
Early Years Budget 2020/21

Report being considered by: Schools Forum on 9th March 2020

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Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the proposal for the Early Years budget, which is based upon the recommendations of the Early Years Funding Group.

2. Recommendations

- 2.1 For the Schools Forum to agree the 2020/21 budgets as detailed in table 2.
- 2.2 As there is currently no definitive solution to the budget situation, the Forum can expect an early update regarding the recommended course of action to bring in line the current year outturn and 2020/21 proposed budgets and rates for West Berkshire Early Years funded providers.

Recommendations are subject to further work and discussion by the Early Years Funding Group, who will ensure that a solution which addresses the volatility in this budget is found.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Funding Framework for 2020/21

- 3.1 The funding rate determined for West Berkshire for 2020/21, is based on the national funding formula below. In 2019/20 the rate of £4.70 has increased by an uplift of 8p to £4.78.

	Excluding ACA	ACA	Total
Base Rate	£3.53	£0.92	£4.45
Additional Needs	£0.20	£0.05	£0.25
Total	£3.73	£0.97	£4.70

- 3.2 Local Authorities are required to set an average funding rate for providers for 3 and 4 year olds which is at least 95% of the authority's funding rate (£4.78 for West Berkshire). This minimum funding level is referred to as the pass through rate. The Government will be monitoring compliance on this, and the "rules" surrounding this have been detailed.

- 3.3 The funding rate paid for 2 year olds has also increased by an 8p uplift from £5.74 to £5.82 per hour.
- 3.4 The Early Years Pupil Premium Grant (EYPPG) is to continue.
- 3.5 A Disability Access Fund (DAF) payment of £615 per child per year will be made for children in receipt of Disability Living Allowance.
- 3.6 An SEN Inclusion fund also continues.
- 3.7 The additional funding for maintained nursery schools will continue for at least 2020/21. This will enable the lump sum to continue to be paid to the two WBC nursery schools.

4. Forecast Outturn for 2019/20

Table 1	2019/20 Budget Set	2019/20 Forecast	2019/20 Variance
	£	£	£
Funds Delegated to Early Years Providers			
PVI Providers (90036)	6,344,850	6,326,863	-17,987
Nursery classes in Mainstream Schools (90037)	1,323,980	1,650,421	326,441
Maintained Nursery Schools (90010)	917,910	938,113	20,203
2 Year Old Funding (90018)	652,970	756,825	103,855
Pupil Premium Grant (27%) and deprivation funding (73%) (90052)	131,460	188,375	56,915
Total Delegated Funds	9,371,170	9,860,597	489,427
Centrally Managed Funds			
Central Expenditure on Children Under 5 (90017)	266,300	233,300	-33,000
Pre School Teacher Counselling (90287)	60,690	60,690	0
SEN Inclusion Fund (90238)	90,000	94,000	4,000
Disability Access Fund (90053)	23,370	16,000	-7,370
SSRs	49,500	58,752	9,252
Total Centrally Managed Funds	489,860	462,742	-27,118
TOTAL EXPENDITURE	9,861,030	10,323,339	462,309
Early Years DSG Block Funding In Year (see below)	-9,646,508	-9,492,073	154,435
IN YEAR OVERSPEND	214,522	831,266	616,744
Early Years clawback from 2018/19	0	-395,886	-395,886
Early Years DSG Block Funding carried forward	247,000	247,000	0
OVERALL NET POSITION	461,522	682,380	220,858

- 4.1 It should be noted that the funding regulations state that the funding for extended hours in 2020/21 will be “based on” January 2020 census data.

5. Budget Model for 2020/21

- 5.1 West Berkshire is now using a single base rate. The rate increased from 1st April 2019 to a base rate of £4.40 and a quality supplement of 0.66p per hour.
- 5.2 The deprivation supplement based upon the current arrangements with the funding being linked to the early year's pupil premium, increased from 1st April 2019 to £1.47.
- 5.3 The increase in the deprivation rate alongside a local campaign to ensure that eligible children are identified and funded has had a positive impact upon uptake. This funding is well below that allocated once a child enters school however as this is such an important time to be supporting young children who are disadvantaged and in many case are those with speech and language delay the Early Years Group and the Forum agreed that an increase in funding would support this area of work.
- 5.4 The hourly rate to providers for 2 year olds increased from 1st April 2019 to £5.65.
- 5.5 The Local Authority is allowed to fund from the grant some centrally provided services, including staffing and IT costs in relation to overseeing the delivery of the free entitlement, sufficiency of places, eligibility checking, and administration of funding payments to providers. However funding for these services is limited by the requirement to set a "pass through rate" for 3 and 4 year olds which is at least 95% of the authority's funding rate.
- 5.6 Spend on provider payments has been set on the assumption that payments in Autumn 2020 and Spring 2021 will be similar to Autumn 2019 and Spring 2020 and that payments in the Summer term 2020 will be 13% higher than Spring 2020. (This forecast is in line with trends in early years numbers in previous years). However, because the take up of extended hours has been higher than expected in the Autumn 2019 and Spring 2020 terms, allowance has been made for a further increase in extended hours of 14,000 hours on average in the financial year 2020/21.
- 5.7 It should be noted that early years providers under the previous funding formula had no rate rises for five years. Since the introduction of the new national funding formula many providers have lower hourly rates and also more free entitlement hours to provide, which is having an impact on sufficiency and the offer to parents in West Berkshire.
- 5.8 In 2019/20 single base rate was increased to support all providers with the additional costs that have impacted on them over the past two years; rises in the minimum wage and pension costs alongside the introduction of the additional free entitlement to working parents.

5.9 The proposed Early Years Block Budget for 2020/21 is set out in the table below:

Table 2	2020/21 Yr 1 Budget £
Funds Delegated to Early Years Providers	
PVI Providers (90036)	6,423,352
Nursery classes in Mainstream Schools (90037)	1,650,421
Maintained Nursery Schools (90010)	938,113
2 Year Old Funding (90018)	756,825
Pupil Premium Grant (27%) and deprivation funding (73%) (90052)	188,375
Total Delegated Funds	9,957,086
Centrally Managed Funds	
Central Expenditure on Children Under 5 (90017)	258,450
Pre School Teacher Counselling (90287)	51,950
SEN Inclusion Fund (90238)	90,000
Disability Access Fund (90053)	23,370
SSRs	66,152
Total Centrally Managed Funds	489,922
TOTAL EXPENDITURE	10,477,008
Early Years DSG Block Funding In Year (see below)	-9,651,877
Transfer to Central Schools Services Block	
Early Years DSG Block Funding carried forward	682,380
OVERALL NET POSITION	1,477,510

6. Conclusion

- 6.1 Propose that as there is currently no definitive solution to the budget situation, the Forum can expect an early update regarding the recommended course of action to bring in line the current year outturn and 2020/21 proposed budgets and rates for West Berkshire Early Years funded providers.
- 6.2 Recommendations are subject to further work and discussion by the Early Years Funding Group, who will ensure that a solution which addresses the volatility in this budget is found.