
Report of: Lead Officer Admissions and FIS

Agenda item

Report to Schools Forum

Date: February 2019

Subject: 2019/20 FEEE rates



Summary of main issues

1. Local authorities will continue to receive funding via the Early Years National Funding Formula in April 2019 to fund the Free Early Education Entitlement for 2, 3 and 4 year olds.
2. In line with the guidance the local authority is consulting with providers on the proposed rates for 2019/20 and this report sets out the proposed rates which will be determined following the conclusion of the consultation with providers.

Background information

1. A consultation with providers commenced 24 January 2019. The consultation was sent to all providers in Leeds setting out proposals for the rates that would come into force from April 2019, alongside proposed changes to the contract for the funding between the Local Authority and providers. This consultation closed on 22 February 2019. The responses will be collated and analysed prior to determination of the funding arrangements.
2. It is a requirement that schools forum are also consulted on changes to local early years funding formulae by 28 February, although the final decision rests with the local authority. This paper sets out the proposals for the Leeds Early Years funding, and feedback is requested to inform final determination.
3. Schools Forum are required to agree the proposed allocation of the centrally retained element of the 3&4 Year Old funding.

Main Issues

1. Method of allocation

- 1.1 As in previous years, the allocation for FEEE will be paid to Leeds City Council based on 5/12th of the 2019 spring term census and the 7/12th based on the 2020 spring term census. Providers will continue to receive payments monthly, an arrangement successfully implemented since September 2018. The actual base rate funding providers receive is based on the number of children accessing the setting each month using a starter / leaver notification arrangement to support termly census headcounts. The supplement payments (SENDIF and Deprivation Uplift) continue to be paid in one lump sum payment to providers based on termly census return figures.

2. Funding for two year olds

- 2.1 The 2 year old FEEE funding rate paid to Leeds City Council remains unchanged at £5.20 for each eligible hour of entitlement. Previously providers have received £5.10 per hour of this allocation, with the remaining amount used to cover the annual shortfall in funding received as our LA allocation is based on the spring term census, which historically had the lowest numbers. The pattern of take-up has shifted, and the spring term is no longer the lowest for take-up, therefore we are proposing to increase the payment to providers to pass through the full £5.20 per child. The new funding rate for 19/20 will increase to £5.20 per hour up to a maximum of £2,964 per child per annum.
- 2.2 Initial responses from childcare providers have been positive and in favour of this proposed increase.

3. Funding for three and four year olds

- 3.1 It is proposed to increase the base rate paid to all providers for all three and four year olds by 0.05 per hour so that the funding allocation received by Leeds City Council of £4.81 per hour per child is allocated as follows:

3&4s	Total received from DfE	Centrally retained	Deprivation supplement	SEND Inclusion fund	Base rate paid to providers
2018/19 (current)	£4.81	£0.20	£0.31	£0.05	£4.25
2019/20 (proposed)	£4.81	£0.18	£0.29	£0.04	£4.30

3.2 Centrally retained funding

The funding regulations dictate that any retained funding cannot be used to administer the payments to providers, although it can be used for the eligibility checks that are required, and a wide range of central services or services in-kind. The Local Authority may retain up to 5% of the total DfE allocation, with schools forum approval.

- 3.3 In 2018/19 we retained 4% of the £4.81 funding allocated to Leeds City council, this was used to fund centrally retained services and also create a contingency to ensure that we can support case by case exceptional circumstances. Our proposal is to reduce this central retention to 3.7% in 2019/20, to support providers to receive more funding through the base rate.
- 3.4 The centrally retained element per pupil is proposed to reduce from £0.20 to £0.18 per hour, per child. This centrally retained funding will be allocated as follows:

		18/19	19/20
		£	£
1	Special Educational Needs Inclusion Team (SENIT)	450,000	460,000
2	Commissioned Service - Portage	140,000	140,000
3	Sensory Services	180,000	160,000
4	Education Psychology	50,000	70,000
5	Early Years Funding for Inclusion team. 3&4 YO Assessments.	30,000	30,000
6	Family Information Service	100,000	100,000
7	Family Services	500,000	500,000
8	Sufficiency	40,000	40,000
9	Commissioned Services - Northpoint Wellbeing (Leeds Counselling)	60,000	60,000
10	Learning Improvement	220,000	200,000
11	Contingency	170,000	32,500
	Total	1,940,000	1,792,500

- 3.4.1 **SENIT** This funding is allocated to support all settings to include children with SEN and / or disabilities, with a small increase to reflect the increased demands on the service.
- 3.4.2 **Portage** This is a contribution towards the commissioned service for parents and families of children with identified SEN delivering home visits, information and support.
- 3.4.3 **Sensory Services** This funding is allocated to support settings and families to meet the additional educational and developmental needs of children with visual and/or hearing impairment, with a small reduction on 18/19 to reflect the demand on the service for 3 & 4 YOs.
- 3.4.4 **Education Psychology.** Supporting Educational Psychology consultations and input to EHC assessments. The 19/20 funding has increased as more early years settings are seeking EP support for EHCPs.
- 3.4.5 **Early Support & Inclusion.** This is a contribution towards the Early Years Funding for Inclusion Team who manage the EY FFI processes.
- 3.4.6 **Family Information Service** This contributes to the costs of eligibility checks, advice and support to all childcare providers, promotion of the 3&4 year old offer and audit checks by the Family Information Service for all providers.
- 3.4.7 **Family Services** Contribution towards the costs of family outreach workers who promote the take up of FEEE for all settings, supporting 3&4 year old take up of the early education entitlement and attendance at early years provision, improving readiness for learning at 4/5 years old.
- 3.4.8 **Sufficiency** Contribution to the costs of the sufficiency team managing the childcare sufficiency audit and supporting the establishment of early years provision
- 3.4.9 **Northpoint Wellbeing Counselling** – contribution towards the cost of a citywide parents counselling service.

3.4.10 **Learning Improvement** – contribution towards the cost of the Early Years Learning Improvement Team and the support they offer to settings in relation to improving outcomes for children. This has a small reduction on 18/19 allocation due to a restructure in the service and reduced costs.

3.4.11 **Contingency** – the contingency was retained to ensure that any disparity between funding received by the LA and claims made providers was funded. In 18/19, this element of the central retention was not required, hence the proposed reduction.

3.5 In all cases the above have been calculated to ensure the funding relates to eligible expenditure related to 3 & 4 year olds and the figures updated where new service data was available. The DfE will continue to monitor local authority compliance with this.

3.6 Initial provider responses to this proposal are supportive.

4. Local Universal Base Rate (3&4 year olds)

4.1 Currently the base rate for FEEE is £4.25 per hour, and it is proposed that we increase this to £4.30 per hour from April 2019. This will be an increase since the 2016/17 financial year of £0.50 per hour (the rate increased by £0.40 per hour from 16/17 to 17/18).

4.2 The funding rates for 2018/19 were based on predictions about take up and market behaviour. As we have now worked through the first year of the extended entitlement we have reflected on the take up and use of the funding elements. While the funding paid to the Local Authority has not increased, our proposal to increase the Leeds base rate to providers is achieved by making reductions to some other elements of the allocations from central government, including reducing the centrally retained element by £0.02, and the SEND Inclusion Fund by £0.01.

4.3 Initial responses to the proposal to increase the base rate in Leeds are positive, although some providers report that the rate is too low.

5. Supplements

5.1 There is a mandatory requirement for a supplement over the base rate for deprivation. We have proposed a reduction of 0.02 per hour per child to this deprivation supplement for 2019/20.

5.2 The supplement for deprivation will continue to be calculated using the Income Deprivation Affecting Children Index (IDACI) with all children receiving support if they are outside the 20% most affluent areas of the city. The funding will be banded so that children from areas of higher deprivation receive more support. The majority of this funding will be paid to settings at the beginning of the financial year based on the summer term census of the previous year.

5.3 There are some discretionary supplements that are permitted within the funding guidance, however in Leeds we have only previously used deprivation and propose to continue only with this supplement.

6. SEND Inclusion Fund

- 6.1 This is also a mandatory supplement to be paid to providers where 3 and 4 year olds take up any number of hours of their free entitlement where the children have lower level or emerging SEND.
- 6.2 Changes were made to the process of accessing SENDIF for 2018/19, claims from providers for the SENDIF has increased significantly although does still have a small underspend. The proposal seeks to reduce the SENDIF supplement from £0.05 to £0.04.
- 6.3 Initial responses from providers agreed that this amount seemed reasonable and appropriate.

7. Other

- 7.1 The Disability Access Fund which is a fixed amount of £615 paid in accordance with national regulations to those children in receipt of Disability Living Allowance, remains with no change.

Recommendations

Members of Schools forum are asked to:

- 1. Comment on the funding proposals for the Early Years Funding.
- 2. Approve items 1 to 11 of the centrally retained funding identified in 3.4.