

REPORT TO: Schools Forum

DATE: 11th October 2017

REPORTING OFFICER: Mark Conway

SUBJECT: Early Years National Funding Formula – Quality Supplement

1.0 PURPOSE OF REPORT

1.1 To provide a summary of the Early Years National Funding Formula (EYNFF) and an outline of the proposal to model and introduce a new Quality Supplement from April 2018.

2.0 RECOMMENDED

2.1 **That Schools Forum agrees to the introduction of the proposed Quality Supplement in the EYNFF.**

3.0 SUPPORTING INFORMATION

3.1 Pre- 2017-18

The Early Years Funding Formula (EYFF) requires local authorities to establish a base rate per hour (the basic per pupil element) and an additional mandatory supplement for deprivation. In addition there are a number of discretionary supplements:

- Rurality/ Sparsity
- Flexibility
- Quality
- English as additional language

3.2 Before April 2017, in agreement with Schools Forum, it was decided that the Halton EYFF would consist of only the base rate and the deprivation supplement to keep the formula as simple as possible and to prevent significant amounts of monies being moved from one provider to another due to the change in formula rather than on the basis of need.

3.3 April 2017 – March 2018

The introduction of the new funding regulations in April 2017 meant that Halton was facing a significant reduction in funding (in the region of £200k +) for maintained nursery schools. Although it was possible to significantly increase the rate per hour to PVI providers, this could not be at the loss of the maintained sector. A middle ground was required and it was agreed

by Schools Forum to use the quality supplement to support the additional costs of employing a QTS on teacher's pay and conditions as a solution.

- 3.4 From April 2017 a new Early Years National Funding Formula (EYNFF) was introduced and in addition to funding for the base rate and supplements, local authorities received an element of transitional funding to support maintained nursery classes and schools with the reduction in their funding levels.
- 3.5 Under the new formula we are allowed to use up to 10% of the funding for the 3 and 4 year old free entitlement for supplements. It was agreed following consultation, that 5% would be allocated to the deprivation supplement, using IDACI as in previous years and 3% was allocated to the quality supplement. This funding was divided between the number of QTS and paid as a lump sum.
- 3.6 The consultation undertaken with settings indicated that those who responded supported the proposed introduction of the quality supplement. This was then discussed and agreed at School Forum. Subsequently and outside the consultation period a number of members of private and voluntary early years sector indicated that they did feel nature of the quality supplement for 2017 -18 fully reflected the nature of their workforce qualification structure.
- 3.7 In an attempt to model a more equitable system that reflects the qualification structures of both the maintained and private and voluntary sector, we intend to audit the providers in the private and voluntary sector to identify the number of staff with a Level 5, Level 6 and QTS qualification in Early Years and are currently using that qualification in their role.
- 3.8 It is anticipated that we will have completed this audit by the end of September 2017, this will allow Finance to collate the information and model the use of a new quality supplement based on the above qualifications. If this is a viable model, the local authority will consult with all stakeholders in the Autumn term and take a report to Schools Forum for a decision in January 2018.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Early Years funding is limited by the allocations set by the DfE. At this point in time we have been given no indication as to our allocation for 2018-19. Funding values may increase or decrease dependent upon the grant allocation and the take up of free entitlement provision.