

LANCASHIRE SCHOOLS FORUM

Date of meeting 18 March 2021

Item No 8

Title: Recommendations of the Early Years Block Working Group

Executive Summary

On 9 March 2021, Early Years Block Working Group considered a number of reports, including:

- SEN Inclusion Fund
- SEND Partnership: Ofsted Revisit
- Early Years Block Funding
- Interim EEF Payments
- Executive Recovery Board

A summary of the information presented and the Working Group's recommendations are provided in this report.

Recommendations

The Forum is asked to:

- a) Note the report from the Early Years Block Working Group held on 9 March 2021**
- b) Ratify the Working Group's recommendations.**

Background

On 9 March 2021, the Early Years Block Working Group considered a number of reports. A summary of the information presented and the Working Group's recommendations are provided below:

1. SEN Inclusion Fund

Dr Sally Richardson, Head of Service for the Inclusion Service, attended the Working Group meeting for this item, and the SEND Partnership: Ofsted Revisit report.

A number of issues have previously been raised with the Inclusion Service in connection with support for SEN children in early years. In response to this, an SEN working group had been established with the service consider some of the key issues, and this meeting provided an opportunity to discuss progress with the Head of Service.

It was noted that since the last Early Years Block working group meeting, further meetings have taken place between colleagues from the inclusion service and sector representatives. The key area of concern related to the ability of settings to access the SEN Inclusion Fund. The appropriateness of the CAF as an accompanying document to the Inclusion Fund applications was discussed and it was agreed that this could be removed as a requirement.

The best way to share this with settings at this time, in light of covid pressures and feedback from SENCOs to the Specialist Teaching Service (STS) regarding recent changes in paperwork was considered and it was agreed that the STS managers would circulate a letter to settings to make them aware that the CAF would no longer be required, with immediate effect. Further work as a sub-group would be undertaken over the summer term to review the Inclusion Fund application form and guidance more comprehensively before circulating revised forms.

The group also suggested that a flow chart for the Inclusion Fund process may assist the process and it was indicated that this may also be useful for LCC Directors.

It was confirmed that £500k had been budgeted for the Inclusion Fund in 2020/21 and the expenditure in the current financial year, to 31 December 2020, was circa £45k. However, it was emphasised that in-year figure should be treated with some caution and a forecast of the year end position is currently around £200k. Final year end figures would be available for the next meeting. Any underspend at 31 March 2021 would be retained within the Dedicated Schools Grant and it was also confirmed that £500k had again been budgeted for the Inclusion Fund in 2021/22.

The SEN working group had agreed to consider a number of further issues going forward, but some key areas of concern remained that were shared with Sally, including:

- The impact of COVID and lockdowns on children attending early years providers
- The lead professional role falling on the early years providers who no longer have capacity to undertake this
- The alignment of forms and data requests across the services
- Utilising data/completed forms by services that already had involvement with children before they started nursery, eg portage or speech and language services

- Concern that SEN Inclusion Funding was limited to 2 terms support and was often insufficient to meet the cost of support provided
- Also, the Inclusion Fund only covered support related to 15 hours universal and not the extended 30 hours
- Concern about the access to the Inclusion fund for childminders
- Suggestion that the team around the school philosophy be extended to the team around the early years provider

It was noted that the discussion had covered a wide range of areas, some of which were not within the remit of the Inclusion Service.

It was suggested that some of the issues being raised around the CAF/TAF and the lead professional role falling on the early years providers could be discussed at a CAF conference scheduled for 22 March.

Officers also suggested that it may be helpful if Frances Parker, newly appointed Principal Educational Psychologist and James Farrow, Quality Childcare Team Leader were invited to the SEN working Group going forward.

Sally agreed to liaise with other officers to consider some of the other matters raised at the meeting.

Future meetings of the SEN working group had also been arranged and the EYB working group will be kept informed of further developments.

The Working Group:

- a) **Noted the report**
- b) **Asked that officers consider the views expressed at the meeting.**

2. SEND Partnership: Ofsted Revisit

At the last working group meeting, members asked if there was any feedback from the OfSTED SEND inspection of the Authority, to which some colleagues had contributed.

An update from the Inclusion Service was provided, including:

Ofsted and Care Quality Commission (CQC) inspectors revisited Lancashire between 9 - 12 March 2020 to assess improvements made to SEND services for children and young people in Lancashire. The purpose of the revisit was to review Lancashire's progress against the twelve areas of significant concern identified during the November 2017 inspection.

During the revisit inspectors met with leaders, managers and frontline workers in health, social care and education. More than 550 parents and carers contributed to the revisit. Inspectors spoke with children and young people with special educational needs and/or disabilities and looked at a range of information about the performance of the area. Inspectors considered 239 pieces of evidence and sampled more than 20 Education, Health and Care (EHC) plans.

The feedback from the revisit has been positive and overall, the inspectors judged that sufficient progress had been made in seven of the twelve area of significant weaknesses identified at the initial inspection.

Some of the important improvements the inspectors found include:

- Provision for SEND is a priority for leaders;
- Strong working relationships across the partnership;
- Clear quality assurance systems in place;
- Good practice being shared across the area; and
- Improved outcomes for children and young people.

The report highlighted five areas for continued targeted improvement work. Partners are working closely with the Department for Education (DfE) and NHS England/NHS Improvement (NHSE/I) to agree the key actions for improvement, which will continue to be monitored.

For our SEND services across the partnership this includes:

- Continuing to improve our understanding about the local area;
- Further developing and evaluating our commissioning arrangements;
- Improving the effectiveness of the new neuro-developmental pathway;
- Improving transition arrangements in 0 to 25 healthcare services; and
- Implementing the changes to the Local Offer.

Lancashire will respond to the findings in the report with a targeted action plan, which will be monitored by the DfE SEND Intervention Unit and NHSE/I, to address the five areas which continue to require improvement.

It was noted that a 6 monthly review of progress with Ofsted and Care Quality Commission (CQC) was scheduled for 24 March 2021.

The Working Group is asked to:

- a) Note the report.**

3. Early Years Block Funding

At the last working group meeting, members supported a letter being sent to the Schools Forum to highlight the significant pressures being faced by the sector and asking for consideration of three measures:

- Funding for the 2021 spring term, with at least a similar measure as applied this term in comparing it with spring 2020;
- A one off Covid support payment for each setting;
- Additional funding for the whole of the next financial year.

Subsequent to the working group meeting, the correspondence was sent by the Working Group chair.

An update on the three key areas is provided below.

a) Spring Term Funding 2021

On 17 December 2020, the DfE confirmed that funding for early years for the spring term 2021 would be purely on the basis of the January 2021 census data.

For the summer and autumn terms 2020, protection had applied to early years funding for local authorities, which has allowed settings to be funded on the higher of the summer or autumn term census data, or the numbers for the same term a year earlier, to provide some protection from lower take up of places due to COVID-19.

The December announcement from the DfE confirmed that the funding for spring 2021 will return to the standard methodology. The DfE did say that there is some protection that will be provided to local authorities in exceptional circumstances. This exceptional process involves a top-up for LAs where take-up grows after the January 2021 census date, but the criteria includes a threshold of 85% of January 2020 levels and Lancashire expects to be above that point.

Initial analysis also suggested that it was unlikely that Lancashire will be able to fund continued covid protection for take-up in spring term 2021 now that this has been removed by DfE, especially if the overall early years pupil numbers in Lancashire returned to anywhere near previous levels in January 2021.

When the 3rd national lockdown was introduced on 5 January 2021, the Government guidance was that early years providers should remain open for all children. No changes to the principles of the December 2020 guidance were received in terms of the completion of spring term census data and the actual headcount being used to determine funding. Due to the COVID-19 situation settings could include children who were temporarily absent, due to covid related reasons.

It was noted that there was also considerable risks for the DSG in the current census and funding arrangements for the spring term 2021, as this data will be used by the DfE in the calculation our early years block funding. If census levels are low, but then rise in the summer term 2021, the funding to pay for any significant uplift in numbers will need to be found from the DSG reserve.

Initial analysis of the spring term 2021 data compared to spring 2020 indicates that funded hours fell by 6.7% overall. However, this comparison only includes PVI data at this point, due to delays in the availability of maintained census data. Also, the spring 2021 hours do not include any supplementary claims.

The table below provides further details, and, as can be seen, there is a more significant impact on 2 year old hours.

Change in EEF Total Funded Hours Claimed @ 23.2.2021				
PVI Sector				
Funding Type	Spring 2020	Spring 2021	Change	% Change
2 Year Old	468,022	374,689	-93,332	-19.9%
34 Year Olds	3,479,576	3,309,185	-170,391	-4.9%
Total	3,947,597	3,683,874	-263,723	-6.7%

The latest complete dataset is for autumn term 2021, which saw an overall 7.3% reduction in funded hours across both maintained and PVI settings, and including all supplementary payments, when compared to the autumn term of 2019.

The issues around a lower than usual spring term 2021 headcount have been raised with the DfE by regional representatives.

Information was also provided that following receipt of the final supplementary claims for the autumn term 2020, the autumn term 2020 Early Years Block budget redeterminations have now been calculated on the methodology that provided protection for settings to mitigate the impact that COVID-19 may have had on headcount/NORs in that term.

The basic principle agreed with the Forum was that funding would be protected at the higher of October 19 and October 20 census data, but with certain principles and adjustments applied. The full methodology was circulated to the sector in the autumn term.

Additional top up payments were made to providers in January 2021, totalling circa £4.2m.

b) A one off Covid support payment for each setting

In response to the suggestion for a covid related payment to be made to early years providers and following further discussions with the working group chair, a consultation was issued on 14 December 2020.

The proposal was for a one-off lump sum payment to be made in the spring term 2021 of £250 for childminders and £1,000 for other early years providers that had not been able to access additional DfE covid support for schools, to assist them with covid related costs. As the Dedicated Schools Grant (DSG) reserve would be used to fund this allocation, views were sought from all Lancashire schools and academies and early years settings in receipt of Dedicated Schools Grant (DSG) funding. The proposal was limited to those settings in receipt of government funding, as the cost of support would be taken from the DSG reserve.

The consultation closed on 8 January 2021 and responses were reported to the Schools Forum on 12 January 2021. The analysis of responses and key themes from consultation comments were provided for the group and it was noted that 94% of the 459 replies supported the proposals.

Having considered the information provided, the Forum unanimously supported the proposal for a one-off lump sum payment to be made in the spring term 2021 of £250 for childminders and £1,000 for other early years providers, to assist with covid related costs.

As previously advised by the DfE, the county council then submit what is known as a 'disapplication' request. This request sought the agreement of the Secretary of State to disapply the regulations and change budget allocations in-year by making the one-off Covid allocation.

On 25 January 2021 the DfE responded to the request to indicate that a formal disapplication was not required and that they would therefore be content for us to continue with the proposals.

One-off covid payments were therefore issued to relevant providers in January 2021, in accordance with the proposals and totalling over £0.6m.

One key issue that emerged in the consultation related to requests for support for Lancashire early years providers not offering Government funded hours. It was recognised that these providers were still incurring covid costs and the county council was able to identify some additional funding from LCC monies to enable an offer of a £250 one-off covid payment to be made to the non-Dedicated Schools Grant settings.

To receive this additional payment, providers must have an open registration with Ofsted and not have received the one-off lump sum funded through DSG reserves.

As the county council does not hold bank details for non-DSG settings, information was issued in the week commencing 22 February 2021 asking eligible providers to complete an application form in order to claim the payment. The deadline for receipt of claims was set as 5 March 2021 and we will aim to process payments by the end of March 2021, or as soon as possible thereafter.

It is estimated that these payments will total circa £0.1m.

c) Additional funding for the whole of the next financial year

The Government had announced that an extra £44m will be made available in 2021/22 for the Early Years block nationally. This equates to additional base rate funding, as follows:

- 2021/22 allocations for 3 and 4 years olds will increase by 6p per hour;
- 2021/22 allocations for 2 year olds will increase by 8p per hour.

The Government have also updated the Income Deprivation Affecting Children Index (IDACI) using 2019 data. IDACI is used to calculate the deprivation factor in the early years formula. Overall, updated data generates a further £85k in allocations across the early years block.

Other elements of the Early Years funding formula remain unchanged from 2020/21:

- Early Years Pupil Premium (EYPP) - 53 pence per eligible child per hour;
- Disability Access Fund (DAF) - £615 per eligible child per year.

Initial estimates suggested that the implementation of the National School Funding Formula (NSFF) methodology in Lancashire, was affordable as the local Schools Block funding formula and would provide circa £2m of headroom in 2021/22.

A consultation was therefore issued to schools in the autumn term 2020 about a transfer of circa £2m from the Schools Block to the Early Years Block to help mitigate the impact of pressures on that block.

Consultation responses were reported to the Schools Forum on 12 January 2021, with 91% of 79 school submissions supporting the transfer. Having considered the responses, the Forum unanimously supported the transfer of Schools Block headroom of circa £2m to support the Early Years Block

This will provide, for one year only, support to enable the increase in Government funding to be passed on in full and to continue the additional local increases facilitated by the similar transfer last year. 2021/22 base rates will therefore be as follows:

- 2 Year Old Base rate- £5.16 per hour (compared to £5.08 in 2020/21);
- 3&4 Year Old Base rate- £4.35 per hour (compared to £4.29 in 2020/21).

Maintained nursery school (MNS) supplementary funding allocations are included in the budget on the same basis as for 2020/21.

However, the DfE Dedicated Schools Grant allocations to local authorities (LAs) indicate that the MNS supplementary funding allocations for September 2021 to March 2022 are conditional. DfE say these allocations may be subject to change and LAs should therefore treat them as unconfirmed.

Further information will be provided on any DfE proposals as soon as we are able. The Government did confirm that their commitment to the long-term funding of maintained nursery schools is unchanged.

Members thanked the county council and Forum for the local response to the pressures facing the sector, although it was noted that pressures on the DSG in future years meant that the £2m schools block transfer was unlikely to be available again in future years. The county council support for sector covid testing was also highlighted as another welcome policy implemented in Lancashire.

Some concern was expressed around the 2 year old take up figures shared with the group, and it was noted that a detailed paper on the response to this data was due to be considered by the Early Years Consultative Group.

The Working Group:

- Note the report.**

4. Interim EEF Payments

Early Education Funding – Interim Payment Terms

Current Contractual Payment Terms

The current payment terms contained in the Funding Agreement for the Provision of Early Education and Childcare mean that registered providers receive three payments each term which is made up of 2 interim payments and one final balance payment.

The council makes 2 termly interim payments, estimated as a percentage of the previous terms actual headcount hours claimed, followed by a balancing payment, as outlined in the table below:

Term	Interim % Payment	Interim Payment Date	Balancing Payment Date
Autumn	20% 20%	15 September 15 October	15 November
Spring	30% 30%	15 January 15 February	15 March
Summer	30% 30%	15 April 15 May	15 June

All childminders, plus any other provider that did not make a previous term headcount Funding Claim, have the opportunity to submit their own estimate of hours for the current term via the on-line Provider Portal. Where the provider submits an estimate, payments are made as outlined in the table below:

Term	Interim % Payment	Interim Payment Date	Balancing Payment Date
Autumn	25% 25%	15 September 15 October	15 November
Spring	30% 30%	15 January 15 February	15 March
Summer	20% 20%	15 April 15 May	15 June

COVID-19 Interim Payment Terms

In order to support the sustainability and cash flow of early years providers during the pandemic, instead of 3 payments each term, the local authority has made 2 payments instead.

The 2 payments have consisted of a larger interim payment which has been paid up from prior to the start of the new term, followed by a final balance payment in line with normal contracted deadlines as detailed under point 1.2 & 1.3 above.

Interim payments made during the pandemic have been processed as follows:

Term	Interim % Payment	Interim Payment Date
Summer 2019-20	90%*	End of March 2020
Autumn 2020-21	50% **	End of August 2020
Spring 2020-21	60%***	End of December 2020
Summer 2020-21	Proposed 60%****	Requested approval for end of March 2021

* For summer 2019-20 the interim of 90% was agreed to help mitigate the risk of the council being unable to make final balance payments by the 15 June 2020 due to the unknown impact of home working and staff sickness.

** For autumn 2020-21 the council agreed to pay 50% in one instalment, up front, rather than two instalments of 20% each. This was a slightly higher interim payment overall compared to the normal 40%, to compensate for the council only being able to process the autumn 'top up' payments in January 2021.

*** For spring 2020-21 the council agreed to pay 60% in one instalment, up front, rather than two instalments of 30%. The overall interim amount was the same as normal.

**** For summer 2020-21 agreement is being considered to pay 60% in one instalment, up front, rather than two instalments of 30%. The overall interim amount will be the same as normal.

Interim Payment Terms from autumn 2021-22 onwards

The changes to interim payments during the course of the pandemic have been very positively received and appreciated by the sector.

A decision needs to be taken on the future basis for calculation of interim payments from autumn 2020-21 onwards.

The council and Schools Forum were presented with possible options including:

- i. Revert back to the normal interim payments contained in the current Funding Agreement as outlined under 1.2 & 1.3 above. If this approach is agreed no further action is needed.
- ii. Review the existing interim payments in line with how these have been processed during the pandemic. If this approach is agreed, the council would need to consult with the sector before a final decision could be taken. The Funding Agreement would then need to be updated in line with agreed policy changes for the 2021-22 academic year.

Members reported that the revised interim payment terms during the pandemic had been well received and it was judged that this may well be welcomed as a more permanent option, the group therefore recommended that a consultation take place with the sector. Some finalisation of proposals was required around the March payment options to ensure compliance with Local Government accounting, audit and CiPFA requirements .

The Working Group:

a) Noted the report:

b) Recommended that the sector be consulted on the future options for interim payments.

5. Executive Recovery Board

The Working Group chair fed back from recent Executive Recovery Board meetings, emphasising that awareness about the important role played by the early years sector had been enhanced through this process

As the pressure from the pandemic became eased, it was envisaged that the objectives of the board would take on a more strategic emphasis.

The development of the team around the early years provider concept, to mirror developments on the team around the school, would be a key focus for the chair at this group.

The Working Group:

a) Noted the report.