



Delegated Decisions by Cabinet Member for Public Health & Education

***Monday, 19 February 2018 at 9.30 am
County Hall, New Road, Oxford***

Items for Decision

The items for decision under individual Cabinet Members' delegated powers are listed overleaf, with indicative timings, and the related reports are attached. Decisions taken will become effective at the end of the working day on 27 February 2018 unless called in by that date for review by the appropriate Scrutiny Committee.

Copies of the reports are circulated (by e-mail) to all members of the County Council.

These proceedings are open to the public

A handwritten signature in black ink that reads "Peter G. Clark".

Peter G. Clark
Chief Executive

February 2018

Committee Officer: **Deborah Miller**
Tel: 07920 084239; E-mail: deborah.miller@oxfordshire.gov.uk

Note: Date of next meeting: 7 March 2018

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

Items for Decision

1. Declarations of Interest

2. Questions from County Councillors

Any county councillor may, by giving notice to the Proper Officer by 9 am two working days before the meeting, ask a question on any matter in respect of the Cabinet Member's delegated powers.

The number of questions which may be asked by any councillor at any one meeting is limited to two (or one question with notice and a supplementary question at the meeting) and the time for questions will be limited to 30 minutes in total. As with questions at Council, any questions which remain unanswered at the end of this item will receive a written response.

Questions submitted prior to the agenda being despatched are shown below and will be the subject of a response from the appropriate Cabinet Member or such other councillor or officer as is determined by the Cabinet Member, and shall not be the subject of further debate at this meeting. Questions received after the despatch of the agenda, but before the deadline, will be shown on the Schedule of Addenda circulated at the meeting, together with any written response which is available at that time.

3. Petitions and Public Address

4. Early Years Funding Formula 2018-19 (Pages 1 - 16)

Forward Plan Ref: 2017/171

Contact: Sarah Fogden. Finance Business Partner Tel: 07557 082613

Report by Director for Children's Services (**CMDPHE4**).

In 2017-18, the Department for Education (DfE) introduced the Early Years National Funding Formula (EYNFF). The new funding formula applies to the existing 15 hour entitlement for 3 and 4 year olds and the extended 30 hour offer that was introduced from September 2017.

The structure of the local formula for Oxfordshire incorporates the 2018-19 requirements of the Early Years Operational Guide. The principles adopted in the 2017-18 formula have been maintained for 2018-19, whilst increasing the base rate for providers. The rate of hourly funding received from the DfE to deliver all elements of the formula remains unchanged at £4.39 per hour.

This report seeks approval of the County Council's Early Year's funding formula for 2018-19.

The Cabinet Member is RECOMMENDED to approve the Early Years funding formula for 2018-19 with an hourly rate of £4.03.



This page is intentionally left blank

Division(s): All

CABINET MEMBER FOR PUBLIC HEALTH & EDUCATION - 19 FEBRUARY 2018

FORMAL APPROVAL OF EARLY YEARS FUNDING FORMULA 2018- 19

Report by Director for Children's Services

Introduction

1. The local authority is required to set a funding formula for 3 and 4 year old provision. The 2018-19 formula proposed is in line with the Department for Education (DfE) national formula introduced in 2017-18.
2. The local authority is responsible for making the final decisions on the formula.

Background and overview

3. In 2017-18, the Department for Education (DfE) introduced the Early Years National Funding Formula (EYNFF). The new funding formula applies to the existing 15 hour entitlement for 3 and 4 year olds and the extended 30 hour offer that was introduced from September 2017.
4. The structure of the local formula for Oxfordshire incorporates the 2018-19 requirements of the Early Years Operational Guide. The principles adopted in the 2017-18 formula have been maintained for 2018-19, whilst increasing the base rate for providers. The rate of hourly funding received from the DfE to deliver all elements of the formula remains unchanged at £4.39 per hour.

The Early Years Funding Formula

5. In 2017-18, the DfE introduced the Early Years National Funding Formula. The DfE also published the Early Years operational guidance (updated November 2017), which sets the overall framework and expectations on local authorities in implementing the EYNFF.
6. Following consultation with Early Years providers and Schools Forum, an Oxfordshire Early Years Funding formula for 2017-18 was set.
7. The key elements of the current formula are:
 - a. The formula relates to both the existing 15-hour entitlement for all three- and four-year-olds and the additional 15 hours for three- and four-year-old children of eligible working parents (the 30-hour childcare policy) introduced in September 2017.

- b. A minimum amount of funding to be passed through to providers – From 2017-18 there were new requirements on the amount of funding for three- and four-year olds that local authorities must pass to providers. This high pass-through requirement is intended to ensure the maximum amount of funding allocated to local authorities by the ESFA reaches providers. The pass-through funding level was set at 93% in 2017-18 and rises to 95% for 2018-19.
 - c. A local universal base rate for all types of provider, to be set by Local Authorities (LAs) by 2019-20 at the latest - LAs are required to set a universal base rate in their local single funding formulae, meaning there must be a base rate the same for all types of provider, by no later than 1 April 2019. Following consultation, a universal base rate was introduced in Oxfordshire in 2017-18. This underlying base rate (excluding the Deprivation Supplement and SEN Inclusion Fund allocations) was set at £4.01.
 - d. Supplementary funding for maintained nursery schools (MNS). Local authorities received supplementary funding in 2017-18 for MNS. The stated aim of the Department for Education was to enable local authorities to protect their 2016-2017 funding rates for MNS (that is, the rates that existed before the EYNFF). LAs with MNS will continue to receive supplementary funding in 2018-19. The Operation Guide for 2018-19 states that the Department for Education “will continue to allow local authorities to provide a higher level of funding to MNS once the base rate becomes compulsory in 2019 to 2020”.
 - e. A mandatory supplement for deprivation. LAs had the freedom to choose the appropriate metric for allocating funding. Following consultation, the method of paying an enhancement on top of the Early Years Pupil Premium (EYPP) was implemented for 2017-18. The EYPP rate is 53p per hour and the deprivation supplement was set at 47p per hour, giving a total of £1 per hour for 15 hours of attendance. (The 47p supplement also applies to additional hours, although EYPP can only be paid on the universal 15 hours, as set out in the regulations). Following consultation, no further supplements have been used, thereby maximising the base rate to providers.
 - f. A special educational needs (SEN) inclusion fund. LAs are required to have SEN Inclusion Funds for all three and four year olds with SEN who are taking up free entitlements. This is to target funding at children with lower level or emerging SEN. A process was already in place to identify these children in the PVI sector and this is continuing for 2017-18 and 2018-19. Children in the school sector are identified through the school census (where identified as Category “K” children, excluding children with higher needs).
 - g. A contingency fund of £400,000.
8. Additional funding streams for eligible three- and four-year olds are as follows:

- a. The disability access fund (DAF) – The DAF was introduced in April 2017 to support disabled children’s access to the entitlements for three- and four-year olds. Three- and four-year olds are eligible for the DAF if they are in receipt of child disability living allowance and receive free early education. LAs must fund all settings providing a place for DAF-eligible children at the fixed annual rate of £615 per eligible child.
- b. Early Years Pupil Premium (EYPP) – The EYPP gives providers additional funding to support disadvantaged three and four-year-old pupils, where their family meets specified criteria. As indicated above, the national rate is 53p per hour per eligible pupil up to a maximum of 570 hours (£302.10 per year). The Operational Guide indicates that in the “small number of cases where a child is also eligible for the additional 15 hours for working parents, EYPP is paid on the universal 15 hours only”. The rate remains the same for 2018-19.

Changes in the funding formula for 2018-19

9. The main change from the requirements for the 2017-18 financial year (as outlined in the Operational Guide 2018-19) is that the pass-through rate increases from 93% in 2017 to 2018 to 95% in 2018 to 2019. (The Oxfordshire formula delivered close to 95% in 2017-18, in excess of the minimum requirement at that time, to deliver a higher rate to providers as early as possible).
10. There is no change to the EYNFF hourly funding rate that Oxfordshire receives from the DfE to deliver all elements of the formula - This remains at the same hourly rate as in 2017-18 i.e. £4.39.
11. The structure of the local formula for Oxfordshire incorporates the above, and no changes to the principles adopted in 2017-18 are proposed for 2018-19. However, an increase to the underlying universal base rate for providers from £4.01 in 2017-18 to £4.03 in 2018-19 is proposed, by reducing centrally retained funding and redirecting resources
12. The impact of the pass through requirement is to pay an equivalent average rate to providers of £4.17 (£4.03 plus averaged allocations for the deprivation supplement, SEN Inclusion funding and Contingency).

Financial and Staff Implications

13. The report deals with the funding formula for Early Years for 2018-19. The proposed formula for 3 and 4 year olds has been modelled in line with the initial allocation published by the DfE. The key risk remains the level of take-up of hours. Final DSG funding allocations will be based on data from censuses – 5/12ths on January 2018 and 7/12ths on January 2019 censuses. There is risk that actual participation varies from these snapshot funding dates.

14. Each year, there is uncertainty around the take-up of the number of hours. The current year has seen the introduction of the 30 hour offer from September 2017. This is not fully embedded and so there remains uncertainty around take -up. The County Council had retained a contingency if hours exceed those modelled. If the contingency is exceeded, the overspend will be carried forward and funded from 2019-20 Early Years DSG.

Equalities Implications

15. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

RECOMMENDATION

16. **The Cabinet Member is RECOMMENDED to approve the Early Years funding formula for 2018-19 with an hourly rate of £4.03.**

LUCY BUTLER

Director for Children's Services

Appendix A: Schools Forum paper 5. Early Years Funding Formula February 7th 2018

Contact Officer: Sarah Fogden 07557 082613

February 2018

Oxfordshire County Council
Schools Forum – 7 February 2018
Early Years Funding Formula 2018-19

Settings		Sector	
Academies	✓	Foundation Stage	✓
Maintained Schools	✓	Primary	✓
PVI Nurseries	✓	Secondary	✓
Special Schools		Special	
Local Authority	✓	16+	
Schools Forum	✓	High Needs	✓

1. Item for Consultation and Decision

2. Purpose of Report

- 2.1 The purpose of this report is to update Schools Forum on the proposed funding arrangements for early years for 2018-19. This is in the context of the early years national funding formula (EYNFF) for three- and four-year-olds which was introduced in 2017-18.
- 2.2 The EYNFF Operational Guide states that Schools Forums must be consulted on changes to local early years funding formulas, including agreeing central spend by 28 February 2018, although the final decision rests with the local authority. The structure of the local formula for Oxfordshire incorporates the 2018-19 requirements of the Operational Guide and the principles adopted in the 2017-18 formula have been maintained for 2018-19, whilst increasing the base rate for providers. The rate of hourly funding received from the DfE to deliver all elements of the formula remains unchanged at £4.39 per hour.

3. Recommendations

- 3.1 School Forum is asked to:
- a) Comment on the Early Years Funding Formula for Oxfordshire for 2018-19, and additional funding streams for three and four year olds.
 - b) Agree the Early Years centrally retained funding.
 - c) Note the funding rate for two year olds.

4. Background and overview

- 4.1 In 2017-18, the Department for Education (DfE) introduced the Early Years National Funding Formula. The DfE also published the EYNFF operational guidance (updated November 2017), which sets the overall

framework and expectations on local authorities in implementing the EYNFF.

4.2 Following consultation with Early Years providers, an Oxfordshire Early Years Funding formula for 2017-18 was set.

4.3 The key elements of the current formula are:

- a. The formula relates to both the existing 15-hour entitlement for all three- and four-year-olds and the additional 15 hours for three- and four-year-old children of eligible working parents (the 30-hour childcare policy) introduced in September 2017.
- b. A minimum amount of funding to be passed through to providers – From 2017-18 there were new requirements on the amount of funding for three- and four-year olds that local authorities must pass to providers. This **high pass-through** requirement is intended to ensure the maximum amount of funding allocated to local authorities by the ESFA reaches providers. The pass-through funding level was set at 93% in 2017-18 (this will rise to 95% for 2018-19).
- c. A local **universal base rate** for all types of provider, to be set by Local Authorities (LAs) by 2019-20 at the latest - LAs are required to set a universal base rate in their local single funding formulae, meaning there must be a base rate the same for all types of provider, by no later than 1 April 2019. Following consultation, a universal base rate was introduced in Oxfordshire in 2017-18. This underlying base rate (excluding the Deprivation Supplement and SEN Inclusion Fund allocations) was set at £4.01.
- d. **Supplementary funding for maintained nursery schools (MNS).** Local authorities received supplementary funding in 2017-18 for MNS. The stated aim of the Department for Education was to enable local authorities to protect their 2016-2017 funding rates for MNS (that is, the rates that existed before the EYNFF). LAs with MNS will continue to receive supplementary funding in 2018-19. The Operation Guide for 2018-19 states that the Department for Education “will continue to allow local authorities to provide a higher level of funding to MNS once the base rate becomes compulsory in 2019 to 2020”.
- e. A mandatory **supplement for deprivation**. LAs had the freedom to choose the appropriate metric for allocating funding. Following consultation, the method of paying an enhancement on top of the Early Years Pupil Premium (EYPP) was implemented for 2017-18. The EYPP rate is 53p per hour and the deprivation supplement was set at 47p per hour, giving a total of £1 per hour for 15 hours of attendance. (The 47p supplement also applies to additional hours, although EYPP can only be paid on the universal 15 hours, as set

out in the regulations). Following consultation, no further supplements have been used, thereby maximising the base rate to providers.

- f. **A special educational needs (SEN) inclusion fund.** LAs are required to have SEN Inclusion Funds for all three and four year olds with SEN who are taking up free entitlements. This is to target funding at children with lower level or emerging SEN. A process was already in place to identify these children in the PVI sector and this is continuing for 2017-18 and 2018-19. Children in the school sector are identified through the school census (where identified as Category “K” children, excluding children with higher needs).
- g. A **contingency** fund that is set at £400,000 (further information at Section 12 below).

4.3 Additional funding streams for eligible three- and four-year olds are as follows:

- a. The **disability access fund (DAF)** – The DAF was introduced in April 2017 to support disabled children’s access to the entitlements for three- and four-year olds. Three- and four-year olds are eligible for the DAF if they are in receipt of child disability living allowance and receive free early education. LAs must fund all settings providing a place for DAF-eligible children at the fixed annual rate of £615 per eligible child.
- b. **Early Years Pupil Premium (EYPP)** – The EYPP gives providers additional funding to support disadvantaged three and four-year-old pupils, where their family meets specified criteria. As indicated above, the national rate is 53p per hour per eligible pupil up to a maximum of 570 hours (£302.10 per year). The Operational Guide indicates that in the “small number of cases where a child is also eligible for the additional 15 hours for working parents, EYPP is paid on the universal 15 hours only”. The rate remains the same for 2018-19.

5. Changes for 2018-19

5.1 The main changes from the requirements for the 2017-18 financial year (as outlined in the Operational Guide 2018-19) are:

- the pass-through rate increases from 93% in 2017 to 2018 to 95% **in 2018 to 2019.** (The Oxfordshire formula delivered close to 95% in 2017-18, in excess of the minimum requirement at that time, to deliver a higher rate to providers as early as possible).

- clarification that local authorities' formulas should not distinguish between the two entitlements (15 hours and 30 hours) for three- and four-year-olds
 - clarification that funding supplements are intended to be in addition to the base rate and not used to reduce it; that is, they should not be 'negative'.
- 5.2 There is no change to the EYNFF hourly funding rate that Oxfordshire receives from the DfE to deliver all elements of the formula - This remains at the same hourly rate as in 2017-18 i.e. £4.39. The Dedicated Schools Grant (DSG) funding is outlined more fully in Section 6, below.
- 5.3 The structure of the local formula for Oxfordshire incorporates the above, and no changes to the principles adopted in 2017-18 are proposed for 2018-19. However, an increase to the underlying universal base rate for providers from £4.01 in 2017-18 to £4.03 in 2018-19 is proposed, by reducing centrally retained funding and redirecting resources, as outlined later in the report.

6. Early Years Block Funding for Oxfordshire

- 6.1 The DfE published figures for the initial 2018-19 Early Years allocations for local authorities on 19 December 2017. These will be updated in spring 2018, using data from the January 2018 censuses. Final funding allocations to the LA for 2018-19 will be based on 5/12th of January 2018 child numbers and 7/12th of the January 2019 child numbers. Final allocations will not therefore be known until June / July 2019 – after the end of the 2018-19 financial year. Given uncertainty over the level of future take-up, particularly relating to the 30 hours offer, there remains considerable uncertainty regarding the final level of funding for 2018-19.
- 6.2 The total allocation (universal and additional working parents' entitlement) published on 19 December for Oxfordshire is £35.2m for 8.02 million hours, which equates to the same indicative hourly rate for 3-4 year olds of £4.39 per hour in 2018-19 as for 2017-18. This is inclusive of amounts for central services, supplements (mandatory deprivation supplement only for Oxfordshire) and the SEN inclusion fund.
- 6.3 The figures published on 19 December 2017 also included an initial allocation of £248,326 for Early Years Pupil Premium and £113,775 for the Disability Access Fund. The indicative funding for 2-year olds was also published on 19 December - £3.5m, for 632,831 hours, giving an unchanged hourly rate of £5.52. The published figures are set out in the following table:

Early Years Block 2018-19 Initial Allocations - Published by the DfE on 19 December 2017	No. of part-time equivalent (PTE) children	No. of Hours (PTE x 15hrs x38 weeks)	Initial allocations to the LA £
Universal 3-4-year-old entitlement funding	10,313.10		£25,806,470
Additional 3-4-year-old funding for working parents (Full Year)	3,764.80		£9,420,659
Total	14,077.90		£35,227,129
Total hours (Part time 3-4 year olds)		8,024,403	
Indicative hourly rate for 3-4 year olds Before retained services deducted			£4.39
Other 3-4-year-old funding: Maintained Nursery supplementary funding			£572,125
Early Years Pupil Premium			£248,326
Disability Access Fund (Illustrative figure)			£113,775
<u>2-year old funding</u>	1,110		£3,493,238
Total hours		632,831	
Indicative hourly rate for 2 year olds			£5.52
Total Initial 2018-19 DSG Early Years Block			£39,654,594

7. Centrally Retained Funding

7.1 The EYNFF Operational Guidance outlines the percentage pass-through funding to providers that LAs are required to meet and thereby the level of funding for centrally retained funding. The key change for 2018-19 is the increase to the pass-through rate from 93% to 95%, meaning that 5% can be retained to be spent centrally. As indicated earlier, Oxfordshire made a large step towards the 95% pass through in 2017-18, setting the pass-through rate (based on DSG budget figures available at that time) at 94.73% (see report to School Forum 7 February 2017). This was a policy decision to deliver an increase in the hourly rate to providers, with a universal base rate of £4.01 set in 2017-18.

- 7.2 The retained funding was reduced significantly in 2017-18 (from 2016-17), to a figure of £1,979,000 plus a small rurality provision of £5,000, giving a total of £1,984,000. This included a significant number of redundancies for Early Years staffing and delivered a pass-through rate close to 95% on the budgeted figures provided by the DfE (above the level of delegation required in 2017-18, which was 93%). In 2018-19, after funding the full delegated SEN Inclusion Fund from the Early Years block, this decreased the retained element by a further £173,000. To meet the requirement to delegate 95% of retained funding (on a larger base budget), a further £70k was removed from the retained element, to increase the level of delegation to providers through the universal rate. This leaves an initial retained budget, based on DSG budget figures, of £1,741,000. This reduced budget meets the 5% requirement. The DfE indicates that the “5%” includes “centrally retained funding (for central services or services in-kind, including specialist SEND services” (re the SEN Inclusion Fund). This includes staffing (Early Years and SEND), commissioning, and training related expenditure.
- 7.3 School Forum is recommended to agree the centrally retained funding at “5%” as outlined in the Operational Guidance, which on initial DSG budget figures is £1.7m, noting that this will be monitored in terms of further refinement of projected actuals for 2018-19, to meet the compliance requirements of the DfE (as set out further below in section 10 and in Annex 1).

8. Early Years Funding Formula for 2018-19

- 8.1 The Local Authority proposes no changes to the methodology of the current formula, other than meeting the increased pass-through rate to providers of 95% and increasing the hourly universal base rate paid to providers, as outlined further below.
- 8.2 The current year has been a year of considerable change with the introduction of the new formula and the introduction of the 30-hour extended offer. Current estimates indicate that there has been lower than expected take-up across all areas including the universal offer, the extended offer, the SEN Inclusion Fund and the Disability Access Fund.
- 8.2 Early Years Officers have reported the following issues with the introduction of the 30-hour offer:
- a) There are a number of issues which may affect the number of children able to be claimed for on the census return in January 2018 and which will therefore affect the funding the Council receives, as follows: The national communication strategy for the extended 30 hour offer for working parents did not comprehensively reach the national media prior to its introduction in September 2017.

In addition, the HMRC system for checking eligibility was not working on a regular basis. To overcome this the HMRC issued temporary codes to some parents. A number of parents were unaware of the deadline for obtaining a code and validating with their provider, so missed a term's funding. From the Council's initially estimated take up during the first term of 4000 places, 2500 parents took up the entitlement.

- b) Similar technical issues were faced for the start of the spring term. To overcome this, HMRC applied a discretionary period to all codes dated 11 January 2018 or earlier on the basis that this allows one week for parents to secure a spring term place with a provider, ahead of the annual census on 18 January 2018. If children do not start by the census date they are not eligible for DfE funding in the spring term, and cannot be included in the January census return to DfE which drives funding for the first 5 months of the year.
- c) 68 children have been identified whose parents had valid codes during the autumn term but did not take any additional hours. These parents have fallen into a "grace period" this term (would have become ineligible but have a term's grace before the funding ends). However, parents are not able to start a 30-hour place in their grace period. At the start of term audit of eligibility codes, LAs will need to identify children who may have reserved a 30-hour place with a valid code but are now in the grace period. Providers may have claimed for these children and placed them on their census return, but they will need to be removed. There is a system whereby the Council can check for this scenario, so that they can remind providers to let parents know.

- 8.4 The Local Authority will undertake a full review of the current Early Years Funding Formula in Autumn 2018, and will consult with providers in late 2018 (if necessary) to determine if any changes are required to the formula in 2019-20.

9. Modelling of hourly rates

- 9.1 A key aspect of the new requirements is the high pass through to providers – Minimum of 95% from 2018-19. The DfE published an indicative hourly rate for Oxfordshire of £4.39 – This rate includes all funding. This covers centrally retained funding, the SEN Inclusion Fund, all supplements and the underlying provider rate. Oxfordshire providers are familiar with underlying provider rates that exclude deprivation and SEN funding.
- 9.2 Taking account of feedback and Early Year officer recommendation, the hourly rate has been increased from £4.01 to £4.03 per hour. This has been achieved, by retaining the lower level of contingency at £400,000, by reducing the retained amount to meet the 95% pass through rate and by reducing the SEN Inclusion Fund by £60k. Officers

will monitor spend closely during the year, there is no intention to restrict access to the SEN Inclusion Fund and if it appears that demand is higher, then funding will be added from the High Needs block if required.

10. High pass through to providers

The DfE have provided details of how compliance is to be checked. Data will be collected from LAs as part of the S251 budget submission. The methodology for this is set out in the Operational Guidance as shown at Annex 1 and, in the simplified version, below:

Early Years National Funding Formula 2018-19 - Compliance of pass-through based on initial DSG budget figure				
Calc	Line	Description	Budget Model	Notes
			2018-19 Using DfE DSG figures for universal and 30 hrs for 18-19 as published 19.12.17	
	1	Anticipated budget for base rate (including funding to MNS) for 3 and 4 year olds	£32,346,129	
	2	Anticipated budget for supplements for 3 and 4 year olds: Deprivation (including funding to MNS)	£200,000	
	3	Anticipated budget for 3 and 4 year old SEN inclusion fund (top up grants element)	£540,000	
	4	Anticipated budget for 3 and 4 year old contingency	£400,000	
A		Subtotal =	£33,486,129	
B	5	Planned total base rate hours for core 15 and additional 15 hours for 3 and 4 year olds	8,024,403	(10,313.10+3,764.8 PTE)*15hrs*38 weeks
C	6	Equivalent average rate to providers for three-and four-year old entitlement hours = (A/B)	£4.17	
D	7	LA EYNFF hourly rate for three-and four-year olds (published alongside government response, or in DSG tables in future)	£4.39	UNCHANGED IN 201819 as ESFA
E	8	Test that meeting pass-through requirement F = (C/D) * 100%	95.06%	Meets 95% pass-through
		Provider % must be equal or > 95% in 2018-19		
Universal Base Hourly Rate (excluding deprivation supplement/ SEN Inclusion Fund /Contingency and MNS supplementary funding):				
		Universal underlying base rate to providers	£32,346,129	
		Hourly rate	4.030970154	
		Direct Universal Provider Hourly rate rounded		£4.03 2p increase in 2018-19

11. Equivalent average rate to providers

- 11.1 The high pass-through requirement is that the equivalent average rate to providers must be equal to or greater than 95% of the EYNFF hourly rate published by the DfE (£4.39 for Oxfordshire). This therefore needs to be £4.17 (£4.39 x 95%). The modelling represented in the table above shows that this requirement has been met, with an equivalent average rate to providers of £4.17 (£4.03 plus averaged allocations for the deprivation supplement, SEN Inclusion funding and Contingency).
- 11.2 When the Deprivation supplement funding and SEN Inclusion funding and Contingency is deducted, the underlying provider rate is shown as £4.03 (and is in a form more familiar to providers when comparing with prior year rates).
- 11.3 The 95.06% in the table above indicates that the 95% pass-through requirement has been met in the model for 2018-19, based on the initial budgeted figures provided by the DfE.

12. Risks and uncertainties

- 12.1 There remains significant risks in setting the EYNFF for 2018-19. A key issue is that the January 2018 census data, that drives funding for parts of both the 2017-18 and 2018-19 financial years, risks being under represented, linked to the issues outlined above. For clarification, the DfE Early Years allocations published on 19 December 2017, will be updated in spring 2018, using data from the January 2018 censuses. The January 2018 census data will determine 5/12ths of the 2018-19 Early Years Block DSG funding. Similarly, there is considerable uncertainty regarding the final level of funding for 2018-19 until after information is received regarding the January 2019 censuses (with 7/12ths of 2018-19 funding based on this). Final allocations will not be known until June / July 2019 – after the end of the 2018-19 financial year.
- 12.2 There are indications of lower levels of take-up across all areas including the universal offer, the extended offer, the SEN Inclusion Fund and the Disability Access Fund. Early Years Officers will seek explanations for low take-up and continue to promote entitlement. Past activity is therefore not necessarily a reliable guide to activity in 2018-19.
- 12.3 As reported to School Forum last year, the level of Contingency Fund is relatively low compared to that allowable by the DfE. It was reduced from £461,688 in 2016-17 to £400,000 in 2017-18, to assist in delivering a provider rate of £4.01 in 2017-18. As the DSG Blocks are now separately monitored, should the Contingency Fund not be required, any underspend would potentially be available for allocation to providers.

12.4 The majority of funding is allocated out on an hourly basis so is proportional to take up on a participation model. In contrast elements of the formula are fixed, such as the SEN Inclusion Fund and Deprivation and do not therefore move proportionally to take up. If take up for the SEN Inclusion Fund and the deprivation fund are lower this can affect the pass-through rate achieved. The DfE have, however, indicated that compliance will be based on budgeted figures in the S251 return (as indicated above).

13. Maintained Nursery Schools Supplementary Funding

A figure of £572,125 was published for MNS Supplementary funding on 19 December 2017. As this is a specific amount, outside of the universal rate calculation, it does not impact on the universal rate.

14. Two-Year-Old Funding

The rate of Two-year-olds is unchanged at £5.52 and is fully delegated.

15. Financial and Staff Implications - centrally and for schools

This paper already deals with the financial implications of the EYFF for 2018-19, so no further comment is made.

16. Equal Opportunities Implications and Impact on Equality Groups

Where the LA continues to have discretion in funding decisions, it will continue to give priority to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

17. Conclusions

This paper updates and consults with Schools Forum on the proposed funding arrangements for early years for 2018-19 and seeks agreement on central spend.

18. Contact Details of Lead Officer/Author

If you have any queries or comments in advance of the Schools Forum meeting about this report, please contact:

Name: Margaret Whitaker, Senior Financial Adviser (Schools)

Telephone Number: 07393 001263

Email Address: margaret.whitaker@oxfordshire.gov.uk

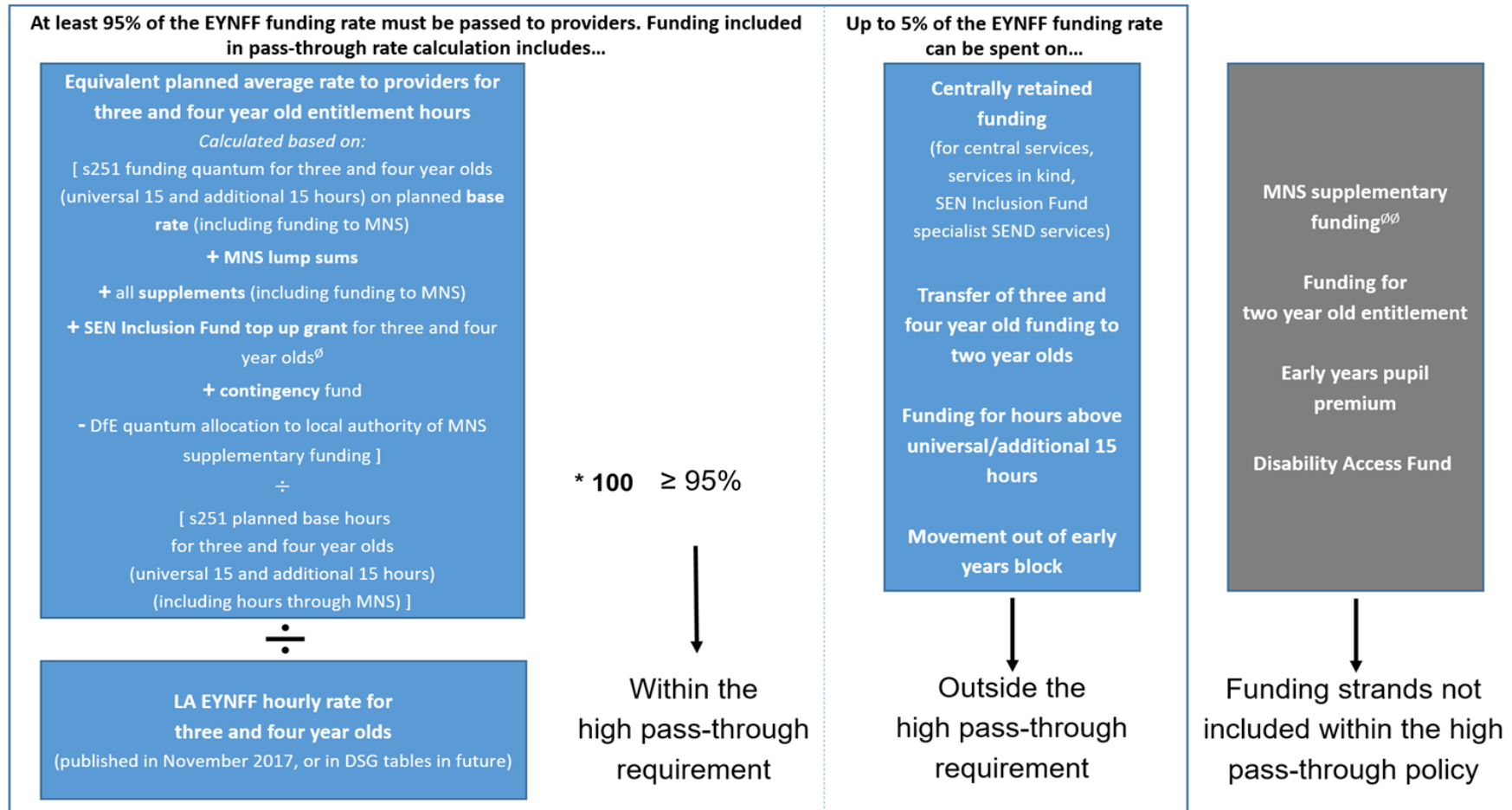
Name: Sarah Fogden, Finance Business Partner for Children, Education & Families

Telephone Number: 07557 082613

Email Address: sarah.fogden@oxfordshire.gov.uk

Annex 1

Diagram illustrating which funding strands are included in the high pass-through rate calculation, and which are excluded.



[∅] SEN Inclusion Fund must be established by combining an amount from either one or both of their early years block and high needs block.

^{∅∅} DfE allocated MNS supplementary funding quantum to local authority. Only the MNS funding from the EYNFF allocation is considered within the pass-through rate calculation.

This page is intentionally left blank