

Schools Forum Decisions and Consultations

– 09 October 2019

Update from Early Years Sub Group

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Summary:	This paper is an update from the Early Years Sub Group which met on 18 th September and considered the budget position as at month five. Members also started initial conversations about changes to the Quality Supplement element of the single funded formula to ensure this is more equitable across qualification types from April 2020.
Recommendations:	The Schools Forum is recommended to note: <ul style="list-style-type: none">• the large reduction in the number of universal early years entitlement hours for 3- and 4-year olds being claimed in 19/20 compared to the same period last year.• the proposals for future consulting with stakeholders regarding the possible changes to the Quality Supplement of the Early Years Single Funded Formula from April 2020.
Reasons for Recommendations:	Schools forum will be required to vote on the changes to the quality supplement once consultation with stakeholders has completed.
Links to Priorities and Children and Young Peoples Plan:	The Early Years Budget supports The Somerset Plan for Children, Young People and Families 2019- 2022 – Priority 3 Education – building skills for life.
Financial Implications:	The EYSFF for 3 and 4 year olds budget is £27m but the ‘spend’ is determined by the actual hours taken throughout the year and therefore dependent on decisions made by parents and number of entitled hours they require.

1. Background

- 1.1. The position regarding the Early Years Entitlement funding for 3- and 4-year olds 2019/20 was first reported to Schools Forum on 6th March.
- 1.2. The Local Authority was not in a position before the end of the Summer to report accurately on the 2 year olds and 3 and 4-year-old early years entitlements because the final January 2019 census figures had not been confirmed by the DfE. The DfE have now confirmed the final 2018/19 DSG allocations and revised 2019/20 DSG allocations based on the January 2019 census. The DSG allocation for 2019/20 will be revised again following the January 2020 census.
- 1.3. In order to forecast, as accurately as possible, on future spend the finance team have analysed the previous 3 years of spend. This has been further analysed on a month by month basis.
- 1.4. It is likely that the total number of universal hours claimed in 2019/20 will continue to be less than in 2018/19 which may result in the DSG allocation for 2019/20 being reduced next July.

2. Early Years Census

- 2.1. The Early Years census is carried out for one week in January. There are no opportunities to revise the data to consider additional children claiming the entitlement later in the year. The Summer period is the time that sees the most children claiming the entitlement but the DSG is based on January figures and does not reflect the increase in children.
- 2.2. The return was made to the Department for Education in March, but the Local Authority did not receive confirmation of figures until late July.
- 2.3. The January 2019 census numbers are used to calculate funding for 2019/20 for the period April to August. The funding for September to March will be based on the January 2020 census once the figures are known.
- 2.4. Members of the Early Years Sub Group expressed concern that the number of universal hours being claimed appears to be falling. The reason for this drop may be a slight drop in birth rate, more choice available and families not fully understanding their entitlement.

3. Consultation planned

- 3.1. It was agreed at Early Years Sub Group to look at the quality supplement of the single funding formula with the aim of changing this for 2020/21.
- 3.2. Provider representatives have previously expressed concerns about the disparity in the quality supplement, and a report was submitted to Early Years Sub group in September with 4 options outlined.
- 3.3. The Provider Representatives voted to include all 4 options in the consultation to all members of the early years sector. This consultation will start in October 2019 and will last for 6 weeks. The results of this consultation will then be brought back to school's forum on the 27th November for a final decision.

The four options are:

1. No quality supplement for any provider
2. Quality supplement for childminders only
3. Equal quality supplement for all eligible providers
4. Reduced quality supplements for all eligible providers.

4. Implications

- 4.1.** The projected spend in 19/20 compared to 18/19 for universal hours is likely to be less. There is likely to be an underspend on this budget therefore. However, as stated above, the DSG funding for 2019/20 will be adjusted retrospectively in July 2020 based on the January census – therefore any underspend may effectively be clawed back.
- 4.2.** The projected spend on extended entitlement for working parents (30 hours) is likely to be more compared to 18/19 as more parents take-up this entitlement and therefore there is likely to be an overspend on this budget. If the increase is reflected in the January census the DSG funding would be adjusted upwards retrospectively.
- 4.3** A varying proportion of early years providers will see an increase or reduction in their single funding formula dependant on the option agreed. The Minimum Funding Guarantee will ensure that any reduction in funding is applied in a phased approach.

5. Background papers

- 5.1.** Minutes of Early Years Sub Group meetings held on 18th September 2019
- 5.2.** Schools Forum paper for 9th October

Note: For sight of individual background papers please contact the report author