**AGENDA ITEM 06**

**Title of report:** Early Years Block Funding 2019-20

**Author of the paper: Sailesh Patel**

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

**Sailesh Patel**

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

Pauline Hoare, Christine McInnes, Abdul Quddus.

**Exec Summary:**

This report sets out the proposed plan for the development of the early years funding formula for 2, 3 and 4 year olds in 2019-20.

Approving our agreed reduction in the centrally retained budgets to 5% in 2019-20 and meeting the minimum criteria required by the ESFA.

**Action required:**

Schools Forum is invited to **discuss and comment on** any of the issues raised in the report.

To note the contents of the report

To note the proposed changes in funding rates for 19/20

To approve the Central retained Budget within the Early Years Block under Section 4

* 1. **PURPOSE OF REPORT**
  2. This report sets out the previously agreed allocation of the Early Years funding for 2019-20 and the associated funding formula for providers, as 2018-19 was the final year for the local funding formula for early years.

1. **Background Context**
   1. Tower Hamlets council was required to fund all early education providers using a new National Formula set out within guidance by the Department for Education in 2016/17
   2. Work was undertaken during 2016/17 in partnership with sector representatives and Schools Forum to develop the Early Years block budget and rates for Early Education in line with DfE guidance and local priorities.
   3. The funding rates were modelled over three years in line with the information available on transitional protection arrangements.
   4. There is a requirement by the DfE that all settings are funded at the **same rate in 2019/20,** with continued additional specific protection provided to maintained nursery schools (MNS).
   5. There are a number of additional requirements for LAs which are intended to ensure that funding is fairly distributed to providers. These are:-
   * A minimum amount of funding that must be passed through to providers (**95% from 18/19**).
   * A universal base rate for all types of provider to be set by LAs by 2019/20 at the latest.
   * Supplementary funding for Maintained Nursery Schools (MNS).
   * Reforms to mandatory and discretionary supplements LAs are able to use with a maximum 10% cap on the amount of funding that can be used.
   * The introduction of a Disability Access Fund linked to children that access Disability Living Allowance.
   * A requirement for LAs to establish a SEND inclusion fund for children birth to five(part of the hourly rate now )
   1. This paper outlines the annual review undertaken and recommendations for the allocation of the Early Years funding block for 2019-20

1. **Tower Hamlets overall 2019-20 Early Years block allocation**

The Council has now received its initial 2019-20 Early Years block allocation announced on the 17th December 2018 alongside a ‘Technical Note’ and the ‘DSG Conditions of Grant’. The key elements of the operational and technical guidance issued is summarised below:

**Table 1**; shows the Allocation announced for 2019-20 against the 2018-19.

**Note**: the place funding in the first three rows (universal 3 and 4yo; additional 15 hours, 2yo entitlement) must be passed in full to settings. The role of the council is to ensure that these funds are passed direct to settings in full. EYPP, DAF and the nursery school supplementary funding are passed direct and in full to participating settings.

The retained funding contributes to the fulfilment of statutory duties (QA of early learning funding streams, validation of EYFSP data through moderation, early identification of inclusion and SEND needs birth to three, childcare quality) of the council. The full costs of these services are much greater than the retained budget below. The retained budget supports the school aspects of the statutory duties.



* 1. The funding rates for 2019-20 is now **£8.06**, this has reduced from 2018-19 figure of £8.08 per hour for all the 3/ 4 year old pupils.

* 1. The allocation for the Maintained Nursery School (MNS) supplementary funding **is £0.566m**

**Funding for Two year olds (2YO).**

* 1. The 2018/19 rate has now been confirmed by the DfE, at **£6.50** per hour, with an estimated 867 Part time equivalent (PTE) 3 and 4 year old child numbers for universal entitlement funding for 2018/19.

**Early Years Pupil Premium. (EYPP)**

* 1. The EYPP remains a separate funding stream. It continues to be paid into the

DSG and there are no funding changes from 2018-19. The allocation of funding for the EYPP for 2019-20 is **£0.298m**. This equates to 53p hour.

**Disability Access Fund (DAF)**

* 1. The national rate for DAF is £615 per eligible child per year. The funding allocation for 2019-20 will be an illustrative allocation based on an estimate of the number of three and four year olds who are not in Reception that are claiming the Disability Living Allowance (DLA). For each local authority, their total February 2018 DLA claimant count of three and four year old children, using data from the Department for Work and Pensions (DWP), will be adjusted to remove an estimated number of children in reception. This will give an estimate of the number of three and four year olds eligible to take up DAF in the local authority area.

**SEND Inclusion Fund**

* 1. Outside of the limits on central retention, the DFE will require all local authorities to hold a centrally managed SEN Inclusion Fund to provide additional funding to providers to improve outcomes for 3 and 4 year old children with special educational needs and disabilities using funding from Early Years block.
  2. The methodology for the inclusion fund is based on an hour rate of **£0.20** **per hour**, using the 3 and 4 years old pupil data his would equate to around **£595k** for the SEN inclusion fund

1. **2019-20 Early Years’ Formula and Central retained budget.**
   1. Last year schools forum were required to approve the central retained budgets in appendix A, maximum limit in 2019-20 is 5%.
   2. Approval is required for the central retained funding level of **5%**, which equates to **£1.265m**.
   3. **Appendix A** below shows the detail of its use.

The following teams within the Integrated Early Years’ Service are **part funded** by the EY DSG. (In 2017-18, this proportion was generally 20%). For 2019-20 it is as follows:

* + - Strategic quality team (20/80) split
    - Inclusion team (20/80) split
    - Workforce development (50/50) split
    - Parenting education (20/80) split

The teams work closely with all ECEC settings, schools in particular benefit from an unusually high level of additional support. Teachers and head teachers from other LAs regularly remark on this. The retained funding contributes to the fulfilment of the following statutory duties:

* QA of early learning funding streams;
* Validation of EYFSP data through moderation – where eligible children attend, this extends to childcare provision;
* Workforce development - EYFSCo and PVI joint termly meetings; highly subsidised training for all ECEC settings;
* Improvement of quality in early childhood education and care settings through planning, provision and brokerage of training, in response to needs identified by the school during moderation and in response to LA and locality level analysis of EY data.

Please note that the functions listed above are those specifically relevant to schools. They are by no means an exhaustive description of the statutory early years’ functions themselves.

**LA Day Care Nurseries**

The Council must follow specific organisational change procedures to implement the staffing changes contingent on the phased closure of the three LA run day care settings. Ofsted has closed both Mary Sambrook Day Care (01.09.18) and John Smith Day Care (21.12.18). Overland Day Care remains in operation until the end of July 2019. There are 25 childcare workers employed by the Council, two admin staff and 18 children. Staff are being offered employment experiences in other areas of IEYS to develop their skills, knowledge and understanding. The employment costs will continue until the completion of the organisational change process by the Council. This situation is likely to continue until at least until July 2019.

**Background Papers**;

[https://www.gov.uk/government/publications/early-years-national-funding- formula-allocations-and-guidance](https://www.gov.uk/government/publications/early-years-national-funding-%09formula-allocations-and-guidance)

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| --- | --- | --- |
| **Appendix 1:** |  |  |
| Early Years Retained Allocation | **2018-19** | **2019-20** |
|  | **£000** | **£000** |
| Total Centre Retained Amount DSG | 1,238 | **1,265** |
|  |  |  |
| Head of Integrated Early Years Service (X0.7) | **44** | **41** |
| Early Intervention Manager (X0.3) | **18** | **17** |
|  |  |  |
| **Business Support and Child Sufficiency Team** |  |  |
| Team Manager | **41** | **39** |
| Business support and Cohesion Manager | **37** | **35** |
| Child Sufficiency Monitoring officer | **32** | **30** |
| Child Sufficiency and Business Support Officer (X4) | **96** | **91** |
|  |  |  |
| **Early Help Area Inclusion Coordinators: support for early years settings** |  |  |
| Early Help Manager and Senior Inclusion Coordinators: | **54** | **51** |
| Early Help Area Inclusion Coordinators (X3) | **144** | **136** |
| Early help: Quality Assurance Teachers (X2) | **96** | **91** |
|  |  |  |
| 4. Quality Assurance PVI's |  |  |
| Strategic Quality Manager | **41** | **39** |
| Early Years Advisors (X4) | **138** | **130** |
|  |  |  |
| **Workforce Development** |  |  |
| Community and Workforce Development Manager | **31** | **29** |
| Workforce development Worker | **26** | **25** |
|  |  |  |
| Total | **799** | **755** |
|  |  |  |
| **Appendix 2:** |  |  |
| **LA day nurseries** |  |  |
| Day-care Nursery Manager | **40** | **0** |
| John Smith (Staffing + Running Costs) | **165** | **0** |
| Mary Sambrook (Staffing + Running Costs) | **148** | **0** |
| Overland (Staffing + Running Costs) | **187** | **0** |
| Total | **540** | **0** |
|  |  |  |
| Unallocated Funding |  | **510** |
| Balance to be found from additional in-year savings | **-100** | **0** |

**Background Papers and Contact Officer Details**

List of background papers held by Sailesh Patel on Schools Forum File:

1. Schools revenue funding 2019 to 2020 Operational guide, September 2018

2. DSG allocations by Local Authority for 2019-20