

Government Consultation**An Early Years National Funding Formula and changes to the way three- and four-year-old entitlements to childcare are funded****Fact Sheet for Early Years Providers in Wiltshire**

The government has issued a consultation on moving towards a national funding formula for funding the free entitlement to childcare for 3 and 4 year olds and the extension of the free entitlement from 15 to 30 hours a week for working parents. The consultation was issued on 11th August 2016 with a response date of 22nd September 2016.

The consultation includes proposals to change:

- A. The way in which national funding is distributed to local authorities
- B. The way in which funding is passed from local authorities to providers
- C. The way in which funding for SEN and Disabilities in early years settings is allocated

A – DISTRIBUTION OF FUNDING TO LOCAL AUTHORITIES

- The government is proposing to introduce a national funding formula to allocate funding to local authorities
- This will include additional investment of £1 billion by 2019-20 to support the implementation of the extension of the entitlement from 15 to 30 hours for children of eligible working parents
- The increased funding will support an increased national average hourly rate of £4.88 (including Pupil Premium)
- Wiltshire currently receives funding at an average value of £3.84 per hour which is then allocated to providers through a base rate of £3.81 per hour plus supplements for deprivation, sustainability and pupil premium grant where applicable. It is estimated by the Government that Wiltshire's funding will increase to an **average of £3.97** per hour including supplements and pupil premium grant, meaning Wiltshire will still be a relatively low funded Council.
- It is proposed that no changes will be made to the mechanism for distributing funding for 2 year olds however there will be an increase in the hourly rate.

B – ALLOCATION OF FUNDING TO PROVIDERS

- Local authorities will be required to pass through a minimum of 95% of funding through to providers. Wiltshire already exceeds this requirement.
- Local authorities will be required to set a universal hourly base rate for all types of provider. Wiltshire has already moved to a single rate for all providers
- A Council's local formula will be able to include supplements for
 - Deprivation
 - Rurality
 - Flexibility
 - Efficiency
 - Supporting the delivery of the additional 15 hours
- All authorities will work with their Schools Forum and early years representatives to set local formulae that meet the needs of their area within the available funding.

C – ALLOCATION OF FUNDING TO SUPPORT CHILDREN WITH SEN AND DISABILITIES

- It is proposed to create a Disability Access Fund which will be paid to all providers for each child in receipt of Disability Living Allowance taking up a place in their setting. £12.5m will be allocated nationally for this fund. Councils will pass this funding directly to providers for eligible children.
- All local authorities will be required to have an Inclusion Fund in place. It is expected that the allocation of this funding to providers would largely be on the basis of “top ups” on a case by case basis. Wiltshire already has an Inclusion Support Fund in place and will need to review its affordability in line with the extension of the free entitlement from September 2017
- Pupil Premium Grant will continue as in previous years

NEXT STEPS

- The closing date for responses to the consultation is 22nd September 2016.
- The Early Years Reference Group will consider a response at its next meeting on 16th September and all providers are encouraged to respond to submit your own views. The response of the Early Years Reference Group will be circulated after the meeting if you would like to use that to support or inform your response
- The new formula is to be implemented from April 2017 therefore over the autumn period work will take place to review the Wiltshire Early Years Single Funding Formula (EYSFF) to ensure it complies with the new requirements and to consider whether any of the additional supplements should be incorporated – to date Wiltshire’s approach has been to maintain a simplified formula and to ensure the majority of funding is distributed through the basic hourly rate.
- The government will announce funding for 2017-18 in December 2016 and we will then be able to confirm the hourly rates to be used early in the new year.
- Work will continue within the Early Years and Childcare Team to ensure that Wiltshire is ready for the extension of the entitlement to 30 hours for children of eligible working parents.

If you require any further information please contact:

For questions relating to the funding consultation – Liz Williams, Head of Finance
ellizabeth.williams@wiltshire.gov.uk

For questions relating to the extension of the free entitlement - Early Years and Childcare Team 0300 003 4561 or earlyyears@wiltshire.gov.uk