

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report provides an update on Early Years DSG funding matters and the consultation document, proposed to be published, which sets out proposals for Bradford's Early Years Single Funding Formula for the 2018/19 financial year.

Date (s) of any Previous Discussion at the Forum

A report on the DfE's consultation on national early years funding reform was presented to the School Forum on 21 September 2016. Our EYSFF autumn 2016 consultation (referred to as such in this report) was presented to the Schools Forum on 19 October 2016. An update on the current position, and a summary of developing proposals for 2018/19, was presented to the Schools Forum at the last meeting.

Background / Context

At the Schools Forum meeting 5 July 2017 it was reported that, following the finalisation of accounts at 2016/17 year end, that our current reconciliation identifies a further £1.35m of balances ring-fenced for the Early Years Block (£1.85m rather than the £0.5m estimated in the January reports). This is the result of differences in free entitlement numbers, further underspending of the earmarked 2 year old resources and an unspent sum of £0.45m in Early Years Pupil Premium, which is not available for general release, but which the EYWG will discuss how best to deploy.

In July 2017, the Authority presented an informal early consultation to the Schools Forum on the proposed movement from a termly headcount based formula approach to a full monthly 'starters and leavers' formula approach, which it was anticipated would be fully implemented at April 2018 but may be implemented in pilot before this.

The Government's extended 30 hours free entitlement for 3 and 4 years olds of working parents has been implemented from September 2017. The first full count of numbers taking this new offer in Bradford will be collected within the October 2017 Census.

Entitlement delivery changes are taking place within the context of the Government's national early years funding reform and the impact that this is having on Bradford's DSG Early Years Block, which is in quick summary:

- A substantial (7%) increase in funding for the 2 year old offer, from April 2017 (a £0.6m gain to Bradford on January 2016 numbers), with the rate of funding per hour for providers increased from £4.83 to £5.20 in 2017/18.
- A substantial (10%) reduction in funding for the 3 and 4 year old offer, of £3.01m in the DSG on January 2016 numbers, meaning funding rates for 3 and 4 year old free entitlement provision will need to reduce, starting from April 2017. This is funding lost from the District; it is not retained to be recycled into another part of the Dedicated Schools Grant.
- Protection for the funding levels of maintained nursery schools, currently promised to the end of 2019/20.

Details of the Item for Consideration

The attached 3 appendices set out in detail the proposed Early Years Single Funding Formula in Bradford for the 2018/19 financial year. Appendix 1 is our full consultation and information document, which includes the Technical Statement and delivery timetable and a responses questionnaire. Appendix 2 provides simple examples of the proposed methodology for the implementation of the 'starters and leavers' approach. Appendix 3 provides sight of indicative rates of funding for providers for the 3 and 4 year old offer and how these compare against 2017/18 rates.

Members are not asked to make final recommendations on the EYSFF for 2018/19 at this meeting. Members

Details of the Item for Consideration (continued)

Are asked to approve the publication of the documentation for consultation. The Forum will be asked to review responses to this consultation in December prior to making final recommendations on the EYSFF in January 2018

Key aspects of the 2018/19 proposals are highlighted in the introduction in Appendix 1. To pull out some of the more detailed specific aspects for the Forum's awareness focusing on what the proposals mean for the Early Years Block and the DSG:

- The proposals operate within a 'ring-fenced' Early Years Block.
- The DfE has now established a restriction, which does not permit more than 5% of the Early Years Block (3&4 year olds) to be held in centrally managed funds. Current forecasts indicate that we will continue to hold around 1% on centrally managed funds in 2018/19, so we are well within DfE limits.
- The DfE has also established a restriction, which does not permit more than 10% of the 3&4 year old EYSFF to be allocated through 'supplements', which includes deprivation. The proposal to continue to set deprivation spending at 9.5% and to have no other supplements means that we will continue to comply with this requirement.
- We propose to 100% pass through the DSG rate of funding for the 2 year old offer onto providers. The 2018/19 DSG rate of funding is still to be confirmed. It is currently £5.20 per hour, but may be adjusted from this.
- The protection of the 3&4 year old base rate funding will require the allocation of Early Years Block reserve in 2018/19 as well as the holding of reserve for allocation in 2019/20. It is estimated that approximately £0.7m of reserve will be needed in both 2018/19 and 2019/20 (a total of £1.5m therefore) to fund the protected rates as set out in the consultation paper. However, the actual cost to reserve is dependent on a number of factors, including the take up of the 30 hours extended entitlement and how the move to monthly starters and leavers affects the total cost of our EYSFF. The value of reserve available will also be influenced by these factors.
- The on-going value of the 3&4 year old universal base rate, from April 2019, without protection afforded by the use of reserve, will need to be re-calculated as data firms up. Currently, it is forecasted that this rate will reduce to around £4.00 per hour at April 2020.
- The funding of nursery schools is protected for 2018/19 and 2019/20 by the DfE's specific MNS supplement. This protects the rate of funding for individual nursery schools at 2016/17 (pre-national reform) levels. This protection does not however, protect against reductions in pupil numbers. The DfE has stated that it intends to further consult on the on-going future position of the funding of nursery schools. This consultation is still to be published.
- Linking in with discussions about the pressures within the High Needs Block (HNB), it is proposed that specific Early Years SEND Inclusion funds, from April 2018, will be 100% funded from the Early Years Block. This is proposed in the context of the High Needs Block increasing its spending on early years SEND support through the proposed new Early Years Centres of Excellence. Indicatively, a budget of £0.8m is planned to be funded from the EYB in 2018/19 for allocation for inclusion. For reference, a budget of £0.6m has been held in 2017/18 with this funded 50/50 between the EYB and the HNB.
- Under the proposed Early Years Centres of Excellence and places creation framework, 'element 1' funding of children placed in these centres will be funded from the EYB via the EYSFF, with the HNB funding elements 2 (the £6,000) and 3 (the Plus Top Up element). This is different from current methodology for funding Childrens Centre Plus provision, where all funding comes from the HNB, but is in line with the DfE's technical adjustment for the funding of resourced provisions under National Funding Formula, which comes in at April 2018.

The modelling in Appendix 2 shows, indicatively, the changes in rates of funding for the 3&4 year old entitlements in 2018/19. This modelling illustrates:

- The rates of funding for nursery schools continue to be protected on a 'cash flat' basis.
- As the value of base rate funding for nursery classes was previously close to £4.12, it is the further reduction in rates of funding for deprivation, due to the reduction in the funding envelop, that have the biggest impact in 2018/19. This being said, the values of reductions are expected to be more limited than seen in the PVI sector.
- The impact of national reform is most significant for the PVI sector, where the protected base rate of £4.12 is £0.50 per hour lower than funded in 2017/18. The PVI sector in Bradford currently delivers around 40% of 3&4 year old entitlement provision. This funding reduction, although sight of this was given in autumn 2016, will mean significant cost pressure needing to be managed within this sector.

Details of the Item for Consideration (continued)

For wider awareness, using the DfE's 2017/18 benchmarking data, the national average planned 3&4 year old base rate is £4.22 per hour. This includes London weighting. Excluding London authorities, regional total base rates range between £3.97 and £4.26 per hour. The average for Yorkshire and Humberside authorities is £4.09. The national median base rate, excluding London authorities, is £4.00. As set out in reports presented in autumn 2016, the DfE's national reform is 'resetting' the national funding picture, overriding previous decisions made locally to weight DSG formula funding towards early years.

Implications for the Dedicated Schools Grant (DSG) (if any)

Direct implications – as outlined in Appendices 1 and 3

Recommendations

The Schools Forum is asked to consider the matters raised in the report and agree for the consultation document to be published.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Consultation – Bradford District's Early Years Single Funding Formula 2018/19 (including Technical Statement and responses questionnaire).
Appendix 2a – Example of monthly redetermination (PVI providers)
Appendix 2b – Example of monthly redetermination (nursery schools and classes)
Appendix 3a – Indicative 2018/19 modelling – Nursery Schools
Appendix 3b – Indicative 2018/19 modelling – Nursery Classes
Appendix 3c – Indicative 2018/19 modelling – PVI Providers

Contact Officer (name, telephone number and email address)

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