

Sefton Schools Forum Report

Date of Meeting:	19 November 2018
Title of Report:	Early Years 2018/19 Forecast Spending
Presenting Officer:	Kevin McBlain
Reason for Submission to Forum:	(4) ITEM FOR INFORMATION
Executive Summary:	To provide members with information on the Early Years forecast spending position for 2018/19.
Budget/Risk Implications:	None
Recommendations:	<ol style="list-style-type: none"> 1. Forum is asked note the 2018/19 Early Years forecast outturn position and the commitments against the DSG Early Years Reserves and 2. The intention of the LA to continue with the contribution of £0.200m towards High Needs budget pressures in 2019/20. This funding is being used towards rising early years inclusion costs borne out of High Needs budgets.
Appendices (to be attached)	None
Background Papers (available on request)	Forecast budget/outturn working paper (Nov 2018)
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SCHOOLS' FORUM POWERS & RESPONSIBILITIES

- 1 ITEMS FOR APPROVAL (DfE can adjudicate where Forum does not agree LA proposal)
- 2 ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but LA decides)
- 3 ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but DfE decides)
- 4 ITEMS FOR INFORMATION (No formal view of the Forum is sought)

1. Background

1.1 The purpose of this report is to inform Forum members, of the Early Years spending forecast for 2018/19.

2. Funding for Early Years 2018/19

2.1 The allocated funding for Early Years in 2018/19 as reported to Schools Forum in January 2018, and adjusted by the DfE in July 2018 for the January Headcount Census is as follows:

<u>Early Years 3-4 year old funding 2018/19</u>	<u>£</u>
<u>Including for the extra 15 hours</u>	
Base Rate & Deprivation Funding to Providers	13,213,228
Maintained Nursery Schools Transitional Funding given for 3 years 2017/18 to 2019/20	596,726
SEN Inclusion Fund (EY Contribution to High Needs)	57,524
EY LA Provider Support Services incl Early Years Inclusion grants (£55k)	231,700
New Disability Access Funding	70,725
Early Years Pupil Premium	118,186
Transitional Formula Funding – EY Contingency Fund	286,016
TOTAL Revised 3-4 YO EY Funding 2018/19	14,574,105
Less agreed Contribution towards High Needs budget pressures in 2018/19	-200,000
Total 3-4 YO EY Funding for allocation 2018/19 after contribution to High Needs	14,374,105
<u>2 Year Old funding 2018/19</u>	
Base Rate Funding to Providers	2,572,271
Provider Support Services	181,420
TOTAL 2 YO EY Funding 2018/19	2,753,691
Total DSG Funding Early Years 2018/19	17,127,796

2.2 The current Universal Base Rate paid by the LA to all Sefton Providers was set at £4 per hour from April 2017, and this rate has continued into 2018/19, including for the extra hours of free entitlement for 3-4 year olds based on working parents. A mandatory payment towards deprivation funding is also available to Providers based on a range of

payments between £0.05p – to £0.15p per hour dependent upon banded levels of deprivation. No other supplements are payable.

- 2.3 In addition to the Base funding above, Maintained Nursery Schools are in receipt of some transitional funding over three years (2017/18 to 2019/20) to cover their exceptional costs of operating as schools. There have been no further announcements regards any continuation of this funding beyond 2019/20.
- 2.4 All Providers may benefit from drawing down Early Years Pupil Premium (EYPP), given for eligible children from low income families, however based on actual take-up over the previous year, this funding has been reduced in July 2018, from ££0.199m to £0.118m. This figure will always fluctuate dependent upon claims made by Providers, based on information from parents of 3-4 year olds. EYPP equates to an extra hourly rate of £0.53p per hour per eligible child or £302 per annum and is given only for the universal free entitlement hours.
- 2.5 The funding allocations also include Disability Access Funding, which is payable to Providers who provide for children with disabilities and are claiming Disability Living Allowance. This is payable as a lump sum of £615 pa per child.
- 2.6 In order to support the Early Years children with High Needs, the SEN Inclusion Fund was established within High Needs, to pay Providers some top up inclusion funding, where the basic hourly rate is insufficient to cover the extra costs of support. Early Years agreed to a transfer of the Early Years funding allocation based on £0.02p per hour to give to High Needs towards these costs (£0.057m). However, this level of funding was proving inadequate to meet the demands being felt within the High Needs budgets; and Schools Forum agreed with the LA in September 2017, to support Early Years inclusion and support for resourced nursery places within High Needs in 2018/19 by a contribution of £0.200m from the Early Years Funding Block towards budget pressures. This level of funding contribution is considered again for 2019/20, as High Needs budget pressures continue. In fact, costs have increased further in 2018/19, due to the expansion of the extra 15-hour childcare support for working parents.
- 2.7 A request by the LA to make the same level of contribution of £0.200m from Early Years to High Needs has been made to Forum in September 2018 for 2019/20. The Early Years national funding allocation given to the Authority within the Early Years Block, includes a sum of £0.200m to bring its funding level to a minimum National floor level of £4.30 p hour and this is the funding which has been diverted to High Needs use in 2018/19 to support these extra cost pressures. This funding position is ongoing into 2019/20.
- 2.8 The numbers of eligible 2 year olds in child care provision has reduced over the last 12 months and its funding has been reduced for 2018/19, on the basis of the January 2018 headcount, indicating slightly lower numbers than the previous year from £2.778m to £2.572m
- 2.9 The Local Authority base hourly rate payable to providers for 2 Year olds was increased in April 2017 from £4.55 per hour to £4.90 per hour in line with a national increase in funding. This same level of support has been ongoing into 2018/19.

3.0 **Forecast outturn for Early Years 2018/19**

- 3.1 In respect of 2018/19, the latest forecast outturn position, using data available at the end of October 2018, suggests an initial under spend across Early Years of £-0.664m. Tables below summarise the forecast position.

Early Years Free Entitlement for 3-4 year olds

- 3.2 The budget and latest forecast outturn for 2018/19, in respect of the free Universal and extra 15 hours childcare for 3-4 year olds, is broken down in the table below for information:

<u>3-4 Year Old Free Entitlement</u>	2018/19 Budget £	Forecast Outturn £
All provision	13,809,954	13,216,502
SEN Inclusion Fund (EY Contribution to High Needs)	57,524	57,524
New Disability Access Funding	70,725	70,725
Early Years Pupil Premium	118,186	162,887
EY Contingency Fund	86,016	0
EY LA Provider Support Services incl Early Years Inclusion grants	231,700	254,200
Early Years Entitlement 3-4 Year Olds	14,374,105	13,761,838
Forecast under spend 2018/19 against 3-4 year old entitlement		-612,267

- 3.3 The forecast position against 3-4 year olds Free Entitlement, is currently suggesting a net under spend of £-0.612m. This is largely based upon the catch-up funding between the DfE's original estimated number of children taking up the extra 15 hours childcare for working parents from September 2017 (i.e when the extra hours started); and the year end March 2018; and additional funding to reflect the full year effect of the extra hours from April 2018, all based on the actual census headcount as at January 2018. Basic entitlement across the sector appears to be underspending by around £-0.593m. However, it is possible the Spring numbers and census data in January 2019 may indicate a fall in numbers, as the extra hours starts to settle. Such a change would be adjusted in July 2019, and would see funding recovered by the DfE next year.

Early Years Free Entitlement for eligible 2 year olds

- 3.4 The forecast position for the 2-year-old offer is shown in the table below for information, and initially suggests a small under spend of £-0.052m largely around the support costs.

3.5 These costs and the release of Early Years reserves are also shown in the table below.

<u>2 Year Old Offer</u>	2018/19 Budget £	Forecast Outturn £
Statutory Places	2,572,271	2,591,998
Support services to the 2YOO	181,420	109,880
Overall Funding for the 2YOO in 2018/19 and Forecast spending	2,753,691	2,701,878
Forecast under spend 2018/19 against 2 year old funding		-51,813
<u>EARLY YEARS DSG RESERVES</u>		
Opening balance of Early Years central DSG reserves 1.4.2018	291,156	291,156
<u>Approved by Schools Forum:</u>	<u>Agreed</u>	<u>Forecast</u>
Maintained Nursery School Project	40,000	40,000
Up to 40 Discretionary places for ineligible 2 year olds with SEND	111,720	47,312
Training	63,000	0
Reserve allocated and Estimated expenditure in 2018/19	214,720	87,312
Early Years uncommitted DSG reserves original and based on forecast spending 2018/19	76,436	203,844

3.6 The overall forecast position for the Early Years Block in 2018/19, is an estimated under spend of £-0.664m. Any unused funding on the 2YOO and 3-4-year-old free entitlement will automatically carry forward for use in 2018/19 into the Early Years DSG reserves.

3.7 Members should note that it is highly likely that the High Needs budget will overspend in 2018/19 possibly in excess of £2m, and that first call could be on the Centrally retained DSG Early Years reserves above to mitigate the overspend, since DSG High Needs centrally retained reserves were exhausted in 2017/18. The overall position of

Early Years will continue to be monitored carefully and reports will be brought to Forum periodically for information.

- 3.8 Announcements about the Early Years funding for 2019/20 are expected in early December 2018. Details will be brought to the next Schools Forum meeting in January 2019.

4.0 Recommendations

- 4.1 Forum is asked to note the 2018/19 Early Years forecast outturn position and the commitments against the DSG Early Years Reserves.
- 4.2 Forum is asked to note the intention of the LA to continue with the contribution of £0.200m towards High Needs budget pressures in 2019/20. This funding is being used towards rising early years inclusion costs borne out of High Needs budgets.