

Report to: Schools Forum

Date: 8th March 2013

Report of: Director of Children Services

Contact Officer: Claire D Binks, Senior Group
Accountant, Children Services

Bolton Council

Report No:

Tele No: 01204 332032

Report Title: **Early Years Funding – 2013-2014**

Non Confidential: (**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To inform the Forum of the changes in Early Years Funding and the impact and changes necessary to the formula funding, including the introduction of 2 year places from September 2013.

Recommendations: The Schools Forum is asked to:

- recommend the introduction of a two year old formula at the rate of £4.85 per child per hour for 15 hours over 38 weeks.
- recommend the amendments to the Early Years Funding Formula for 2013-2014.
- note the further changes that will be necessary in 2013-14 with regards to the development of a formula for 2 year olds and the supplement for children with special educational needs.

Decision:

Background Doc(s):

(for use on Exec Rep)

Signed:

Date:

Summary:

The report informs of the changes in legislation in regards to the provision of early education and the amendments necessary to the current formula funding for 3 and 4 year old free early education. It also considers the changes that will be required for the introduction of 2 year old places in September 2013 and support for children with special needs.

1 Introduction

In April 2010 the Authority introduced a formula for supporting the 3 and 4 year old free early education. The formula supports the provision of early education for 15 hours per week for 38 weeks in maintained schools, nurseries, private, voluntary and independent settings.

In the current year the Government has been looking at all the funding provided to schools with many changes being made. In relation to Early Years because the formula is still very young the Government is not making major changes but this paper informs the Forum of the changes that are being, and have been, introduced.

2 3 and 4 year old Free Early Education

In September 2012 the Government introduced revised statutory guidance for the delivery of Early Education for 3 and 4 year olds. The main changes that this introduced were:

- Funding can only be provided to those settings that are judged by Ofsted to be good or outstanding or are assessed by the Local Authority as meeting required quality standards
- Funding for deprivation cannot be made on a setting basis but should be made based on the child.
- Clarification of the hours to further encourage providers to offer flexible packages.
- Formalisation of a complaints procedure for parents who are not satisfied with the delivery of the free entitlement.

In October a paper was brought to Schools Forum outlining the procedure to be implemented to deal with those settings currently rated satisfactory or less. The procedure agreed is attached at Appendix One.

3 Changes to the funding formula for 3 and 4 Year Old Free Entitlement

Appendix Two shows the current formula funding for the 570 hours free early education for 3 and 4 year olds.

The current formula does not support SEN overtly and it is recognised that there is a gap. This will become more apparent once the 2 year old formula is introduced as it targets these children. It is important that the support developed is followed through.

This is a complex area and a full understanding of the support required and the ability for this support to be sustainable is important. The guidance about the criteria for this for the 2 year old funding of SEN has not yet been published by the Government.

There is not enough time to consult and implement a change for SEN into the formula for 3 and 4 year olds for April 2013. There is also no additional funding for

the formula for early years and therefore the funding must be sought from within existing resources of the Early Years or High Needs Blocks.

The current formula does support children and settings from deprived areas, this funding needs to be reconsidered with the SEN provision and 2 year old formula, however, there must be change to this in April 2013 in advance of the changes for SEN and 2 year olds.

Currently there is an amount paid to providers whose setting is in a deprived area, a supplement of 38p per child per hour. The regulations now in place no longer allow this supplement. It is recognised that this funding cannot just be stopped as there would be a detrimental effect on the settings and as 2013-2014 sees the ending of the transition to the current formula this would be compounded.

It is recommended, therefore, that for 2013-2014 this supplement be added to the supplement for the child that comes from a deprived area so that this supplement becomes 89p per child per hour. This should be on a temporary basis whilst the wider issues discussed above are developed as this funding may be redirected towards supporting these additional needs. The total impact of this on settings is:

Nursery Block	Loss of £15,764
Maintained Primary Schools	Gain of £17,954
Private, Voluntary and Independent Sector	Gain of £35,544

4 Two Year Old Free Early Education

In September 2013 the provision of Early Education for 20% of the most disadvantaged 2 year olds becomes a statutory duty.

In September 2014 this offer must be increased to include free places for 40% less advantaged but also include children with high level Special Educational Needs (SEN) and disability and 2 year olds leaving local authority care.

The offer can only be delivered from settings with a rating of good or outstanding.

There are some real issues with regards to:

- Identifying the children requiring additional support (Early Intervention)
- Understanding the level of support required for these children especially with regards to SEN. It is important that the support introduced follows through into the 3 and 4 year old free entitlement and into school.
- Sufficiency is the area in which this support is to be delivered. There is currently a mismatch between anticipated places required and that able to be provided.

The principles that were used to build the formula for 3 and 4 years old have been used to calculate a rate for the 2 year olds. For staffing the current regulations state that there should be a ratio of 1:4 but a ratio of 1:3 has been used as it is recognised that these disadvantaged 2 year olds are likely to need a higher level of

support. Appendix 2 show the suggest amount compared to what is currently paid for the 3 and 4 year old entitlement. It gives an amount per hour per child of £4.85.

The funding given by the Government for supporting the targeted two year old free education is £2,412,773 and is based on delivery to 855 children this gives and hourly rate of £4.95.

Appendix Three also shows the rates being implemented by other Greater Manchester Authorities, the majority of which are going for a rate of £4.85. It is recommended that Bolton adopt the rate of £4.85 per hour per child over 38 weeks. The additional 10p that is funded be retained for consideration of the implications of SEN provision that will be required from September 2014.

Further funding has been allocated by the Government for the introduction of the 2 year old places:

- £623,904 - Capital allocation 2012-2014
- £947,189 - Trajectory Building Funding 2013-2014

The funding has been given to develop the provision and currently the Two Year Old Funding Project Group and the Early Years Sub Group are considering options for the use of this funding.

5 Recommendations

The Schools Forum is asked to:

- recommend the introduction of a two year old formula at the rate of £4.85 per child per hour for 15 hours over 38 weeks.
- recommend the amendments to the Early Years Funding Formula for 2013-2014.
- Note the further changes that will be necessary in 2013-14 with regards to the development of a formula for 2 year olds and the supplement for children with special educational needs.

Additional eligibility criteria for providers of the free entitlement

An **expectation** that **all** providers will:

- Actively engage in self evaluation and improvement planning to improve the quality of provision and outcomes for children in the EYFS
- Actively participate in peer to peer support networks, including primary school clusters and early years area forums

Additional requirement that satisfactory providers (or settings that require improvement) will:

- Demonstrate their commitment to improving the quality of provision through participation in Bolton's Reflecting on Quality (RoQ) quality improvement framework. This will include an external assessment/verification of quality (*or other LA approved externally validated early years quality assurance programme such as NDNA, NCMA*)
- Link with a good or outstanding, graduate led setting for peer to peer support.

Costs/timescales

To be implemented from January 2013:

- RoQ registration and LA mentoring support will be provided free of charge for a 6 month period;
- At the end of the first 6 months (or earlier if requested by the setting) the setting will pay £200 for external verification of quality;
- If the setting can demonstrate improved quality they will remain eligible to provide free early education places for 3&4 year olds (subject to annual monitoring by the LA);
- If the setting cannot demonstrate sufficient quality improvement either:
 - Funding will be withdrawn with effect from the beginning of the following term (at least 3 months notice will be given to parents)
 - Continued support will be provided and paid for by the setting for a further 6 months and the setting will continue to be funded until the end of the 6 month period. If quality does not improve during this time then funding will be withdrawn with effect from the beginning of the following term (as above)

For settings where EYFS provision is judged to be inadequate and the LA is not satisfied that the setting is likely to improve at re-inspection or within an agreed timescale, funding will be withdrawn as soon as is practicably possible.

APPENDIX TWO

Early Years Formula Funding

With Professional					Childminders	Provisional 2 year old funding	
		Nursery Schools	Primary Schools	PVIs	PVI	PROPOSED	<i>Basis of Calculation</i>
All Rates are per Child per Hour							
Base Rate							
Staffing (including Supply)		£2.32	£2.32	£2.32			<i>M6 Teacher, TA3 & 0.5 TA1 for every 26 children plus 3% supply</i>
Premises		£0.19	£0.19	£0.19			<i>Ave Exp from Schools CFR data 2008/09 (2.3sqm per child)</i>
Equipment (Including ICT)		£0.31	£0.31	£0.31			<i>Ave Exp from Schools CFR data 2008/09</i>
Admin & Professional Fees		£0.28	£0.28	£0.28			<i>Ave Exp from Schools CFR data 2008/09</i>
	Sub-total	£3.10	£3.10	£3.10	£0.00		
Sustainability	6%	£0.19	£0.19	£0.19			<i>Based on guidance rate for working capital</i>
Total Base Rate		£3.29	£3.29	£3.29	£0.00		
Supplements							
Management		£1.14	£0.37	£0.37			<i>Cost of headteacher plus 0.5 Deputy in Primary & PVI</i>
Base Rate plus Management		£4.43	£3.66	£3.66	£0.00		
Deprivation							
a. If over 30 % Super Output Area		£0.38	£0.38	£0.38			<i>Based on an additional Early Years Profesional</i>
b. per pupil		£0.51	£0.51	£0.51			<i>Based on Deprivation per pupil in DSG</i>
Flexibility							
More than 7 to 8 hours	10%	£0.44	£0.37	£0.37			<i>Addition to Base Rate</i>
More than 8 hours	15%	£0.66	£0.55	£0.55			<i>Addition to Base Rate</i>
Open 50 weeks or more	15%	£0.66	£0.55	£0.55			<i>Addition to Base Rate</i>
Without Professional					Childminders	Provisional 2 year old funding	
		Nursery Schools	Primary Schools	PVIs		PROPOSED	
Base Rate							
Staffing (including Supply)		£1.26	£1.26	£1.26	£2.39	£2.95	<i>Snr Nursery Nurse Room Leader & 1.5 Nursery Nurse for every 16 children plus 3% supply (1 room Leader for Childminders)</i>
Premises		£0.19	£0.19	£0.19	£0.19	£0.21	<i>Ave Exp from Schools CFR data 2008/09 (2.3sqm per child)</i>
Equipment (Including ICT)		£0.31	£0.31	£0.31	£0.31	£0.31	<i>Ave Exp from Schools CFR data 2008/09</i>
Admin & Professional Fees		£0.28	£0.28	£0.28	£0.28	£0.28	<i>Ave Exp from Schools CFR data 2008/09</i>
	Sub-total	£2.05	£2.05	£2.05	£3.18	£3.75	
Sustainability	6%	£0.12	£0.12	£0.12	£0.19	£0.22	<i>Based on guidance rate for working capital</i>
Total Base Rate		£2.17	£2.17	£2.17	£3.37	£3.97	
Supplements							
Management		£1.14	£0.37	£0.37	£0.00	£0.37	<i>Cost of headteacher & 0.5 Deputy</i>
Base Rate plus Management		£3.31	£2.54	£2.54	£3.37	£4.34	
Deprivation							
a. If over 30 % Super Output Area		£0.38	£0.38	£0.38	£0.38		<i>Based on an additional Early Years Profesional</i>
b. per pupil		£0.51	£0.51	£0.51	£0.51	£0.51	<i>Based on Deprivation per pupil in DSG</i>
Flexibility							
More than 7 to 8 hours	10%	£0.33	£0.25	£0.25	£0.34		<i>Addition to Base Rate</i>
More than 8 hours	15%	£0.50	£0.38	£0.38	£0.50		<i>Addition to Base Rate</i>
Open 50 weeks or more	15%	£0.50	£0.38	£0.38	£0.50		<i>Addition to Base Rate</i>

APPENDIX THREE

Summary and comparison of formula funding for Early Years

1 Calculated from the Grant funding received

Allocation for Place Funding £2,412,773.00

DFE Assumed places 855

DFE amount per child per hour £4.95

2 Maximum hourly rates for 3 and 4 year old funding.

These include deprivation and flexibility supplements.

Maintained Nursery School	£5.98
Settings with a professional	£5.65
Setting without a professional	£4.19
Childminder	£5.26

3 Draft Two Year Old Base rates calculated on the same principles as 3 and 4 year olds

£4.85 Based on the 1:3 staff ratio

4 Other Authority Rates

Stockport	£4.95
Bury	£4.85
Salford	£4.85
Oldham	£4.85
Manchester	£4.85
Rochdale	£4.95
Tameside	£4.85
Trafford	£4.85
Wigan	£4.92

5 Trajectory Building funding £947,189

6 Capital funding £623,904