

DECISION PAPER

SUBJECT: Early Years Block

DATE: 23rd January 2013

RECIPIENT: Schools Forum

SUMMARY:

The DfE announced as part of their School Funding Reform that Dedicated Schools Grant (DSG) will be split into three notional blocks: Schools Block, Early Years Block and High Needs Block. This paper looks at the allocations within the Early Years Block.

RECOMMENDATION:

It is recommended that the Schools Forum :

- (i) Note the proposed Early Years block of £13.6 million.
- (ii) Note that the proposed allocations to Early Years providers for 2 year olds will be finalised shortly.
- (iii) Approve the central expenditure elements of the Early Years Block summarised in Appendix 1.

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure there is adequate funding for the statutory responsibility of the provision of nursery places across the City and to continue to support those services currently funded under the central expenditure element of the DSG.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The provision of nursery education places is a statutory responsibility.

BACKGROUND and BRIEFING DETAILS:

3. Early years funding differs from school funding because of the requirement for providers to be funded for the pupil numbers that they actually have each term, rather than on a fixed pupil count.
4. The EYSFF funds nursery providers on levels of attendance for the previous year with in year adjustments made for actual participation on a termly basis for Private, Voluntary, and Independent providers and annually for maintained school settings.

5. Dedicated Schools Grant - Early Years Block

The provisional Early Years Block part of the Dedicated Schools Grant is detailed in table 1 below, currently based on the January 2012 count:

Table 1.

| | Funding 2013-14 |
|--|------------------------|
| 3 & 4 year old pupil numbers | 2,189 |
| Guaranteed per pupil unit of funding (GUF) | £4,893 |
| Total | £10,710,100 |
| 3 year old transitional funding | £28,090 |
| 2 year old funding | £2,870,439 |
| Provisional Early Years Block | £13,609,000 |

6. The January 2013 Early Years Census (rather than the October 2012 Census) will be used to calculate the Early Years Block with adjustments made in January 2014 to reflect the actual numbers the LA would have to fund during the financial year.

7. 2 year old funding

The Government announced in May 2012 that funding for early education for two year olds will form part of the DSG in 2013-14. This reflects the fact that early education will become a statutory entitlement for around 20% of eligible two years olds from September 2013, in the same way as it is for all three and four year olds. The 2 year old allocation for Southampton is detailed in table 2 below:

Table 2.

| Number of children based on the governments estimated 80% take up of 2 year old places | Statutory places funding. | Trajectory building allocation | Allocated capital budget |
|--|---------------------------|--------------------------------|--------------------------|
| 713 | £2,061,249 | £809,190 | £547,173 |

8. The revenue allocations are constructed of two elements. "The first is place based funding. This is a notional amount for statutory places which must be funded once the entitlement for 20% of two year olds comes into force from September 2013. The second is trajectory building. This is a notional amount to be used, in the main, to create non-statutory places in preparation for the 2014 entitlement for the placement of 40% of the most disadvantaged two year olds".

9. Funding will be allocated to Local Authorities on a formula basis and not on participation levels as for 3 and 4 year olds. The DfE have recommended that funding should be allocated to the providers either as part of the existing EYSFF or by a standard hourly rate. We are recommending continuing with a standard hourly rate, which will be published soon.

10. Early years central expenditure

With the introduction of the new School and Early Years Finance (England) Regulations 2013, regulation 8 now specifies that Schools Forum approval is required for central expenditure within the Early Years Block. Appendix 2 shows the provisional Early Years Block budget for 2013/14.

Provisional Early Years Budget

Early Years Block

| | |
|---|-------------------|
| DfE 2013/14 Provisional Early Years Block | £13,609,000 |
| Transfer to High Needs Block | <u>(£600,000)</u> |
| Total Early Years Block | £13,009,000 |

Central Services

| | |
|--|------------|
| Start Points Sholing and Northam | (£875,667) |
| Early Years Teachers (SENCO) | (£444,794) |
| Contracts with National Childminding Association, Pre-school Learning Alliance and MENCAP | (£221,600) |
| Provision for expanding two year old places | (£809,190) |

| | |
|-----------------------------|--------------------|
| 2, 3 and 4 year old budgets | <u>£10,657,749</u> |
|-----------------------------|--------------------|