

Agenda Item 8

TITLE Final Settlement for Early Years Budget 2017-18

FOR CONSIDERATION BY Schools Forum on 17 October 2018

WARD (All Wards);

DIRECTOR Interim Director of Children's Services - Jim Leivers

OUTCOME / BENEFITS TO THE COMMUNITY

Not applicable

RECOMMENDATION

Schools Forum are asked to note the content of this report.

SUMMARY OF REPORT

The report informs the Schools Forum of the final adjustments in relation to the 2017-18 Early Years Budget, including DfE recoupment and final payment to providers.

Also this includes the adjustment of the 2018-19 budget from the DfE on the High needs block.

Final Settlement - Early Years and High needs October 2018

.01 Purpose of the Report

This report provides the Schools Forum with information on the additional allocation made to Early Years providers, following confirmation of DfE recoupment. The estimated number of children budgeted by the Department of Education (DfE) was more than the actual number of children for the financial year 2017-18.

The DfE has now informed the council of the amount it needs to recoup back due to the overfunding. The hourly rate was also set at a level of growth higher than the actual level for 2017-18.

Also to inform the Forum that the 18-19 budget for the High needs block been reduced by £54k due to increases in the High needs population resulting in 9 more commissioned places in post-16 (Further Education (FE) college) out of borough provision at £6k per place. There is no FE provision for children with Special needs in Wokingham, most children looking for this type of provision use Bracknell or Reading College.

.02 Recommendations

The Schools Forum is asked to note the content.

.03 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 to pass 95% of their three and four year old funding from Government onto Early Years' providers. However WBC has in 2017-18 passported 96% of the funding on to their providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.

The 2017-18 contingency of £229,000, which has not changed for several years, is more appropriately described as a Providers Reserve Fund. The DfE recommends that the Council holds an allocation of funds for future growth in numbers. This fund represents a provision for growth of 93 children a year at £2,462 per year (15 hours for 38 weeks of the year, at an average hourly rate of £4.32).

The funding for each Early Years' provider is based on the May, October and January census and the funding is therefore adjusted 3 times a year to reflect any changes in provider numbers as per each census.

To ensure providers can plan their budget for the new financial year, hourly rates and the Early Years' budget needs to be set by the end of February. The contingency funding therefore also helps to fund any negative budget adjustments that the DfE might make in July when they finalise the budget using the January Census.

.04 Financial Summary

The council set an hourly rate based on the estimated number of known children, with an element of expected growth and then provision for unknown growth which was £229k for 2017-18.

Following confirmation of final census information, this has resulted in an underspend within the Providers funding which as per the regulation will be allocated to the Early Years providers.

The table below confirms the amount that has been allocated to Providers:

2017-18 unallocated Early year's funding refunded back to providers				
Adjustment to 2017-18 funding notified July 2018				
Budget need to be completed and allocated by March 2017				
Amount available - not allocated			£707,350	
Recouped by the DfE due to number			-£425,637	
Amount available to refund to Providers			£281,713	
Number of hours			£1,735,053	
Amount refunded per hour			£0.16	
Hourly rate for 18-19 is		2017-18	2018-19	Increase
2 Year olds		£5.30	£5.54	£0.24
3 and 4 Year olds		£4.15	£4.39	£0.24
Teacher supplement		£0.20	£0.20	£0.00

Confirmation of what this means for individual providers has been communicated to them, with payments following in due course.

.05 **Summary**

The DfE encourages local authorities to have a contingency within the minimum amount of 95% for providers to cope with growth. In Wokingham the amount is 96% of the funding.

The adjustment cannot be made in-year as there is not enough information to review the hourly rate and it requires information from all 3 census after they are checked and adjusted by the DfE.

The approach taken ensures that providers are given budget information at an early a stage as possible for planning purposes, while minimising the risks of overprovision against the budget. Following confirmation of the final position from the DfE, any remaining funding is passed on to providers as additional funding in the 2018/19 financial year.

Please see Appendix A which is the revised out-turn report.

Coral Miller
Interim Senior Finance Specialist - Schools
October 2018

Bob Watson
Lead Specialist - Finance (deputy s.151 officer)
October 2018

APPENDIX A Early year's 2017-18 out-turn			
	A	B	C
DESCRIPTION	2017/18 Budget	OUT-TURN	Variance against B-A changes from last month
EARLY YEAR'S BLOCK			
Early Years Block Allocation including Providers reserve fund inc exp for Education of Children under 5s in Private/voluntary/independent settings	8,772,076	8,490,363	(281,713)
Early years Centrally Retained for statutory LA duties	370,000	370,000	-
Pupil Premium 3-4 years	-	42,000	42,000
Recoupment by the DfE	185,924	425,637	239,713
Total Early Year's block Expenditure	9,328,000	9,328,000	(0)

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