

TITLE	19-20 Early years including centrally retained
FOR CONSIDERATION BY	School Forum on 16 January 2019
WARD	(All Wards);
DIRECTOR	Director of Children's Services - Carol Cammiss

OUTCOME / BENEFITS TO THE COMMUNITY

Not Applicable

RECOMMENDATION

The Schools Forum is asked to approve the centrally retained element of the 2019/20 Early Years Budget, which will be used to fund the associated statutory duties of the Local Authority.

SUMMARY OF REPORT

The Schools Forum is asked to approve the Early Years' centrally retained funding for 2019/20 which will be used to deliver the statutory responsibilities of the Council.

It is proposed that 5% is retained centrally, equating to £506k for 2019/20. This reflects an increase of 1% on that retained for the current financial year, ensuring 95% is still available to fund Early Years' providers, in line with DfE guidance.

The proposed increase in centrally retained funding does not represent an increase in central costs within the Council, but a change to DSG block allocation for SEN Early Years Inclusion. Cost of this provision is approx. £160k and was previously funded from the High Needs Block. Retaining 5% for 2019/20 allows £100k of these costs to be more appropriately funded from the Early Years Block rather than the High Needs Block.

From the census and budget information available, early indications are that this approach would allow for an increase in the hourly rate of 7p for 3&4 year olds, with 2 year old funding being held at the current hourly rate. 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 Schools with Early Years provision will be notified by 28th February 2019, with other Early Years' providers no later than 31st March 2019.

2019/20 Early Years Budget January 2019

.01 Purpose of the Report

This report provides the Schools Forum with details of the 2019/20 Early Years' Budget, and the proposed level of centrally retained element to fund the Local Authority's statutory duties.

.02 Recommendations

The Schools Forum is asked to approve the centrally retained element of the 2019/20 Early Years Budget, which will be used to fund the associated statutory duties of the Local Authority.

.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 free 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. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.

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

- Centrally retained funding to support the administration of the Early Years' structure. This provides direct support to settings in line with fulfilling the Local Authority's statutory obligations, and supports the specialist SEND services from the SEN Inclusion Fund;

In previous years Wokingham has set the centrally retained budget at 4%, or 1% below the 5% allowed in the guidance, allowing for a higher level of funding to be passed on to providers.

.04 2019/20 Budget Setting

The Early Years Funding Formula (EYFF) has not changed from 2018/19, with the nationally set rates behind the budget being held at £5.74 for 2 year olds, and £4.97 for 3 to 4 year olds.

The Council therefore intends to keep the 2 year old funding at £5.54 as per the current year but increase the 3 & 4 year old funding by 7p from £4.39 to £4.46.

In respect of the centrally retained element to fund the Council's statutory duties, it is proposed to hold the maximum of 5% to support the SEN EY inclusion service. This still allows for an increase 7p/hour increase in 3 & 4 year olds provision.

The proposed increase in centrally retained funding does not represent an increase in central costs within the Council However it does reflect a change to DSG block allocation for SEN Early Years Inclusion. The cost of this Early Years Inclusion provision is approx. £160k and this was previously funded from the High Needs Block. Retaining 5% for 2019/20 allows £100k of these costs to be more appropriately funded from the Early Years Block rather than the High Needs Block which is under very significant pressure.

The Early Years team provides the following services:

- Provider Agreement with Terms and Condition to all Early Years providers which includes PVis, Schools with Nursery provision, Childminders and maintained nursery.
- Direct work with settings, to support quality - ensuring that the Council 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 Early Years' providers
- Presentation and briefing at Early Years' Forum
- Monitoring the termly adjustments and verifying census information from providers to enable the correct funding to go to providers.
- Financial management of supplements and free entitlement.
- SEN Early Years inclusion.

Some of the other support to the Early Years' Team which is required for the delivery of the service include:

- Leadership support;
- Finance, I.T., HR, Legal and other support costs;
- Property services etc.

In order to appropriately fund the above, it is proposed that recommended 5% is retained centrally from 3 & 4 year olds, with a similar figure from 2 year old funding, equating to £506k for 2019/20.

.05 Financial Summary

A summary of the Early Years' Budget proposal for 2019/20 is contained in Appendix A.

Table A – shows the compliance funding for 3&4 year olds, demonstrating 95% has been “passed through” to providers.

Table B – shows the Early Years 2019/20 indicative allocation.

Table C – shows the breakdown of the 2019/20 allocation of the Early Years Budget.

Coral Miller
Interim Senior Finance Specialist - Schools
January 2019

Bob Watson
Lead Specialist – Finance (deputy s151)
January 2019

TABLE A - Shows Compliance		
2019-20 Early years budget		
Checklist on 3 to 4 year olds		
This calculation is set out as a worked example in the table below: Calc Line Description Amount		
Line no.	Description	Amount
1	Anticipated budget for base rate (including funding to MNS) for 3 and 4 year olds	8,577,383
2	Anticipated budget for MNS lump sums for 3 and 4 year olds	50,000
3	Anticipated budget for supplements for 3 and 4 year olds: Deprivation (including funding to MNS)	33,698
4	Anticipated budget for supplements for 3 and 4 year olds: Quality (including funding to MNS)	326,610
5	Anticipated budget for supplements for 3 and 4 year olds: Flexibility (including funding to MNS)	
6	Anticipated budget for supplements for 3 and 4 year olds: Rurality (including funding to MNS)	
7	Anticipated budget for supplements for 3 and 4 year olds: EAL (including funding to MNS)	
8	Anticipated budget for 3 and 4 year old SEN inclusion fund (top up grant element)	100,000
9	Anticipated budget for 3 and 4 year old contingency	203,376
	SUB TOTAL	9,291,067
10	DfE initial quantum allocation to local authority of MNS supplementary funding	0
11	Planned total base rate hours for universal 15 and additional 15 hours for 3 and 4 year olds	1,968,780
12	Equivalent average rate to providers for entitlement hours for 3 and 4 year olds	4.72
13	LA EYNFF hourly rate for 3 and 4 year olds (published alongside this document, or in DSG tables in future)	4.97
14	Test of meeting requirement	95.0%
	Minimum amount	95%
	Positive (compliant) and Negative (non compliant)	0.0%

Table B - Provisional Income						
2019-20 Early Years budget table - December 2018						
Estimated income using January 2018 census			Updated in Dec 2018 and July 2019.			
DESCRIPTION	Estimated Numbers (PTE)	PTE hours	No. of weeks	Total number of hours	Rate	Allocation
2 year old funding	111	15	38	63,270	5.74	363,170
Early year National funding formula (EYNFF)						
3 & 4 funding	2,746	15	38	1,565,220	4.97	7,777,966
3 & 4 funding working parent	717	15	38	408,690	4.97	2,030,189
						10,171,326
Other funding to EY Providers						
EY Pupil Premium						38,000
Disability Living Allowance						23,000
Maintained Nursery supplement						3,000
Total Allocation						10,235,326

Table C
2019-20 Early Years budget table - Option chosen for 18-19 (need to be update) use January 2018 census
Income from the DfE

DESCRIPTION	Estimated Numbers (PTE)	PTE hours	No. of weeks	Total number of hours	Rate	Allocation
2 year old funding	110	15	38	62,700	5.54	347,358
Support to fund Early years team relates to 2 years old						13,894
Support SEN inclusion service - 2years						25,000
						386,252
Early year National funding formula (EYNFF)						
3 & 4 funding including working parent	3,374	15	38	1,923,180	4.46	8,577,383
Maximum amount to Providers after Providers reserves	80	15	38	45,600	4.46	203,376
Teacher supplement	2,865	15	38	1,633,050	0.20	326,610
Deprivation supplement				1,923,180	0.02	33,698
Maintained Nursery supplement					0.02	50,000
Early year inclusion					0.05	100,000
						510,308
Other funding to EY Providers						
EY Pupil Premium					0.02	38,000
Disability Living Allowance					0.01	23,000
						61,000
Support to fund Early years team relates to 3&4 years old						392,959
Support EY SEN inclusion service						75,000
						467,959
Est. Expected "recoupment" June 2020						
2 year old variance	1	15	38	570	5.74	3,272
3&4 year olds	9	15	38	5,130	4.97	25,496
Total expected recoupment - DfE						28,768
Total Allocation						10,235,046
Actual allocation as per DfE						10,235,326
Variance						-279