

Executive Early Years statement – March 2017

The Executive wishes to acknowledge the tremendous work of the Early Years providers in Stockport, with 99% of day nurseries and preschools rated as Good or Outstanding 'and 96% of Childminders, well above the national figures.' The Executive also understands the uncertainty and increasingly difficult situation within Early Years provision and strongly believes there is a looming crisis in the whole education sector unless an appropriate level of funding is made available to the Local Authority and its providers.

The current situation should also be framed within the context of Stockport Council being forced make £90m in savings to the total budget since 2010, and a further £13m less in funding from central Government for 2017/18 and £15m in 2018/19.

In July 2016, the Education Secretary re-affirmed the government's intention to introduce a new national fairer funding formula (NFFF) through the Dedicated Schools Grant (DSG) for Schools, Early Years and High Needs blocks. The Early Years block is the first to move to a national funding formula and as such will comprise of a single national base rate plus three supplements (free school meals, English as an additional language and disability living allowance) with the combined total for each Local Authority adjusted by the area cost adjustment (ACA). The implementation of the early year's national funding formula (EYNFF) from April 2017 also includes a series of requirements and controls upon local authorities in relation to operational practice and local funding formula, including the requirement to apply a single base rate to all early years' providers within the local formula by 2019/20 at the latest.

The formula provides Stockport £14.738m of funding for the universal and extended free entitlement within a total early years block funding of £17.892m, which results in a base funding level of £4.30 per hour. The Local Authority will retain part of that and, in return, Early Years providers will continue to receive support services; including, Learning Leads website resources, Consultants and Childminding Improvement Officers, an annual programme of CPD events including conferences, support for moderation, and best sharing practices through Associate Leaders. Stockport Council will in 2017/18 continue to fund providers via the local early years single funding formula (EYSFF) model which operates with multiple base rates. Providers will therefore receive either £4.58 or £4.17 dependent on the size of the Early Years establishment, plus a Deprivation Supplement £176.70 per pupil. While the government imposed cuts to funding are bad news, the Executive believes this is a better offer than if we were to cut the support entirely.

In the past, the Council has subsidised the funding rates applied in the local EYSFF model via deployment of reserves. This is no longer sustainable and the impending

change has been communicated to providers over the last several years. If we were to continue to pay the same rate as last year a further saving of £0.186m must be taken from the Schools and High Needs blocks. For this reason and to mitigate the impact to our most vulnerable children, including in the early years setting, the Local Authority has reduced Early Years funding rates by 1.5% to provide a more sustainable budget position. The rates paid by Stockport Council still compare favourably with other North West Regional Local Authority funding rates for the early years free entitlement.

While this change represents a further blow to Early Years providers we do believe this is the best deal we can get from the restrictions being forced by central government and within our finite envelope of funding. The government has not made the money available to cope with standard inflationary pressures let alone its own policy objectives; including, the national living wage increase, pension auto-enrolment, free funded hours and the apprenticeship levy. While each of these policy initiatives are positive steps, they cost money.

It should also be noted that due to legal requirements, the Local Authority has already set business rates for the coming year and it is unable to change them at this stage. Some early years providers will already be entitled to a discount. PVI's registered as charity will automatically get 80% business rate reduction, and some smaller providers will get 100% reduction.

In taking this decision the Local Authority has listened to providers from the Early Years, Schools and High Needs blocks and will undertake a detailed consultation with all early years providers during 2017 on all local proposals to adhere to the new national framework requirements (i.e. one single base rate of funding from 2019/20).

The funding being made available for Early Years education by the government is insufficient and we will be making representation on behalf of our providers. Education should be seen as an investment and not a burden – an investment in our children from an early age is an investment in Stockport and our country.

We continue to thank our Early Years providers for their output, dedication and commitment.

Cllr Dean Fitzpatrick
Executive Councillor (Education)