

## Early Years 2018-19

Indicative Early Years Block allocation issued December 2017 £9,479,357

An update on the EY Block allocation is due in March, not received yet.

No breakdown has been given of the indicative allocation so estimates have been used.

### Two year old funding

2017-18 indicative allocation £1,572,817 with 509.8 pte children or 290,586 hours based on January 2017 census.

Two year old census at January 2018 has 489.2 pte children, or 278,825 hours for the year, so we should expect a reduction in funding.

According to the Technical Note, Two year old funding to the LA is based on the hourly rate announced in December 2016 and multiplied by the January 2017 census data. However, a re-calculation is completed so the final grant allocation is based on a mix of the January 2017 and January 2018 census data. For the 2018-19 allocation, LA's will not be notified of the final position until June 2019.

Therefore, a quick estimate is an allocation of £1,498,129\* for 2 year olds. From this £44,250 is set for central expenditure (there is no requirement for a pass-through rate for 2 year olds, but this is 2.88%) leaving £1,453,879 for provision and a contingency (excluding the contingency for the reduction in expected grant allocation of £74,688\*\*).

*\*\* 509.8pte (jan 17)\*15\*38/12\*5 plus 489.2pte (jan18)\*15\*38/12\*7 all multiplied by £5.28*

*\*\*£74,688 is the difference between £1,572,817 and £1,498,129 which we need to set aside.*

The DfE have in the last few weeks issued an update on the number of children eligible for 2yo provision which is an increase from 500 to 650.

To leave the funding at £5.05 per hour based on the current number of eligible children would leave a contingency of just £11,175 (less than 0.75% of 2yo grant) which would fund 3.8pte children. This is too low given the uplift in numbers as given by the DfE.

Reducing the hourly rate by 1.5% would give £4.97, using this we would have a contingency of £34,030 (2.27%) which would fund 12pte children.

### **Three & four year old funding**

After taking the two year old funding off the indicative grant allocation of £9,479,357 we are left with £7,906,540 for three and four year olds.

The hourly rate at with the LA is funded per hour of provision the DfE thinks we will have has reduced from £5.40 for 2017-18 to £5.13 for 2018-19. The reduction is the maximum 5%.

From this we need to deduct £235,940 for central expenditure (3.1% so well inside the regulations), £80,000 for Enhanced Provision (formerly covered by the High Needs Block), £43,050 DAF (as per 2017-18), £62,060 MNS Transitional Protection (as per 2017-18), and £120,270 (as per 2017-18, uplifted in-year). This leaves £7,365,220 for provision and contingency.

If we set the contingency at £59,520 and using 92% of the balance for the base rate, we get a base rate of £4.37. I have kept the deprivation supplement at 5% of the balance and the quality supplement at 3% of the balance, as per 2017-18.

The quality supplement will be paid as a lump sum split over the three terms based on the number of weeks in each term. The MNS Transitional protection will also be paid in this manner.

The base rate and deprivation factors are combined to give an hourly rate which will remain unchanged irrespective of whether the child is receiving the universal offer or the universal and additional offer.

If we are notified during the financial year that our grant allocation is increasing for 3&4yo and the increase is material, we are allowed to apply to the Secretary of State to change the formula during the year.

### **Summary**

Where take up of free entitlement hours has fallen, we need to make provision from the indicative grant allocation for the reduction to be reclaimed by the DfE. Even though we have an increase in hours from Jan 17 to Jan 18 for 3&4 year old provision, we have to remember that the bulk of this is due to the introduction of the 30 hour entitlement so a quick estimate of grant allocation cannot be done. What we have done is taken the total hours from the Jan 18 census and multiplied by £5.13 to give £7,891,516 which is £15,024 lower than the indicative grant allocation after deduction of two year old funding.