

DECISION PAPER

SUBJECT: Early Years Block

DATE: 13th January 2016

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.

A new funding formula for Schools, High Needs (HN) and Early Years (EY) will be introduced to address the current disparity in per pupil funding rates across England. There will be a national basic per pupil rate, with additional amounts for pupils with higher needs. Following consultation in 2016, the new formula will be introduced from 2017/18, with a transitional period to help schools manage the change.

RECOMMENDATION:

It is recommended that the Schools Forum :

- (i) Note the proposed Early Years block of £13.82 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 some 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 2015 count plus an allowance for anticipated growth:

	Funding 2016-17
3 & 4 year old pupil numbers	2,420
Guaranteed per pupil unit of funding (GUF)	£4,892.69
Total	£11,840,300
2 year old funding	£2,230,100
Early Years Premium	£272,000
Provisional Early Years Block	£14,342,400

6. The January 2016 Early Years Census will be used to calculate the Early Years Block with adjustments made in January 2017 to reflect the actual numbers the LA will have to fund from Sep 2016 to March 2017. 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 increase from the £1,979,600 for 2015/16 reported at Schools Forum January 2015 to £2,230,100 for 2016/17, an increase of £250,500.

The increase in funding is due to an increase in take up of the 2 year old early education offer, however we are still below the national average in our 2 year old take up.

The estimated level of income for 2016/17 has been calculated using the current status of participation data, with an expected increase of 5% growth for 2016/17. 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 the EY Census figures from January 2016 and January 2017.

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 2016/17.

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

- Early years & Childcare Development team (£319,300)
- Provision for expansion of 2 year old places (£171,800)
- Contracts for pre-school and child-minding (£100,000)
- EY funding for administration, staffing and systems for allocating funding to providers (£40,600)
- Overheads (£172,600) covering central costs including Finance, HR, IT etc.

These items are for school forum decision.

13. Transfers to the High Needs Block

In 2015/16 an amount of £240,900 was transferred to fund High Needs block pressures as detailed in the High Needs paper. It is proposed that this transfer will increase to the maximum currently available within the Early Years Block for 2016/17, (£521,900). This represents an increase from 2015/16 of £281,000.

14. 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. Conversely, if the numbers reduce, the level of DSG will fall accordingly, creating a potential pressure. However, this will not be confirmed until June 2017.

Appendices/Supporting Information:

Appendix 1: Early Years Block 2016/17

Further Information Available From:

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Estimated Early Years Budget 2016-17

Early Years (EY) Block

DfE 2016/17 Provisional Early Years Block	£14,342,400
2015/16 High needs transfer from early years block (agreed 20/01/2015)	(£240,900)
Additional 2016/17 High need transfer from early years block	(£281,000)
Total Early Years Block	<u>£13,820,500</u>
2, 3 & 4 Year Old Childcare Funding	£13,016,100
Early years Development	£491,100
Contracts with National Childminding Association, Pre-school Learning Alliance and MENCAP	£100,000
EY funding for administration, staffing and systems	£40,600
Overheads	£172,600
TOTAL	£13,820,500