

**Early Years Free Entitlement: Review****Purpose of report**

- 1 To confirm proposals to allocate DfE funding adjustments and resulting unallocated resource in Early Years

**Background**

- 2 An annual review has been presented to School's Forum for the Early Years representatives to ratify each year and funding rates have been confirmed on each occasion. However there has not been a review of Early Years Free Entitlement with providers for three years (and there is no statutory requirement for the Local Authority to do so). Moreover, in this time there has been no increase in the national rates of funding Early Years places for 3 and 4 year olds. Providers indicated at the recent PVI Forum that they were concerned that levels of funding had not been increased, although running costs, including rent, minimum wage increases, the introduction of pension funds and increased demands on practitioner time were all expressed as contributing factors to financial pressures.

**3 Current funding:**

- Base rate is £3.11 per pupil hour
  - Deprivation supplement is determined using the details from the January census by taking the individual pupil IDACI value x pupil hours / 15 hours x weeks x £12.50.
  - This factor also contains a notional SEN element, calculated to be 21% of the total deprivation payment.
  - Additional payments are determined in January as follows:
    - Quality Development Supplement of £2000 for settings and £1000 for child minders. A provider must be judged 'Outstanding' by Ofsted and be willing to take part in support systems for settings, child minders and community projects aimed at closing the gap and increasing the quality of provision within Wokingham.
    - High Cost Supplement. It is .30p per pupil hour for settings with an EYT/ QTS or 20p per pupil hour if no EYT/ QTS.
    - Flexibility Payment relating to hours of opening.
      - Full Flexibility = 50p per pupil hour
      - Basic Flexibility = 25p per pupil hour
      - No Flexibility= 0
- 4 On the 5<sup>th</sup> December 2014 a meeting was held to discuss and review the Early Years Free Entitlement funding, and the treatment of a current unallocated resource within the block. Members of the Early Years Practitioner Partnership Group

(EYPPG) were invited to attend the meeting, being representatives of the various sectors affected by the levels of Free Entitlement Funding.

## 5 Issues arising and proposals

Early Years funding levels from the Government have not been increased for three years in line with the current Government's plan to reduce the national deficit; hence there has been no increase in the funding base rate to providers. Wokingham Borough is considered to be an affluent area, so is the second lowest funded borough in the country.

- 6 Wokingham Borough is currently experiencing the building of a number of housing developments; however, the funds from the Department for Education will not be released until the next financial year as funding is based on a January headcount for 3 and 4 year olds. This delay will be further compounded by the fact that 2 year old funding will also become lagged and based on a January headcount. With the drive to attract more two year olds this delay in receiving funding could cause cash flow difficulties for settings.
- 7 An in-year adjustment payment has been made by the DfE and providers at the December meeting requested that this be distributed to providers. After some discussion **it was proposed that** the money be distributed equally to all early years' providers. The Finance Regulations state that no in-year allocations can be made as non- maintained settings would be disadvantaged, so the payments could be made in April 2015. It must be made known to providers that this is a 'one-off' payment and therefore unsuitable for funding recurrent commitments. **Providers also requested** that consideration be given to any future Early Years surplus be distributed to Early Years providers.
- 8 **It is therefore proposed** that School's Forum consider any Early Years underspends at the end of March 2015 to be ring-fenced for the Early Years block. Bids for the spending of this could then be submitted at the July Forum meeting for distribution at the start of the September term. There are a number of Early Years priorities such as improving the attainment of boys' writing and continuing to build places for the two year olds eligible for funding. An action research project targeted at those schools where less than 50% of boys attained the 'expected' level in writing in last year's EYFS Profile has been identified and similar projects have demonstrated an improvement in attainment levels.
- 9 The development of places for two year olds eligible for funding continues to be a priority for the borough and funding for settings who wish to expand their provision to accommodate two year olds, including schools, will still be required as part of a graduated development programme.