



**Delegated Decisions by Cabinet Member for
Education & Cultural Services
Wednesday, 13 February 2019**

ADDENDA

**Early Years National Funding
Formula (EYNFF) 2019-20:
Additional Information**

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Early Years National Funding Formula (EYNFF) 2019-20: Additional Information

Schools Forum met on 4 February 2019 and were consulted on the proposed Early Years Funding Formula.

The DRAFT minutes from this item are attached below.

Schools Forum have made a recommendation as follows:

*Whilst recognising that the base rate funding is an LA decision (within the DfE guidelines), **Forum agreed to recommend** that the LA increase the base rate to providers by another 1p (per hour) over and above the proposed rate in the Paper, by further use of the LA Contingency Fund. Officers emphasised that their recommendation to the LA will remain the same, for an increase of 1p (per hour) and that no more should be taken from the Contingency Fund.*

Officer's Response

Schools Forum have recommended a further reduction in the contingency.

The proposed Early Years Funding formula included a thorough review of all spend and risks to squeeze out the extra 1p per hour for providers, despite the flat rate funding from the government which has remained the same since 2017-18.

The risks in setting the funding formula are set out in the main report in paragraph 9 (g) which sets out the purpose of the contingency fund.

The risk can be summarised as:

- Funding unknown for 2019-20 until July 2020
- Funding based on snapshot counts in January 2019 and January 2020
- Providers paid on actual participation (based on provider returns)
- The need to estimate activity and funding to arrive at an affordable universal underlying funding rate

The contingency has been reviewed annually.

Contingency Budget as percentage of 3 and 4-year-old budgets - 2016-17 to 2019-20 – Based on Published DSG Budget figures

2016-17	2017-18	2018-19	2019-20	2019-20 School Forum Proposal	2019-20 School Forum Proposal %
Final (July)	Initial (Dec)	Initial (Dec)	Initial (Dec)		
£29,562,095	£34,372,344	£35,227,129	£33,107,374		£33,107,374
£461,688	£400,000	£400,000	£362,293	-£76,000	£286,293
1.56%	1.16%	1.14%	1.09%		0.86%

The level of contingency in Oxfordshire has been kept as low as possible reflecting a desire to pass as much funding through to providers as possible. Oxfordshire's contingency started low (compared to that used by the DfE in their EYNFF modelling where they used a contingency rate of 3.7%) and has been reduced further as the new funding formula has settled down and the 30 hours offer bedded in.

The contingency has been reduced and now reflects a sum that would cover a difference in the number of part-time children in the order of 150 between the censuses and actual take up.

If activity exceeds funding and the contingency is exceeded, the shortfall would be carried forward as a DSG overspend and a lower universal rate would need to be agreed in 2020-21 to bring funding and spend back into balance. In this scenario, the following year's providers would fund the overallocation to providers in 2019-20.

Schools Forum asked whether the contingency has been used previously. For 2017-18 the contingency balance was brought to Schools Forum for consideration of its use. As the high pass-through rate to providers had been met for 2017-18, Schools Forum agreed for the balance to be used towards the overall overspend on DSG, linked to High Needs DSG pressures.

When the position on 2018-19 has been finalised, this will again be brought back to Schools Forum with the potential for any contingency balance to be allocated to providers. Prior to the introduction of the EYNFF in 2017-18, the DSG Blocks were not separate. However, in the past, there have been allocation of DSG balances back to Early Years providers where DSG underspends were identified overall and conversely contribution from DSG balances for Early Years census adjustments. Going forward, there are no available DSG balances to offset any overspends on Early Years DSG.

If, after the DSG is confirmed in July 2020, the contingency for 2019-20 is not fully used, Schools Forum will be presented with options to allocate the funding to providers or to fund Early Year priorities if the high pass-through rate to providers has already been met.

The proposed Early Years Funding Formula goes beyond the requirements of the regulations as the proposed formula allocates out 95.36% of funding against a requirement of 95% and this works out as an additional 2p per hour.

The recommendation of the S151 Officer is to maintain the contingency at £362,293.

LORNA BAXTER
Director of Finance

Minutes (draft)		
Meeting Oxfordshire 4 10.00 Unipart Conference Centre, Unipart, Cowley, Oxford, OX4	of Schools February	the Forum 2019

Present:

Maintained Primary School Headteacher Reps	Maureen Thompson MT Sue Tomkys ST
Maintained Primary School Governor Reps	Brenda Williams BW Kerrie Blaker KB Geoff Sutton GS
Academy Secondary School Governor Rep	Carole Thomson CT (Chair) Michael Dennison MD
Alternative Provision HT Rep	Nicola Partridge NP
Special School Headteacher Rep	Lorraine Wilson LW
Special School Governor Rep	Jeanne Lapsley JL
Early Years/PVI Rep (substitute)	Sarah Steel SS
COTO Rep	Ian Jones IJ
Oxfordshire County Council Officers	David Clarke DC , Deputy Director Sarah Fogden SFo , OCC Finance Partner Jayne Howarth JH , High Needs OCC Nick Baggett NB Margaret Whitaker MW
Clerk	Kit Howells KH
Observers	Cllr Michael Waine MW Jo Clarke JC , SBM, St Aloysius School Donald McEwan DM , COTO rep designate

	Item Discussed	Action	Due Date
5.	<p>Early Years Funding Formula, and centrally-retained Early Years funding 2019-20 (For decision)</p> <p>Forum noted that the final decision on changes to local Early Years Funding Formulas, including agreeing central spend, rests with the LA. It also noted that, while funding from Government to the LA has remained unchanged, the LA proposes nevertheless to increase the base rate for providers by 1p by means of reducing centrally retained funding and the Contingency Fund.</p> <p>Whilst noting that this is a Government funding problem, and recognising that there has been no increase in funding to the LA, and therefore that it is positive that there is a slight increase at all, and noting that compared with other neighbouring LAs this is a better rate, Forum members emphasised disappointment with the 1p proposed increase to the rate and the serious risk that this will lead to a 2-tier system of nursery provision as it is impossible for nurseries to run on the funded rate alone.</p> <p>Officers were asked to detail what is funded by the centrally retained amount of c5%, noting that it includes Early Years salaries, supporting</p>		

	<p>inadequate settings, place sufficiency, and SEND Inclusion Fund. Forum discussed which elements of Early Years provision are funded from the Early Years Block and which from the High Needs Block. Although it is known that the centrally retained element was much larger prior to the NFF and that costs have been dramatically reduced in recent years, Forum remained concerned that no detailed breakdown of centrally retained amount is provided for information to aid understanding and decision-making, that the retained amounts appears to be an arbitrary DfE figure and is not convinced that sufficient interrogation had been undertaken. Officers assured Forum that detailed interrogation had taken place, and as a consequence a 0.5 fte post had been removed, that the LA delegates a higher percentage of funding to providers than it is obliged to do and that to achieve the proposed 1p on the rate, it has been necessary to reduce the retained element and draw from the LA Contingency Fund. This is a high risk funding strategy, costing £76K to increase the rate by 1p per child per hour.</p> <p>Following in-depth discussion of the need for early intervention and the savings that will be made later on in children’s education lives if this can be done effectively as early as possible, Forum members requested that serious consideration be given to utilising a further amount from the LA Contingency to increase the base rate by another 1p, especially in the light of the significant increases this year and ongoing in support staff salaries, and the need to fund childrens’ nursery education now. Officers explained that the LA’s Contingency is considered small by the DfE in any case and that there is a risk for future funding if numbers of children increase. It is considered prudent not to set a provider rate that might not be affordable in future years and thus would have to be reduced, causing more turbulence to providers.</p> <p>Whilst recognising that the base rate funding is an LA decision (within the DfE guidelines), Forum agreed to recommend that the LA increase the base rate to providers by another 1p over and above the proposed rate in the Paper, by further use of the LSA Contingency Fund.</p> <p>Officers emphasised that their recommendation to the LA will remain the same, for an increase of 1p and that no more should be taken from the Contingency Fund. The increase is in line with the increase in school budgets of 0.5% and has been found by reallocating within the central budget and use of the Contingency.</p> <p>Following further discussion, Forum agreed the Early Years centrally retained funding, noting that providers are getting a reasonable pass-through which compares well against neighbouring Authorities, and noted the funding rate for 2-year olds.</p>		

KH/6.2.19