

| <b>Schools Forum</b> |   |                 |                        |
|----------------------|---|-----------------|------------------------|
| <b>REPORT TITLE</b>  | <b>Early Years Sub Group Report - Annual Report</b> |                 |                        |
| <b>KEY DECISION</b>  | <b>Yes</b>  | <b>Item No.</b> | <b>7</b>               |
| <b>CLASS</b>         | <b>Part 1</b>                                       | <b>Date</b>     | <b>8 December 2016</b> |

### **1. Purpose of the Report**

To consider the recommendations of the Early Years Sub Group having examined the consultation by the Department of Education on introducing a new early years national funding formula for 3- and 4-year-olds, changing the way local authorities fund the early years providers in their area and the funding of children with special educational needs or disabilities in order that they can attract the extra funding they need.

### **2. Recommendation**

#### **The Schools Forum agree that, as recommended by the Early Years Sub Group**

- a. The nursery school protection money is ring-fenced and is distributed in consultation with the nursery school Heads.
- b. The Universal Base Rate can be deferred until April 2018.
- c. The deprivation factor should be calculated in the same way as under the current formula
- d. Additional Hours for children from deprived backgrounds should be reduced to a third of its current provision

### **3. Background – the task group**

- 3.1 The Task Group was set up this year by the Schools Forum to consider the national changes to the early years funding system and to consider the implementation of the new child care offer of 30 hours.
- 3.2 The consultation undertaken by the Department for Education opened on the 11 August 2016 and closed on the 22 September 2016. The expectation is that it will be implemented from the 1 April 2017. At the current point in time no response has been received to confirm the outcome of the consultation. It is expected that it will be received at the

same time as the settlement details are issued. However there is no certainty to this.

- 3.3 The early years funding is an integral part of the Dedicated Schools Grant (DSG) budget setting process and this needs to be completed by 20 January 2016 as the DFE require Local Authorities to make a return stating all schools budget by this date. With the deadline fast approaching and no notifications yet received of the overall allocation of the settlement, officers need a steer to the main decisions in order to perform the necessary calculations. If these decisions were left until the Forum meets on the 17 January it would be too late to meet the submission deadline of the 20 January.
- 3.4 The Early Year Sub Group have met three times this year and came to an agreed view on how they thought the funding should be allocated next year.
- 3.5 If the outcome of the DFE consultation is different than expected the decisions can still be revisited at the meeting of the Forum on the 17 January.
- 3.6 The consultation does quote financial modelling figures detailing the impact on each local authority. For Lewisham there is roughly a 9% reduction in funding, this equates to a £1.5m reduction on a £17m budget. Although there is protection in the first year at least, but it is not known what protection will be available in the second year. The 9% reduction is in line with our current thinking on the reductions in the schools block and High Needs block when the new funding formula is implemented in these areas. So while there is still funding for additional hours for children from deprived backgrounds this will be reduced to a third of its current provision reduction. Which is disappointing it is not necessarily a surprise.
- 3.7 The funding position is somewhat complicated as extra funding for the new 30 hours of childcare has been added to the settlement. This is effective from September 17 and in the first year Lewisham will receive an extra £2.7m.
- 3.8 The members of the task group are

|                                    |                          |
|------------------------------------|--------------------------|
| <b>Primary School Headteachers</b> |                          |
| Paul Moriarty                      | Good Shepherd RC Primary |
| Keith Barr                         | Kender Primary           |
| <b>Nursery School Headteachers</b> |                          |
| Nikki Oldhams                      | Chelwood Nursery School  |
| Cathryn Kinsey                     | Clyde Nursery School     |

|   |                              |
|---|------------------------------|
| <b>School Business Managers</b>                 |                              |
| Julie Joyce                                     | John Ball Primary            |
| <b>EYFS Leader</b>                              |                              |
| Emma Gray/ Mo Henwood                           | Myatt Garden Primary         |
| Anna Jeffries                                   | Kender Primary               |
| <b>Private Voluntary and Independent Sector</b> |                              |
| Mel Simpson                                     | Village Montessori School    |
| Lynette Jefferies                               | Lammas Green Nursery         |
| Karen Weller                                    | The Pavilion Nursery         |
| Dawn Nasser                                     | Rose House Montessori School |
| <b>Childminder</b>                              |                              |
| Cynthia Douglas Bagley                          | Forest Hill                  |
| Julia Johnson                                   | Manor Park                   |
| <b>Other</b>                                    |                              |
| Lynn Attoe                                      | Pre-school Learning Alliance |

#### 4. Consultation

The purpose of this report is not to consider the detail of the consultation but the recommendations of the sub group. For completeness the consultation document can be found on the following link

<https://consult.education.gov.uk/early-years-funding/eynff/>

While all providers will fare differently under the Government proposals the overall outcome will be that Nursery schools will see very significant reductions in funding, Maintained school nursery classes will see some reduction, generally in the region of £9k and the private, voluntary and independent sector will see increases.

- 4.1 The proposed national funding formula for funding local authorities will receive is made up of
- 89.5% Pupil numbers
  - 8% KS1 FSM numbers
  - 1.5% EAL numbers
  - 1% DLA numbers
- There is an area cost adjustment based on general labour market costs and rates bills.

The most significant change to the local funding formula used by local authorities to distribute the funding to providers there must only be one universal base hourly rate for all types of providers. Currently this is not the case in Lewisham. The rates we used are:

- £7.70 Nursery schools
- £4.85/£5.13 Primary schools (dependent upon OFSTED)
- £3.84/£4.67 PVI's (dependent upon OFSTED)

Significantly the quality supplement is no longer permissible.

## 5 Recommendations of the sub group

- 5.1 The sub-group has agreed that the nursery school protection money should be ring-fenced and will be distributed in consultation with the nursery school Heads.

**Rationale** – Nursery schools face losses of up to 40% of their budget and it would seem sensible to give them the time to plan what will be major re-organisations of their provision

- 5.2 The Universal Base Rate can be deferred until April 2018. This would enable holding the school rates up at the expense of PVI rates.

**Rationale** – this will allow a little time for Primary schools to shape any required re-organisation and make it less likely that nursery classes will close. It would however hamper the authority's attempts to meet its statutory duty to provide sufficient places for the additional 15 hours for working families.

- 5.3 The deprivation factor should be calculated in the same way as under the current formula

**Rationale** – this will provide stability of funding

- 5.4 Additional Hours for children from deprived backgrounds

Currently additional hours are allocated to children deemed to have social needs. This will be reduced to a third of its current provision. Currently 279 children receive this and the budget is £900k.

## **Rationale**

The consultation by the Department for Education does not allow for the provision of additional hours. While we want to protect the principle of having additional funded hours, the funding set aside needs to be used in a very targeted way for the most vulnerable and therefore there is a need make the current criteria process more robust, linking it to early help strategy. The reduction to a third is an estimate as the cost has to be found from the universal hourly base rate for all providers. The reduction should allow a reasonable financial amount is released that will benefit the PVI sector. Any more places probably makes it unsustainable financially

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