

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 2019/20 financial year.

Date (s) of any Previous Discussion at the Forum

Our EYSFF autumn 2017 consultation was presented to the Schools Forum on 18 October 2017. An update on the current position, and a summary of developing proposals for 2019/20, was presented to the Schools Forum at the last meeting held on 19 September 2018.

Background / Context

At the Schools Forum meeting 19 September 2018 it was reported that a further £1.22m of balances is available ring-fenced for the Early Years Block (£2.75m rather than the £1.52m estimated in the January 2018 reports). This is the result of differences in free entitlement numbers.

Entitlement delivery changes – the development of the extended 30 hours entitlement for 3&4 year olds - 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 (a £0.6m gain to Bradford on January 2016 numbers), with the rate of funding per hour for providers having increased from £4.83 to £5.20.
- A substantial (10%) reduction in funding for the 3 and 4 year old offer (a £3.01m loss to Bradford on January 2016 numbers). 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, which is currently only guaranteed to the end of 2019/20.

Details of the Item for Consideration

The attached 2 appendices set out in detail the proposed Early Years Single Funding Formula in Bradford for the 2019/20 financial year.

Appendix 1 is our full consultation and information document, which includes the Technical Statement, delivery timetable and a responses questionnaire.

Appendix 2 provides sight of indicative rates of funding for providers for the 3 and 4 year old offer and how these compare against 2018/19 rates.

Forum Members are not asked to make final recommendations on the EYSFF for 2019/20 at this meeting. Members 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 2019.

The principles on which we have developed proposals for 2019/20 were established in our response to the DfE's implementation of Early Years National Funding Formula reform at April 2017. The key guiding principle for 2019/20 is to guard against moving too far away from what we have agreed and set out for providers previously, on the basis that providers have used this information to inform their business planning.

Key aspects of the 2019/20 proposals are highlighted in the introduction in Appendix 1. To pull out some of the more specific aspects for the Forum's awareness focusing on what the proposals mean for the Early Years Block and the DSG:

Details of the Item for Consideration (continued)

- We continue the policy of ring-fencing of the Early Years Block. Within the Early Years Block however, we are clearer about the split of funding between the 2 year old and the 3 and 4 year old entitlements. This specifically comes into play when looking at the financing of SEND Early Years Inclusion funding. We are holding the £2.75m brought forward from 2017/18 specifically to support the cost of the EYSFF in 2019/20. However, we do not expect to spend all this reserve in 2019/20. On current modelling, we anticipate c. £1.0m of reserve will be used in 2019/20.
- Settings will continue to be funded for the 2 year old entitlement on a single flat rate per hour with no additional supplements. In 2018/19 this rate was £5.20 and we expect this to be the rate funded in 2019/20. Where the decision is taken to continue 2 year old access to SEND Early Years Inclusion funding however, the value of the funding rate passed to settings for the 2 year old entitlement after 2019/20 will be reduced to cover the cost of the inclusion spending. For example, a budget of £100,000, on current numbers, would mean that the £5.20 per hour DSG funding rate in 2020/21 would be reduced by £0.06 to £5.14. To be clear, this reduction will not take place in 2019/20 as we will use a proportion of the £2.75m brought forward to fund this. However, where 2 year olds continue to access inclusion funds after 2019/20, the value of the single flat rate will be reduced to cover the on-going cost.
- We have now established a 'universal base rate' for the 3 & 4 year old entitlement, as required by the DfE, with this overridden in 2019/20 for nursery schools via the allocation of the specific MNS factor. This means that that the total funding rates for each nursery school (both base and deprivation rates) will continue to be retained at their 2016/17 values. We also continue the nursery school lump sum sustainability supplement, using the current methodology, continuing to bring in the 30 hours extended entitlement into the calculation. On current information, awaiting further announcement from the DfE, 2019/20 is the final year of this MNS protection.
- 2019/20 is the third and final year in the strategy we set out in autumn 2016 for the protection of 3&4 year old base rates for PVI providers and nursery classes. We will complete this strategy. Meaning:
 - We will allocate one off reserve monies brought forward within the Early Years Block to uplift the universal base rate for 3 & 4 year olds in 2019/20 to £4.11 per hour. £4.11 is the value in 2019/20 we set out in our autumn 2016 consultation. This will be the base rate for the 3 & 4 year old entitlement allocated for all PVI providers as well as all nursery classes in primary schools and academies.
 - We will continue our current deprivation supplement within the 3&4 year old EYSFF in 2019/20, calculated at 9.5% of EYSFF spending (excluding one off monies). Deprivation rates will reduce slightly in 2019/20 on a general basis because the overall EYSFF funding envelope is reducing due to the impact of national reform (the DSG funded Early Years Block rate is reduced from £4.59 to £4.57).
 - We will not introduce any further supplements into the 3 & 4 year old EYSFF in 2019/20.
- Regarding SEND Inclusion:
 - SEND Early Years Inclusion monies will continue to be 100% funded from within the Early Years Block. A budget of £800,000 has been held in 2018/19. We will consult in more detail with the Schools Forum on the value of budget required for 2019/20. We current anticipate needing a budget in the region of £1.70m.
 - We are seeking to implement for (or during) 2019/20 a more holistic SEND inclusion fund approach for 2, 3&4 year olds, which will apply to all providers.
 - We are seeking to pilot the proposed new holistic model for schools and classes during the autumn and, subject to the outcomes of this consultation, bring PVI providers, schools and classes together under the new model from either April 2019 or September 2019. We will continue to operate the existing 'EYIP' inclusion model for PVI providers until the new model is introduced. Any allocations that have been agreed under the current model that extend beyond the introduction of the new model would be funded until these expire.
- We will have more detailed conversations with the Schools Forum, leading up to final decisions to be taken in January 2019, about the Early Years Block increasing its contribution to the cost of support for high needs early years aged children. These conversations focus on the extent to which the costs of centrally managed SEND support services for early years aged children, currently funded by the High Needs Block, are charged to the Early Years Block going forward. Local authorities are required to 'pass through' to providers at least 95% of the 3&4 year old Early Years Block funding. Allowing for the impact of one off monies, our pass through rate in 2017/18 was 99%. Benchmarking based on 2017/18 indicates that the national average pass through rate was 96% and the average of our statistical neighbours was 97%. We know that other local authorities charge their Early Years Blocks for the cost of SEND support services for early years aged children.

Details of the Item for Consideration (continued)

The outcomes of these conversations will not affect the proposals for the values of provider funding rates in 2019/20. The outcomes however, may / are likely to / will directly affect how our EYSFF develops after 2019/20.

- There is significant further discussion required, and development work to take place, on how our EYSFF, and the values of funding rates, adjust and develop from April 2020. There are a number of factors that will influence how our EYSFF develops.

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 and PVI providers reduces from £4.12 in 2018/19 to £4.11 in 2019/20 was previously close to £4.12
- There is a small overall reduction in deprivation rates, due to the reduction in DSG level funding per from the DfE from £4.59 in 2018/19 to £4.57 in 2019/20.

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

Direct implications – as outlined.

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 2019/20 (including Technical Statement and responses questionnaire).

Appendix 2a – Indicative 2019/20 modelling – Nursery Schools

Appendix 2b – Indicative 2019/20 modelling – Nursery Classes

Appendix 2c – Indicative 2019/20 modelling – PVI Providers

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