**AGENDA ITEM**

**Title of report: Early Years Block Centrally Retained Funding 2018-19**

**Author of the paper: Jon Graham**

**Officer to present the paper to School Forum: Christine McInnes**

**Details on who has been consulted with on this paper to date:**

Christine McInnes, Pauline Hoare, Abdul Quddus, Kirk Dede

**Executive Summary:**

At its meeting on 17 January 2018, Schools Forum voted not to agree the Early Years central retention for 2018-19 which contributed to the running costs of the three Local Authority Day Nurseries. Subsequently, the Forum agreed to continue the contribution for the first six months of financial year 2018-19.

Following a public consultation, Cabinet decided on 26 September 2018 to proceed with a proposal for a phased closure of the council’s three childcare day nurseries (LADNs): Mary Sambrook, John Smith[[1]](#footnote-1) and Overland Day Care Nurseries. The Mayor reaffirmed this decision on 31 October 2018, after call-in by the Overview & Scrutiny Committee

Closing the LADNs will avoid the council incurring operating costs, following the withdrawal of funding by Schools Forum and the lack of viable alternative proposals to keep them open.

The council will implement the required organisational changes procedures in a timely manner. Discussions on additional proposals to extend the availability and affordability of childcare, concentrating on groups and locations which would benefit the most continue.

**Action required:**

Schools Forum is invited to note the current situation and approve the release the remaining 2018-19 funds.

**2018/19 Early Years Centrally Retained Budgets.**

1. **Background.**
	1. The School and Early Years Finance Regulations require a Local Authority (LA) to annually obtain its Schools Forum’s permission for any Early Years Block (EYB) funding retained centrally. The Regulations allow a LA to appeal to the Secretary of State for Education in cases where agreement cannot be reached with its Forum.
	2. The Early Years National Funding Formula was introduced in 2017-18 and this reduced the amount that could be centrally retained to 7 per cent in that year, falling to 5 per cent in 2018-19. The Council successfully delayed full implementation, but we are now are obliged to implement this national requirement from April 2019.
	3. In Tower Hamlets, disapplication of the national arrangements enabled continuing flexibility in the use of centrally retained early years funding, some of which contributed towards the running of the Local Authority Day Nurseries.
	4. As the centrally –retained element reduces, Schools Forum has been considering how to use this shrinking funding to best effect.
	5. Following Forum’s initial rejection of the proposal that centrally retained monies should continue to contribute to the running of the LADNs (17 January 2018) a special meeting of the Forum was held via a telephone conference on 21 February 2018. There was no dissention on the proposed use of retained budgets other than those for the LADNs, with significant concerns raised regarding the nurseries’ value for money.
	6. Following further discussion, the Forum agreed on 7 March the value of the centrally retained budgets with the condition that the allocation to the LADN would be for six months only. Any further funding would be contingent on agreement to closure by the Mayor in Cabinet, with a clear timeline for implementation.
2. **Revised proposals**

2.1 Following a public consultation which supported the proposed closure, Cabinet decided on 26 September 2018 to proceed with a phased closure of the council’s three LADNs: Mary Sambrook, John Smith[[2]](#footnote-2) and Overland Day Care Nurseries. The Mayor reaffirmed this decision on 31 October 2018, after a call-in by the Overview & Scrutiny Committee.

2.2 Closing the LADNs will avoid the council incurring additional operating costs, following the withdrawal of funding by Schools Forum and the lack of viable alternative proposals to keep them open.

2.3 With regard to the staff, the council will implement the required organisational changes procedures in a timely manner. This will mean that staff have opportunities for redeployment, early retirement or VR under their current terms and conditions. With regard to childcare places, the capital programme which is creating additional places continues to ensure we meet growth targets. Existing and prospective parents are being signposted to alternative exiting childcare providers on request. Effective provision for SEND children is already in place across the borough. New specialist provision is being developed at Children’s House Nursery School which is planned to be ready for September 2019. In the event of a delay, interim contingency plans are being put in place.

2.4 The availability and affordability of childcare continue to be concerns for families and the council, so discussions on the feasibility of the council providing targeted support to benefit those most in need are underway.

2.5 The council plans to:

* Close each nursery in turn, with the last to shut at the end of Summer term 2019, to minimise disruption for children and parents
* Support the affected parents and children through this change
* Apply the council’s Organisational Change process to manage and support staff through this change
	+ 1. Schools Forum is asked to note the current position and consider release of the remaining funds from the retained early years block. This will support the transition process which will include assistance for children and families moving from the day care nurseries too maintained nursery schools, as well as to other early childhood education and care settings including nursery classes in primary schools.
1. John Smith and Overland Day Care Nurseries occupy childcare rooms on the same site as John Smith and Overland Children’s Centres. [↑](#footnote-ref-1)
2. John Smith and Overland Day Care Nurseries occupy childcare rooms on the same site as John Smith and Overland Children’s Centres. [↑](#footnote-ref-2)