

## Early Years New Funding Formula Consultation

We would like your opinion on the modelling of alternative rates for the FEEE proposals below. Please can you complete the following questions using this survey link <https://surveys.leics.gov.uk/snapwebhost/s.asp?k=148430363244> and submit before 12pm on Thursday 19<sup>th</sup> January. Please read the information below before completing the survey.

The DfE are increasing the funding rates that the County Council receives to £5.20 per hour for 2 year olds and £4.30 per hour for 3 / 4 year olds. These amounts have to pay for central costs, funding supplements (deprivation and quality), and any additional Special Needs Inclusion fund, as well as the basic rate per hour for all children received by providers.

It is possible to fund additional 3 and 4 year old supplements by reducing the base rate per hour. The permitted supplements are:

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

Only deprivation is mandatory. We currently use deprivation and quality.

All the models in the main table on pages 2 and 3 show the estimated rates per hour if we:

1. Replaced the current Ofsted quality 3 and 4 year old supplement (as per Government Consultation response Dec16) with a 7p per hour supplement for providers with an Early Years Teacher (EYT), Early Years Professional (EYP) or a Qualified Teacher Status (QTS). **If we had no quality supplement, the 3 and 4 year old base rate would increase by 4p per hour in the table on page 2.**

2. Set the 3 and 4 year old deprivation (Income Deprivation Affecting Children Index) funding as follows

IDACI Rank From	IDACI Rank To	Current Deprivation Rate Per Hour £	Proposed Deprivation Rate Per Hour £
1	9744	10p	8p
9745	22737	5p	4p
22738	32482	1p	0p

This reduces the amount allocated for deprivation and increases the amount available for the base rate funding. This is in recognition of the Early Years Pupil Premium targeting those children who are entitled to the deprivation funding.

3. Allocate 5% of the 2 year old funding to support central costs. Currently all central costs are paid for from the 3 / 4 year old funding. The DfE have set a target that 5% will be the maximum proportion of 3 / 4 year old funding that can be used to support central costs. The central costs pay for a number of key activities, such as administering the payments to providers and data collection of FEEE children and their eligibility, providing support, guidance and advice and subsidising training and continuing professional development. It

seems fair that the 2 year old funding should pay for its share of central costs as well on a similar basis.

4. Create a special needs inclusion fund for those children with lower level or emerging SEN for 2, 3 and 4 year olds, in order to increase the current special needs fund, which allocated an additional £5.78 per hour for eligible children. It is a statutory requirement for us to create such a fund for 3 and 4 year olds. Our existing fund is paid for from our High Needs Grant, and we are proposing to increase this by using an element of the Early Years grant. The models on the attached table show the effect of:

- a) Transferring £100,000 into the 3 and 4 year old Special Needs Inclusion Fund to allow for the additional 15 hours undertaken by children with working parents.
- b) Transferring a further £100,000, £200,000 and £300,000 into the 3 and 4 year old Special Needs Inclusion Fund, thereby increasing the top up rate and allowing additional lower need children to receive the top up. In each scenario an equivalent amount has been transferred into the 2 year old Special Needs Inclusion Fund, so that they are funded at the same top up rate as the 3 and 4 year olds.

We would like your opinion on these proposals. Please complete the following questions and submit before 12pm on Thursday 19<sup>th</sup> January.

**Modelling of Alternative Funding Rates for Leicestershire Early Years Providers (effective from 1/4/2017)** The tables below shows the current hourly rates for 2, 3 / 4 year olds, and modelled alternatives.

	Current Funding	Proposed Funding (£100,000 transfer to existing Inclusion Fund to allow for additional 15 hours)	Proposed Funding (with a further £100,000 transferred to Inclusion Fund)	Proposed Funding (with a further £200,000 transferred to Inclusion Fund)	Proposed Funding (with a further £300,000 transferred to Inclusion Fund)
<b>3 and 4 year Olds</b>					
Base Rate	£3.58	£3.95	£3.93	£3.92	£3.91
Quality:					
Ofsted Good	£0.05	£0.00	£0.00	£0.00	£0.00
Ofsted Outstanding	£0.07	£0.00	£0.00	£0.00	£0.00
Qualification top up		£0.07	£0.07	£0.07	£0.07
Deprivation:					
Top Group	£0.10	£0.08	£0.08	£0.08	£0.08
Middle Group	£0.05	£0.04	£0.04	£0.04	£0.04
Bottom Group	£0.01	£0.00	£0.00	£0.00	£0.00
Special Needs Top Up	£5.78	£5.78	£6.99	£8.42	£9.85

			Proposed Funding (no further transfer into existing Inclusion Fund)	Proposed Funding (with a further £3,500 transferred to Inclusion Fund)	Proposed Funding (with a further £7,000 transferred to Inclusion Fund)	Proposed Funding (with a further £10,000 transferred to Inclusion Fund)
<b>2 Year Olds</b>		Current Funding				
Base Rate		£3.85	£4.94	£4.93	£4.93	£4.92
Special Needs Top Up		£5.78	£5.78	£6.99	£8.42	£9.85

Note 1: Proposed 2 year old rate assumes 5% contribution to central costs

Note 2: The proposed Inclusion Funds represent an additional transfer from the Early Years Grant to supplement the existing fund which pays for the £5.78 per hour top up

## Have your say.

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