

From: Roger Gough, Cabinet Member for Education and Health Reform
Patrick Leeson, Corporate Director for Education and Young People's Services

To: Education and Young People's Services Cabinet Committee – 7 March 2017

Urgent item: This item has been added to the agenda by agreement of the Chairman and in accordance with 100BA (3)(b) of the Local Government Act 1972.

Subject: **Changes to the Kent Early Years Funding Formula**

Classification: Unrestricted

Summary: This report sets out for Members proposals to amend the Kent funding formula for Early Years providers from 1 April 2017. These proposals take into consideration the Government's response to the National Funding Formula, the responses to a Kent provider consultation and the views of the Kent Schools' Funding Forum.

Recommendation(s)

The Education and Young People's Services Cabinet Committee is asked to consider, endorse or make recommendations on the proposed decision of the Cabinet Member to amend the Kent Early Years Funding Formula as set out in the proposed record of decision which is attached at Appendix 2 to this report.

1. Introduction

1.1 On 1 February 2017 a report on the Early Years National Funding Formula was presented to this Committee which informed Members of the Government's changes to Early Years funding from 1 April 2017. This report offers a useful background on this subject and a copy can be accessed via the link at the end of this report.

2. Consultation with Kent Early Years Providers

2.1 In January 2017, Kent County Council consulted with all of its Early Years providers to seek views on which of the optional supplements providers valued the most. The consultation also sought views on the preferred operation of the new, required SEN Inclusion Funding (currently known within Kent as SCARF).

2.2 Overall 639 responses were received which represented 51% of all providers. The LA would like to thank all respondents for taking the time to share their views on this important topic. Some of the key messages from the consultation were:

- a. That there is strong support for maximising the base rate.
- b. The supplements that are considered the most important to providers and have the most support are the quality supplements (Qualified Teacher, Early Years Teacher and System Leadership).
- c. There is little support for the English as an Additional Language (EAL) and Rurality/Sparsity supplements.
- d. Whilst the flexibility supplement scored quite highly in the ranking there was not a high level of support for the supplement overall.
- e. The most favoured method of distributing funding from the SEN Inclusion Fund is top-up funding to meet individual children's additional needs. There was little support to increase the SEN Inclusion Fund by reducing the base rate.

2.3 A copy of a report containing a summary of responses, which was presented to the Schools' Funding Forum, is available at Appendix 1.

3 Proposed changes to the Kent Early Years Funding Formula for Three and Four year olds

3.1 In the context of views expressed by providers in the Kent consultation, with effect from the 1 April 2017 it is the Council intention to make the following changes to the EY funding formula for all providers:

1. Until 31 August 2017, the universal base rate, which is paid to all providers, will remain at £3.91 per hour despite the 5p per hour funding reduction. With effect from 1 September 2017 the universal base rate will increase by 5p per hour to £3.96.
2. The deprivation supplement (which is mandatory) will continue to be targeted to the 25% most deprived settings and will range from £0.01 (least deprived) to £0.90 (most deprived) per hour.
3. The quality supplement for Qualified Teachers Status (QTS) (employed and paid under the statutory teachers' pay and conditions) will remain at £0.90 per hour and Qualified Teachers Status (QTS) (**not** paid under the statutory teachers' pay and conditions) and Early Years Teacher Status will remain at the rate of £0.30 per hour. In addition, the LA is introducing a new Quality supplement under System Leadership (in Kent manifested via provider collaborations). A total sum of £250k has been allocated to support collaborations. The LA is currently formulating the process for distribution and providers will be updated on this in due course, with the full £250k funding due to be allocated with effect from September 2017.
4. The Flexibility supplement is being removed. Overall there was less support from providers to retain this supplement and this view is supported by the Council who believe that provision across the County is largely flexible in line with parental need and therefore there is no longer a need to offer providers an incentive in this area.

5. The quality Ofsted Lump sum supplement is no longer permitted and is being removed.
6. Both the Rurality/Sparsity and English as an Additional Language are new optional supplements available from 1 April. There was limited support for the inclusion of these supplements and therefore the LA has decided not to introduce either of them. The LA will routinely review this position and reserves the right to introduce either of these supplements at a future date.

Table 1 – Current rates compared to the proposed rates

	2016-17 Hourly rates	2017-18 Hourly rates
Base Rate	£3.91	£3.91 (increasing by 5p to £3.96 from 1 September 2017)
Deprivation	£0.01 to £0.90	£0.01 to £0.90
Quality – QTS	£0.90	£0.90
Quality – QTS/EYPS	£0.30	£0.30
Quality – Collaborations	n/a	£tbc
Quality – Ofsted	£0.05 per hour + £300 lump sum	No longer applicable
Flexibility	£0.05	No longer applicable

4 Disability funding and SEN Inclusion Fund

- 4.1 From 1 April 2017 there will be a new Disability Access Fund (DAF) and all children who are in receipt of Disability Living Allowance will receive £615 per annum.
- 4.2 The DAF is in addition to the SEN Inclusion Fund which the Council will continue to operate. Providers gave strong support to the distribution of the SEN Inclusion Fund via top up payments to providers rather than access to services funded directly by the LA. Further information about this will follow in due course

5 Changes to the Kent Early Years Funding Formula for 2 year olds

- 5.1 From 1 April 2017 the 2 year old rate will be increased from £4.95 to £5.02 per hour, a 7p increase.

6. Governance

- 6.1 The proposed decision will be taken in accordance with procedures for urgency set out in Appendix 4 Part 6 of the Council's constitution and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 11 (1) & (2) and will not be subject to call-in.
- 6.2 However, all members will have had an opportunity to comment on the proposals, and the Cabinet Member will have regard to these comments on taking the decision as well as to any comments or recommendations received by the committee.

7. Conclusions

- 7.1 Overall we are pleased to be able to consider offering an increase in the base rate to providers for 3 and 4 year olds at a time when our funding provided by the Government is reducing. Providers told us that maximising the base rate was important to them, and we believe this increase will help incentivise providers in offering places for the Government's commitment to increase entitlement to 30 hours for working parents.
- 7.2 It is our intention to further increase the base rate in the future as affordability allows. We anticipate that this will be possible from the growth in the take up of the 30 hours. The amount of the increase and the timing of the increase will depend on the level of take up and the LA intends to review the take up position at regular intervals and update providers in due course.
- 7.3 The proposals set out above have been fully endorsed by the Schools' Funding Forum at its meeting on 10 February 2017.

8. Recommendation(s)

- 8.1 The Education and Young People's Services Cabinet Committee is asked to consider, endorse or make recommendations on the proposed decision of the Cabinet Member to change the Kent Early Years Funding Formula as set out in the proposed record of decision which is attached at Appendix 2 to this report.

9. Background Documents

- 9.1 [Education Cabinet Committee 1 February 2017 – item C4](#)

10. Contact details

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