

SCHOOLS FORUM – 15TH MARCH 2017**EYNFF UPDATE - REVISED HOURLY RATES****1. Purpose**

The purpose of this report is to advise School Forum members of the new hourly rates to be adopted following the introduction of the new EYNFF for 3 and 4 year olds from the 1st April 2017 and to advise of the discussions held with the working party around the base rate and the deprivation factor.

2. Background

At present the following hourly rates are paid in respect of 2, 3 and 4 year olds.

	Rate	Proposed
2 Year old	Base	4.89
Nurseries	Base	3.80
Maintained - Infant	Base	3.16
Maintained - Primary	Base	3.06
Academy - Infant	Base	3.16
Academy - Primary	Base	3.06
PVI	Base	3.43

In addition to the above rates a further increase is made to the hourly rate in respect of the following:

- A supplement of 5p per hour where 50% or more of the pupils are deemed as deprived.
- A further supplement of 5p per hour where 70% or more of the pupils are deemed as deprived.

In respect of 3 and 4 year olds the hourly rates were reviewed and increased following a review in 1st April 2015. For 2 year olds this hourly rate has remained the same since 2 year old funding was introduced. The rate paid by the Council is in excess of the funding currently received at £4.85 per hour. The reason for this is this area was one of the pilot areas prior to the formal introduction of the scheme when the national hourly rate was set.

3. The new EYNFF

The new national funding formula introduces the following:

- the concept of a universal base rate for all pupils regardless of the area they live in and the type setting they attend

- the permitted use of supplements as long as these do not breach 10% of the total allocation. Of the supplements deprivation is mandatory and must be used by all Councils.
- restrictions on the amounts that Councils can retain to fund central services in respect of the 3 – 4 year old funding. In 2017-18 this will be restricted to 7% reducing to 5% in 2018-19.
- the introduction of a Disability Living Fund
- the requirement for Councils to create an EY SEN Inclusion Fund.
- the clarity that EYPP remains outside the scope of the new EYNFF.
- Transitional protection within the lifetime of this parliament for maintained nursery schools.
- The average rate per hour quoted includes amounts that authority's may use for supplements hence the universal base rate may be below the average rate quoted of £4 per hour in 2017-18.

4. The position for NELC

Prior to Christmas the DfE released **indicative** data as to the funding Councils should receive in respect of 2, 3 and 4 year old funding. This is shown in the table below:

<u>Element</u>	<u>£</u>
3 & 4 year old indicative funding – 15 hours	6,486,980
3 & 4 year old indicative funding – 30 hours eligibility	925,334
Total 3 & 4 year old indicative funding	7,412,314
Disability Living Allowance	36,900
Maintained Nursery transitional Protection	203,117
EYPP	190,242
Total Hourly rate	4.30
2 year old funding	2,351,242
Total Hourly rate	5.20

The above funding is driven off the following DfE data:

<u>Element</u>	<u>Pupil Units</u>
3 & 4 year old indicative funding – 15 hours	2,646.7
3 & 4 year old indicative funding – 30 hours eligibility from 1 September 2017	377.5
2 year old funding	793.3

The Council currently pays around £66k in respect of the deprivation factor, currently this equates to approximately 1% of the total EY 3 & 4 year old funding.

The current deprivation supplement amounts are historic, were introduced many years ago and their values have remained unchanged since this time.

5. Working Party Discussion

The working party discussed the base rate, the current deprivation methodology and the requirements around those amounts that are permitted to be centrally retained. The view prevailing in the working party was:

- A view that the deprivation methodology and amounts we apply should stay the same and should not be uplifted.
- That as much funding as possible should go through the base rate.
- That the base rate should be as near as possible to £4 per hour for 3 to 4 year olds and £5 per hour for 2 year old to prevent settings from leaving the market.
- That the amount set aside for central services should be, if possible, adjusted to assist with the above hourly rates if possible.

6. Proposed 2017-18 hourly rates

Factoring in the above the position and adjusting for the actual hours currently accessed within NELC the position is as follows:

2017-18 financial year as per DfE indicative figures and NELC actual data

3 & 4 Year olds

<u>3 and 4 year old hourly rate in respect of the universal 15 hours</u>	<u>Calculation as per DfE data</u>	<u>Calculation as per NELC actual data</u>
	<u>£</u>	<u>£</u>
2017-18 Indicative figure 3 & 4 year olds (15 hours)	6,486,980	6,486,980
Adjustment for actual annual hours in NELC		(216,015)
Sub Total	6,486,980	6,270,965
Less: Retained for Central Services – 5.7%	(369,758)	(357,445)
Less: Estimated amount required to fund	(73,878)	(73,878)

deprivation		
Amount available to distribute	6,043,344	5,839,642
Total Hours pa as per DfE data	1,508,619	1,458,383
3 & 4 year old hourly rate	4.00	4.00

In respect of the additional funding for the 30 hours for eligible families then a rate is more difficult to project as the take up is not known and whether those families will attract a deprivation supplement. One universal hourly rate (£4 per hour) will be used however.

2 year old

<u>2 year old hourly rate</u>	<u>Calculation as per DfE data</u>	<u>Calculation as per NELC actual data</u>
	<u>£</u>	<u>£</u>
2017-18 Indicative figure 2 year olds	2,351,341	2,351,341
Adjustment for actual hours in NELC		(45,547)
Less: Retained for Central Services – 3.76%	(88,410)	(86,698)
Amount available to distribute	2,262,931	2,219,096
Total Hours pa as per DfE data	452,181	443,403
2 year old hourly rate	5.00	5.00

2018-19 year hourly rates

In respect of 2018-19 officers feel the system and process needs to settle in and actual take up reviewed. A further report will be brought to a future meeting of the Schools Forum.

7. Summary

The summary of the above is demonstrated below:

Hourly rates to be paid from 1st April 2017

	£
3 & 4 year old	4.00
Where 50% or more of the pupils are deemed as deprived.	4.05
Where 70% or more of the pupils are deemed as deprived.	4.10
2 year old funding	5.00

The 2017 18 position discussed above would:

- meet the DfE criteria
- give an increase in hourly rates across all settings

In respect of the two maintained nursery schools the transitional protection will be split 50:50.

8. Conclusion

The setting of the EY hourly rates does not require a decision from the Schools Forum and the report is for information and noting only.

David Kirven
Strategic Lead – Business Partnering