

EARLY YEARS FUNDING UPDATE

To: Cambridgeshire Schools Forum
 Date: 16th January 2015
 From: Martin Wade - Schools Finance Manager

1.0 INTRODUCTION

1.1 This report provides a summary update on the Early Years funding position for 2015/16 and covers the following main areas:

- Early Years Block element of the Dedicated Schools Grant (DSG)
- Two-year old funding
- Early Years Single Funding Formula (EYSFF) Update
- Early Years Pupil Premium

2.0 EARLY YEARS BLOCK

2.1 As noted in the main budget update report the Early Years (EY) block per pupil value has remained at the same level as in 2014/15, £3,813 and is calculated based on all nursery age pupils (3 and 4 year olds). The initial figures are based on January 2014 Census figures for 3 and 4 year olds and as such will be refreshed in year to reflect any changes in numbers for the period September 2014 to March 2015. Further retrospective adjustments will be made in 2016/17 for the period September 2015 to March 2016.

2.2 The table below shows the current level of EY Block Dedicated Schools Grant (DSG) to be received in 2015-16:

Pupils from Schools Census October 2014 (headcount) for Schools, January 2014 (FTE) for Early Years	1,036.8
Pupils from Early Years Census 2014 (FTE)	4,633.5
Total EY Pupils (FTE)	5,670.0
£ per FTE	£3,813
Initial 2015/16 EY Block Allocation	£21,619,200

2.3 As previously reported the allocations for 2-year-old funding will be calculated based on participation and initial allocations will be based on the take-up as recorded on the January 2015 census at £5.05 per hour. Therefore the initial EY block does not include an allocation for 2-year old funding, although based on current levels of uptake we estimate receiving initial funding in the region of £2.76m (approximately 1,200 pupils taking up an average of 12 hours provision over 38 weeks). The DfE have committed to undertaking a further voluntary pupil count in the autumn term to allow for the expected continuing increase in numbers.

2.4 The £5.05 per hour to be received will be directly passed on to providers delivering 2-year old places and as such there is no flexibility to centrally retain funding to support providers

as has been the case whilst funding was at a higher rate in 2013/14 and 2014/15. However, work is continuing to identify sufficiency needs for 2-year old places with trajectory funding received in 2014/15 being carried forward to support key pieces of work and projects.

3.0 EARLY YEARS SINGLE FUNDING FORMULA (EYSFF)

- 3.1 Following the reduction in funding rates in 2014/15 and the move to participation funding for 2-year olds for 2015/16 it has been agreed to move £0.5m of the additional funding to be received in the Schools block to the EY block. This transfer will mean that no further reductions will be required to the EY funding base rates in 2015/16 and as such providers will be funded as per the table below:

	Maintained Nursery Schools	Maintained Nursery Classes	Full Day Care	Child- minders	Pre-School / Extended Pre-School
Base rate	£4.79	£3.79	£3.79	£3.79	£3.43
Deprivation	Per child per term				
High	£240	£240	£240	£240	£240
Medium	£180	£180	£180	£180	£180
Low (30%)	£120	£120	£120	£120	£120
Low (40%)	£60	£60	£60	£60	£60
Flexibility					
High	Not	25p per hour per child			
Low	separately	10p per hour per child			
None	funded	No additional payment			

Please note: Nursery Schools also receive additional funding for Rates, English as an Additional Language (EAL) and a lump sum to support headteacher costs.

- 3.2 One area currently being reviewed for a potential change from September 2015 is the Deprivation factor, which is a mandatory element of the EYSFF. The per child per term methodology has proven to be an administrative burden and as such alternatives are being sought that more closely reflect the hourly rates per term used in the other factors. As part of this review consideration will also be given to the most appropriate eligibility criteria to use, and whether the data collected for the 2-year old funding and Early Years Pupil Premium (EYPP) can help inform the process.
- 3.3 Initial discussions will be undertaken with representatives of the Early Years provider group before half-term prior to wider consultation.

4.0 EARLY YEARS PUPIL PREMIUM

- 4.1 As previously reported the Government have announced the introduction of the EYPP as additional funding to support disadvantaged three and four year olds receiving the early education entitlement. The EYPP will be paid to local authorities through the Dedicated Schools Grant and LA's will be required to pass it onto early years providers for each eligible child at the hourly rate of 53p per hour. (approximately £300 per year for a full time

place). The initial DSG settlement includes an indicative allocation of £354k based on current estimated numbers of eligible pupils.

- 4.2 All registered early years providers that take children for the funded early education entitlement – including school nurseries and maintained nursery schools; private, voluntary and independent providers; and childminders – will be eligible to claim the EYPP for eligible three- and four-year-olds. Providers will be free to determine how the funding is spent, with the expectation it will be used to improve the quality of early years education for their disadvantaged children.
- 4.3 Children will be eligible if they are three- or four-years old and receiving Government funded early education in any provider, and their parents are in receipt of one or more of the benefits used to access eligibility for free school meals, i.e.
- Income Support
 - Income-based Jobseekers Allowance
 - Income-related Employment and Support Allowance
 - Support under Part VI of the Immigration and Asylum Act 1999
 - The guaranteed element of State Pension Credit
 - Child Tax Credit (provided you're not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)
 - Working Tax Credit run-on – paid for 4 weeks after you stop qualifying for Working Tax Credit
- Or if they have been:
- looked after by the local authority for at least one day
 - have been adopted from care
 - have left care through special guardianship; and
 - subject to a child arrangement order setting out with whom the child is to live (formerly known as residence orders)
- 4.4 As an early implementer, Cambridgeshire will receive an additional allocation for the period January 2015 to March 2015 which will be funded to providers with eligible children. Early implementation areas will test the delivery model for the Early Years Pupil Premium, including systems for checking eligibility and allocation of funding. This will allow the DfE to resolve any issues that may arise prior to roll out, and, if necessary, amend the guidance issued to all local authorities. The DfE has also asked that we gather examples of effective practice in how providers use the EYPP which could then be shared more widely.
- 4.5 To deliver the EYPP, the local authority has identified ways of collecting the relevant information through parental/provider agreements, which are completed termly for each child, and ways of checking and confirming eligibility using expertise within the Education Welfare Benefits Team. The first payments of EYPP will be made as part of the Spring Term Headcount process by the Early Years Funding Team.
- 4.6 A series of events are to be held for providers in January to secure engagement and understanding as a follow up to previous written communications.

5.0 ACTIONS

- 5.1 Schools Forum is asked to note the contents of the report.

Background papers: None