



Schools Forum

Date: 16 January 2018

Time: 8.30am

Venue: Shrewsbury Training
and Development
Centre

Item

Public

Paper

C

EARLY YEARS FUNDING FORMULA – DISADVANTAGED SUPPLEMENT

Responsible Officer Neville Ward

e-mail: Neville.ward@shropshire.gov.uk

Tel: (01743) 254552 Fax (01743) 254400

Summary

This paper is to inform Schools Forum of changes to the way in which the early years disadvantaged supplement is calculated and will be paid to early year providers from the start of the financial year 2018-19.

Recommendation

This paper is for information only.

REPORT

Background

1. Under the terms of the national early years funding formula (EYFF), local authorities are required to include a supplement to acknowledge those children who are deemed to be disadvantaged. Shropshire Council is intending to change the methodology for calculating the disadvantaged supplement in an attempt to target funding more appropriately to those children and families most in need, and to reflect that disadvantage can be a result of factors other than pure economic circumstances.
2. At present a total of £300,000 (2.6% of the overall early years budget) is set aside within the EYFF to fund the disadvantaged supplement. All of this is paid to providers through the supplement. It is intended to continue to allocate the same overall amount of funding to the supplement and to continue to pass all of this on to providers thereby not increasing the amount retained centrally.

3. There has been an additional disadvantaged supplement payment made to all providers in receipt of funding for the free early years entitlements since 2011. Providers have received a one-off payment at the end of the financial year. The amount each provider has received has been based on an historic analysis of the postcode details of the children in the setting on early years census day and then mapping those postcodes to the Index of Multiple Deprivation (IMD).
4. It is acknowledged that it is no longer appropriate to use this data as a means of allocating funding to those children most in need of extra support. There is also some unease in continuing to use IMD as the measure of deprivation given that the school funding formulae uses the income deprivation affecting children index (IDACI) as the measure for allocating funding to schools.
5. The decision has been taken to change the means by which the deprivation supplement is calculated and paid, in an attempt to target the funding more effectively at those children who are most in need.

New Proposals

6. A one-off lump sum will continue to be paid to providers, with IDACI data used as the basis by which this payment is calculated in the future. This will replicate the manner in which funding is calculated and allocated within the school funding formula. Some 50% of the overall disadvantaged supplement - £150,000 – will be targeted to providers through this revised approach.
7. The data used will continue to be based on the numbers of children in the setting on early years census day. This will be mapped to the postcodes of these children through IDACI, giving each child a ranking between A to G based on their postcode. A financial value will then be attached to each ranking and a one-off payment made to providers based on the number of children in the setting in each of the rankings. The basis for these calculations, and the financial values used, will replicate those used in the school funding formula.
8. The remaining 50% of the overall fund will be allocated directly to support specific children and families identified as being in need.
9. The two means of identifying children and families who would benefit from some additional support, and who may be deemed to be disadvantaged, are based on circumstances rather than being focussed purely on economic circumstances.
10. This means that, firstly, families of children aged two, three or four are being supported who are being taken through the Early Help process and for whom the availability of some additional funded childcare, on a short-term basis, would be beneficial. Examples would include those families who are experiencing family bereavement, domestic violence or separation.

11. Secondly, the local authority is keen to ensure that those children with English as an additional language (EAL) are being provided with the appropriate support to enable them to access their early years entitlements and help ensure they are as 'school ready' as possible. Officers are working together with the Multicultural Development Team (MDT) to identify those children and agree the support required for the settings they attend. The intention is to passport funding to those providers to enable them to access the required support directly from MDT.