

Meeting: Schools Forum
Date: 29 January 2018
Subject: Early Years Block
Report of: Director of Children's Services
Summary: This paper provides an update on the Early Years Block allocation for 2018/19.

Contact Officer: Sue Tyler
Public/Exempt: Public
Wards Affected: All
Function of: Council

RECOMMENDATIONS:

- 1. The School Forum note the allocation of the Early Years Block for 2018/19**
- 2. School Forum approval is required to retain centrally for 2018/19; Early Years SEND Advisory Team (formerly funded through High Needs Block) £225K and Early Years Inclusion Funding £300K.**
- 3. Forum decision required**

Background

1. 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.

Early Years Block

2. The Early Years block funding was announced in December 2017 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. This is the same level as 2017/2018.
- Funding for the **additional 15 hours for 3 & 4 year olds of eligible parents**. This is also calculated at £4.30 per hour. The allocation in 2018/19 covers a full year. (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 continues to be paid 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**. This is set at £195,221 which is the same as the amount revised in October 2017.

3. The table below illustrates the allocation for Early Years Block funding for 2018/19, against the updated amounts in 2017/18.

Early Years Block Funding	2018/19 Initial Allocation £M	2017/18 Updated Allocation £M
3&4 year olds universal funding	10.598	10.598
3&4 year olds additional 15 hours	3.600	2.024
Two year old funding	1.629	1.629
EYPP	0.091	0.091
DAF	0.059	0.059
Supplementary Funding for Maintained Nursery Schools	0.195	0.195
Final DfE adjustment (16/17)		(-0.169)
TOTAL	16.173	14.428

Early Years Contingency

4. As the table below shows the Early Years contingency will be completed used by end March, with a small overspend presently predicted depending on the final uptake of the 30 hours offer.

Anticipated spend of Early Years Block by end of March 2018

		Total Spend in 16/17
Payments to providers (3& 4 year old universal)	11,339k	10,680K
Payments in Autumn term for additional 15 hours	762K	
Early Years Support Team incl admin(formerly funded from High Needs Block)	225K	
Early Years Inclusion funding	300K	
Anticipated spend on 2 year olds	1,629K	1,658K
Anticipated spend on EYPP & DAF	170K	139K
Estimate of payments in Spring term for additional 15 hours.	790K	
Total	15,215K	
2017/18 Early Years Block Allocation	14,429K	
Use of Early Years Contingency	737K	
	15,166K	
Overspend on Early Years Block	. 49K	

- The transfer from the Early Years into the Schools Block of £237,044 has been included in the baseline and is not shown above.
- The Early Years National Funding Formula requires that in 2017/2018 93% of the allocation is 'passed-through' to providers. The anticipated pass through figure in 2-17/18 is expected to be 102% due to the need to use contingency. More than 100% of the allocation has been passed through.

Centrally Retained Early Years Block

- School Forum approval is required to retain centrally for 2018/19; Early Years SEND Advisory Team (formerly funded through High Needs Block) £225K and Early Years Inclusion Funding £300K.
- Whilst the £300K is centrally retained it is all distributed to settings and schools to support the inclusion of 3 & 4 year old children.

2018/2019

9. The national formula for all aspects of funding for three and four year olds as well as the different rate for 2 year olds has not changed for 2018/19 in the allocations from the Department for Education. The overall increase in the Early Years Block is solely dependent on the additional allocation for the 30 hours offer.
10. It is therefore proposed that there are no changes to the rates paid to all sectors.
11. Work will need to be carried out during 2018/19 to ensure that from 2019/20 the rates for all sectors are able to be equalised, in line with the requirement in the National Funding Formula for Early years.
12. At present the base-rates are £3.70 per hour for schools and PVI's receive £4.05 per hour.
13. The 'Pass-through' requirement of the Early Years Funding Formula for 2018/19 is 95%.
14. It is anticipated that this figure will be met.

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. Further modelling will be carried out in order to consider how the move to equalisation can be carried out. 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, and in schools the NJC Local Government Pay Award which allowed for increases up to 5%. 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. It is anticipated that all of the Early Years contingency will have been used by the end of the current year. There will be no carry forward to use in the future 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.