
Report of Head of Learning Systems

Agenda item 4

Report to Schools Forum

Date: February 2018

Subject: 2018/19 FEEE rates



Summary of main issues

1. Local authorities will continue to receive funding via the Early Years National Funding Formula in April 2018 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 2018/19 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 5th February 2018. The consultation was sent to all providers in Leeds setting out proposals for the rates that would come into force from April 2018, alongside proposed changes to the contract for the funding between the Local Authority and providers. This consultation closed on 21st February 2018. The responses will be collated and analysed prior to determination of the funding arrangements.
2. It is a requirement that schools forums are also consulted on changes to local early years funding formulae by 28th 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 The allocation for FEEE will be paid to Leeds City Council based on 5/12th of the 2018 spring term census and the 7/12th based on the 2019 spring term census. We have proposed that payments will be made to providers monthly to replace the existing 80% in advance 'estimate' payments and 20% 'actuals' adjustment at the end of term. The actual base rate funding providers receive under this monthly payment arrangement will be 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) will 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 £5.05 per hour of this allocation, with the remaining amount used to cover the annual shortfall in funding received as a result of it being allocated based on the Spring term places which has historically had the lowest numbers. Following a review of the take up of places the Council is able to pay providers an additional £0.05 for each eligible hour of entitlement from April 2018. The new funding rate for 18/19 will increase to £5.10 per hour up to a maximum of £2,907 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 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
2017/18 (current)	£4.81	£0.24	£0.31	£0.06	£4.20
2018/19 (proposed)	£4.81	£0.20	£0.31	£0.05	£4.25

3.2 Centrally retained funding

This retained funding may not 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.

- 3.3 In 2017/18 we retained 5% of the £4.81 funding allocated to Leeds City council, this was used to fund centrally retained services and also create a contingency. Our proposal is to reduce this central retention to 4% in 2018/19, as some of the initial startup and development support for 30 hours from central services will reduce.
- 3.4 The centrally retained element per pupil is proposed to reduce from £0.24 to £0.20 per hour, per child. This centrally retained funding will be allocated as follows:

	Services	17/18	18/19
		£	£
1	SENIT	480,000	450,000
2	Portage	120,000	140,000
3	Sensory Services	0	180,000

4	Education Psychology	140,000	50,000
5	Early Support & Inclusion	80,000	30,000
6	Family Information Service	220,000	100,000
7	Family Services	270,000	500,000
8	Sufficiency	60,000	40,000
9	Northpoint Wellbeing (Counselling)	50,000	60,000
10	Learning Improvement	240,000	220,000
11	Contingency	400,000	170,000
	Total	2,060,000	1,940,000

- 3.4.1 **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.
- 3.4.2 **Education Psychology.** Supporting Educational Psychology consultations and input to EHC assessments. The 18/19 funding is reduced as there were fewer requests for EHCP needs assessments for 2, 3 and 4 year olds in 17/18 than in previous years.
- 3.4.3 **Early Support & Inclusion.** This funding is allocated to provide management of the Early Years Funding for Inclusion team. More detailed information has been provided allowing the apportionment methodology to be adjusted. Based on this, along with reflection on the number of EHC plan assessments, the allocation for 2018/19 has been reduced.
- 3.4.4 **Family Information Service** This contributes to the costs of eligibility checks, advice and support, promotion and audit visits by the Family Information Service for all providers. Part of the 17/18 funding was for expenditure related to implementing the new systems for the additional hours, this one off element has been removed, reducing the allocation.
- 3.4.5 **Family Services** Family workers promoting take up of FEEE for all settings, supporting 3&4 year olds take up the early education entitlement and to attend provision, improving readiness for learning at 4/5 years old. The allocation has been increased to include Stay & Play parent and children learning sessions and Communication & Language work to further increase readiness for learning.
- 3.5 In all cases the above have been calculated to ensure the funding relates to eligible expenditure related to 3 & 4year 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 responses to this proposal are supportive.

4. Local Universal Base Rate

- 4.1 Currently the base rate for FEEE is £4.20 per hour, and it is proposed that we increase this to £4.25 per hour from April 2018. This will be an increase since the 2016/17 financial year of £0.45 per hour (the rate increased by £0.40 per hour from 16/17 to 17/18).
- 4.2 Other local authorities in our region were previously paying different rates to different types of providers, while in Leeds, all providers have been funded at the same rate. Under the funding guidance, all providers in an authority area must be paid at the same rate from April 2018 and as a result, many providers in neighbouring Local Authorities are reporting a cut in their base rate. Our proposed increase in base rate for all providers in Leeds has been

received positively by our providers as a result, although some have also raised concerns about their increased costs not being covered by the small increase in base rate.

- 4.3 The funding rates for 2017/18 were based on predictions about take up and market behaviour. As we have now worked through the first term 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 £0.04, and the SEND Inclusion Fund by £0.01.
- 4.4 Initial responses to the proposal to increase the base rate in Leeds are positive, although some providers still feel that the rate is too low.

5. Supplements

- 5.1 There is a mandatory requirement for a supplement over the base rate for deprivation and we have proposed no changes to this deprivation supplement for 2018/19. There are some discretionary supplements that are permitted, however in Leeds we have only previously used deprivation and propose to continue only with this supplement.
- 5.2 The supplement for deprivation will 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 at the beginning of the financial year based on the Summer term census of the previous year. As an interim measure for 17/18 and 18/19 a small element will be retained and be paid out at year end to take account of the providers who have offered additional hours.

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 The rate set for the SEND Inclusion Fund was linked to the FFI Unit allocation paid for SEN – as the SEND Inclusion Fund is for lower level SEND needs, it is important that the funding is also at a lower level than the FFI Unit allocation. Due to the proposed reduction in the FFI Unit value, we must also reduce the SEND Inclusion Fund payments from £2052 per year to £1800 per year. As such, we proposed to reduce the SEND Inclusion fund supplement from £0.06 to £0.05.
- 6.3 Changes have been made to the process for accessing this fund for 2018/19, to encourage more providers to take up the available funding to support the children in their setting appropriately.

6.4 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 although locally administered, 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.