



Schools Forum
16 January 2019

**Report from the Strategic Director
of Children and Young People**

Early Years National Funding Formula – Year 3, 2019/20

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	N/A
No. of Appendices:	None.
Background Papers:	Prior Financial reports to Schools Forum.
Contact Officer(s): (Name, Title, Contact Details)	Andrew Ward, Head of Finance – CYP 0208 937 6462 Dena Aly, Senior Finance Analyst – CYP 0208 937 2179

1. Purpose of the Report

1.1. Following the confirmation of funding for Brent from the National Early Years funding formula the local Single Early Years Funding Formula needs to be set for 2019/20. There have been no changes to the funding rates allocated to Brent for 2 year old, and 3 and 4 year old provision. The LA continues to retain 5% of the total allocate to Brent, with 95% allocated to providers. The base funding rate to providers previously agreed in January 2017 therefore continues to be £4.46, which makes up 90% of allocated funding. The deprivation factor allocates the remaining 10%.

2. Recommendation

2.1. The Schools Forum is asked to formally approve Brent's Early Years Funding Formula for 2019/20.

3. Summary

3.1. In January 2017 the Schools Forum agreed to implement a funding formula for 2 years taking into account the reduced funding Brent will receive for EY provision as a result of the new national funding formula. Revisions to this formula were made for the 2018/19 budget and approved by schools forum in January 2018.

3.2. It is recommended that for 2019/20 there are no changes to the following, which were approved by Schools Forum in January 2018:

- a) A universal base rate for Brent providers for 3 and 4 year old funding of £4.46 per hour
- b) An allocation for deprivation for 3 and 4 year funding of 10%
- c) A base rate for Brent providers for 2 year old funding
- d) A cap on centrally retained funding by the local authority to 5% (reduced from 7% in 207/18)
- e) The funding previously allocated under a disapplication for the 2017/18 academic year for additional 15 hour places for some 3 and 4 year old based on local eligibility is allocated to the Under 5's Nursery Panel, and both PVI and maintained providers can apply for this, to ensure the funding continues to be targeted at vulnerable children.

4. Funding from central government to the local authority

4.1. The Early Years National Funding Formula hourly rate remains at £5.37 in 2019-20. Key figures are:

4.2. Table 1 EYNFF funding rates

3 and 4 year olds	2017-18	2018-19	2019-20
Universal 15 hours allocation	£16.9m	£16.4m	£15.5m
Additional 15 hours allocation	£1.82m	£3.14m	£3.42m
Hourly rate before central spend	£5.54	£5.37	£5.37
Maximum percentage for central spend	7%	5%	5%
Hourly rate after central spend removed	£5.15	£5.10	£5.10
Maximum percentage for deprivation	10%	10%	10%
Maintained Nursery Schools Supplementary Funding	£808k	£797k	£778k
2 year olds			
Hourly rate for 15 hours allocation	£5.92	£5.92	£5.92

5. A universal base rate for Brent providers for 3 and 4 year old funding

5.1. After the 5% reduction for central resources, this funding will be distributed to providers as a universal base hourly rate plus the additional allocation for deprivation. The universal base rate to providers in 2019-20 remains at £4.46.

- a) Overall hourly rate received from DfE £5.37
- b) Remove central spend (5% of £18.17m) £5.10
- c) Reduce by allocation for deprivation (£5.10 x 90%) £4.59
- d) Reduce by F/T free school meals criteria (0.13p) £4.46

5.2. The 30 hour take up in Brent continues to rise and following the Autumn 2018 headcount, we are placed 11th out of 33 London LA's. 1009 eligibility codes were issued to Brent families and 1009 children took up a place in Brent.

6. Specialist nursery panel

6.1. This is a multi-agency panel allocating funds for children with SEND or CIN based on eligibility criteria to assist with their successful inclusion in their setting.

6.2. A disapplication to the single national funding formula regarding funding for additional 15 hour places for some 3 and 4 year olds based on local eligibility criteria was allowed by the DfE in January 2017 and applied until the summer term of 2018. This equated to 13p from the 3 & 4 year old funding rate. In January 2018, Schools Forum agreed to release this funding (approximately £400k in 2018/19) to this panel for allocation in order to ensure the most vulnerable children receive some additional support. The principle remains that children with the most complex needs will be supported to attend one of the specialist nurseries where appropriate. For 2019/20, the value of this funding is £458k.

6.3. Table 2 Specialist Nursery Panel Budget

Proposed income 2019/20	
DSG High Needs Block	£ 1,128,085
Early Years Block	£458,000
Disability Access Fund	£ 84,000
Total	£ 1,670,085
Expenditure	
Early Years Inclusion Fund for specialist nurseries	£724,988
CIN for specialist nurseries	£288,000
Inclusion fund for 3 & 4 year olds in non-specialist early years provision	£294,172
Transport	£20,172
Staff member for EY Inclusion team	£56,000
Disability Access Fund	£98,000
CIN/2 year olds in non-specialist early years provision	£100,000
Additional one off funding	£88, 753
Total	£ 1,670,085

6.4. Table 3

Allocation from the EY Inclusion Fund for pre-booked spaces	SEND	CIN
	Fawood / Curzon	10 (FTE)
Willow	15 (FTE)	14 (FTE)
Granville	6 (FTE)	6 (FTE)
Total	31 (FTE)	32 (FTE)

7. Additional resources for maintained nursery schools

7.1. The provisional allocation for maintained nursery school supplementary funding in 2019/20 is £778k, compared to £797k in 2018/19 is £797k.

7.2. This funding is split between the council's four maintained nursery schools on an agreed local formula.

8. A base rate for Brent providers for 2 year old funding

8.1. It is recommended that this continues to be funded at £6 per hour. The DfE allocation is £5.92 per hour. For 2019/20 this represents a funding gap of £48,000.

8.2. Funding at £6 per hour does not take into account the use of a proportion of 2 year old funding for central spend. Allocating 5% of this budget for central spend would be the equivalent of reducing funding to £5.70 per hour.

8.3. To pay providers £6 per hour while also allocating 5% for central spend, results in another funding gap of £177k. For 2019/20, reserve funding has been identified to cover this gap.

9. Centrally retained funding by the local authority

9.1. The DfE mandated that 95% of the early years funding for 3 and 4 years olds is passed through to providers.

9.2. The central spend budget is based upon the DfE estimates for the take-up of provision and is then fixed for the year. The actual income received in year is dependent upon the number of 3 and 4 year olds who take up places in Brent and are counted in the January census.

9.3. The central spend will support early years services that are provided for and support Brent settings:

9.4. **The Early Years Quality Improvement team** – Early Years Quality Improvement provides specialist early years advice and guidance to nursery schools, early years' settings and children's centres to improve the quality of early learning.

9.5. **The Early Years Inclusion Support team** - works with early years settings including supporting the inclusion of young children who have a range of special educational needs and disabilities (SEND) that may be affecting their learning and progress

9.6. **The Early Years Sufficiency and Funding team** - leads our efforts to secure expanded supply and take-up of good quality early learning and childcare opportunities for all 3 and 4 year olds and increasing numbers of 2 year olds. The funding team administers NEG and related projects for the whole Early Years sector across Brent.

9.7. **The Early Years Learning and Development service** - Learning and development opportunities are provided for practitioners from all parts of the sector including single and multi-day courses, projects and annual conferences. This support is designed to complement in-setting support provided by the Quality Improvement team.

9.8. It is recommended that the maximum 5% of early years funding is retained in 2019/20.

10. Early years funding based on DfE provisional allocations

10.1. The following table outlines a draft early years budget based on draft allocations from the DfE and the recommendations from this paper.

10.2. **Table 4** Proposed Early Years block budget

Expenditure		£(000)	Part of high pass through requirement
Distribute to providers for 3-4 year old universal offer		14,358	Yes
Distribute to providers for 3-4 year old children with working parents (additional 15 hours)		3,169	Yes
Supplementary funding distributed to maintained nursery schools		778	No
Early Years Pupil Premium		74	No
Disability Access Fund		84	No
Distribute to providers for 2 year olds		3,593	No
Central Spend		1,124	No
Additional Panel Funding		458	Yes
Total Expenditure		23,639	
Income			
Universal allocation for 3-4 year olds		15,509	Yes
Additional hours for 3-4 years from September 2017		3,423	Yes
Supplementary funding for maintained nursery schools		778	No
Disability Access Fund		84	No
Early Years Pupil Premium		74	No
Allocation for 2 year olds		3,545	No
Total Income		23,414	
Balance to be funded from reserves		225	
Breakdown of balance:			
Funding gap for 2 year olds		48	
Central spend for 2 year olds		177	
Balance		225	

11. Financial Implications

11.1. The financial implications have been detailed in the body of this paper.

12. Legal Implications

12.1. There are no legal implications for this report.

13. Equality Implications

13.1. Not applicable.

14. Consultation with Ward Members and Stakeholders

14.1. Not applicable.

15. Human Resources/Property Implications (if appropriate)

15.1. Not applicable.

Report sign off:

Gail Tolley

Strategic Director of Children and Young People