

DECISION PAPER

SUBJECT: EARLY YEARS BLOCK

DATE: 14TH JANUARY 2015

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 £14.0 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 2014 count plus an allowance for anticipated growth:

	Funding 2015-16
3 & 4 year old pupil numbers, (Jan 14)	2,305
Anticipated Growth FYE	144
Guaranteed per pupil unit of funding (GUF)	£4,893
Total	£11,981,400
2 year old funding	£1,979,600
Early Years Premium	£266,700
Provisional Early Years Block	£14,227,700

6. The January 2015 Early Years Census will be used to calculate the Early Years Block with adjustments made in January 2016 to reflect the actual numbers the LA will have to fund from Sep 2015 to March 2016. It should be noted however that the Summer term has the highest take up.

7. 2 year old funding

The level of funding within the Early Years Block for 2 year olds is estimated to reduce from the £4,275,000 for 2014/15 reported at Schools Forum January 2014 to £1,979,600 for 2015/16, a reduction of £2,295,400. After taking account of the trajectory funding that was due to finish in 2014/15 the reduction in funding is still £1,835,300.

The reduction in funding is due to the movement from place funding to participation funding for 2015/16. The estimated level of income for 2015/16 has been calculated using Autumn 2014 participation data. Any increase above this level will create a further net income per placement of £0.12 per hour.

The funding received from the DfE will be based on census figures from January 2015, Autumn 2015 and January 2016.

8. Since September 2014, 40% 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.
9. 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
10. Funding will be allocated to the providers at a standard hourly rate of £4.95 per hour.

11. 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 2015/16.

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

- Early years & Childcare Development team (£318,400)
- Provision for expansion of 3 and 4 year old places (£265,900)
- Contracts with National Child-minding Association, Pre-school Learning Alliance and MENCAP (£221,500)
- Data team officer responsible for allocating funding to providers (£32,000)
- Overheads (£172,600) covering central costs including Finance, HR, IT etc.

13. 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.

14. Transfers to the High Needs Block

In 2014/15 an amount of £894,400 was transferred to fund High Needs block pressures as detailed in the High Needs paper. It is proposed that this transfer will reduce to the maximum available within the Early Years Block for 2015/16, (£240,900).

15. 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 above those already anticipated, the city council will receive additional DSG at a rate of £4,892.69 per pupil. However, this will not be confirmed until June 2016.

Further Information Available From:

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Estimated Early Years Budget 2015-16

DfE 2015/16 Provisional Early Years Block	£14,227,700
Transfer to High Needs Block	<u>(£240,900)</u>
Total Early Years Block	<u>£13,986,800</u>

2, 3 & 4 Year Old Childcare Funding, (incl EY Premium)	£12,967,700
Early years development	£584,300
Contracts with National Childminding Association, Pre-school Learning Alliance and MENCAP	£221,500
Data Team officer	£32,000
AVCO system	£8,700
Overheads	£172,600
TOTAL	£13,986,800