

Schools Forum Decisions and Consultations

– 27 November 2019

Item:

Update from Early Years Sub Group

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Summary:	<p>This paper is an update from the Early Years Sub Group which met on 6th November and considered the budget position as at month seven.</p> <p>Members also voted on changes to the Quality Supplement element of the Early Years Single Funding Formula (EYSFF) to ensure this is more equitable across qualification types from April 2020.</p>
Recommendations:	<p>The Schools Forum is recommended to note:</p> <ul style="list-style-type: none">• The budget position as at month seven.• The Schools Forum is asked to agree the recommendations of the Early Years Sub group to cease to pay the quality supplement element of the Single Funding Formula for all eligible qualifications and for the funding to be added to the base rate.
Reasons for Recommendations:	<p><u>Changes to the quality supplement element of the Single Funding Formula</u></p> <p>Appendix A reports on the response from the consultation that ran from 25th September to 25th October 2019. This report was discussed at the sub group meeting on the 6th November. It was noted that less than 20% of providers responded to the consultation which did not meet the criteria that sub group had put in place. The response from the consultation was therefore taken into consideration when making their recommendation. The recent announcement by the DfE about the uplift to the Early Years Base Rate for Somerset of £0.08p from April 2020 was also considered when making their recommendation. Sub group also considered the increase in the base rate to all providers by taking away the quality supplement. The overarching reason for the cessation of any quality supplement, that Sub Group concluded, was to reinstate equality of funding for all providers which is especially important now as the current funding rate is low. A requirement of the Early Years Sub Group was to ensure, in addition to the Minimum Funding Guarantee, a package of business support be put into place to support settings in need of this. It was agreed that this would be discussed at the next Early Years Sub Group.</p>
Links to Priorities and Children and	<p>The Early Years Budget supports The Somerset Plan for Children, Young People and Families 2019- 2022 – Priority 3</p>

Young Peoples Plan:	Education – building skills for life.
Financial Implications:	Modelling needs to take place to determine the increases for providers from April 2020 but in principle we are recommending an increased base rate for all and will use the saving from the quality supplement and the recently announced government increase to ensure this. The budget of £27m will be increased from April 2020 to afford this.

1. Budget Position Month 7

- 1.1. Universal entitlement 3- & 4-year olds. Expenditure continues to be below the previous year and in month 7 the predicted underspend has grown slightly since the previous month.
- 1.2. Extended entitlement (30hrs) the profile is showing an overspend and this has increased since the previous month. This is to be expected given that more working families are claiming this entitlement which is now in its second year.
- 1.3. 2-year-old funding – based on profiling over the last three years there is a predicted overspend. This is partly due to the reduction in funding on the 18/19 final adjustment which uses the census figures.
- 1.4. Early Years Disability Access Fund – based on cumulative profiled spend over 17/18 and 18/19. The spend is well below this time last year, though there was a significant amount in month 12 last year and this may well happen again.

2. Changes to Quality Supplement Element of the EYSFF

- 2.1. The formula relates to both the universal entitlement for all three and four year olds and the extended entitlement for three and four year old children of eligible working parents.
- 2.2. It was agreed at the Early Years Sub Group on 18th September 2019 to consult with the sector about changes to the quality supplement of the single funding formula with the intention of changing this for 2020/21

2.3. Existing Early Years Single Funding Formula 2019/20

EYSFF Factor for 3 and 4 year olds	2018/19 values	2019/20 values
Base rate:	£3.93	£3.96
Provider qualification factor:		
Childminder with appropriate L3 qualification	£0.60	£0.60
Qualified teacher in an LA designated nursery provision or former LA nursery now academy run.	£0.50	£0.50
Early Years Professional leading the learning for at least 15 hours per week	£0.25	£0.25
Early Years Teacher leading the learning for at least 15 hours per week	£0.25	£0.25
Deprivation factor	£0.40 per hour	£0.61 (max per hour per child using IDACI)
<ul style="list-style-type: none"> based on the proportion of hours claimed for children living in deprived households Deprivation factor is based on IDACI deprivation data bandings 	(maximum allocation using Experian data)	Average deprivation funding £0.06 per hour
	Average deprivation funding £0.05 per hour	
2 year olds accessing entitlement funding		
Base rate per child per hour with no supplements	£5.04	£5.04

Options for consultation

The Provider Representatives voted to include 4 options in a consultation to all members of the early years sector. This consultation ran from 25th September 2019- 25th October 2019. The results of this consultation were considered at the Early Years Sub Group of Schools Forum on the 6th November 2019.

The four options considered were:

1. No quality supplement for any provider
2. Quality supplement for childminders only
3. Equal quality supplement for all eligible providers
4. Reduced quality supplements for all eligible providers.

- 2.4.** Less than the required 20% of the sector responded to the consultation. A total of 97 responses were received; 40 from childminders and 57 from representatives of group providers. The responses were analysed by all providers and by provider type and the percentage choosing each of the four options found. (please see appendix A)

The majority chose option 3 with option 2 a close second. Most childminders (68%) voted for the supplement for childminders only. In contrast, most group providers (58%) voted for equal supplements for both childminders and group providers. 23% overall voted for no quality supplements.

It was noted by sub group therefore that those who had the supplement had voted to keep it and the majority of those that didn't have it had voted to lose it.

The results of the consultation were therefore considered as part of the discussion and subsequent recommendation.

The report considered by the Sub Group recommended option 2. The Early Years Representatives considered that choosing this option would not create equality across the sector. The LA recommendation, as confirmed by discussion, was based on the risk of losing childminders and therefore risking a reduction in the sufficiency of childcare places. The consultation was based on making changes to the quality supplement to improve equality of funding across the sector. It was therefore concluded that taking the quality supplement away would be the only fair and equitable way to do this.

It was also noted during the discussion that Somerset is one of only a few local authorities that retains any type of quality supplement.

- 2.5. The Early Years Sub Group considered carefully the negative impact that their recommendation would have on some settings. The Minimum Funding guarantee will ensure that there is a transition period for any setting that is negatively impacted by the changes. In addition to this it was agreed that a small proportion of the money saved from the cessation of the quality supplement would go towards a package of business support for settings adversely affected. The details of this will be discussed and agreed at the next sub group meeting. The Local Authority already passes through 97% of the funding it receives from central government to providers and only 3% is retained for central services.
- 2.6. The proposal to cease to pay the Quality Supplement was put to the vote and carried with 4 voting in favour and 1 against and no abstentions.

3. Background papers

- 3.1. Minutes of Early Years Sub Group meeting held on 6th November 2019
- 3.2. Appendix A- Report following consultation with Early Years Providers on the proposed changes to the quality supplement element of the single funding formula.

Note: For sight of individual background papers please contact the report author