

# Central Bedfordshire Council

School Forum

11 March 2019

Early Years Block 2019/20

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## Purpose of this report

To present to the Schools Forum the proposed early Years Block spending allocation following announcement of indicative sums.

### RECOMMENDATIONS

The Schools Forum is asked to:

1. Note the Proposed allocation of the Early Years Block for 19/20
2. Approve the centrally retained sums to fund the SEN inclusion and staffing.

## Background

1. The Early Years National Funding Formula, which governs the Early Years Block 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 the Private, Voluntary and Independent (PVI) sector £4.05 per hour.
2. The differential rates evolved because under previous sets of regulations PVIs could not be given lump sums e.g. for admin costs or for rates and other building costs, nor for the funding to provide a Headteacher equivalent. As schools received help with all of these via their schools budget a differential rate was evolved in order to assist PVIs with some of these costs.
3. All base rates were last increased in April 2016 and since then all settings have been and continue to be 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%.
4. At present in Central Bedfordshire there are virtually no settings not participating in either the 2-year-old or the additional 15 hours offer.

5. The November meeting of the Schools Forum discussed the range of modelled options, and whilst agreeing that there were no 'good' options, the sector would be consulted on the least worst.
6. The January 2019 meeting considered the outcome of the consultation and agreed on the principles to be adopted as shown in the table below.

(Table 1)

	Base Rate(s) per hour	0-30% Deprivation Factor per hour per child	31-60% Deprivation Factor per hour per child	Quality payments (PVIs only) per hour per child	Lump Sum each for 2 MNSs
Consulted Model	£4.05	20p	10p	20p/15p/10p	0

7. It was further agreed that a full analysis of the DSG allocation for 2019/20 would be carried out to inform the March meeting to enable final adoption of the rates as the local funding formula.
8. It was also stated at the meeting that the modeling enables some mitigation of the removal of funding from the two maintained Nursery Schools.

## 2019/20 DfE Allocation of Funding

Table 2 gives a breakdown of how the 2019/20 allocation is built up by the DfE.

TABLE 2	2019/20 Allocation NFF (Dec 2018)
<b>Early Years block</b>	
2019/20 EYNFF LA hourly rate for 3 and 4 year olds	£4.30
PTE 3 and 4 year old child numbers for universal entitlement funding	4,319.11
Initial funding allocation for universal entitlement for 3 and 4 year olds	£10,586,147
Estimated PTE 3 and 4 year old child numbers for additional 15 hours entitlement for eligible working parents	1,367.48
Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds	£3,351,682
LA hourly rate for 2 year old entitlement	£5.39
PTE child numbers for 2 year old entitlement funding	467.03
Initial funding allocation for 2 year old entitlement	£1,434,865
Initial funding allocation for EYPP	£104,257
Initial funding allocation Disability Access Fund	£62,115
Initial funding for MNSS	£201,865
<b>Total EY block</b>	<b>£15,740,932</b>

## Proposed Local Allocation of Early Years Block Funding

TABLE 3

	Announced NFF (Dec 2018) 2019/20 Allocation	Proposed sums for allocation of the Early Years Block
<b>Early Years block</b>		
Initial funding allocation for universal entitlement for 3 and 4 year olds	£10,586,147	
Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds	£3,351,682	
<b>Total</b> Allocated Funding for 3 & 4 year olds based on sums in table 1	£13,937,829	£12,777,750
Initial funding for MNSs	£201,865	£140,000*
Initial funding allocation for 2 year old entitlement	£1,434,865	£1,434,685
Initial funding allocation for EYPP	£104,257	£104,257
Initial funding allocation Disability Access Fund	£62,115	£62,115
Early Years Inclusion Fund		£500,000
Early Years SEND Team		£225,000
Contingency		£497,125
<b>Total EY block</b>	<b>£15,740,932</b>	<b>15,740,932</b>

9. \*The modelling indicates that there is funding available to allocate a lump sum to the two maintained nursery schools. Their budgets will be increased by the move to an equalized base rate, and following an undertaking given at forum it was agreed that the maintained nursery schools should receive the quality factors. These sums equate to an additional approx. £30,000 per Maintained Nursery School. It is therefore proposed that each of the two MNSs are allocated a lump sum of £70,000 each.
10. It is proposed that the Early Years Inclusion fund be increased to £500,000. In 2018/19 the sum allocated was £250,000, but this has proved an inadequate sum and £173K is to be funded from the 2018/19 contingency.

### Pass through rate.

11. Pages 9-11 of Early years entitlements: local authority funding of providers Operational guide 2019 to 2020 publ. refers November 2018 states that

“Local authorities are required to pass at least 95% of their three and four year old funding from Government to early years providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.”

12. “The ‘95%’ includes the following budget lines:

- base rate funding for all providers
- supplements for all providers
- additional lump sum funding for MNS (*not* supplementary funding; see paragraph 23)

the top-up grant element of SEN Inclusion Funds paid to providers contingency funding “

Received		Pass throughs	
Total of 3 & 4 year old funding	£13,937,829	Total of 3 & 4 year old funding	12,777,750
		Lump Sums for Maintained Nursery Schools	140,000
		Early Years Inclusion Fund	500,000
		Contingency	497,125
<b>TOTAL</b>	<b>13,937,829</b>		<b>13,914,875</b>

Pass through is equal to 95.3%.

### Contingency

13. There are always adjustments during the year given changes to the numbers based on census figures. For example, in 2018/19 there was a funding adjustment of approx. - £282K made in October 2018. It is therefore prudent to maintain a contingency.

### Council Priorities

14. The proposals support Improving Education and Skills as the funding formula and its implications relate to the earliest years of a child’s educational experience.
15. The statutory requirement to manage the early years and childcare market and the consideration of maintaining a strong early years sector meets the priority of providing great resident services.

### Corporate Implications

### Legal Implications

16. Each year, the Department for Education allocates grant funding (known as the ‘Dedicated Schools Grant’, or ‘DSG’) to the LA. This funding comprises four ‘blocks’ (namely, the Schools block, the Central Schools Services block, the Early Years block and the High Needs block) and it is a condition of grant that the funding only be used in support of the LA’s schools budget. Among the classes of expenditure prescribed by the School and Early Years Finance (England) (No 2) Regulations 2018 (‘the Regulations’) for the purposes of the determination of a local authority’s schools budget

is “expenditure on early years provision” (Regulation 6(1) and (2)(e) of the Regulations).

17. Before determining the amount of funding to be allocated to maintained nursery schools and other relevant early years providers in its area for the forthcoming financial year, the LA is required by Regulation 8(1) of the Regulations to deduct from its schools budget such of the classes or descriptions of planned expenditure set out in Schedule 2 to the Regulations as it proposes to deduct in order to determine its individual schools budget (the determination of which will enable the LA to determine the amount of funding to be allocated to maintained nursery schools and other relevant early years providers in its area).
18. The classes or descriptions of planned expenditure set out in Schedule 2 to the Regulations include central early years expenditure (Paragraphs 24 – 26 of Schedule 2), expenditure in respect of children with special educational needs (‘SEN’) in relevant early years providers (Paragraph 27) and expenditure on services for children who have not attained compulsory school age and are subject to an Education, Health and Care plan, and for such children with SEN who do not have such a plan (Regulation 31).
19. Before deducting planned central expenditure on early years provision from its schools budget, the LA is required to obtain authorisation from its Schools Forum under Regulation 12(1) of the Regulations, or where such authorisation has not been obtained, from the Secretary of State for Education under Regulation 12(3).
20. Having made the relevant deductions from its schools budget, the LA is required by Regulation 11(9) of the Regulations to determine, by no later than 31 March 2019, the amount of funding to be allocated to maintained nursery schools and other early years providers in its area for the 2019/2020 financial year and to give notice to each school or provider of the amount of funding to be allocated to the setting.

## **Financial and Risk Implications**

21. The contingency is required to fund all changes to the initial budgets following census data throughout the year. The risk is the contingency is not sufficient and the Early Years Block of the Dedicated Schools Grant would overspend in 2019/20 and this would then be deducted from the 2020/21 allocation before budgets are set for 2020/21,

## **Equalities Implications.**

22. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
23. The recommendation made is to ensure the widest possible accessibility to all children, whether taking up a universal 3 or 4 year old service or enhanced hours. By recommending the option which will secure the future of the largest number of settings

it will also ensure that places remain available for the more vulnerable children accessing the two year old offer. Access to early years settings is important in supporting school readiness and improving outcomes for vulnerable groups.

## **Conclusion and next Steps**

24. Schools Forum is requested to note the Local Early Years Allocation as outlined in Table 3. And approve the centrally retained sums.

## **Appendices**

25. None

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