

## Report to the Schools Forum 14 March 2019

### Early Years Funding 2019/20

#### 1 Context and Background

- 1.1 As part of the move towards national funding formulas for DSG, in 2017/18 the DfE implemented a national funding formula (NFF) for early years. As the NFF is at local authority level, not setting level, local authorities continue to determine a local funding formula for early years, albeit within DfE rules.
- 1.2 Following the implementation of the NFF for early years, the amount of funding allocated to T&W increased as shown below:

	Funding per hour	
	2016/17	2017/18
2 Year Old Funding	£4.85	£5.20
3 and 4 year old funding	£4.03	£4.36

- 1.3 However, since 2017/18, the allocations have remained unchanged and so will be at the same level in 2019/20.
- 1.4 DfE rules mean that at least 95% of the total funding has to be passed through to providers and a maximum of 10% of the money in the funding formula can be distributed through supplements.
- 1.5 There is a requirement for each local authority to have an inclusion fund.
- 1.6 In addition, Disability Access Funding (DAF) is passed to settings educating eligible children for DAF at the rate of £615 per child.

#### 2 T&W 2019/20 Proposals

- 2.1 In the context of the above, the following is planned for 2019/20:
- hourly funding rate for 2 year olds at £5.11 per hour (unchanged from 2018/19);
  - basic hourly funding rate for 3 and 4 year olds at £3.82 per hour (unchanged from 2018/19);
  - flexible provision supplement at £0.33 per hour (unchanged from 2018/19);
  - lump sum to nursery schools, £148,329 (unchanged from 2018/19);
  - a central retention for early years high needs provision of £200,000 (unchanged from 2018/19). This will be funded as follows: £170,000 from 3 and 4 year old funding; £30,000 from 2 year old funding. The split between the age groups means that a similar proportion of the budget for each is utilised for high needs;
  - a central retention of £10,000 for early years moderation (unchanged from 2018/19);
  - a central retention for the LA to carry out early years pupil premium grant eligibility, of £2,758. This is based on a cost of £8.50 per child checked (unchanged from 2018/19). The

alternative to this retention is for settings to do this themselves, or enter into individual agreements with the Benefits team – each of these alternatives is likely to be more time consuming.

- a central retention of £40,000 for supporting and promoting the 30 hours offer (unchanged from 2018/19). This funds ongoing costs for portal maintenance (around £16,000) marketing materials and promotion (around £3,000), staffing (around £10,000), preparation and management of 'Capital' and 30 hour support bidding (around £4,000) and additional costs of the annual sufficiency survey (around £7,000).

- a central retention of £120,000 to support the costs of the early years team. This represents an increase of £20,000 compared to 2018/19. However it is likely to still leave T&W far below the average amount retained by other LAs. The central retentions in 2018/19 resulted in a per capita retention for T&W of £6, less than half the England average of £16.

## **2.2 *The Forum is asked to express its views on the proposals for 2019/20 early years funding.***

Tim Davis  
Group Accountant  
February 2019