

West Berkshire Schools' Forum	
Title of Report:	Early Years Funding Update
Date of Meeting:	9th December 2013
Contact Officer(s)	Claire White & Maria Shepherd
For Discussion	

1. Background

- 1.1 On 29 January 2012 the Department of Education published “more great childcare, which outlined the Government’s plan to improve quality in the early years and to give parents more choice
- 1.2 As part of this plan, the Government intends to reform the role of the local authority to remove duplication and introduce earned autonomy for effective providers. This will free up local authorities to focus on improving ineffective providers and securing higher standards.
- 1.3 The consultation on these proposals closed on 6th May 2013. It covered both funding requirements and conditions set by the local authorities and funding mechanisms to be used by the Department.
- 1.4 The Government’s response to the consultation is set out in “more affordable childcare”. As a first step the Department has published statutory guidance which says the Local Authority should offer to fund places for 3 and 4 year olds attending any “satisfactory/requires improvement”, “good” or “outstanding” provider and 2 year olds attending any “good” or “outstanding” provider.
- 1.5 Local Authorities should not place conditions on “good” or “outstanding” providers other than those relating to proper use of public funds, ensuring funded places are entirely free of charge to parents, ensuring parents are able to access a place flexibly, ensuring providers meet the needs of disabled children or those with a SEN and ensuring providers are keeping children safe.
- 1.6 Any conditions local authorities make of providers who are judged as “satisfactory”/“requires improvement” must relate to addressing concerns raised by Ofsted at inspection.
- 1.7 The Government will refocus the duty on local authorities to secure information, advice and training for childcare providers. Authorities will be under a duty to secure information, advice and training to meet the needs of

providers judged by Ofsted as “requiring improvement”. Local Authorities will continue to have a power to provide information, advice and training for other providers.

1.8 The DfE is not making any changes to the regulations governing the early years single funding formula and centrally retained funding for 2014/15.

1.9 It is expected that a further consultation regarding early years funding from 2015/16 will take place soon with the proposal to move to national funding rates and a national Early Years Single Funding Formula for two, three and four year olds.

2. Budget Position 2013/14

2.1 From 2013/14, DSG funding is received in funding blocks, one of which is Early Years. Although the blocks are not ringfenced, for 2013/14 the Council has set a budget for each block at the funding level received for each block.

2.2 Funding for the 2013/14 early years block will not be confirmed until May/June 2014 due to 3 and 4 year old funding being based on 5/12 of the January 2013 census and 7/12 of the January 2014 census. Therefore we are required to estimate our funding based on our expected number of children to be counted in the January 2014 census.

2.3 Our current forecast summarised below is based on the actual number of hours paid in the Summer and Autumn terms plus a forecast of the Spring term calculated by taking the actual hours in the Autumn term and applying the same percentage growth that occurred between Autumn and Spring last year.

	Budget 2013/14	Forecast 2013/14	Variance 2013/14
2 Year old Funding	1,033,550	491,220	-542,330
3 & 4 Year Old Funding	5,918,380	6,443,040	524,660
Central EY Funding	192,720	198,310	5,590
DSG EY Block Grant	-7,144,650	-7,662,240	-517,590
TOTAL	0	-529,670	-529,670

2.4 It is expected that the overspend on 3 and 4 year olds (due to the increased take up of hours) will be offset by an increase in DSG grant.

2.5 The funding received for 2 year olds was split : £755,550 was allocated for statutory place funding for 252 children, accessing the full 15 hours from April 2013 and £278,000 was allocated for trajectory funding in order to build 252 places by September 2013 and 504 places by September 2014. The actual

take up of 2 year old places has been significantly less (as expected) resulting in the forecast underspend.

2.6 It is proposed that the overall early years underspend (from the trajectory funding) be ringfenced to this block and be carried forward to continue with the trajectory building of 504 2 year old places by September 2015, plus to plug the gap in the reduction of the 3 and 4 year old funding from next year due to the £364k funding for universal provision no longer being paid.

3. Proposals for 2014/15

3.1 With the possibility of a national Early Years formula from 2015/16, the Steering Group is proposing that there will be no changes to the early years formula for 2014/15 in order to give settings some stability in their funding for a further year.

3.2 We have not yet been notified of our DSG allocation for 2014/15 but understand that the guaranteed unit of funding will remain the same. If part of the underspend from 2013/14 is utilised to cover the reduction in the universal provision funding of £364k, this should enable the formula rates to remain the same. Further work on the 2014/15 budget will be carried out once the data from the January 2014 census is available. In the meantime the Steering Group are looking at options should there not be enough funding available.

3.3 The Steering Group is also currently reviewing the method of allocating deprivation funding to settings, as there has been some concern that it is not reaching the settings that need it most.

Appendices

Appendix A – Early Years Forecast for 2013/14

Appendix A

Summary of Early Years Budget and Monitoring for 2013/14									
	2013/14 Budget Full Year £	2013/14 Actual to 4/10/13 (2 terms) £	%	2013/14 Forecast Full Year £	2013/14 Variance Full Year £	2013/14 Hours Budget No.	2013/15 Hours Forecast No.	2013/16 Hours Variance No.	
PVI Providers (90036)	3,961,810 ¹	2,938,209	74.16%	4,365,387	403,577	935,446	1,014,744	79,298	
Nursery classes in Mainstream Schools (90037)	1,128,610 ¹	814,983	72.21%	1,218,742	90,132	261,207	283,032	21,825	
Maintained Nursery Schools (90010)	827,960 ¹	675,060	81.53%	858,915	30,955	118,587	125,271	6,685	
2 Year Old Funding (90018)	755,550	168,363	22.28%	491,222	-264,328				
Central Expenditure on Children under 5 (90017 + SSR £83,710)	192,720	96,050	49.84%	198,310	5,590				
Contingency (held on 90018)	278,000				-278,000				
TOTAL EXPENDITURE	7,144,650	4,692,665	65.68%	7,132,575	-12,075	1,315,239	1,423,047	107,807	
Early Years DSG Block Funding	-7,144,650			-7,662,238	-517,588				
NET POSITION	0			-529,662	-529,662				(note: minus '1' is an underspend)
CALCULATION OF EARLY YEARS DSG BLOCK FUNDING									
	Budget	Jan-13	Jan-14	Forecast					
	Jan 13 census	Actual	Forecast		5/12 Jan 13 census + 7/12 Jan 14 census				
School census	415.68	415.80	474.04	449.77					
Early years Census	1,043.68	1,042.60	1,212.88	1,141.93					
	1,459.36	1,458.40	1,686.92	1,591.70					
Guaranteed Unit of funding	£3,911.00			£3,911.00					
DSG Allocation based on census	£5,707,557			£6,225,147					
plus Adjustment for universal provision	£364,000			£364,000	one-off transitional funding 2013/14 only				
Statutory two year old funding - 20% eligible	£770,582			£770,582	Est. 252 children x £5.36 phr x 15 hrs x 38 wks				
Non Statutory two year old funding - up to 40% eligible	£302,509			£302,509	Notional amount for trajectory building				
Total DSG	£7,144,648			£7,662,238					
CALCULATION OF 2 YEAR OLD FORECAST									
Currently 113 children accessing 2 year old funding, but growing									
Assume maximum possible from start of November 2013:									
220 children x 15 hours x £5.26 x 18.6 weeks									
				£322,859					