

Southend-on-Sea Education Board

on

13th March 2018

Report prepared by:

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Report Title: Early Years 2018/19 Provider Rates and Deprivation Entitlement Paper – Elaine Hammans/Paul Grout

Agenda Item: 7

1. Purpose of Report

1.1 To inform the Education Board on the first review of the deprivation supplement

1.2 To ensure the use of the funding which is centrally retained and administrated through the Dedicated Schools Grant under The School and Early Years Finance (England) Regulations 2017. In order for the Local Authority to meet its statutory duties under the Childcare Act 2006, Sections 6,7 and 7A.

2. Recommendations

2.1 To confirm the criteria for the mandatory deprivation funding for 2018/19 following the consultation with all early years providers

2.2 To commence a further review from September 2018 of deprivation supplement criteria whether to align the supplement with the April 2018 revision of EYPP and FSM criteria

2.3 To confirm provider funding rates for 2018/19

3. Background/Context

3.1 Local authorities **are required** by legislation to:

Apply a deprivation factor to hourly funding rates for children accessing 3 & 4 year old funding for both 15 hours universal entitlement and the additional 15 hours extended for working families.

To calculate and notify initial budgets to providers by 31st March each year.

3.2 Local authorities are required to apply a deprivation factor to the hourly funding rate for 3 & 4 year olds accessing a funded place. The amount and criteria for the deprivation fund is left to the local authority's discretion, although there is an upper limit of 10% of the overall funding rate.

The current position is that the deprivation factor is based on the postcode of the child’s home address and is linked to the 0-30% deprived SOAs within wards. Historically this was the most accessible indicator of deprivation that could be applied easily.

Changes in the Early Years Pupil Premium (EYPP) criteria which come into force in April 2018 have meant that a move to link deprivation supplement to EYPP criteria from April 2018 would have a significant impact on some early years providers. Therefore it was agreed to consult early years providers on a more gradual change to deprivation funding.

Early Years carried out the consultation in January 2018 with all early years providers on whether to base deprivation element for 2018-19 on postcodes in the 0 - 20% most deprived areas in Southend from April 2018.

The majority of providers who responded to the consultation were in favour of reducing the deprivation factor to 0-20% (78% of respondents) and maximising the base rate from April 2018 (87% of respondents). Therefore it is recommended that the deprivation supplement criteria should be 0-20% deprivation index based on the family’s postcode from April 2018.

3.3 Following the revised EYPP and FSM criteria applied from April 2018 Early Years are requesting a further review of deprivation supplement to commence in September 2018. This review would propose to align the supplement with EYPP and FSM criteria from April 2019 which would target the additional funding to support improving outcomes for our most needy children.

Proposed new 3 & 4 year old funding rates from April 2018

	Pre-School	Registered Childminder	Independent School	Day nursery	Maintained School & Academy
Funding Rate 17/18	4.18	4.18	4.18	4.18	4.42
Funding rate 18/19	4.21	4.21	4.21	4.21	4.30
Funding rate 19/20	4.24	4.24	4.24	4.24	4.24

4. Summary of benefits of the proposal

4.1 Poverty Agenda

The proposal to review and amend the deprivation factor will enable SBC to:

- maximise the available budget for Early Years DSG
- ensure that the deprivation funds target those children living in the most deprived areas
- meet the statutory requirements and guidance on deprivation funding

The proposed further review to align deprivation supplement criteria to the revised EYPP and FSM criteria from April 2019 would, in addition, allow for closer monitoring of the take-up of EYPP and maximising its effect.

5. Implications of the report

5.1 The revised deprivation supplement criteria from April 2018 will require minimal SBC staff resources to adapt the current process.

6. Financial implications

6.1 The increase in the number of children living in 0-30% deprivation postcodes has put pressure on the Early Years deprivation supplement by an additional 11% in 2017/18. This position will not be able to be sustained going forward.

6.2 The impact for early years providers and schools would be a reduction in the percentage of children who would attract deprivation supplement funding as shown in table 1.

Table 1.

Children eligible for deprivation funding			
Year	Children attending School nursery	Children attending PVI settings	Total of children overall
17/18	64%	38%	45%
18/19	45%	27%	32%
Reduction	19%	11%	13%

Schools would see a greater reduction than the PVI sector; however for 2018/19 schools will be receiving an enhanced base rate against the PVI base rate. The DfE Statutory guidance allows for a base rate differential for 2018/19 with all providers paid at the same base rate from 2019/20.

6.3 With the new proposed rates for 2018/19, although a small increase, sustainability of providers from all sectors continues to be a local and national concern.