TITLE	**2020/21 Early Years Budget**
FOR CONSIDERATION BY	Schools Forum on 4 March 2020
WARD	(All Wards);
LEAD OFFICER	Director of Children's Services - Carol Cammiss

OUTCOME / BENEFITS TO THE COMMUNITY

n/a

RECOMMENDATION

The Schools Forum is asked to:

- approve the centrally retained element of the 2020/21 Early Years Budget which will be used to fund the associated statutory duties of the Local Authority;
- note the proposals to increase the current hourly rates paid to all providers by 7p per hour, and to increase the quality supplement to providers employing qualified teaching staff by 5p per hour.

SUMMARY OF REPORT

The report provides an analysis of the initial 2020/21 budget allocations for Early Years announced by the DfE on 19th December 2019. The block allocations are based upon the Early Years census from January 2019 and will in due course be updated to reflect the January 2020 census data.

From the census data and budget information currently available discussions have taken place with the Early Years Task and Finish Group and the proposals put forward will allow for an increase in funding of 7p per hour for all providers supporting provision for 3 and 4 year olds and provision for 2 year olds.

Confirmation of the rates for schools with Early Years provision will be notified as soon as possible and for other Early Years providers no later than 31st March 2020.

2020/21 Early Years Budget
March 2020

.01 Purpose of the Report

This report provides the Schools Forum with details of the 2020/21 Early Years' Budget, and the proposed level of the centrally retained element used to fund the Local Authority's statutory duties.

.02 Recommendations

The Schools Forum is asked to:

- approve the centrally retained element of the 2020/21 Early Years Budget, which will be used to fund the associated statutory duties of the Authority;
- note the details of the budget allocation and proposals to increase the hourly rates payable to providers as set out in section 04 below.

.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 Central 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 Authority's statutory obligations, and supports the specialist SEND services from the SEN Inclusion Fund;

.04 2020/21 Budget Setting

Following the Government's announcement of additional investment in the Early Years Service, hourly funding rates for 2020/21 have been increased as follows:

- 2 year old funding rates have increased from £5.74 to £5.82 per hour
- 3 & 4 year old funding rates have increased from £4.97 to £5.05 per hour

For Wokingham, the initial allocation for the Early Years Block in 2020/21 is £10,782,482 and the Authority is permitted to retain 5% of the allocation to meet its statutory duties. The proposed retention for 2020/21 is £535,678 as set in Table A which also provides a detailed analysis of the December 2019 allocation.

Finance staff and Early Years colleagues have met with the Early Years Task and Finish Group to discuss the proposals for 2020/21 and the consensus view is that we will be able to increase the rates payable to all providers supporting 3 and 4 year olds and those supporting 2 year olds by 7p per hour.

Additionally, we have been able to increase the quality supplement by 5p per hour for those providers that employ qualified teaching staff.

The Provider Reserve Fund of £206,568 will be maintained at broadly 2% of the total allocation which is consistent with the current level of provision.

The element of funding retained by the LA provides a contribution to Early Years Services. In particular, 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;
- Data and performance analysis;
- Finance, I.T., HR, Legal and other support costs;
- Property services etc.

05. Financial Summary

A summary of the Early Years Budget Proposals for 2020/21 is set out in the Tables attached.

Table A provides details of the Early Years Indicative Allocation to the Local Authority.

Table B provides a breakdown of the proposed allocation of the Early Years Budget to providers.

Table C shows the compliance funding for 3 and 4 year olds demonstrating that 96.8% of funding based on the DfE methodology has been “passed through” to Providers.

06. **Members of the Task and Finish Group**

Ian Morgan	Early Years Representative - Schools Forum
Kerrie Clifford	Early Years Representative - Schools Forum
Karen Edwards	Early Years Representative

Alan Voyzey
Interim Schools Finance Manager
March 2020

Bob Watson
Head of Finance
March 2020