

DECISION PAPER

SUBJECT: Early Years Block

DATE: 15th January 2014

RECIPIENT: Schools Forum

SUMMARY:

The Dedicated Schools Grant (DSG) is 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 £14.9 million.
- (ii) 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 child's hours that they actually provide each term, rather than on an annual pupil count.
4. The Early Years Single Funding Formula (EYSFF) funds nursery providers on of the number of hours provided in the current year. There are six payments a year (two per term) based on estimates and actuals, for private voluntary and independent settings and academies and annually for maintained school settings. The formula for 3 and 4 year olds has a base hourly rate plus additional elements relating to quality, deprivation and flexibility. These additions are calculated each January to be paid in the next financial year.

5. Dedicated Schools Grant - Early Years Block

The provisional Early Years Block part of the Dedicated Schools Grant is detailed in the table below, currently based on the January 2013 count:

	Funding 2014-15
3 & 4 year old pupil numbers	2,165
Guaranteed per pupil unit of funding (GUF)	£4,893
Total	£10,593,000
2 year old funding	£4,275,000
Provisional Early Years Block	£14,868,000

6. The January 2014 Early Years Census will be used to calculate the Early Years Block with adjustments made in January 2015 to reflect the actual numbers the LA will have to fund from Sep 2014 to March 2015. It should be noted however that the Summer term has the highest take up.

7. 2 year old funding

Since September 2013, 20% of disadvantaged children nationally have been legally entitled to 570 hours per year (up to a maximum of 15 hours per week) of free early education.

The eligibility criteria are:

- Children who would meet the eligibility criteria for free school meals;
- Children looked after by the local authority.

8. From September 2014 the criteria will be extended to 40% of disadvantaged children nationally. A two-year-old will be eligible if they meet any one of the following criteria:
- a) They meet the eligibility criteria also used for free school meals;
 - b) Their families receive Working Tax credits and have annual gross earnings of no more than £16,190 per year;
 - c) They have a current statement of SEN or an Education, Health and Care plan;
 - d) They attract Disability Living Allowance;
 - e) They are looked after by the local authority;
 - f) They have left care through special guardianship or an adoption or residence order

9. The DfE has allocated funding to Southampton as follows:

20% eligible numbers	881
40% eligible numbers	1,538
Statutory funding	£3,815,104
Trajectory funding	£460,095
Total	£4,275,199

These numbers are estimates based on the economic criteria only (a-b above). The numbers meeting criteria c to f are currently unknown.

10. The revenue allocations are constructed of two elements.
- Statutory funding. This takes into account the number of two-year-olds who reside in each local authority who meet the 20% and 40% eligibility criteria. The funding includes one term (190 hours) of provision for children under the 20% criteria in the summer term and two terms (380 hours) of provision for those eligible under the 40% entitlement in autumn and spring terms once the 40% entitlement commences.
 - Trajectory funding. This can be used to create non-statutory places and other activities in preparation for the entitlement for 40% of two year olds.

11. Funding will be allocated to the providers at a standard hourly rate of £4.95 per hour.

12. Central expenditure

Schools Forum approval is required for central expenditure within the Early Years Block. Appendix 1 shows the provisional Early Years Block budget for 2014/15.

13. The existing services funded by DSG within the Early Years Block are:

- Early years & Childcare Development team (£310,600)
- Provision for expansion of 3 and 4 year old places (£282,300)
- Contracts with National Childminding Association, Pre-school Learning Alliance and MENCAP (£221,500)
- Data team officer responsible for allocating funding to providers (£24,500)
- Overheads (£167,200) covering central costs including Finance, HR, IT etc

14. Systems – Anycomms + 2 year old on line application (£8,700)

It is recommended that the licensing and hosting of the AnyComms Plus web based system used for secure transfer of information is also funded from central expenditure. The system is used for:

- Sending personal information to early years providers securely both by the Data team and also other services such as child protection conferences
- web based forms for flow of personal information
- web based pre-populated forms to Early Years Providers.
- On line applications for economic checks for 2 year old early education entitlement.

15. Trajectory Funding

In addition to the existing services detailed above, the Forum is asked to approve the use of trajectory funding in order to help meet the challenging targets for expansion of two year old provision in the city. A number of posts were approved by the Forum last year, and it is requested that these continue to be funded as detailed in the table below.

16. In addition It is proposed to fund a Multi Agency Safeguarding Hub (MASH) Early Years Navigator post from the 2014-15 trajectory funding. Similarly to other service areas which will be represented within MASH, children's centres and the early years team have been asked to provide a Navigator post. Key to this post over the next period will be ensuring that all 2 year olds referred into MASH take up a 2 year old place if they meet the eligibility criteria. We know that it is likely that most of our vulnerable 2 year old children who will be referred to MASH will meet the criteria. This will ensure that take up is as high as possible and reaches those children who are likely to benefit most from early education which we know helps to optimise development and reduce inequalities. Places will also provide respite for families in crisis.

17. The table below details the posts proposed to be paid for from trajectory funding:

Post	Grade	Cost
Service Manager	GRADE 13	£66,396
Early Years Support Teacher	Teacher - UPS	£53,042
Early Years Development Manager	GRADE 11	£37,817
EYDC Development Worker	GRADE 07	£13,020
EYDC Development Worker	GRADE 07	£24,665
Project Support Assistant	GRADE 06	£17,425
(MASH) Early Years Navigator post		£36,000
Total		£248,365

18. Transfers to the High Needs Block

It is anticipated that there will need to be some provision made for two year olds with High Needs. A contingency of £353,600 is proposed for this purpose and will be transferred to the High Needs block when more accurate estimates have been made.

19. In 2013/14 an amount of £600,000 was transferred to the High Needs block to fund High Needs block pressures. It is proposed that this will continue for 2014/15 and an additional £294,400 is also transferred to fund the pressures detailed in the High Needs paper.
20. Estimates have been made of the numbers of 2, 3 and 4 year olds in the city to ensure that the budget is sufficient to fund demand. If early years numbers increase, the city council will receive additional DSG at a rate of £4,892.69 per pupil. However, this will not be confirmed until June 2015.

Appendices/Supporting Information:

Appendix 1 Provisional Early Years Block budget 2014/15

Further Information Available From:

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Estimated Early Years Budget 2014-15

DfE 2013/14 Provisional Early Years Block	£14,868,000
Transfer to High Needs Block	<u>(£894,400)</u>
Total Early Years Block	<u>£13,973,600</u>
2, 3 & 4 Year Old Childcare Funding	£12,356,800
Early years contingency	£353,600
Early years development	£592,900
Contracts with National Childminding Association, Pre-school Learning Alliance and MENCAP	£221,500
Data Team officer	£24,500
AVCO system	£8,700
Trajectory expenditure	£248,400
Overheads	£167,200
TOTAL	£13,973,600