

LANCASHIRE SCHOOLS FORUM

Date of meeting 24 March 2020

Item No 9

Title: Recommendations of the Early Years Block Working Group

Executive Summary

On 25 February 2020, the Early Years Block Working Group considered a number of reports, including:

- SEN Inclusion Fund;
- Item 7 Supplementary Claims Process for Maintained Settings;
- Early Years Block Funding;
- Future of Maintained Nursery Schools;
- Payments for social services supported children;
- Local Government Association (LGA) Early Years Peer Review;
- EY sustain.

Recommendations

The Forum is asked to:

- a) Note the report from the Early Years Block Working Group held on 25 February 2020;
- b) Ratify the Group's recommendations.

Background

On 25 February 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

At the last Working Group meeting, some members feedback that they did not recall seeing any update on the SEN Inclusion Fund. As requested, the SEN Inclusion Fund information had been re-circulated.

The Working Group:

- a) **Noted the information.**

2. Supplementary Claims Process for Maintained Settings

Following discussion at the last meeting, arrangements have been made to introduce a second supplementary payment opportunity for maintained settings from 2020/21, to bring procedures more into line with the PVI process. Maintained settings will be notified in the correspondence providing Schools Budgets on 26 February 2020.

The Working Group:

- a) **Noted the information.**

3. Early Years Block Funding

Early Years Block (EYB) Funding 2020/21

Recommendations from the Early Years Block, and other Forum working groups, were fed into the Schools Forum and LCC Cabinet meetings in January 2020 where the 2020/21 Schools Budget was finalised.

For the Early Years Block, the Forum agreed to transfer £2m of headroom from the Schools Block to assist with EYB funding pressures in 2020/21. This provided a total; forecast Early Years expenditure for 2020/21 of £82.468m.

The Schools Block transfer is for 2020/21 only, and provides:

- support to enable the increase in Government funding for 2 year olds to be passed on in full, currently the 2 year old base rate is subsidised by the 3&4 year funding in 2019/20;
- an local increase to the 3&4 year old base rates of an additional 8p per hour, in addition to that provided by the increased Government funding;
- an increased of £200k to the SEN Inclusion Fund from April 2020, to provide a higher budget to support early years pupils with high needs.

The impact on 2020/21 base rates of these funding increases is shown in the table below:

	2019/20 Base Rates	2020/21 Base Rates		
		DfE Funded Uplift	Local Uplift (one year only)	Total
	Per Hour	Per Hour	Per Hour	Per Hour
2 Year Olds	£5.00	£0.08	-	£5.08
3&4 Year Olds	£4.13	£0.08	£0.08	£4.29

Other elements of the Early Years national funding formula remained unchanged from 2019/20, including the supplementary funding for Maintained Nursery Schools.

Early years providers were notified of these funding decisions on 22 January 2020, maintained settings via the Schools Portal and PVI providers through email.

Some elements of the Schools Budget required compliance checking by the Education and Skills Funding Agency (ESFA) before individual school budgets can be issued and it is expected that individual budgets will be published in the week commencing 24 February 2020. Arrangements are in place to issue budgets on 26 February 2020.

Early Years Block (EYB) Funding Future Years

Government announcements about Dedicated Schools Grant (DSG) funding from April 2020 included information on a three year settlement for schools, but statements about EYB only covered FY 2020/21.

The County Council has continued to raise the funding pressure faced by early years providers at regional and national level.

Officers recently had a meeting with the Rt Hon Nick Gibb MP, Minister of State for School Standards, and highlight nursery funding as a key issue for Lancashire.

The County Council also feeds into national funding groups attended by DfE officials. At the January 2020 meeting of the Schools & Academies Funding Group (SAFG) a number of national EYB concerns were raised, that are relevant for Lancashire, including:

- Concern that the additional 8p per hour does not meet cost pressures faced by Early Years providers particularly in respect to pay inflation, the National Living Wage, and the impacts faced by providers through the introduction of the 30 hours entitlement, which is funded at the LA rate and is most likely lower than the income providers previously could generate;
- Maintained Nursery Schools (MNS) supplementary funding continues for 2020/21 but current grant arrangements create uncertainty and do not assist long term stability and planning;
- Concern that DSG allocations of Early Years block and the adjustments made following census headcounts, can impact on the following years' DSG.

At the meeting, DfE feedback that the department had not been provided with a three year settlement for early years, and were going into the next spending review with the aim to try

to secure additional funding for EYB in future years. The National Living Wage will be considered as part of this process.

Feedback also indicated that the Government are commitment to MNS beyond 2020/21, but intend to review the arrangements.

Members discussed the information provided and reiterated the continued financial pressure on early years providers.

The Working Group:

- a) Noted the report and the final 2020/21 financial year funding decisions;**
- b) Recommended that future communications about EY funding rates highlighted that deprivation supplements continued to be paid in addition to base rates.**

4. Future of Maintained Nursery Schools

At the last Working Group meeting in December 2019, it was noted that in connection with the future of maintained nursery schools, a report was to be considered by the LCC Cabinet in January 2020. As the December meeting was covered by the General Election purdah period, officers were restricted about information that could be provided to the working group, but members asked to be alerted when the Nursery School cabinet report was in the public domain.

On 8 January 2020, the papers for the 16 January Cabinet meeting were published and an email was circulated to notify Working Group members that it was public. Correspondence was also issued directly to maintained nursery schools about the publication of the report.

Following consideration of the report, the Cabinet approved a number of recommendations, but these were subject to "call in" under the County Council's procedures and a meeting of the Scrutiny Committee took place on 30 January 2020. At this meeting, the original decisions of the Cabinet were confirmed and these are set out below:

- i. To commence a formal consultation on the future of those maintained nursery schools identified as currently being 'non-financially viable' or those suffering 'critical financial stress'
- ii. For those maintained nursery schools identified as being currently 'financially vulnerable' Chairs of Governors and Headteachers will be requested to provide a sustainable financial recovery plan, with assistance from county council officers.
- iii. For those maintained nursery schools identified as being currently 'financially viable', officers will continue to monitor the situation on a termly basis. In the event that the financial situation deteriorates and a nursery is deemed to be 'financially vulnerable' the Chairs of Governors and Headteachers will be requested to provide a sustainable financial recovery plan, with assistance from county council officers.
- iv. In the event that the Maintained Nursery School Supplementary Grant is not extended beyond April 2021, further consideration will be given to the long-term viability of maintained nursery schools which would be the subject of a separate Cabinet report.

Further correspondence has been sent to all nursery schools to confirm the decisions taken.

In accordance with the decisions, and due to the pace at which financial stability can change within the sector, the county council is keen to ensure that up to date accurate information is used in this process. Schools Finance contacted all MNS on 14 February 2020 to outline next steps and timescales for delivery of actions required in line with the decisions agreed by Cabinet.

In order to use the most up to date financial information that is available, and to provide an opportunity for each school to ensure that their own plans and forecasts are considered, schools are being asked to submit a 3 year budget recovery/sustainability plan.

Members considered the information provided and sought clarification around some of the processes.

The Working Group:

- a) Noted the report.**

5. Payments for Social Services Supported Children

As requested at the last meeting, the Working Group Chair sent a letter to the county council, highlighting concerns about the payments for social services supported children, including:

- Late payment of fees for social services children;
- Lack of documentation between provider and LCC about what has been commissioned and the rate.

Subsequent to the meeting the Chair of the WG had met colleagues from the county council to discuss the issues and the use of a proforma to detail commissioning information was welcomed and will be taken forward.

It was noted that colleagues had arranged to attend the Early Years Consultative Group meeting to provide a brief update and allow other colleagues to comment on the draft forms and process.

The Working Group:

- a) Noted the report;**
- b) Welcomed the proposed introduction of the revised proforma and funding arrangements for social services supported children.**

6. Local Government Association (LGA) Early Years Peer Review

A Local Government Association (LGA) Early Years Peer Review has been arranged in Lancashire on the 24th-27th March 2020. The Peer Review Team undertake a number of visits, meetings and focus groups with key groups/individuals.

One of the focus groups is to meet with members of the Early Years Forum/Consultative Group Reps to get their views. The date of this focus group meeting has been arranged for Thursday 26th March at County Hall 9:30am – 11.00a.m. The Peer Review Team will lead the discussions at the meeting itself.

Some members of the Early Years Consultative Group are being invited to take part in this process and separate communications have been sent out to the Group.

Further information was provided for the Working Group in a 'What's it all about – Partnership Briefing' and other additional information about the Peer Review process and background documents, including:

- Lancashire's impact statement
- Lancashire's Early Years Strategy
- Plan on a Page

It was noted that the Peer Review outcomes would be used to inform and shape local early years priorities and that the team would return after approximately 6 months to check on progress

The Working Group:

- a) **Noted the report;**
- b) **Relevant members were encouraged to participate in the peer Review process**

7. EY Sustain

The Chair provided a brief update on 'ey sustain' a registered charity with funds to provide free financial and business consultancy to Early Years settings in Lancashire in the private, voluntary and independent sector.

The Chair asked members if they were aware of any useful documents that would be useful for settings to help assess sales and staffing levels.

It was noted that a NDNA document on ratios may prove helpful.

Subject to timings it was noted that a more detailed progress report about the work of 'ey sustain' would be presented to a future meeting.

The Working Group:

- a) **Noted the report.**
- b) **Requested that a copy of the NDNA document be forwarded to members.**