or the applicable ratio for the staffing qualification). The group agreed that higher levels of qualifications should be encouraged, and the use of this supplement will encourage and support settings to employ more highly qualified staff.

The current EYSFF uses a qualification supplement that was based on actual salary costs gathered from different settings for different qualification levels of staff when the original EYSFF was developed

and implemented in 2010/11. The group agreed that using this data on a weighted hours basis would allocate funding in an appropriate way.

Q8 Do you accept the proposal to distribute quality funding on the basis of qualification weighted hours?

Following the group's proposal to include both a deprivation and quality supplement within the EYSFF, the group then considered the proportion of funding that should be allocated via the supplements. Supplements can only distribute a maximum of 10% of the available funding, and after the review of a number of different allocation proportions the group propose that funding for deprivation and quality should both distribute 5% each of the planned funding. Indicative rates are included in appendix 1.

Q9 Do you accept the proposal that deprivation and quality supplements should both distribute 5% of available funding?

PAYMENT MECHANISM

Currently funding for the 3 and 4 year old entitlement is given to the provision (or provisions if the 15 hours is shared between 2 providers) where the child is attending during headcount week. There is no clawback should a child leave before the end of term, and there is an expectation that providers will offer a free entitlement place to a child who joins them after headcount, but no funding would be given for the remaining weeks of that term.

The introduction of the 30 hour extended entitlement and the use of the Servelec (IT system, formerly Tribal) portal for headcount submissions mean that a review of this funding arrangement is timely. The Servelec system will be rolled out to maintained schools with nursery classes over the rest of this term.

It is therefore proposed that, from April 2017, funding for the 3 and 4 year old free entitlement is paid according to the number of hours/ weeks per term the child attends up to a maximum of 570 hours per calendar year (universal entitlement) or 1,140 hours per calendar year (extended entitlement).

Q10 Do you accept that the funding for the 3 and 4 year old free entitlement should be based on the total number of hours/ weeks per term the child attends, and that the funding should follow the child when they move setting at any time?

Appendix 1 – Comparison of Funding Rates

3 & 4 Year Old Funding Rates

	Band	Current	Proposed	Diff
	Base Rate	£3.05	£3.85	£0.80
Staff	A	£0.00	£0.00	£0.00
	B	£0.15	£0.07	-£0.08
	C	£0.23	£0.11	-£0.12
	D	£0.36	£0.18	-£0.18
	E	£0.60	£0.30	-£0.30
	F	£0.62	£0.31	-£0.31
Acorn	ACORN Rate	£0.0134	£0.0060	-£0.0074
Support	Support Rate – Nursery	£4.01 per hour	*£3.75 per hour	-£0.26

- Maintained Nursery Support (MNS) Grant value £147,708 divided by budgeted hours

Appendix 2 has been calculated using 2016/17 budget data therefore is for demonstration purposes only.

Model 3				Model 3
Setting Name	Est. hourly rate 2016/17	Band	Hourly Funding Rate	Diff.
Bensham Grove Nursery	£8.48	F	£8.08	-£0.41
Carr Hill Community Primary School	£4.31	F	£4.44	£0.13
Kelvin Grove Community Primary School	£4.11	E	£4.35	£0.24
South Street Primary School	£4.19	E	£4.38	£0.19
Bede Community Primary School	£4.25	E	£4.41	£0.16
Larkspur Community Primary School	£4.30	E	£4.43	£0.14
Kibblesworth Academy *	£4.16	E	£4.39	£0.23
Birtley East Primary School	£4.26	E	£4.41	£0.15
Dunston Hill Community Primary	£4.20	F	£4.39	£0.19
Emmaville Primary School	£4.23	E	£4.36	£0.13
High Spen Primary School	£4.26	E	£4.37	£0.11
Swalwell Primary School	£4.20	E	£4.38	£0.18
Winlaton West Lane (Little Acorns)	£4.21	E	£4.38	£0.17
Greenside Primary School	£4.17	E	£4.37	£0.20
Blaydon West Primary School	£4.30	E	£4.40	£0.11
Front Street Community Primary	£4.16	E	£4.37	£0.21
Highfield Community Primary	£4.25	F	£4.41	£0.16

School				
Ryton Community Infant School	£4.26	E	£4.39	£0.13
Falla Park Community Primary School	£4.27	E	£4.42	£0.15
Brandling Primary School	£4.32	E	£4.44	£0.12
Lingey House Primary School	£4.23	E	£4.40	£0.17
The Drive Community Primary School	£4.29	E	£4.41	£0.12
White Mere Childcare	£4.17	E	£4.37	£0.20
Dunston Riverside Primary*	£4.14	E	£4.37	£0.23
Brighton Avenue Primary School	£4.09	E	£4.34	£0.25
Lobley Hill Primary School	£4.17	E	£4.38	£0.21
Wardley Primary School	£4.14	E	£4.36	£0.23
Glynwood Primary School	£3.99	D	£4.28	£0.29
Barley Mow Primary School	£4.25	E	£4.40	£0.16
Windy Nook Primary School	£4.22	E	£4.40	£0.18
Colegate Community Primary School	£4.33	E	£4.43	£0.10
Roman Road Primary School	£4.31	E	£4.44	£0.13
Fellside Primary School	£4.03	E	£4.32	£0.28
Fell Dyke Primary School	£4.33	E	£4.44	£0.11
Caedmon Community Primary	£4.10	E	£4.35	£0.25
Chopwell Primary	£4.25	E	£4.41	£0.15
Park Head Community Primary School	£4.22	E	£4.40	£0.18
St Aidan's C of E Primary School	£4.22	E	£4.40	£0.18
Harlow Green Primary School	£4.26	E	£4.41	£0.16
Rowlands Gill Primary School	£4.05	E	£4.31	£0.25
Corpus Christi Catholic School	£4.14	E	£4.36	£0.22
St. Oswald's RC (Aided) Primary	£4.31	E	£4.43	£0.12
St. Mary & St. Thomas Aquinas Catholic Primary School	£4.03	E	£4.32	£0.29
St Alban's Catholic Primary School	£4.09	E	£4.34	£0.25
Felling St. Augustine's R.C.P	£4.25	F	£4.42	£0.16
St Wilfrid's R C Primary Sch.	£4.26	E	£4.42	£0.16
2nd Home Childcare	£3.77	B	£4.17	£0.41
2nd Home Childcare @ Barley Mow	£3.69	B	£4.14	£0.45
2nd Home Childcare @ Chowdene	£3.69	B	£4.14	£0.45
Alison Brown	£3.52	A	£4.05	£0.54
All Saints Pre-School	£4.12	E	£4.36	£0.24
Ashfield Nursery and Early Learning Centre	£3.61	B	£4.10	£0.50
Bensham Day Care Centre	£3.64	B	£4.12	£0.48
Bill Quay Pre-School	£3.67	B	£4.13	£0.46
Blaydon Day Care Centre	£3.89	C	£4.23	£0.35
Blaydon Pre-school	£3.63	B	£4.11	£0.48
Bridges Nursery	£4.13	E	£4.36	£0.23
Bright Sparks Nursery	£4.09	E	£4.35	£0.25
Bumble Bees Pre-School	£3.74	B	£4.16	£0.42
Busy Bees Day Nursery	£3.75	C	£4.17	£0.42
Care With Cuddles	£3.55	A	£4.07	£0.52
Carole Rogers	£3.52	A	£4.05	£0.54
Cromer Avenue Pre-School	£3.59	B	£4.10	£0.50
Crookhill Early Years	£3.96	D	£4.27	£0.32
Debra Robson	£3.52	A	£4.05	£0.54

Deckham Day Care Centre	£3.85	C	£4.22	£0.37
Duckpool Pre-School	£3.53	B	£4.07	£0.54
Emma McLean-Wileman	£3.52	A	£4.06	£0.54
Gateshead Cheder	£3.57	B	£4.09	£0.51
Gateshead Jewish Nursery School	£3.58	B	£4.09	£0.51
Gillian Richardson	£3.55	A	£4.07	£0.52
Grove Pre-School	£3.65	B	£4.12	£0.47
Hardman Centre Pre-School Playgroup	£3.57	B	£4.09	£0.52
Highfield Day Care Centre	£3.66	C	£4.13	£0.47
Holly Hill	£3.68	B	£4.14	£0.46
Karen Brewis	£3.55	A	£4.07	£0.52
Kids 1st Day Nursery Low Fell	£3.60	C	£4.11	£0.50
Leam Lane Day Care Centre	£3.78	C	£4.19	£0.40
Leigh's Montessori Nursery	£3.66	B	£4.13	£0.47
Leone Wilkinson	£3.55	A	£4.07	£0.52
Little Hearts Pre-School	£3.65	B	£4.12	£0.47
Lorraine Lumley	£3.52	A	£4.05	£0.54
Lyndhurst Pre-School	£3.95	D	£4.27	£0.32
Mulberry Bush at Hexham	£3.79	B	£4.18	£0.40
Mulberry Bush Private Day Nursery	£3.80	C	£4.19	£0.39
Ring O'Roses Nursery	£3.74	B	£4.16	£0.42
Rose Villa Day Nursery	£3.57	B	£4.09	£0.52
Rowlands Gill Under 5's Playgroup	£3.63	B	£4.11	£0.48
Shira Day Care	£3.69	B	£4.14	£0.45
St Agnes Day Nursery	£4.07	E	£4.34	£0.27
St Anne's Pre-School	£3.89	C	£4.24	£0.34
St Philips Pre-School	£3.71	B	£4.15	£0.44
Stepping Stones Day Nursery	£3.60	B	£4.10	£0.50
Susan Walton	£3.66	C	£4.13	£0.47
Tik Tok Nursery	£3.71	C	£4.15	£0.45
Tik Tok Nursery Pelaw	£3.71	C	£4.15	£0.45
Tots N Toddlers	£3.52	A	£4.05	£0.54
Trinity Corner Nursery	£3.69	C	£4.15	£0.45
Tyne View Pre School	£3.77	C	£4.18	£0.41
Valley Nursery	£3.68	C	£4.14	£0.46
Village Montessori @ Wrekenton	£3.69	B	£4.14	£0.45
Village Montessori Nursery School	£4.04	E	£4.32	£0.29
Washingwell Community Pre-School	£3.66	C	£4.13	£0.47
Whickham Community Centre Playgroup	£3.69	C	£4.14	£0.46
Whickham Cottage Nursery	£3.54	B	£4.07	£0.53
Willows Montessori Nursery School	£3.79	D	£4.20	£0.41

Consultation Response Form

Formula for Funding All Schools and PVI's from April 2017

The name organisation and role sections must be completed, and only one consultation response will be accepted from each setting.

Return deadline 24 February 2017

Name	
Organisation	
Role	

Mainstream Funding

TWO YEAR OLD FUNDING	
Q1 Do you accept a flat funding rate for two year old funding?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

TWO YEAR OLD FUNDING RATE	
Q2 Do you accept the increase in funding rate to settings for eligible 2 year olds from £4.85 to £5.20 per hour?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

UNIVERSAL BASE RATE	
Q3 Do you accept the use of a universal base rate from 2017/18?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

UNIVERSAL BASE RATE	
Q4 Do you accept the universal base rate of £3.85 per hour for all settings?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

SUPPLEMENTS	
Q5 Do you accept the proposal to use of a settings Acorn score to distribute deprivation funding?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

SUPPLEMENTS	
Q6 Do you accept the proposal to use of a quality supplement in the EYSFF?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

SUPPLEMENTS	
Q7 Do you accept the proposal not to include rurality/sparsity, flexibility and EAL in the EYSFF?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

SUPPLEMENTS	
Q8 Do you accept the proposal to distribute quality funding on the basis of qualification weighted hours?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

SUPPLEMENTS	
Q9 Do you accept the proposal that deprivation and quality supplements should both distribute 5% of available funding?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

PAYMENT MECHANISM	
Q10 Do you accept that the funding for the 3 and 4 year old free entitlement should be based on the total number of hours/ weeks per term the child attends, and that the funding should follow the child when they move setting at any time?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Please return to
 Carole Smith
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By Friday 24 February 2017