

Early Years Funding Consultation January 2020

Introduction

As part of the funding requirements for Nursery Education Funding, the Local Authority is required to consult with early years providers when making changes to its Early Years Single Funding Formula (EYSFF).

Worcestershire's allocation for 2020/21 has been increased from the current funding levels, which have been in place since April 2017.

We are therefore consulting on how Worcestershire will spend the increased funding allocation for early years provision.

Worcestershire Funding Allocation

After 3 years of fixed early years funding, the total increase for 2020/21 is predicted to be approximately:

Two Year Old Funding: £55,000.00

3 & 4 Year Old Funding: £581,000.00

This is the equivalent of £0.08 per funded hour.

As consulted on in 2017, Worcestershire retains circa 3.6% of the early years funding allocation; this covers the cost of centralised functions such as the Provider Portal and the Early Years Systems Support Team and services such as the Family Information Service, as well as the cost of the Early Years Deprivation Funding.

There is no intention to change the percentage of retained funds; this would allow a **maximum hourly rate of £4.21 for 3 & 4 year old children**, a £0.07 increase from the current rate of £4.14 and a **maximum hourly rate of £5.28 for two year old children**, a £0.08 increase from the current rate of £5.20 in 2020/21.

Two Year Old Funding

Two Year Old Funding is specifically in place to support the most vulnerable children at an early age. It is therefore recognised that it is key that sufficient funding is in place to enable early years providers to meet their needs and have the greatest impact on their development.

The Local Authority is therefore proposing that the maximum hourly rate of £5.28 is implemented to funded two year old provision from April 2020.

Question 1

Do you support maximising the two year old funding hourly rate to £5.28? Yes /

No

If no, please provide details of how you would suggest allocating the additional £55,000:

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Early Years Inclusion Funding

The Inclusion Supplement is a compulsory supplement within the Early Years Single Funding Formula. Based on feedback from early years providers, there is an awareness that the cost of providing high quality early years provision for children with SEND is consistently high. The Local Authority therefore proposes to increase the Inclusion Supplement for early years providers. As the only funding available to pay for this increase is from the additional 2020/21 allocation, any increase in the Inclusion Supplement would result in the increase to the NEF rate being less than the maximum of £0.07.

Question 2

Do you support the principle of increasing the Graduated Response supplements to better support the costs associated with providing high quality early years provision for children with Special Educational Needs and Disabilities?

Yes / No

Using the current Inclusion Supplement model*, if the Local Authority increases the Graduated Response (GR) supplements, the following options are available:

| | Current Hourly Supplement | Option 1 | Option 2 |
|--|----------------------------------|---|---|
| GR2 (<i>not applicable for children receiving two year old funding</i>) | £0.74 | £0.90 | £1.00 |
| GR3 | £1.44 | £1.60 | £1.70 |
| GR4 | £2.70 | £2.86 | £2.96 |
| Cost | N/A | £95,117.00 | £154,566.00 |
| Impact on NEF Hourly Rate | No impact | This would result in the rate for 3 & 4 year old children increasing by a maximum of £0.06 per hour (instead of £0.07). There would be no impact on the Two Year Old Funding hourly rate. | This would result in the rate for 3 & 4 year old children increasing by a maximum of £0.05 per hour (instead of £0.07). There would be no impact on the Two Year Old Funding hourly rate. |

*Details about the current Inclusion Supplement model can be found in the document 'Local Inclusion Fund Guidance - Ordinarily Available in the Early Years':
<https://www.babcockprime.co.uk/improving-schools-and-settings/early-years/early-years-inclusion>.

Examples:

| Scenario | Current Rates | Option 1 | Option 2 |
|---|---|---|--|
| A child accessing 15 hours per week, in receipt of the GR2 supplement | £2781.60 (15 hours x 38 weeks x £4.14 = £2359.80 and 15 hours x 38 weeks x £0.74 = £421.80) | £2907.00 (15 hours x 38 weeks x £4.20 = £2394 and 15 hours x 38 weeks x £0.90 = £513) | £2958.30 (15 hours x 38 weeks x £4.19 = £2388.30 and 15 hours x 38 weeks x £1.00 = £570) |
| A child accessing 30 hours per week, in receipt of the GR4 supplement | £7797.60 (30 hours x 38 weeks x £4.14 = £4719.60 and 30 hours x 38 weeks x £2.70 = £3078) | £8048.40 (30 hours x 38 weeks x £4.20 = £4788 and 30 hours x 38 weeks x £2.86 = £3250.04) | £8151.00 (30 hours x 38 weeks x £4.19 = £4776.60 and 30 hours x 38 weeks x £2.96 = £3374.40) |

Question 3

If the Graduated Response supplements are increased, which of the above options

would you prefer?

Current Hourly Supplement / Option 1 / Option 2 Comments:

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Deprivation Supplement

This is a compulsory supplement within the Early Years Single Funding Formula. The regulations state that there must be a deprivation supplement but do not state how much it is or how it is distributed. It is paid only for 3 & 4 year old funding. Worcestershire currently retains £150,000 per year from the Early Years Funding Block to pay for the Deprivation Supplement.

The present model uses a system called the IDACI Index (Income Deprivation Affecting Child Index). A score is given for all children included on the January census, based on their home postcode. This score gives each child’s postcode a letter A to G with "A" being the most deprived postcodes to "G" being the least. Funding is then allocated proportionately to each setting, based on the number of children attending each setting and using the IDACI scores A to F.

The present model is giving a nominal amount to all settings, with some settings receiving as little as £19 for a full year, paid over 3 terms. As the supplement is calculated based on the January Census, changes in children within the financial year are not reflected.

The Local Authority therefore proposes to re-work the way in which the £150,000 Deprivation Supplement is allocated, to better support settings with a high proportion of children from a disadvantage background, ensuring it has the greatest impact on the outcomes for those children.

Making this initial change will not affect the NEF Hourly Rate and will have minimal impact on those settings that have a high proportion of children from a disadvantage background.

Question 4

Do you support the principle of updating the Deprivation Supplement to better support settings with a high proportion of children from a disadvantaged background?

Yes (go to Question 5) / **No** (go to Question 6)

Comments:

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Deprivation Supplement Allocation (if you answered Yes to Question

Our proposals to target the most disadvantage children in

Worcestershire; Option 1

Rather than using IDACI scores A – F, we are proposing to allocate £90,000 of the Deprivation Fund and distribute it to mainstream Early Years Providers, based on the previous Early Years Census, using children’s IDACI scores of A – D only. This would ensure that settings with the most disadvantage children receive the most benefit and other settings, who can currently receive as little as £57 per year, will see minimal impact on their income. Future payments would be made to providers who qualify for at least £100 over the 12 months.

The remaining £60,000 would be allocated to children who qualify for Early Years Pupil Premium as an extra £0.10 per hour for their Universal Hours, alongside the £0.53 currently paid. This would provide a maximum of £359.10 per child, per year (15 hours x 38 weeks x £0.63).

Option 2

In order to further increase the deprivation funding to the most disadvantage children, we are proposing that an additional £60,000 (from the increased 2020/21 allocation) is allocated to the Deprivation Fund and used to further increase the Early Years Pupil Premium by an additional £0.10; this would provide an EYPP supplement of £0.73 of the Universal hours and therefore a maximum of £416.10 per child, per year (15 hours x 38 weeks x £0.73).

| | Option 1 | Option 2 |
|---------------------------------|--|--|
| Cost of Lump Sum payment | £90,000 to fund settings with children living in postcodes with an IDACI score of A – D (rather than A – F) | £90,000 to fund settings with children living in postcodes with an IDACI score of A – D (rather than A – F) |

| | | |
|--|---|--|
| Cost of increasing EYPP hourly rate | <p>£60,000 to add an additional £0.10 per hour onto EYPP for Universal hours.</p> <p><i>Paid for out of the currently retained Deprivation Funding allocation.</i></p> | <p>£120,000 to add an additional £0.20 per hour onto EYPP for Universal hours.</p> <p><i>£60,000 would be paid for out of the currently retained Deprivation Funding allocation, the additional £60,000 would be paid using the 2020/21 funding increase.</i></p> |
| Impact of NEF hourly rate | No impact | <i>The increase to the NEF hourly rate would be reduced by £0.01 per hour.</i> |

Question 5

Which of the above proposals do you support? Option 1

/ Option 2

Comments:

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Deprivation Supplement Payments

In order to save on administrative time and costs, we are proposing to pay the Deprivation Supplement as a single lump sum, paid in the Autumn Term each year. This will have no impact on the amount of funding that is paid, or how the payment is calculated.

Question 6

Do you support the proposal to pay the Deprivation Supplement to all eligible providers in the Autumn Term?

Yes / No Comments:

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Question 7

Any other comments:

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Summary

| Funding Type | Detail | Potential NEF Hourly Rate |
|-----------------------------------|---|---------------------------|
| Two Year Old Funding | Increase of £0.08 per hour | £5.28 |
| 3 & 4 Year Old Funding | Increase of £0.07 per hour | £4.21 |
| Inclusion Supplement – Option 1 | Increase of £0.16 per hour for GR2, GR3 and GR4 | £4.20 |
| Inclusion Supplement – Option 2 | Increase of £0.26 per hour for GR2, GR3 and GR4 | £4.19 |
| Deprivation Supplement – Option 1 | Increase of £0.10 per hour for EYPP for Universal hours | As above |
| Deprivation Supplement – Option 2 | Increase of £0.20 per hour for EYPP | As above, less £0.01 |

Early Years School Forum Representative

All Local Authorities (LAs) are required to have a Schools Forums constituted in line with the Schools Forum Regulations 2012. Representatives from maintained schools and academies make up the schools forum as well as representation from non-school organisations such as trade unions, diocese authorities, **early years providers** and 16-19 education providers.

There is currently only one Early Years representative on the Schools Forum, out of a maximum of two. We are therefore looking for a second Early Years Representative to become part of the Schools Forum and provide a voice on funding issues across the education sector.

Attending six meetings a year, you would be required to represent the early years sector as a whole and would therefore need to be contactable by Worcestershire Early Years providers. The representative would be expected to remain in place for at least two years.

Further information about the Worcestershire Schools Forum can be found on the website: <http://www.worcestershire.gov.uk/wsf>.

Question 8

If you are interested in becoming an Early Years Representative on the Worcestershire School's Forum, please complete the following details:

Name:

Provider Name:

Email Address:

Interested early years providers will be contacted during the Spring Term; a vote by Early Years providers would take place if more than one provider wishes to become the Early Years Representative.