



Northumberland County Council

AGENDA ITEM 6

**SCHOOLS FORUM
27 FEBRUARY 2019**

Early Years Funding Consultation for 2019/20

This document is for the attention of all Early Years Providers. It explores an issue around the additional payments made to providers to support disadvantaged children in their settings.

Background to the consultation

- In 2019/20 the Northumberland Early Years Block (EYB) allocation will be funded from the Department of Education at £5.20 per hour for 2 year olds and £4.30 per hour for 3/4 year olds (This is at the national minimum and no increase on previous allocations)
- Early Years Pupil Premium payments remain at 53p per hour.
- Central costs to support all Early Years provision, sufficiency and financial administration is planned to total 3.9% of the EYB (up to 5% is permitted)
- In 2019/20 Northumberland will pay the base rates for Early Education of £5.20 per hour for 2 year olds and £4.00 per hour for 3/4 year olds.
- Local 'supplements' (IDACI additional payments to support 3 and 4 year old disadvantage) are planned to total 2% of the 3 and 4 year old funding from the EYB. This was set with the early years formula by Schools Forum in February 17.
- The IDACI bands used to allocate the supplements were calculated in January 17 to be- Band A £1.09, Band B £0.86, Band C £0.69.
- These additional payments are currently made to 40% of all providers.
- Current estimates demonstrate that across 18/19 these bands will pay out approximately 4% of the 3/4 year old funding in the EYB, an overspend of 2% equating to approximately £265K.
- This is because the number of children living in disadvantaged postcodes has been higher than the estimations made when calculating the bands. These children are also attending for more hours than estimated via the universal 30 hours offer. As a result the value of the bands was set too high.
- We need to review the situation.

Objectives for this consultation

- Support children from disadvantaged backgrounds as effectively as possible
- Passport as much funding as possible directly to providers
- Remove any overspend from the Early Years Block

Options/solutions

- 1- Roughly half the size of all IDACI band payments
- 2- Reduce the number IDACI bands
- 3- Replace IDACI payments with a Pupil Premium Plus payment
- 4- A combination of the above (over time)

Option 1- Roughly half the size of all IDACI band payments

	Current Bands 17/19	Proposed Bands 19/20	Estimated saving for 19/20
Band A	1.09	0.56	£37k
Band B	0.86	0.44	£138k
Band C	0.69	0.35	£94k

Option 1 makes enough saving to clear the overspend on the early years block in 19/20.

Option 2- Reduce the number of IDACI bands

Current Bands 17/19		Possible New Banding for 19/20	
		Remove band c payments	Estimated total saving for 19/20
Band A	1.09	1.09	0
Band B	0.86	0.86	0
Band C	0.69	0.00	£189k

Option 2 makes a significant saving (although not the full £265K required) yet still targets those children living in the most deprived areas.

Ongoing Risks to options 1 and 2

- **Although reduced, the risk of overpayment (and underpayment) of the budget is still possible due to the difficulties in accurately predicting which bands children will present in, what entitlement each child will take in each band and any future growth in 30 hours eligibility in IDACI postcodes**

Option 3- Replace IDACI payments with a Pupil Premium Plus payment

All payments by IDACI band would be stopped. Children eligible for Early Years Pupil Premium (EYPP) payments would have these increased to the value of 2% of the 3/4 year old funding in the EYB. This would need modelling each year, but would essentially mean that approximately 20% of the 3 and 4 year old cohort would receive an increase in funding based on actual parental income regardless of their postcode. This would encourage and increase take up of EYPP, which is currently underclaimed (only 70% of expectation in Spring 18) and therefore bring in additional income from the DfE.

Based on 18-19 values children in receipt of EYPP would have this topped up by £0.75 from £0.53 to £1.28 per hour.

Modelling these options shows the following outcomes-

Results based on a typical term in 17/18	Changes in funding (percentage of providers)				
	Increase in funding	Remaining the same	0-5% cut	5-10% cut	10-15% cut
Option 1	0	60	35	5	0
Option 2	0	77	20	2	1
Option 3	19	42	26	9	4

Option 4- A combination of the above options (over time)

Although moving to a Pupil Premium Plus model would effectively target the most disadvantaged children, rather than all the children in a particular post code, modelling this indicates some significant drops in funding for some providers. To cushion this effect we could combine two of the options to support a smoother change of system.

Example- Option 2 for 19/20 and then option 3 for 20/21. This would reduce the overspend in 19/20 and give time for all providers to maximise their EYPP claims and then allow for a smoother transfer to the EYPP Plus model from 20/21.

Risks to all options or no change

- **They all include an overall reduction in additional funding for disadvantaged children**
- **Staying as we are will lead to an overspend in the Early Years block of about £265,000**

Schools Forum Formula Funding Committee recommendation-

Schools Forum directed their Formula Funding committee to discuss the options in detail. Their recommendation is for an adaptation of option 4 where band C is removed from September 2019 and the Pupil Premium Plus model replaces IDACI band payments from April 2020. This could lead to a saving of only £126K in 19/20 but would mean settings see no change to their funding levels until autumn 19 and give them further time to maximise EY pupil premium uptake before this becomes to sole measure for distributing the available funding.

Responses to this consultation are requested from all Early Years providers and other interested parties by March 8th 2019. Comment regarding your support or not for the recommendation of the Formula Funding Committee and any other preferred solutions are most welcome.

They should be sent to sophie.downing@northumberland.gov.uk