

**Meeting:** Schools Forum  
**Date:** 20 November 2017  
**Subject:** Early Years Block  
**Report of:** Director of Children's Services  
**Summary:** This paper provides an update on the Early Years Block, with particular regard to the additional 15 hours.

Contact Officer: Sue Tyler

Public/Exempt: Public

Wards Affected: All

Function of: Council

## RECOMMENDATIONS:

**The School Forum note the anticipated spend of the Early Years Block for 2017/18 with particular regard to the additional 15 hours.**

### 1. Background

The School and Early Years Finance (England) Regulations 2017 define the local authority education budgets (the non-schools education budget, the schools budget, the central expenditure and the Individual Schools Budget (ISB)). The regulations set out how local authorities are to allocate funding from the ISB to maintained schools and private, voluntary and independent providers of free early years provision (relevant early years providers) through a locally determined formula.

### 2. Early Years Block

The Early Years block funding was announced in December 2016 and consists of:

- Funding for the **universal 15 hour entitlement for all 3 & 4 year olds**. This is based on payment by the DfE to the authority of a fixed hourly rate of £4.30 ph.
- Funding for the **additional 15 hours for 3 & 4 year olds of eligible parents**. This is also calculated at £4.30 per hour. This offer commenced in September 2017 and the allocation for 2017-2018 covered the seven months following its introduction.
- Funding for the **15 hour entitlement for disadvantaged 2 year olds**. The hourly rate paid to the authority has been set at £5.39.
- Funding for the Early Years Pupil Premium (EYPP) at a rate of £300 p.a. per eligible pupil.
- Funding for the new **Disability Access Fund (DAF)**. This is paid to Early Years Settings at a one-off rate of £615 p.a. if a 3 & 4 year old child receiving free nursery education is in receipt of child disability living allowance.
- In addition there is **Supplementary funding for maintained nursery schools**. In Central Bedfordshire this was originally set at £151,270, and increased in October to £195,221.

3. The table below illustrates the updated allocation for Early Years Block funding. This was updated in July and October 2017, following the January 2017 census data.

<b>Early Years Block Funding</b>	<b>Updated Allocation £M</b>
3&4 year olds universal funding	10.598
3&4 year olds additional 15 hours	2.024
Two year old funding	1.629
EYPP	0.091
DAF	0.059
Supplementary Funding for Maintained Nursery Schools	0.195
Final DfE adjustment (16/17)	(-0.169)
<b>TOTAL</b>	<b>14.428</b>

4. **Early Years Contingency**

At the Schools Forum Meeting on 18<sup>th</sup> September an Early Years contingency of £693,081 was reported. This was later identified as being £737,032.

5. **The new '30 hour' offer**

The new 30 hour offer commenced in September 2017. Eligible parents are entitled to claim an additional 15 hours care & education. There have been considerable teething problems with the HMRC and the allocation of eligibility codes. However there is no evidence that parents have not finally been able to access their code and take-up additional hours this term.

2,936 children are taking up some additional hours. Approx 75% of these hours are being taken at PVI settings and 25% at schools.

The cost of these additional hours for this term:

Funding Type	Nos Hours	Total Costs £
3&4 year olds in PVIs	114,297.76	462,906
3&4 year olds in Schools	39,207.58	145,068
<b>Totals</b>	<b>153,505</b>	<b>607,974</b>

It is anticipated that there will be an increase on the spend for the additional hours for the Spring Term. At the beginning of November the HMRC had issued 907 new eligibility codes. This represents a 30% increase on this term. Based on the same level of spend for these 'vouchers', a calculated estimate of possible spend has been made for the spring term of an additional £182,392 bringing the termly total to a possible £790,366.

## 6. Anticipated spend of Early Years Block by end of March 2017

Payments to providers (3& 4 year old universal)	11,339,274
Payments in Autumn term for additional 15 hours	607,974
Early Years Support Team incl admin(formerly funded from High Needs Block)	225,008
Early Years Inclusion funding	300,000
Anticipated spend on 2 year olds	1,629,397
Anticipated spend on EYPP & DAF	150,194
Estimate of payments in Spring term for additional 15 hours	790,366
<b>Total</b>	<b>15,042,212</b>
2017/18 Early Years Block Allocation	14,428,707
Use of Early Years Contingency	737,032
	<b>15,165,739</b>
Balance on Early Years Contingency	123,527

The transfer from the Early Years into the Schools Block of £237,044 has been included in the baseline and is not shown above.

## 7. 2018/2019

The Early Years block allocations for 2018/2019 will be announced during the autumn. A further paper will be brought to the January 2018 meeting of the schools forum outlining the allocation and how this will equate to future spend.

## 8. Future Risks

- a. The Early Years block is now subject to a National Funding Formula. This requires that by April 2019 different base rates are equalised. At present there is a differential base-rate with schools receiving £3.70 per hour and PVI's £4.05 per hour. When this was modelled early in 2017 the additional spend required to bring about this equalisation was approx. £0.5m. This figure may now be higher as several PVI's have been taken over by their local school. The possibility of moving towards equalisation will be considered once the allocation is known, but on the current basis of spend there is a risk that this will not be affordable.
- b. The base rates were last increased in April 2016. The rates for all settings need to be kept under review as all settings are subject to substantial increases in staffing costs, with the changes to the minimum/living wage. At present in Central Bedfordshire there are virtually no settings not participating in either the two year old or the additional 15 hours offer, unlike some neighbouring authorities. However if funding rates begin to fall behind the real cost of delivery there is a risk that places will be lost.
- c. Most of the long held Early Years contingency will have been used by the end of the current year, which does pose a risk in 2018/2019.
- d. Final adjustments by the DfE resulting in reduced Early Years allocation in 18/19 could pose a further risk.