

Notes / Assumptions to EY Budget Model - February 2017 Version 2

Funding (early years block DSG) is based on the following:

- 1 The actual final funding rates from the DfE as announced December 2016:
2 year olds - £5.74
3 & 4 year olds - £4.70
Maintained Nursery School supplement - £267,622

- 2 The January 2017 DRAFT census numbers.

The DfE estimate of the additional 15 hours from September 2017. The

- 3 2018/19 estimate is for a full year.

The deficit carry forward from 2016/17 to be met in 2017/18 is based on

- 4 actual payments and funding to date (end of February).

The formula is based on the following:

- 1 Using a quality supplement to support workforce qualifications using funding within the 10% cap.
Quality definition: 50% of staff with level 3 qualification or above, including 1 teacher or EYPS. All remaining staff at level 2.

The two maintained nursery schools receive the supplement equally

- 2 between them as a lump sum.

The expenditure budget is based on the following:

- 1 The provider actual hours of provision used is the 2016/17 actual to date.

No contingency has been built in

- 2 The number of hours has been uplifted for the additional 15 hours as per the DfE estimate:

7/12 for 2017/18 and full year for 2018/19. No MFG/Cap has been applied to these hours.

It is assumed that 25% of the uplift are paid the quality rate.

- 3 The three year position is based on using a minimum funding guarantee and funding cap as follows:

2017/18 - no provider loses more than 3% of their 2016/17 funding rate, no provider gains more than 3% of their 2016/17 funding rate.

2018/19 - no provider loses more than 10% of their 2016/17 funding rate, no provider gains more than 10% of their 2016/17 funding rate.

2019/20 - all providers on the same funding rate.

It should be possible to increase the funding rate moving forward if funding received keeps pace with actual expenditure .

- 4 The Centrally Retained budget is as per actual requirement (well within the cap) and includes an estimate for the SEN Inclusion Fund.

Provider Funding Rates:

The funding rates for both 2 year olds and 3&4 year olds are at a minimum of 95% of the rates received to allow for central services.

Provider Funding Rates Used:

- 1 2 year olds - £5.45

- 2 **Options for 3 & 4 year old rate:**

Exemplification used:

Base rate £4.20

Quality Rate £0.55

If balance the budget in year:

Year 1:

Base rate £4.00

Quality Rate £0.50

Year 2:

Base rate £4.50

Quality Rate £0.75

If balance budget (with a small surplus) over 3 years (spread the pay back of the deficit):

Base Rate £4.25

Quality Rate £0.65

Funding used for Quality Rate: £482k

Number of Providers Losing: 28

- 3 Deprivation will continue as per the current arrangement, adding £0.47 to the £0.53 EYPPG

The aim is to balance the budget over 3 years.

Once the deficit and MFG has worked through, should be able to increase the provider rate.