

SCHOOLS FORUM AGENDA ITEM

For Action

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For Information

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

This report asks Members to consider the outcomes of the consultation on the 2018/19 Early Years Single Funding Formula.

Date (s) of any Previous Discussion at the Forum

The consultation document was presented to the Schools Forum on 18 October 2017.

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.

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

Consultation Responses

Appendix 2 (to be tabled at the meeting) will provide an analysis of the formal responses received to the consultation. Members are encouraged to present to the meeting their feedback from their discussions with school colleagues.

Members are asked to consider whether any of the proposals should be amended in the light of feedback and / or whether further information is required in order for the Schools Forum to make its recommendations, on 10 January 2018, on the Early Years Single Funding Formula for 2018/19.

Details of the Item for Consideration (continued)

Additional Information

To summarise 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 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. This is set out further in Document IA. 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.

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

As outlined in Document IB. The Early Years Block is 'ring-fenced' and is expected to balance / contains its own spending pressures.

Recommendations

The Forum is asked to consider the outcomes of the consultation and whether any of the proposals should be changed in the light of responses. Members will be asked to make final recommendations on the structure of the formulae on 10 January 2018. As such, Members are asked to consider whether sufficient information has now been provided to enable these final recommendations to be made.

List of Supporting Appendices / Papers *(where applicable)*

Appendix 1 – Consultation Proposals Summary

Appendix 2 – Consultation Responses – Bradford District's Early Years Single Funding Formula 2018/19 (to be tabled at the meeting).

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