

Sefton Schools Forum Report

Date of Meeting:	14 January 2019
Title of Report:	Early Years 2018/19 Forecast Spending further details and 2019/20 Funding
Presenting Officer:	Kevin McBlain
Reason for Submission to Forum:	(4) ITEM FOR INFORMATION
Executive Summary:	To provide members with additional detailed information on the Early Years forecast spending position for 2018/19 and to report on the DfE's announcements on Early Years formula funding for 2019/20.
Budget/Risk Implications:	None
Recommendations:	Forum is asked to: <ol style="list-style-type: none"> 1. Note the 2018/19 Early Years forecast outturn position and the commitments against the DSG Early Years Reserves; 2. The Early Years formula funding for 2019/20 and intention to maintain the current hourly rates to providers into 2019/20 for both 2; 3 and 4 Year olds. 3. The intention to use £200k from Early Years formula floor funding towards High Needs cost pressures, similar to 2018/19.
Appendices (to be attached)	None
Background Papers (available on request)	Forecast budget/outturn working paper (Dec 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 Following the Early Years budget monitoring report to Schools Forum on 19 November 2018, further detailed information was requested to be brought to the next meeting to enable spending variations to be more clearly identified. This report is to provide that additional information, and to inform Forum of the Financial settlement for Early Years for 2019/20.

2. Budget Forecast for Early Years 2018/19

2.1 Appendix 1, attached to this report analyses the 2018/19 Early Years budget forecast between the 2-Year-Old Offer and the 3-4-Year-old childcare provision.

2.2. Since 2017/18, all Providers of the 2-Year-Old Offer have been paid an hourly rate of £4.90 p hour with the balance of funding £0.32p per hour being applied towards Central Local Authority support for Providers.

2.3 Funding in respect of 3-4-Year-Old provision includes a Universal Hourly rate payable to all Providers at £4 per hour; £0.10p p hour for deprivation funding; £0.02p p hour to cover SEN Inclusion support to High Needs; £0.10 p hour towards Central Local Authority support and £0.08p p hour set aside as contingency from transitional ‘floor’ funding used towards High Needs budget pressures in 2018/19. These elements make up the total funding received by the Local Authority at £4.30 p hour. This allocation rate has remained the same since 2017/18 and continues into 2019/20.

2.4 In addition to the allocated funding, the DfE have provided transitional funding towards the Maintained Nursery Schools for three years, in recognition of their additional operational costs as schools. This is from 2017/18 to 2019/20. No further announcements have been made as to any additional ongoing funding beyond 2019/20.

2.5 Other funding includes Early Years Pupil Premium, which can give 3-4-Year-Old Childcare Providers an additional £302 pa per child for those from low income families, assuming the Provider can obtain some basic details from parents for checking. In addition, there is also funding available for Providers for children who claim Disability Living Allowance. This provides additional funding of £615 per child pa subject to checks.

3. Forecast Variations

3.1 Based on a revised forecast as at end of November, Early Years is forecast to underspend by £0.694m (See Appendix 1). Key variations include :

	<u>Budget</u>	<u>Forecast</u>	<u>Variation</u>
<u>2 Year Old Offer</u>			

2-Year-Old Provision	£2,584,866	£2,546,924	-£37,942
2 Year Old support	£168,808	£109,880	-£58,928
Forecast underspending on 2-Year-Old Offer			-£96,870
3-4 Year Old Provision			
PVI s	£7,362,401	£7,038,623	-£323,778
Schools - Nursery Class	£5,127,386	£4,984,012	-£143,374
Maintained Nursey Schools	£657,357	£646,974	-£10,383
Early Years Pupil Premium	£118,185	£164,557	£46,372
Early Years Inclusion Grant	£55,450	£0	-£55,450
Business Support / checking / corporate support / Admin	£321,743	£211,068	-£110,675
Forecast underspending on 3-4 Year-Old Provision			-£597,288
Net forecast underspending			-£694,158

Early Years DSG Centrally retained Reserves

	<u>2018/19 Budget</u> £	<u>Forecast Outturn</u> £
<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
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- 3.2 The forecast net underspending for 2018/19 is currently £0.694m, with £0.536m of this being in respect of the hours of provision, which include an estimate for the Spring 2018 Term. If numbers of children fall and hours drop at the time of the Early Years census headcount in January 2019, there could be a clawback of this underspending in 2019/20. Funding in 18/19 includes for the increase between the numbers of children receiving the additional 15 hours childcare in 2017/18, between the DfE's estimated take up of the extra hours in September 2017 (when the extra hours provision commenced nationally), and the recorded actual headcount at January 2018, back-funded for 7 months to March 2018
- 3.3 It is highly likely that any underspending will be the first call against the forecast overspending on High Needs (£2.3m) in 2018/19.
- 3.4 Based on the uncertain nature of the outturn and the need to offset a High Needs funding deficit this year, it is not possible to consider any adjustment to the basic Hourly rate payable to Providers in 2019/20. The contribution of Early Years to High Needs (£200k) will also continue in 2019/20 but this has no effect on the rates paid to Providers.
- 3.5 The 2019/20 Early Years Funding allocations to Local Authorities have recently been announced, in early December, and for Sefton, this rate remains the same as 2017/18 and 2018/19 at £4.30 p hour. This leaves little scope for adjusting the rates to Providers going forward. This position may change in 2020/21 with the Spending Review. The rate for 2-Year-old funding has not yet been announced as at December 2018. This is currently £5.22 p hour.

4. Recommendation

Forum is asked to:

- 4.1 Note the 2018/19 Early Years forecast outturn position and the commitments against the DSG Early Years Reserves;
- 4.2 The Early Years formula funding for 2019/20 and intention to maintain the current hourly rates to providers into 2019/20 for both 2; 3 and 4 Year olds.
- 4.3 The intention to use £200k from Early Years formula floor funding towards High Needs cost pressures, similar to 2018/19.