

West Berkshire Schools' Forum

Title of Report:	Early Years Funding & Budget 2014/15
Date of Meeting:	3rd March 2014
Contact Officer(s)	Claire White & Maria Shepherd
For Decision	

1. Budget Position 2013/14

1.1 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 the forecast position for 2013/14 is based on an estimate using the number of children counted in the January 2014 census.

1.2 The current forecast is summarised below

	Budget 2013/14	Forecast 2013/14	Variance 2013/14
2 Year old Funding	1,033,550	250,930	-782,620
3 & 4 Year Old Funding	5,918,380	6,233,470	315,090
Central EY Funding	192,720	198,310	5,590
DSG EY Block Grant	-7,144,650	-7,314,740	-170,090
TOTAL	0	-632,030	-632,030

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

1.4 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) at around 150 places resulting in the forecast underspend. This has partly been utilised to offset the overspend on 3 and 4 year old funding.

1.5 It is proposed that the overall early years underspend be ringfenced to the Early Years block and be carried forward to continue with the trajectory building of 504 two year old places by September 2014, 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 received.

2. Funding Allocation for 2014/15

2.1 The Dedicated Schools Grant (DSG) for 2014/15 was announced on 18th December 2013. The Early Years Block is calculated as follows:

- 3 & 4 year olds: the amount per pupil is the same as for 2013/14 (£3,911 for West Berkshire). Initially the DfE has multiplied this by pupil numbers from the January 2013 Early Years Census. The final allocation will be based on 5/12 x January 2014 pupils plus 7/12 January 2015 pupil numbers.
- 2 year olds: this allocation is a fixed notional amount for statutory places and is based on the same hourly rate as for 2013/14 (£5.36 for West Berkshire Council). It has been calculated using data from the Department of Works and Pensions (DWP) on the number of eligible children under the 20% criteria for one term, and using data from Her Majesty's Revenue and Customs (HMRC) on the number of eligible children under the 40% criteria for the two terms from September 2014.
- There is a further notional amount for trajectory building which can be used for non-statutory places and other activities in preparation for the extended entitlement to 40% of two year olds from September 2014.

2.2 The funding calculation for 2014/15 is as follows:

January 2014 School Census	421.00	FTE
January 2014 Early Years Census	1,114.00	FTE
Total FTE January census	1,535.00	A
Guaranteed Unit of Funding	£3,911.00	B
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Estimated 3 & 4 Year Old Allocation	£6,003,385	(A x B)
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Plus 2 Year old Funding:		
254 children using 20% criteria	£259,038	
449 children using 40% criteria	£915,812	
Trajectory Funding	£142,078	
Fixed 2 Year Old Allocation	£1,316,928	
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Plus: Carry Forward from 2013/14	£632,030	
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TOTAL	£7,952,343	

2.3 The above calculation for 3 and 4 year old funding is based on the January 2014 census only. It is assumed that any significant change in actual hours paid in year will be largely offset by the final calculation of DSG using January 2015 census data.

2.4 Although the funding for each DSG block is not ring fenced it is strongly advised that where possible funding is allocated to children/pupils it is intended for. The above figures also assume that the carry forward from 2013/14 remains within this block.

3. Budget Proposal for 2014/15

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

3.2 By utilising some of the carry forward from 2013/14, the hourly funding rates for 3 and 4 year olds can be maintained. This budget has been calculated assuming the same number of actual hours funded in 2013/14, and is detailed per provider in Appendix A.

3.3 The method of allocating deprivation funding to settings has been reviewed as there was concern that in many cases no funding was going to settings containing children from low income and disadvantaged families. The Income Deprivation Affecting Children Index (IDACI) is the only indicator that can be used for early years settings, so different bandings and funding levels were modelled to find the best fit. The model agreed by the Steering Group is detailed in Appendix B, whereby reducing the lowest funded band to 0.05 (5% likelihood of disadvantage) and reducing the funding rates was deemed to be the fairest and goes some way in ensuring that this funding is reaching all settings that need it.

3.4 The centrally retained early year's budget is funded 50% from the 3 & 4 year old DSG allocation and 50% from the 2 year old DSG allocation. This budget contains the staffing costs of central support and advice for providers, and for determining eligibility of a child for early years provision. Other than this deduction, the full 2 year old allocation is assigned to the 2 year old budget, and the funding rate will remain at £5.26 per hour.

3.5 This leaves approximately £354,000 in contingency (depending on the actual final carry forward from 2013/14) which will be used for further trajectory building of places for 2 year olds, and for in-year growth in 3 and 4 year old places not funded by an increase in DSG.

3.6 The Budget proposed for 2014/15 is summarised as follows:

	Budget 2014/15
2 Year old Funding	1,267,230
3 & 4 Year Old Funding	6,231,180
Central EY Funding	99,390
Contingency	354,540
DSG EY Block Grant	-7,952,340
TOTAL	0

3.7 Appendix C contains the breakdown of the Early Years Budget in the format to be submitted to the Department for Education.

RECOMMENDATION:

1. The Early Years Block underspend in 2013/14 be carried forward to the Early Years Block in 2014/15
2. The Early Years budget as set out in section 3 is approved

Appendices

Appendix A – 2014/15 Early Years Budget Forecast for 3 & 4 Year Olds per Provider

Appendix B – 2014/15 Deprivation Funding

Appendix C – 2014/15 Early Years Budget Proforma