

Report To: **SCHOOLS FORUM**

Date: 13 February 2018

Reporting Officer: Kathy Roe - Director Finance

Subject: **DEDICATED SCHOOLS GRANT EARLY YEARS FUNDING UPDATE 2018/19**

Report Summary: A report on the updated Early Years funding allocations proposals for 2018/19.

Recommendations: Members of the Schools Forum are requested to note the contents of the report and to approve the centrally retained funding allocations.

Links to Community Strategy: Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.

Policy Implications: Expenditure in line with financial and policy framework.

Financial Implications: The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
(Authorised by the Section 151 Officer) The report contains proposals about how the Early Years Dedicated Schools Grant funding detailed in the report should be allocated in 2018/19.

Legal Implications: There is a statutory duty to use resources efficiently and effectively against priorities.
(Authorised by the Borough Solicitor)

Risk Management: The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

ACCESS TO INFORMATION

NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers

The background papers relating to this report can be inspected by contacting Christine Mullins – Business Partner:



Telephone: 0161 342 3216



e-mail: christine.mullins@tameside.gov.uk

1. BACKGROUND AND INTRODUCTION

1.1 The funding for placements for 2, 3 and 4 year olds attending both School and Private/Voluntary/Independent provision is provided through the Dedicated Schools Grant (DSG). A national funding formula for Early Years was implemented in 2017/18. As a result of this the below elements of funding were made available through the Early Years block of the DSG:

- Funding for the 15 hours universal entitlement for three and four year olds
- Funding for 2 year olds
- Early Years Pupil Premium
- Disability Access Funding (DAF)
- Funding for three and four year old additional hours for working parents
- Maintained Nursey School Supplementary Funding – there are no Maintained Nursery Schools in Tameside

1.2 **Table 1** below summarises the DFE estimate of the funding changes between 2017/18 and 2018/19.

Table 1

Element of Early Years DSG Funding	2017/18	2018/19	Change
3 and 4 year olds Standard Entitlement	9,739,865	9,660,839	-76,026
2 Year olds	3,029,697	3,063,681	33,984
Early Years Pupil Premium	120,077	123,454	3,377
Disability Access Fund	49,200	51,045	1,845
3 and 4 year old extended entitlement	1,510,960	2,817,487	1,306,527
Total Early Years Estimated Funding	14,449,799	15,716,506	1,266,707

1.3 The full operational guidance and indicative allocations documents can be accessed via this link – <https://www.gov.uk/government/publications/early-years-national-funding-formula-allocations-and-guidance>

1.4 A copy of this report was issued as a consultation document to Schools with Nursery Units and Private, Voluntary and Independent providers by 1 February 2018 with a deadline for return by midday on 12 February 2018.

2. 3 & 4 YEAR OLDS FUNDING

2.1 The estimated Early Years Funding of £9,660,839 being allocated through the DSG in Tameside for 2018/19 in relation to the Universal 15 hour entitlement for 3 and 4 year olds has reduced from the 2017/18 equivalent estimated funding of £9,739,865. The 2018/19 early years block allocations are initial, and based on Schools, Early Years and Alternative Provision censuses data from January 2017. These allocations will be updated based on January 2018 and January 2019 census data. The update of census data is the main reason for the reduction between years as the rate of funding for 2018/19 had increased to £4.51 per hour from £4.30 per hour in 2017/18.

2.2 The DFE calculation of the Extended Entitlement to an additional 15 hours element of the funding is based on the same hourly rate as the standard entitlement to 15 hours which is described in paragraphs 2.1. Tameside's estimated allocation for 2018/19 is £2,817,487. As this was only introduced in September 2017 the amount allocated for 2018/19 is not directly comparable to the 2017/18 allocation. The 2018/19 allocation is based on a DFE estimate of 3 and 4 year old child numbers for the additional 15 hours entitlement for

eligible working parents and will be updated with data from the January 2018 and January 2019 census data.

- 2.3 A mandatory element of the changes to the funding rules in 2017/18, was that a SEN Inclusion Fund has had to be established to help providers to address the needs of individual children. The Council is proposing to continue to allocate £150,000 of funding from within this block of funding. The allocations would effectively be made by the Statutory Assessment Meeting (SAM) panel or a placement meeting if a child has a significant disability, in the same way that schools currently receive the equivalent funding for children of Reception Class age and above. The same top-up bands would be used for Nursery aged children, but they would be adjusted to reflect the hours attended by the child compared to the School equivalent number of hours as shown in **Table 2** below.

Table 2

Additional SEN Funding Bands	School Funding Annual Value	Nursery Funding Annual Value for 15 Hours	Nursery Funding Annual Value for 30 Hours
TMBC Mainstream Band 1	1,317	790	1,580
TMBC Mainstream Band 2	2,635	1,581	3,162
TMBC Mainstream Band 3	4,391	2,635	5,269
TMBC Mainstream Band 4	6,587	3,952	7,904

- 2.4 The local funding scheme has to include a base rate that applies to all children in all settings. There is a mandatory requirement to have a supplementary rate in relation to Deprivation and it is also possible to have other supplements in relation to Rurality/Sparsity, Flexibility, Quality and English as an Additional Language. The total value of these supplements cannot exceed 10% of the overall funding within this block.
- 2.5 The funding scheme for 2017/18 only contains one supplementary element which is in relation to Deprivation and it is proposed that this continues to be the only supplement in 2018/19. The bands of deprivation that each provider is allocated to are calculated with reference to each individual child's score on the DFE maintained Index of Deprivation Affecting Children (IDACI). These scores are used to create an average score per provider and then each provider is ranked into one of three bands. It is proposed to keep the 3 bandings used previously.
- 2.6 The proposed rates to be allocated to providers in relation to standard entitlement for 3 and 4 year olds are shown in **Table 3** below and the equivalent rates from 2017/18 are shown in **Table 4**.

Table 3

	Schools & Private, Voluntary & Independent
3 & 4 Year Old Standard Entitlement Funding Element	£ Per Hour
2018/19 Base Rate	4.16
2018/19 Deprivation Band A Rate	0.05
2018/19 Deprivation Band B Rate	0.10
2018/19 Deprivation Band C Rate	0.15

Table 4

	Schools & Private, Voluntary & Independent
3 & 4 Year Old Standard Entitlement Funding Element	£ Per Hour
2017/18 Base Rate	3.96
2017/18 Deprivation Band A Rate	0.05
2017/18 Deprivation Band B Rate	0.10
2017/18 Deprivation Band C Rate	0.15

- 2.7 The Local Authority has to ensure that at least 95% of the funding in relation to 3 and 4 year olds is passed through to providers in 2018/19. The Council is proposing to retain approximately 2.2% of the funding in 2018/19, which equates to £271,461 of the 3 and 4 Year Old elements of the grant in 2018/19. Paragraphs 2.8 to 2.11 below provide details on how some of this centrally retained funding would be used to support Council managed Early Years posts that will support all Early Years providers.
- 2.8 It is proposed that £132,132 of the retained funding would support the cost of the Early Education Funding Team. This funding would continue to support the addition of two officers to accommodate the increased volume of payments that will need to be monitored and reviewed, particularly in relation to the extended entitlement. This funding will also support the annual costs associated with the Servelec IT system which is used to calculate and process the payments to Schools and Private, Voluntary and Independent providers. This funding is key to ensuring the prompt and efficient processing of all future payments to providers.
- 2.9 Private, voluntary and independent childcare providers already received support, advice and guidance from the Early Years Provider Development Team prior to 2017/18. This support was extended to schools in 2017/18 due to the addition of two Early Years Quality Officers, funded through the central retention of 3 and 4 year old funding. This support is primarily in relation to the standard 15 hours offer and extended 30 hours offer, OFSTED regulations and standards and Special Educational Needs and Disabilities related issues. It is proposed that the service is allocated £75,209 to continue to support the two additional Early Years Quality Officers.
- 2.10 Early Years funding now includes the Disability Access Fund that is intended to improve access to Early Years places by supporting providers to make reasonable adjustments to

accommodate children with additional needs. There is also the requirement to have a specific Special Educational Needs (SEN) Inclusion fund to help providers to better address the needs of individual children. In order to support a greater focus on the SEN of Early Years children it is proposed to allocate £40,446 to continue to support a dedicated Early Years SEN caseworker.

- 2.11 The Family Information Service provides an integral element of support for Early Years providers by offering advice, guidance and information to families wishing to access Children’s services. The service increased its capacity in 2017/18 to support the extra demands from families created by the extension of the provision for both 2 year olds and 3 and 4 year olds. Therefore it is proposed that £23,674 is allocated to continue to support the additional Information Officer.
- 2.12 It is proposed that £257,732 of the 3 and 4 Year Old funding is used to create a contingency fund. This contingency fund would then be available to allocate funding to providers throughout the year where otherwise unfunded costs are being incurred. One example of potential use is where a provider has a child taking up a place after the Census that is used by the DFE to calculate funding. Another example would be to provide support where English being an Additional Language is affecting the provision.
- 2.13 **Table 5** below shows a summary of the proposed use of the DSG allocation for 3 and 4 year olds.

Table 5

Proposed Use of 3 & 4 Year Olds Funding 2018/19	£
Estimated Standard Entitlement (First 15 Hours) Total Grant	9,660,839
Estimated Extended Entitlement (Up to 30 Hours) Total Grant	2,817,487
Total Grant	12,478,326
Funding Being Allocated to Providers	
SEN Inclusion Fund	150,000
Base Rate Allocations	11,519,212
Deprivation Supplement Allocations	279,921
Contingency Fund	257,732
Total Being Allocated to Providers	12,206,865
Centrally Retained Expenditure	271,461

3. 2 YEAR OLDS FUNDING

- 3.1 The allocation of funding through this block of the grant has increased from an estimated £3,029,697 in 2017/18 to an estimated £3,063,681 in 2018/19. These allocations of funding are based on a combination of the hourly rate per child and the number of children who are eligible for the grant on the census data submitted to the DFE by each provider. The hourly rate used by the DFE to calculate the grant allocation for Tameside remains at 5.30 per hour.
- 3.2 The Council has retained £0.10 of the hourly rate in previous financial years to support the costs of the Early Education Funding Team and it is proposed to continue the same level of retention from the increased grant. This funding will continue to support part of the cost of

the existing officers who process the payments and it is key to ensuring the prompt and efficient processing of all future payments to providers. The estimated value of this retention for 2018/19 is £57,805.

4. EARLY YEARS PUPIL PREMIUM

4.1 The DFE have not proposed any changes to the Early Years Pupil Premium (EYPP) element of this block of DSG funding and the total estimated value for 2018/19 is £123,454 which is based on the part time equivalent child counts from the January 2017 schools, early years and alternative provision censuses. The allocations to individual providers will continue to be based on a maximum eligibility of 38 weeks per year, 15 hours per week and a hourly rate of £0.53. Providers will need to continue to submit claims for each child in every term that they are in attendance and funding will be allocated for a combination of:

- Current and former Looked After Children (LAC) are automatically eligible
- Children whose parents or guardians financial circumstances mean that they are eligible, which requires the written consent of the parents/guardians before the Council can check the Department for Work and Pensions database

5. DISABILITY ACCESS FUND

5.1 The Disability Access Fund is aimed at supporting providers to offer places to children with disabilities or Special Educational Needs (SEN). The estimated allocation for 2018/19 is £51,045 which is based on a DFE estimate of the number of eligible children and an allocation rate of £615 per child.

6 RECOMMENDATIONS

6.1 As stated on the report cover.