

SCHOOLS' FUNDING FORUM

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| SUBJECT: | Early Years Funding Proposal for 2020-21, including the Government announcement of additional funding for Early Years |
| AUTHOR: | Janice Venn, Finance Business Partner for CYPE |
| DATE: | 29 November 2019 |
| SUBJECT: | This paper provides an update on Early Years Funding for 2020-21 and invites views from the Forum on whether we should proceed with the proposal to increase the hourly base rate for Early Years by 8p. |
| FOR: | Comment |

1. Introduction & background

- 1.1 The ESFA announced on the 31st October that the local authority funding rates will be increased from 2019-20 by 8 pence per hour.
- 1.2 The 2020-21 initial allocations for the early years block will be announced in the dedicated school grant allocations table in December 2019.
- 1.3 This relates to EY's 3 & 4-year-old and 2-year-old funding only. There are additional funds for Disability access fund and Early Years Pupil premium that are recorded separately.
- 1.4 The hourly rate for three and four year olds to providers continues to be set in line with the ESFA's Early Years Single Funding Formula (EYSFF) guidelines. Kent's rate to providers is made up of a base rate of £4.00 plus, if applicable, any of the following supplementary rates: Quality (qualified leader) 30p or 90p and Deprivation which is a range from 1p to £1.23. The average rate paid to providers in 2019-20 was £4.32 per hour.

2. Rates proposed

- 2.1 Our proposal is to increase the base rates paid to providers from £5.02 to £5.10 per hour for two-year olds, and from £4.00 to £4.08 per hour for three- and four-year olds.
- 2.2 This increase is in line with the Government announcement of additional funding for Early Years.
- 2.2 The table below demonstrates the affordability of this proposal:

| | 2 Year Olds | 3&4 Year Olds | Total | Comments |
|--|-------------------|--------------------|--------------------|---|
| Estimated Funding Into KCC : | | | | |
| Current Rate Received | £5.28 | £4.48 | | |
| Increase | £0.08 | £0.08 | | |
| Announced Rate to be paid | £5.36 | £4.56 | | |
| Total Hours Funded | 1,738,501 | 16,523,611 | 18,262,111 | Funded hours and KCC paid hours vary due to the timing of activity counts for calculating the funding levels. |
| Total Funding Received | £9,318,363 | £75,347,665 | £84,666,028 | |
| 5% Central Costs | -£425,900 | -£3,847,900 | -£4,273,800 | To Fund The Education People & Early Help Services etc |
| MNS | | £169,614 | £169,614 | Supplementary funding for maintained nursery schools (MNS) |
| Budget Available for allocation | £8,892,463 | £71,669,379 | £80,561,842 | |
| Proposed Funding to Providers | | | | |
| Current Rate Paid | £5.02 | £4.32 | | |
| Increase | £0.08 | £0.08 | | |
| Proposed Rate to be Paid | £5.10 | £4.40 | | |
| Total Forecast Hours | 1,791,560 | 16,163,370 | 17,954,931 | Funded hours and KCC paid hours vary due to the timing of activity counts for calculating the funding levels. |
| Total Forecast Payments | £9,136,958 | £71,143,083 | £80,280,041 | |
| Lumpsum | | £87,036 | £87,036 | Payment to our maintained nursery in line with historic funding agreement |
| Collaboration | | £250,000 | £250,000 | System Leadership Supplement allocated to providers |
| Total Allocation | £9,136,958 | £71,480,119 | £80,617,077 | |

- *MNS is the supplementary funding for maintained nursery schools (MNS) which is received on top of their EYNFF allocation. This is to protect their MNS funding at their 2016-17 level for the universal 15 hours.*
- *Collaborations has a fixed overall budget of £250k and supports further improvement in the Early Years and Childcare sector and outcomes for children through the work of Collaborations. It is also known as Quality (System Leadership).*

5 Conclusion

- 5.1 The LA would like to proceed with the 8p increase to the baseline as the allocation suggests affordability in line with the increased funding that will be received. It also could be argued that this is the fairest option to ensure all providers receive an increase.

6. Recommendation

- 6.1 Members of the Forum are asked to endorse the LA's proposal to increase the funding rate for both 3 & 4 year olds and 2 year olds by 8p in line with the increase to the funding rate.