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## Report to the Schools Forum

**Title:** Early Years Funding Formula 2019-20

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### 1. Purpose of Agenda Item

1.1. This agenda item updates School Forum on the Early Years Block Allocation for 2019-20 and sets out the proposals for 2019-20 budgets and funding formula.

### 2. Background

2.1. The Department of education (DfE) provides local authorities with six relevant funding streams which together form the Early Years block of the Dedicated Schools Grant (DSG). They are:

- the early years universal entitlement for three and four year olds (15 hours)
- the early years additional entitlement for three and four year old children of eligible working parents (additional 15 hours)
- the early years entitlement for disadvantaged two year olds (15 hours)
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF), £615 per pupil per year

2.2. The DfE published in November 2018, its 'Early years entitlements: local authority funding of providers' Operational guide 2019 to 2020. The main change from last year is as follows:

- authorities must use a universal base rate for all types of provider, including Maintained Nursery Schools, in their local three and four year old formula (but will continue to be able to fund Maintained Nursery Schools through additional lump sums).

### 3. 2019-20 DfE Early Years Initial Allocations

3.1. The 2019-20 initial allocations are as follows:

Universal entitlement for 3 and 4 year olds (£millions)	Additional 15 hours entitlement 3 and 4 year olds (£millions)	Funding allocation for 2 year old entitlement (£millions)	Early Years Pupil Premium (£millions)	Disability Access Fund (£millions)	Maintained nursery school supplementary funding (£millions)	2019-20 Total early years block (£millions)
21.248	6.000	3.005	0.123	0.089	0.222	30.687

3.2. The 2019-20 Early Years National Funding Formula (EYNFF) allocation to Buckinghamshire County Council (BCC) remains the same as for last year, although the funding has been updated for pupil numbers:

- LA hourly rate for 3 and 4 year olds remains at £4.64
- LA hourly rate for 2 year old entitlement remains at £5.71

3.3. The block allocations are initial allocations, and are based on Schools, Early Years and Alternative Provision censuses data from January 2018. These allocations will be updated based on January 2019 and January 2020 census data.

3.4. The majority of the 2019-20 allocations remain the same as for the 2018-19 updated allocations (updated in November 2018) as they are both based on January 2018 census data. In 2019-20 we see a small decrease in allocations for Disability Access Fund and supplementary funding for Maintained Nursery Schools (MNS), as shown in the table below:

Early Years 2018-19		Updated allocation as at November 2018				
Universal entitlement for 3 and 4 year olds (£millions)	Additional 15 hours entitlement 3 and 4 year olds (£millions)	Funding allocation for 2 year old entitlement (£millions)	Early Years Pupil Premium (£millions)	Disability Access Fund (£millions)	Maintained nursery school supplementary funding (£millions)	2019-20 Total early years block (£millions)
21.248	6.000	3.005	0.123	0.097	0.225	30.697
Increase (+) / Decrease (-) to 2019-20 allocations						
0.000	0.000	0.000	0.000	-0.008	-0.003	-0.011

#### **4. 95% pass-through requirement for three and four year olds funding.**

- 4.1. Local authorities are required to pass at least 95% of their three and four year old funding from Government to early years providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements. Excluded from this calculation is the funding for: the entitlement for disadvantaged two year olds; payments to MNS from the MNS supplementary funding allocation; the Disability Access Fund (DAF) and the Early Years Pupil Premium (EYPP).
- 4.2. There is no pass-through requirement for 2 year olds, but BCC will continue to allocate some of the 2 year old funding to central spend to support this service provision, as agreed in 2017-18 and 2018-19.
- 4.3. Local authority compliance with the 95% pass-through requirement is measured with reference to local authorities' planned budgets. The DfE will monitor compliance via the annual s251 budget returns and may consider the future use of s251 outturn data to monitor compliance with the pass-through.

#### **5. Buckinghamshire's County Council Hourly Rates**

- 5.1. As the hourly allocations to BCC have not changed from last year, there is little scope to amend the hourly rates to providers. The additional 15 hours for 3 and 4 year olds, introduced in September 2017, is still bedding down and progress will be monitored.
- 5.2. A reserve of £500k has been earmarked to help manage any amendments the DfE will make to BCC's 2018-19 allocations based on January 2019 census data, expected after the end of this financial year in June 2019. Currently provider payments are made on the basis of pupil count at 3 points in the year and an adjustment will be expected each year. Spend will be monitored closely to comply with the 95% pass-through requirement.
- 5.3. The 5% central spend will also be monitored against the eligible criteria as set out in the operational guidance. Following a recent review of the Early Years support service managed by BCC, including the service previously supplied by BLT which has now returned to BCC, means a more integrated support service will be available.

5.4. The following tables sets out the 2019-20 hourly rates and 95% high pass through requirement:

<b>2019-20 Summary of Buckinghamshire County Council's Early Years Funding Formula</b>			
	<b>DfE Budget Allocation (£)</b>	<b>Hourly Formula</b>	<b>Notes</b>
Universal 3 & 4 year olds	£21,247,945		
Additional 15 Hours 3 & 4 year olds	£6,000,307		Working parents
<b>Total</b>	<b>£27,248,252</b>	<b>£4.64</b>	Amount allocated to LA
<b>Buckinghamshire's EY Funding Formula 3 and 4 year olds:</b>			
	<b>Budget (£)</b>	<b>Hourly rate</b>	<b>Notes</b>
Base hourly rate	£24,957,989	£4.25	
Deprivation (Average)	£352,850	£0.06	Allocated on family economic criteria
Optional supplements	0	£0.00	Local agreement
Contingency	£100,000	£0.02	Allocated on setting sustainability criteria
Inclusion Fund	£475,000	£0.08	Allocated on child's assessed needs
Total 95% High pass-through rate	£25,885,840	£4.41	95% of £4.64
Total Central spend 5%	£1,362,413	£0.23	5% of £4.64
<b>Total Budget</b>	<b>£27,248,252</b>	<b>£4.64</b>	100%
<b>2019-20 Summary of Buckinghamshire County Council's Early Years Funding Formula :</b>			
	<b>DfE Budget Allocation (£)</b>	<b>Hourly Formula</b>	<b>Notes</b>
2 year old funding:	£3,004,675	£5.71	Amount to LA
<b>Buckinghamshire's EY Funding Formula 2 year olds:</b>			
	<b>Budget (£)</b>	<b>Hourly rate</b>	<b>Notes</b>
Provider rate	£2,857,336	£5.43	95% of £5.71
5% central spend	£147,340	£0.28	5% of £5.71
<b>Total Budget</b>	<b>£3,004,675</b>	<b>£5.71</b>	100%

## 6. Recommendations

6.1. Schools Forum members are asked to note the information set out in this report and to agree the proposed rates as set out in 5.4 above.