



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 25th September 2012

Subject: Arrangements for the funding of Early Years provision 2013-14

Contact: Dawn Morris (morrisd@walsall.gov.uk)

Purpose of the report: This report highlights progress made in respect of the requirements detailed in "School funding reform: Next steps to a fairer system" document as they relate to the new Early Years Block

Recommendation: To note the report and consider recommendations

1. Summary

- 1.1 The DfE consultation document "School funding reform: Next steps to a fairer system" sought views on how the Early Years Single Funding Formula (EYSFF) could be made more simple. Later guidance published in the summer confirmed the DfE's intention to support locally driven simplification, through non-statutory guidance.
- 1.2 To further encourage simplification and increase transparency, from 2013/14 local authorities will complete and publish a pro-forma which will set out their EYSFF. This pro-forma will complement the pro-forma required for Schools Block funding, and will form part of the 2013/14 Section 251 data collection.
- 1.3 The Minimum Funding Guarantee (MFG) currently applies to the whole school budget, including early years funding, however as funding for 5-16 year olds will be based on the October census and the early years block will continue to be based on January census, the early years allocations will have to be excluded from main MFG calculations. Early Years will be protected separately.
- 1.4 The DfE have also confirmed that local authorities will be responsible for funding all three and four year old places including academies
- 1.5 It is the council's belief that the current Walsall EYSFF largely meets the DfE's desire for a simple and transparent funding method, however the Early Years sub group met on 13th July 2012 to review the varying hourly rates being used, and the deprivation & SEN supplements.
- 1.6 Funding factors for nursery schools differ from nursery classes and PVI settings as the delegated budget is their only source of income and therefore additional factors for premises and managements costs form part of the early funding formula for these schools.
- 1.7 The funding reforms highlight the reduction in permissible factors applied to funding formulae for primary and secondary also apply to EYSFF.

2. Hourly Rates

2.1 The hourly rates in the 2012-2013 EYSFF are:

Nursery schools:	£4.24
Nursery classes - capacity 26	£3.85
Nursery classes - capacity >26	£2.79
Independent schools	£3.52
Private & voluntary settings	£3.55

The group felt that three rates applied to schools in the maintained sector should continue, however it was recommended that a single rate i.e. £3.55, should apply the private, voluntary & independent sector rather than the current two rates.

3. SEN Supplement

3.1 A stand alone SEN factor is not a requirement under current or new funding Regulations.

3.2 The current method generates funding by taking 20% of the average number of pupils in a setting across the three terms in the last financial year and multiplying the resultant number of pupils by a unit of resource, which in 2012-13 was £554.23.

When consulting on our current EYSFF, the view of providers was that additional support needed was generally staffing and the unit of resource in use is based on the average costs of a Level 3 teaching assistant for 15 hours.

3.3 Consideration was given to the merits of maintaining an SEN factor. A number of providers, particularly in the PVI sector have expressed some confusion over SEN allocations and the method used to determine allocations.

3.4 To aid simplification and transparency the possibility of incorporating SEN funding into hourly funding was explored. Modelling work undertaken confirmed that increasing the hourly rate for all providers by 0.195p would distribute SEN funding to individual settings at no variance to current methods. It is proposed to include low level SEN funding within the hourly rate applicable to the type of setting.

4. Deprivation Supplement – targeting disadvantage

4.1 Local authorities are required by the Regulations to operate a deprivation factor as part of their EYSFF. This is intended to target additional funding towards supporting disadvantaged children to access high quality, free early education.

4.2 There is wide variation across local authorities in how deprivation is defined in EYSFF and DfE have confirmed that from 2013-14 the deprivation supplement must be based on the circumstances of the child rather the setting.

4.3 As our current deprivation supplement uses the IDACI score for individual children in each setting, it not proposed to make any change to how deprivation funding is allocated from 2013.

5. Nursery Schools

5.1 In addition to basic hourly funding and the SEN & deprivation supplement, additional factors applied to nursery schools only are:

Site Specific – Business Rates
Premises/site Allocation

School Specific – Fixed sum for Head teacher costs
Advanced Skills Teacher - previously via Standards fund
Looked after children - previously via Standards fund
Development funding - previously SDG
Personalised Learning – previously SSG
Ethnicity – previously Emag

5.2 In line with revised permissible factors for funding formulae, including EYSFF, it is proposed that from 2013-14 nursery schools funding will be allocated via the following factors:

Hourly funding – to include SEN supplement
Deprivation Supplement
Business Rates
Lump Sum

5.3 Modelling work for nursery schools is still to be completed, however it is anticipated that the funding for premises, personalised learning and head costs will form the basis of the lump sum allocation. The balance of funding from remaining additional factors will be moved into hourly funding, thereby increasing the rates further.

6. Free Early Education for Two Year Olds

6.1 The DfE has announced that funding for early education for two year olds will transfer to the DSG from 2013-14, enabling local integration of free early education for two, three and four years olds. It will also give providers a greater degree of certainty necessary for the expansion in high quality provision.

6.2 The level of national funding is intended to support the development of two year old entitlement including capacity and quality building locally, as well as payment for two year old places.

6.3 The amount of funding to support development and payment for two year old places will grow substantially over the next two years. Increasing from £291m (within Early Intervention Grant) in 2012 to DSG funding of £530m in 2014 and £760m in 2015.

6.4 The funding will not be ring-fenced, however the amount which is intended for two year olds will be identifiable in each local authority's DSG allocation.

6.5 In each year the funding is intended to support the delivery of places for children meeting national eligibility criteria – both before the entitlement start and after. Also for work to build capacity and quality.

6.6 In 2013-14 the funding is intended:

- for delivery from September 2013 to children eligible in the first 20% phase of entitlement
- for delivery
- earlier in the year to some children meeting the 20% criteria
- to some children meeting the second 40% phase in advance of introduction of the September 2014 entitlement
- to other children at the LA's discretion
- for work to build capacity and quality

6.7 The Department is currently consulting on the proposed criteria for entitlement, on how funding will be allocated to LAs via a funding formula and how an EYSFF might operate for two year olds. The consultation runs until 15th October 2012.

7. Provision of free school meals in early years settings

7.1 A small number of maintained settings are offering the free entitlement over one full day and four half day session. A query has been raised in regard to the cost of providing a free school meal should any nursery child be eligible.

7.2 The group determined that the need to provide a meal for eligible nursery pupils is a direct consequence of providing a flexible offer. As such the additional funding for the extended and flexible offer, initially allocated via standards fund and now delegated through hourly funding, meets not only the costs of the additional 2.5 hrs but also any costs arising from making the offer flexibly, which would include any costs arising from the provision being made across a full day, including free school meals. Therefore any costs for the provision of a free school meal to a nursery pupils should be met from delegated early years funding.

8. Next Steps

8.1 To complete modelling work for the EYSFF as it applies to nursery schools and determine the funding factors applicable from April 2013.

8.2 To consider funding for high needs pupils and determine the point at which top-up funding becomes applicable.

8.3 To agreed and share with all settings the level of SEN support that should be met from budget allocations.

8.4 The local authority must review the budget share, based on predicted pupil numbers, of all early years providers when further information about the actual hours of attendance becomes available. In re-determining budget shares the local authority must take into account either:

a). the number of hours of attendance during the period using as a basis for the calculation the actual hours of attendance in each of at least three sample weeks; or

b). the actual number of hours of attendance for the period

The option for reconciling predicted hours to actual hours and the subsequent re-determination of budgets has still to be considered.

8.5 Model the potential impact of an MFG applied to early years settings form April 2013

9. Recommendations

School Forum are asked to note the contents of the report in respect of free early education for two year olds.

In addition:

to consider the recommendations made in regard to the operation of the EYSFF from 2013:

1. A single hourly rate will apply to all private, voluntary and independent settings
2. Low cost SEN funding will, from April 2013, be incorporated into the hourly funding applicable for the setting.

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