

Early Years rates 2017-18

1. Purpose of the Report

To agree the Early Years rates for 2017-18.

2. Background

A new Early Years national funding formula for 3 and 4 year olds was announced on 1 December. The formula consists of a universal base rate plus factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language. The formula also includes an area cost adjustment multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and Nursery Rates Cost Adjustment (NRCA) to indicate cost of premises.

Funding for the most disadvantaged 2-year olds is already allocated on a formulaic basis. The Government has however committed to uplift the average two-year old hourly funding rate from £5.09 to £5.39.

3. Impact for Nottinghamshire

The formula includes a minimum funding rate of £4.30 per hour to local authorities, which will give local authorities the scope to pay providers an average funding rate of at least £4 per hour. For Nottinghamshire this minimum funding rate allocates an additional 3p per hour above our calculated funding. There is no guarantee that this additional funding will be available in 2018-19, and indicative figures published to date indicate this will not be available.

There is a new requirement for authorities to establish a special educational needs inclusion fund. Any contributions to this from the Early Year's block will impact the funding available for the hourly rate, and the support available to Early Year's providers from this fund. Existing funding for Early Years special educational needs will form part of this new fund.

Free school meals payments will no longer be permitted.

The Sustainability factor payment is no longer permitted. This is the subject of a separate paper.

The funding allocated through the Early Years block is allocated according to Nottinghamshire's local formula. Consequently the deprivation factor of £0.05 per hour is continued.

4. Calculation of rates

The hourly rates have been calculated in two ways:-

- With no allocation to the special educational needs inclusion fund and all available funding increasing the hourly rate to the maximum. This includes 3p of funding which may not be available next year. Under this method, providers will need to be aware that their hourly rate may drop in 2018-19.

- Set to exclude the 3p per hour additional funding which may not be available next year. This funding will instead be added to the special educational needs inclusion fund on a one off basis. Any funding not spent in 2017-18 will be carried forwards for future years.

	2016-17	2017-18 Maximum	2018-19 projected rates
2 year olds PVI's	£5.09	£5.23	£5.23
2 year olds Schools		£5.10	£5.10
3 & 4 year olds PVI's	£4.00	£4.17	£4.14
3 & 4 year olds Schools	£3.90	£4.07	£4.04
SEN Inclusion fund additional allocation	-	-	£257,377

5. Recommendation

That the Schools Forum:

- note the contents of the report
- decides whether 2017-18 rates should be at the highest possible level, or limited to the level which is sustainable for 2018-19 with the balance contributed to the SEN Inclusion fund.

For any enquiries about this report please contact:

Tamsin Rabbitts

Senior Finance Business Partner

T: 01159 773427

E: tamsin.rabbitts@nottsc.gov.uk