



## **Schools Forum**

Date: 6 June 2019

Time: 8.30am

Venue: Shrewsbury Training  
and Development  
Centre

Item

Public

Paper

**B**

## **ALLOCATION OF EARLY YEARS BLOCK 2019/20**

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### **Summary**

This report is to inform Schools Forum of the local authority proposals for the allocation of the Early Years Block funding in 2019/20.

### **Recommendation**

This report is for information only.

## **REPORT**

### **Background**

1. The Early Years Block funding covers the delivery of the following entitlements:
  - the 15 hours entitlement for disadvantaged two-year olds
  - the universal 15 hours entitlement for all three- and four-year olds
  - the additional 15 hours entitlement for eligible working parents of three- and four-year olds
  - the Early Years Pupil Premium (EYPP)
  - the Disability Access Fund (DAF).
2. The funding for local authorities to provide the above entitlements comes from the Early Years Block of the Dedicated Schools Grant (DSG). The key requirements on local authorities in terms of how they use funding within the block are provided below.

Local authorities must:

- plan to spend at least 95% of their funding for the three- and four-year old entitlements on the delivery of the entitlements for three- and four-year olds
- use a deprivation supplement in their local three- and four-year-old formulae
- not channel more than 10% of their funding for the three- and four-year-old entitlements through funding supplements
- provide a SEN fund for three- and four-year olds
- pass on EYPP and DAF funding in full to providers.

Compliance with the above requirements is monitored through the annual Section 251 return submitted by the local authority.

3. The 2019-20 Early Years Block allocation is provisional at this stage as it is based on January 2018 Early Years census data. This provisional allocation will be updated in July 2019 and July 2020 with the final allocation based on 5/12ths of January 2019 pupil numbers and 7/12ths of January 2020 pupil numbers.
4. The provisional Early Years Block allocation includes funding for the universal 15 hours free entitlement funding for three- and four-year olds, the additional 15 hours free entitlement for three- and four- year olds of working parents and the two-year old free entitlement funding. In addition, the Early Years Block includes funding for the EYPP and the DAF.
5. For three- and four-year olds, the amount per part time equivalent (PTE) pupil for the universal 15 hours free entitlement, and the additional 15 hours free entitlement for pupils of working parents, remains at £4.30 per hour in 2019-20. The amount per PTE two-year old from the most disadvantaged backgrounds remains at £5.20 per hour in 2019-20. Shropshire remains in a small group of local authorities who are funded at this rate which is the lowest of the various hourly rates used by the Department for Education (DfE).

## Early Years Block

6. The initial 2019-20 Early Years Block allocation for Shropshire is as follows:

Funding for the two-, three- and four-year-old entitlements	£15,026,374
Funding for the Early Years Pupil Premium	£78,361
Funding for the Disability Access Fund	£50,430
<b>Total</b>	<b>£15,155,165</b>

7. The current budgeted spend of this initial allocation is as follows:

Funding for the two-, three- and four-year-old entitlements	£13,909,084
Early Years Pupil Premium	£78,361
Disability Access Fund	£50,430
Sustainability funding	£300,000
Deprivation funding	£300,000
SEN fund	£200,000
Central retained funds	£317,290
<b>Total</b>	<b>£15,155,165</b>

Further detail in relation to each of the above:

#### **Universal and extended three and four-year old entitlement**

The hourly rate at which Shropshire is funded by the DfE for the provision of these hours is £4.30 per hour per child. The hourly base rate which passed on to providers for the provision of the entitlements is £3.90 per hour per child (91%) thereby meeting the requirement set out above not to channel more than 10% of the funding allocation through supplements.

#### **Two-year old entitlement**

The hourly rate at which Shropshire is funded by the DfE for the provision of these hours is £5.20 per hour per child. The hourly base rate which Shropshire passes on funding to providers for the provision of the entitlements is £4.96 per hour per child (95%).

#### **EYPP and DAF**

The funding streams are passed on in full to providers based on claims made by them for those children meeting the relevant eligibility criteria.

#### **Supplements to the base rates of funding**

The funding formulae for Shropshire allows for two additional supplements to the universal base rate of £3.90 per hour per child for three- and four-year olds.

##### **a) Sustainability**

Shropshire Council retains a statutory duty to ensure that it has sufficient, high quality, affordable and accessible early years places across the whole of the county so that parents and children are able to access their entitlement regardless of where they live. The local authority is continuing to retain funding for sustainability. This funding will be passed on to early years providers in line

with current policies and procedures and, at the end of the financial year, any unspent funding will be carried forward to the next year. The authority will constantly review this funding stream to ensure it remains appropriate and provides the best possible value for money. There are a small number of providers for whom regular support is provided each year dependant on their overall income – the equivalent of a minimum funding guarantee. Some funding is also retained to provide support where providers fall into short term financial difficulties.

#### **b) Deprivation**

Under the requirements of the early years national funding formula the local authority is required to provide additional financial support for the most deprived children. This is done by providing a one-off deprivation payment to providers based on the IDACI measure of those children attending the setting on census day in January. Whilst the amount that providers will receive will vary depending on their situation and circumstances this funding will be passed on in full to settings.

The local authority also use an element of the funding to provide specific, targeted support to children and families who are suffering disadvantage due to their family circumstances i.e. not just those children who meet the economic eligibility criteria.

The remainder of the block will be applied as follows:

#### **Central retained funds**

The local authority intends to retain £319,270 (2.6%) of the overall allocation of funding for the universal and extended free entitlement for three- and four-year olds. This is well within the required 5% maximum amount that can be retained centrally under the new regulations.

This funding is primarily used for the following purposes:

- i. Salary costs for approximately 6 FTE staff employed within the early years service which includes staff to support SEN, safeguarding and collection of data and distribution of funding to early years providers
- ii. Provision and maintenance of early years funding portal
- iii. Repairs, maintenance and running costs for a small number of buildings still owned by the authority from which childcare is delivered
- iv. Provision of information, support and guidance to settings failing their Ofsted inspection
- v. Provision of statutory CPD and training including safeguarding and SEN.

#### **SEN Fund**

The local authority provides additional targeted support to two-, three- and four-year olds accessing their free entitlement, who are identified as having special or additional needs. Providers can apply for funding on a case by case basis and applications are considered by the early years panel who allocate funding termly. As may be expected, this mirrors the situation in the schools sector, with funding

commitments increasing term by term and year by year as more children in need of additional support are identified.

## **Conclusion**

8. In terms of how the local authority intends to allocate and spend the Early Years Block of the DSG, Shropshire operates within the requirements set out by the Education and Skills Funding Agency (ESFA). Whilst there are often pressures on different parts of the overall funding allocation at different times, the overall aim is to pass on as much of the funding allocation to providers as possible whilst ensuring that all statutory duties are met.
9. The authority is aware that many childcare providers are concerned at the overall level of funding they receive and whether they can continue to remain sustainable and offer the free entitlements given the rate at which they are reimbursed. Everything is being done at a local level to pass on the highest possible hourly rate to providers but all parties will need to continue to lobby nationally for more funding for Shropshire.