

SCHOOLS FORUM

8TH MARCH 2018

EARLY YEARS FUNDING 2018/19

1.0 INTRODUCTION

1.1 The purpose of this report is to update Schools Forum about the proposed changes within the Early Years Block of the Dedicated Schools Grant and the early years single funding formula.

2.0 EARLY YEARS NATIONAL FUNDING FORMULA

2.1 The Department for Education (DfE) provides local authorities with six funding streams that together form the Early Years Block of the Dedicated Schools Grant:

	Initial Allocation 2018/19
The early years entitlement for disadvantaged two years olds	£1.689m
The early years universal entitlement for three and four year olds	£6.746m
The early years additional entitlement for three and four years old children of eligible working children	£1.930m
Maintained Nursery Schools	£0.083m
Early Years Pupil Premium	£0.167m
Disability Access Fund	£0.060m
TOTAL	£10.675m

2.2 In 2018/19, the early years entitlements referred to in the above table are:

- 15 hours for disadvantaged two year olds;
- a universal 15 hours entitlement for all three and four year olds; and
- an additional 15 hours entitlement for eligible working parents of three and four year olds.

2.3 The main change from the existing Early Years Block requirements is that local authorities must plan to spend at least 95% of the funding streams relating to three and four year olds, on the delivery of the government entitlements for these groups referenced above. This is an increase from the 93% requirement in 2017/18, i.e. less funding can be retained for the delivery of centrally provided services.

2.4 The requirement to have a Special Educational Needs (SEN) Inclusion Fund in place to support children with additional needs remains. In addition, there is an expectation from the DfE that local authorities fund providers for the universal and additional entitlements for three and four year olds at the same rate and do not distinguish between the two. The requirement remains that from 2019/20, all local authorities must have a universal base rate (for three/four year old funding) for all childcare providers in their local early years single funding formulas

3.0 PROPOSED APPROACH

3.1 The proposed allocation of the 2018/19 Early Years Block is set out below:

	£m	£m
Early Years Entitlement for 3/4 year olds:		
- Base rate funding	7.792	
- Deprivation funding	0.050	
- Central expenditure (capped at 5%) i.e. Free Early Years Education Entitlement team, Early Years Quality & Inclusion team, Bridge Centre	0.434	
- SEN Inclusion Fund	0.250	
- Contingency	0.150	8.676
Early Years Entitlement for 2 year olds		1.689
Maintained Nursery School		0.083
Early Years Pupil Premium		0.167
Disability Access Fund		0.060
TOTAL		10.675

3.2 As noted at paragraph 2.4, from 2019/20, all local authorities will be required to have a universal base rate for all childcare providers in their local early years single funding formula. Department for Education data shows that 106 local authorities have already implemented a universal base rate and it is the intention of St Helens Council that this will be introduced locally for 2018/19.

3.3 From modelling undertaken, it is intended that a universal base rate of £4 per hour will be introduced, which represents an increase to the hourly rate paid for all providers. The rates for the funding supplement in respect of deprivation remain unchanged.

Provider	Estimated Hours	Current Rate	Estimated Payments	Proposed Rate	Estimated Payments
Day Nursery	865,510	£3.95	£3,418,765	£4.00	£3,462,040
Pre-School / Playgroup	264,038	£3.95	£1,042,950	£4.00	£1,056,152
Childminder	32,082	£3.95	£126,724	£4.00	£128,328
Maintained School	728,570	£3.56	£2,593,709	£4.00	£2,914,280
Maintained Nursery	50,860	£3.42	£173,941	£4.00	£203,440
TOTAL	1,941,060		£7,356,089		£7,764,240

The estimated total cost of this proposal can be contained within the budget assigned for three / four year old funding base rate payments of £7.792m as detailed at paragraph 3.1.

- 3.4 There are no changes to the national funding formula arrangements in respect of the two year old education entitlement and as such, it is proposed that the provider hourly rate remains at the same level as 2017/18 (£4.96), which allows for 5% to be retained centrally.

4.0 RECOMMENDATIONS

- 4.1 The Schools Forum is requested to:
- (a) note the contents of the report;
 - (b) approve the proposed allocation of the 2018/19 DSG Early Years Block as detailed at paragraph 3.4; and
 - (c) consider the introduction of a universal £4 per hour base rate for all categories of provider in respect of three / four year old funding.