



To:
Providers of Early Years Provision
in Milton Keynes

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Dear Colleague,

Briefing note on Early Years Funding in Milton Keynes in 2017/18

Just before and during the summer break, there were a number of government announcements that have potential to impact on early year's funding, details of these are summarised below:

Early Years National Funding Formula Consultation

The DfE has launched its consultation on an early years national funding formula. The consultation document can be found at: <https://consult.education.gov.uk/early-years-funding/eynff> and the deadline for participating is **22nd September 2016**.

DSG funding arrangements for 2017/18 - highlights

Final allocations will be announced in December 2016, and will include the data from the October 2016 census. The budget will be discussed at the Schools Forum meeting on the 12 January 2017. The schools funding formula, with final funding allocations, must be submitted to the EFA by 20 January 2017.

Early Years Block: Based on the current live consultation it is proposed that the early years funding formula will be introduced from April 2017, although LAs will be given up to two years to transition to the new formula. The new extended free entitlement to childcare from 15hrs to 30hrs a week for working parents will be implemented from September 2017 and will be funded according to the same national funding formula proposed for the 15hr provision.

Nationally the government has committed an additional £300m pa to uplift the average national early years funding rate paid to providers to £4.88 per hour. This means the funding rates received by LAs have been uplifted and it is expected that LAs will pass this uplift onto providers. The indicative figure for MK in 2017/18 is £5.01 rising to £5.24 in future years (£4.02 in 2016/17) The actual rate paid to each provider will vary according to how much funding is held centrally by each LA and how much is allocated through the supplementary factors.

The consultation is proposing to restrict the amount a LA can hold centrally to 5% of the total early years allocation (7% in 2017/18). This could include expenditure on things like providing support to new providers (growth fund), training for staff or support services for high needs pupils.

It is proposed to introduce disability access funding to ensure that providers automatically receive additional funding for every child in their setting in receipt of disability living allowance. Also LAs are encouraged to set up a central SEN inclusion fund to provide additional top up funding to providers to improve outcomes for children with special educational needs. This can be created from either the early years block and/or the high needs block.

The proposed national funding formula will have the following features:

- The base unit rate of funding is to be set to the same value for all types of provider by April 2019.
- During a transitional period of two years an additional supplement will be provided for Nursery Schools.
- A maximum of 10% of funding can be passed through optional supplementary factors:
 - Deprivation (the only compulsory supplementary factor)
 - Rural/sparsity
 - Flexibility
 - Efficiency
 - Delivery of additional 15hrs free childcare
- Removal of the quality factor
- Removal of lump sums

During the transition to the new funding formula with any reductions to provider hourly rates will be capped at 5%.

Yours sincerely

Penni Powers
Finance Manager, Finance and Resources