

## **LANCASHIRE SCHOOLS FORUM**

**Date of meeting 14 January 2020**

### **Item No 9**

#### **Title: Recommendations of the Early Years Block Working Group**

#### **Executive Summary**

On 5 December 2020, the Early Years Block Working Group considered a number of reports, including:

- SEN Inclusion Fund;
- Payments for Social Services Supported Children;
- Early Years Block Funding 2020/21;
- Early Years Funding Benchmarking Tool 2019/20;
- Consultation on 2 year old discretionary payments;
- Supplementary Claims Process for Maintained Settings;

#### **Recommendations**

The Forum is asked to:

- a) Note the report from the Early Years Block Working Group held on 5 December 2020;
- b) Ratify the Group's recommendations.

## **Background**

On 5 December 2020, the Early Years Block Working Group considered a number of reports. A summary of the key issues and recommendations arising from the Working Group's considerations of the items are provided in this report.

### **1. SEN Inclusion Fund**

After the last meeting, a copy of the guidance documentation and proforma arising from the SEN inclusion fund consultation, were circulated to Working Group members and it was indicated that the information had been circulated to providers.

Some members feedback that they did not recall seeing any update on the SEN Inclusion Fund.

#### **The Working Group:**

- a) Noted that SEN Inclusion Fund information had been circulated after the last meeting;**
- b) Requested that the information be recirculated to all areas as some members did not recall seeing the original circulation.**

### **2. Payments for Social Services Supported Children**

Following notification to providers after the last meeting one or two settings got in contact with the LA about outstanding payments for social services children, but these had subsequently been resolved.

Some members at the meeting reported that they still had payments outstanding for social services children. It was also noted that no contract information had been introduced to provide evidence of the agreed hours and requirements and assurance that funding would eventually be paid.

It was noted that the team that processed the claims social services children was undergoing a service reorganisation and this may have delayed the further review of processes, including consideration of any contract arrangements.

The Working Group requested that the outstanding payments be followed up with the team and a relevant Head of Service be invited to a future meeting to discuss the social services payment process.

#### **The Working Group:**

- a) Noted the update around payments for Social Services Supported Children;**
- b) Supported the follow up with the relevant service.**

### **3. Early Years Block Funding 2020/21**

#### *Government Announcements for 2020/21*

The DfE have indicated that an additional £66m has been made available for early years funding from April 2020. This is to be distributed via an uplift of 8p per hour on the funding we receive from the government for 2 year olds and for 3&4 year olds.

The Lancashire allocation levels for 2020/21 will be as follows:

- 2 year olds - £5.28 per hour
- 3&4 year olds - £4.38 per hour

These funding levels remain the lowest in the country, along with about a third of LAs. The highest 2 year old rate is £6.58 per hour, with £8.51 per hour being the highest rate for 3&4 year olds.

These are the levels the County Council receives per hour, not the base rate levels that will be paid to providers. The base rate funding is lower, as deprivation funding, the Inclusion Fund and local discretionary payments and supplementaries are funded from the original DfE hourly allocation.

One further issue was noted relating to the fact that income from the 3&4 year old funding is currently subsidising the 2 year old funding in Lancashire. Views were sought via the Working Group chair about whether to adjust the distribution of the additional 8p per hour to channel a greater proportion to 3&4 year olds to reduce the level of subsidisation. Feedback indicated that it was perhaps preferential to distribute the additional funding as allocated by the DfE, as providers may already have heard DfE announcements and be expecting that level of increase. In addition, the 2 year old children are viewed as the most disadvantaged children.

Government announcements also confirmed the continuation of supplementary funding for Maintained Nursery Schools (MNS), at the 2019/20 funding rates. No figures accompanied the announcement in relation to the supplementary funding for MNS and we will need to await the final DSG announcements for 2020/21, which are scheduled for mid-December 2019.

#### *Possible Schools Block Transfer*

Whilst the school funding regulations indicate that the Schools Block is ringfenced, the Schools Forum is able to agree a transfer out of this block up to 0.5% of the allocation for the block, subject to a consultation with schools.

Following initial Dedicated Schools Grant (DSG) announcements, the Forum have recommended that if headroom is available, a consultation to transfer this funding out of the Schools Block to help support pressures in High Needs and Early Years should be undertaken.

This consultation has now been launched. Subject to final confirmation of our 2020/21 DSG allocations and the views received in the consultation, it maybe that some additional funding can be transferred from Schools Block to Early Years Block from April 2020.

The transfer may only be a few hundred thousand pounds, and would only be for the 2020/21 financial year, but would be a further contribution to increase the funding rates to providers.

#### *Funding Uncertainties*

The date for the 2019 general election on 12 December 2019 puts increased pressure on school budget setting process, and depending on the outcome of the election may mean that the statutory deadlines cannot be met.

In discussions with DfE officials, we were told that if a Conservative government is re-elected there is a possibility that DSG allocations can be issued reasonably quickly and the date we receive information may only slip by a day or two. Any other election result is likely to build even greater delay into the process.

Members debated the report and were supportive of the decision to passport the additional 8p per hour directly to 2 year olds and 3&4 year olds. There was also some discussion about the financial pressures facing all settings and it was noted in connection with maintained nursery schools, a report was to be considered by the LCC cabinet in January 2020.

#### **The Working Group:**

- a) Noted the report;**
- b) Supported the decision to passport the additional 8p per hour directly to 2 year olds and 3&4 year olds;**
- c) Asked to be alerted when the Nursery School cabinet report was in the public domain.**

#### **4. Early Years Funding Benchmarking Tool 2019/20**

Following the introduction of the early years national funding formula in April 2017, there are a number of requirements set out by the Government that determine how local authorities fund early years providers to deliver the three and four year-old entitlements. The key requirements are that:

- all local authorities plan to pass on at least 95% of their early years funding to providers
- only use a limited set of funding supplements, with a total value capped at 10% of allocated budget to providers
- local authorities use a universal base rate to fund providers by 2019-20
- all local authorities set up a local inclusion fund for children with special educational needs (mandatory for three and four year-olds but discretionary for two year-olds)

As part of the Government monitoring of these requirements an annual benchmarking tool has been produced since 2017/18. The latest benchmarking tool has now been published and includes information about how local authorities are planning to meet these requirements in 2019-20. This data is based on the budget information from the Section 251 return submitted to the DfE by local authorities.

The funding benchmarking tool includes the projected spend on early years providers to deliver early years places for two, three and four-year-olds. The information was broken down into provider types and includes budget per hour information.

The benchmarking tool showed information for Lancashire, compared to data from our statistical neighbours.

Members considered the benchmarking data provided.

It was noted that variations between LA's funding levels for providers will be based on the level of income received through the calculation of the early years national funding formula. In addition, Lancashire funds a number of discretionary payments that may not be replicated

in other authorities, (e.g. supplementary payments and discretionary hours, etc) and has a high number of maintained nursery schools compared to other LAs.

**The Working Group:**

- a) **Noted the report;**

**5. Consultation on 2 year old discretionary payments**

Following discussions at previous working group meetings, a consultation was held around the possible cessation of discretionary payments to vulnerable groups in the local Early Years formula that do not generate equivalent Dedicated Schools Grant (DSG) income for Lancashire.

The vulnerable groups are:

- Children known to children's social care i.e. Children in Need and Children on a Child Protection Plan (Children Looked After (CLA) children would continue to be funded under national criteria);
- Portage children (Portage is an educational home-visiting service for pre-school children who have significant special educational needs and disabilities);
- GRT (Gypsy, Roma and Traveller) children;
- Children of serving armed forces personnel.

At the last meeting, the Working Group considered the report and consultation responses and recommended that the Forum support the continuation of the existing criteria in the 2 year old offer that aids discretionary groups.

The final analysis of consultation responses and comments received were reported to the Schools Forum on 17 October 2019, with over 60% of responses supporting a continuation of the current arrangements. The Forum ratified the Working Group's recommendations to continue to current discretionary payments policy.

A copy of the final analysis of consultation responses were provided for the Working Group, and included additional comments received after the last working group meeting.

**The Working Group:**

- a) **Noted the report;**

**6. Supplementary Claims Process for Maintained Settings**

The Lancashire early years funding arrangements include processes to make supplementary claims after the official termly headcount has closed. There are currently different systems for maintained settings and PVI settings to make supplementary claims.

The PVI process accepts supplementary claims up to the end of term on the provider portal. Maintained schools only have a single opportunity each term to submit a supplementary claim.

At the last Working Group meeting, members considered if the supplementary claims process should be discontinued, as a possible mechanism to provide some small level of increase to base rate levels. On balance, the Working Group felt that the advantages to Lancashire pupils and settings in the continuation of the supplementary process outweighed the small funding increase that may be generated by its cessation.

Now that the Forum have agreed to the continuation of the supplementary process going forward, the LA intends to consider any changes that could be made to the process for maintained providers in order to extend the opportunity for claims.

Options are being considered about the possible introduction of a second supplementary data collection point each term for maintained providers. Any proposals will need to ensure that local government accounting practices are adhered to, particularly around the spring term process, so that funding is recorded in the correct financial year.

Further investigations are being undertaken into the options and processes available, with the intention of introducing any new system from April 2020 onwards.

Members considered the report and supported the introduction of a second maintained supplementary claim each term.

**The Working Group:**

- a) **Noted the report;**
- b) **Supported the introduction of a second maintained supplementary claim each term.**