

TITLE	1819 Early Years Budget
FOR CONSIDERATION BY	Schools Forum on 21 February 2018
WARD	None Specific;
DIRECTOR	Interim Director of People Services - Paul Senior

OUTCOME / BENEFITS TO THE COMMUNITY

Not applicable

RECOMMENDATION

The Schools Forum is asked to approve the Early Years' Centrally Retained proposal for 2018/19.

SUMMARY OF REPORT

The Schools Forum is asked to approve the Early Years' Centrally Retained Funding for 2018/19 which will be used to deliver the statutory responsibilities of the Council.

It is proposed that 4% is retained centrally, equating to £421k for 2018/19. This reflects the same % as retained for the current financial year, ensuring 96% is available to fund Early Years' providers.

From the census and budget information available, early indications are that this approach would allow for an increase in the hourly rate of up to 35p per hour for both 2 and 3&4 year olds, however work on the January census remains ongoing. The hourly rate for providers cannot be confirmed until all information is received and verified.

Confirmation of rates to Early Years' providers needs to be communicated by 31st March 2018.

2018/19 Early Years' Budget Proposal

Background

Since its introduction in April 2017, the Early Years' National Funding Formula (EYNFF) has set the hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for three and four year olds.

Local authorities are required, from 2018/19 onwards, **to pass 95%** of their three and four year old funding from Government onto 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.

The '95%' includes the following budgets:

- base rate funding for all providers;
- supplements for all providers;
- lump sum funding for Maintained Nursery Supplement (MNS);
- the top-up grant element of SEN Inclusion Funds paid to providers; and
- contingency funding.

Please note that the 95% is calculated with reference to the Early Years National Funding Formula (EYNFF) funding rate and therefore does not take account of any Maintained Nursery Supplement (MNS) supplementary funding.

The '5%' retained by the local authority is to fund the following types of expenditure:

- Centrally retained funding to support the administration of the Early Years' structure – which provides direct support to settings in line with fulfilling its statutory obligations, and to support the specialist SEND services from the SEN Inclusion Fund;
- Any funding movement out of the Early Years' Block.

Please note the following DSG Early Years' block funding streams are out of scope of the high pass-through calculation (as a direct result of the pass-through percentage being calculated with reference to the EYNFF funding rate):

- funding for the entitlement for disadvantaged two year olds;
- supplementary funding for MNS;
- the Disability Access Fund (DAF);
- the Early Years Pupil Premium (EYPP).

Purpose of the Report

This report is to ask the Schools Forum to support the Council's funding proposals for the 2018/19 Early Years' Budget.

The Schools Forum is asked to approve the Early Years' Centrally Retained Funding which will be used to deliver the statutory responsibilities of the Council, in allocating Early Years' Funding in line with the Early Years' Regulations and Guidance. This is a growing area with increased workload through the introduction of the additional 15 hours entitlement for working parents.

The Early Years' Team consists of 5 members of staff who are responsible for:

- Provider agreements, with terms and conditions, to all Early Year providers which includes PVis, schools with nursery provision, childminders and the maintained nursery.
- Direct work with settings to support quality - ensuring that the LA meets its statutory obligations under the Early Education and Childcare Statutory Guidance document (2017)
- Training to providers
- Support to settings to ensure inclusive provision for all children
- Moderation of EYFSP data, in line with the STA's requirements
- Cluster groups to support providers
- Presentation and briefing at Early Year's Forum
- Monitoring the termly adjustments and verifying census information from providers to enable the correct funding to flow.
- Financial management of supplements and free entitlement

Other support to the Early years team

- Leadership support.
- Finance, I.T. and other support costs.

In order to appropriately fund the above, it is proposed that 4% is retained centrally, equating to £421k for 2018/19. This reflects the same % as retained for the current financial year, ensuring 96% is available to fund Early Years' providers.

The national funding formula rate for 2 year olds funding has remained the same as last year at £5.74, however the rate for 3 to 4 year olds has increased from £4.61 in 1718 to to £4.97 in 1819, this is an increase of 36p per hour.

From the census and budget information available, early indications are that this approach would allow for an increase in the hourly rate of up to 35p per hour for both 2 and 3&4 year olds, however work on the January census remains ongoing. The hourly rate for providers cannot be confirmed until all information is received and verified.

Confirmation of rates to Early Years' providers needs to be communicated by 31st March 2018.

As in previous years, the Early Years' Budget will be adjusted in July 2018. The

council need to adjust the funding 3 times a year, using the May, October and January census numbers.

Financial Summary

A summary of the Early Years' Budget proposal for 2018/19 is contained in Appendix A.

It is proposed that 4% is retained for the Council's statutory duties, equating to £421k for the 2018/19 financial year.

Subject to final information on the census and budget, this could still provide for an increase on provider rates of up to 35p per hour.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)			
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

Other financial information relevant to the Recommendation/Decision

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)

Reasons for considering the report in Part 2

List of Background Papers

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