



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 4th December 2014

Agenda Item

7

Report Status

For information/note
For consultation & views
For decision

Report Title: The Early Years Funding Block.

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Purpose: To inform Schools Forum members of the funding of the Early Years Block in 2014-15 and projections for 2015-16.

Recommendations:

1. That Schools Forum notes the profiled funding for the Early Years Block in 2014-15;
2. That Schools Forum notes the indicative funding for the Early Years Block in 2015-16;
3. That Schools Forum endorses the proposed allocation of the Early Years Block for 2015/16

1. Introduction

- 1.1 The purpose of this paper is to provide an overview for Schools Forum of current funding and projections for the Early Years Block contained within Haringey's Dedicated Schools Grant Allocation, outlining in detail how the proposals for use of the Early Years Block are intended to support improvements in outcomes for children.
- 1.2 It is a requirement of the School and Early Years Finance Regulations that the Schools Forum agrees proposals for the use of DSG funding, including centrally retained budgets

2. Background

- 2.1 The Dedicated Schools Grant (DSG) is split into three notional blocks: the Schools Block for years Reception to 11; the High Needs Block for Special Educational Needs (SEN), outside of delegated budgets, and Alternative Provision (AP); and the Early Years Block (EYB), which is the subject of this paper.

3. The Vision for Early Years in Haringey

- 3.1 The provision of good quality early education and childcare places across the borough underpins our ambitions for all children and young people to look ahead to adulthood having developed a sense of responsibility, independence and self determination.
- 3.2 Evidence suggests that by giving children a quality pre-school experience, we can support their all round development; particularly cognitive and social skills development. We recognise that the early years are the foundation for the development of confident, resilient and able learners and therefore, there is a clear focus on narrowing the gap between our most disadvantaged children and all other children.
- 3.3 A fundamental part of our strategic approach in Haringey is to ensure that all young children, regardless of circumstance or where they live within the borough, are able to access the opportunities and support they need to develop well and become confident learners by the time they reach statutory school age.
- 3.4 Proposals for the use of the Early Years Block within DSG are shaped by both statutory requirements derived from the Childcare Act 2006 and the strategic aims of Haringey Council as set out in its Corporate Plan.
- 3.5 A key priority for the Council over the next three years is improving opportunities to thrive for children from conception to five and achieving better outcomes for children, young people and families through the development and implementation of our Early Help strategy. The vision

for Early Help is held jointly with partners and reflected in Haringey's Corporate Plan.

"We will work together to ensure that every child in Haringey will have the very best start in life , through world class education and delivering the best outcomes for our children, young people and families which are sustainable and designed around their needs"

The Early Help Partnership Board will provide a steer for the development of early help strategy in Haringey over the next three years and be accountable for the implementation of the strategy and delivery plan. Membership of the Board includes Schools Forum, early years settings, schools, health providers, the police, the Clinical Commissioning Group (CCG), the voluntary and community sectors and the Council.

3.6 Our approach to the delivery of improved outcomes for the children begins in the early years and will be informed by an early help strategy that will provide a framework for delivering the following outcomes:

- Improved family and community resilience
- Thriving children, young people and families
- Strong partnerships, making effective use of resources

3.7 It is intended that the use of the three DSG funding blocks is underpinned by Haringey's overarching strategic aim for children and young people and the strategic priorities set out below:

- Delivering prevention and early intervention to reduce escalation of need
- Increasing equity of access to quality provision for all children young people and families
- Improving and sustaining resilience amongst children. Young people and families
- Developing the workforce to be more confident and empowered practitioners
- Enhancing access to, and coordination of, integrated services

It is worth noting that funding for the family support team which is part of the early help service in the Council is funded from the Schools and High Needs Blocks and not by the Early Years Block.

3.8 Within an overall strategic framework for school improvement, our early years quality improvement approach focuses on improving the quality across all providers of early education and childcare so more children benefit from access to good quality provision.

3.9 An important part of this approach is to build greater collaboration across the sector as part of a drive to increase knowledge and skills amongst

practitioners and maximise their impact on improved outcomes for children.

4. Early Years Block Funding 2014-15 and proposals for 2015-16.

4.1 The Early Years Block helps to meet its statutory duties under the Childcare Act 2006 which includes funding the free early education entitlement for all three and four year olds from the term after their third birthday and the free entitlement for eligible two year olds.

The total amount of funding within this block is determined by two elements, which generate the funding set out in the table below.

The elements in 2014-15 are:

- (i) The Full Time Equivalent (FTE) number of three and four year olds recorded in the January censuses multiplied by £5,345.46. The number funded in 2014-15 was 2,423 FTE this represents 4,038 children at an equivalent hourly rate of £5.6268

Both the January census preceding the start of the financial year and the January census during the financial year are used to determine the DSG, with any resulting adjustments being made to the allocation.

- (ii) The target number of two years olds funded by DfE at £5.28 per hour, the total allocation is £5.048m.

4.2 Early Years Block Funding 2014-15

Element	Number of Children	Funding Rate per Hour £	£000
3 and 4* Year Olds	4,038	5.6268	12,952
2 Year Olds		5.2831	5,048
Total In Year			18,000
Estimated DSG Uplift Jan 15			127.1
Funding B/F			544.7
			18,671.8

*Only refers to 4 year olds in PVI settings and not those in reception classes in schools. Does not include in-year adjustments expected for January 2014 census numbers

4.3 Estimated Early Years Block Funding 2015-16

4.3.1 It is anticipated that future year DSG settlements will be based on the following two elements.

Projected Early Years Block Funding 2015-16

Element	Number of Children	Funding Rate per Hour £	£000
3 and 4 Year Olds	*4,290	5.6268	13,760
2 Year Olds	1,700	5.2831	5,119
Total			18,879

*4,290 is the number required to achieve the target of 94% take up over a four year period.'

4.4 We would expect recommendations for the use of Early Years Block Funding from 2015-16 onwards to be informed by Haringey's Early Help Strategy and shaped by the strategic work to transform our early years and improve quality, equity and access for children across Haringey.

5. Application of Early Years Block Funding in 2014-15.

5.1 The Schools Forum in February 2014 agreed to maintain the centrally retained budgets set out below. The application of the funding is set out in **Table 1**.

Table 1: Breakdown of Early Years Block Funding 2014-15

Budget Area	Budget £000
3 and 4 Year Old Formula Funding	
Children Centres(Formula Allocation)	530.8
Nursery Schools (Formula Allocation)	1,711
Nursery Classes (Formula Allocation)	5,903.4
PVIs (Formula Allocation)	3,709.3
2013-14 Claw back (Schools Only)	(155.0)
Sub-total	11,699.5
2 Year Olds	
Place and child led funding	5,048
Sub-total	5,048
Centrally Retained Budgets	
Childcare Subsidy	1,557.0
Early Years Team	260.0
De-delegated services	91.4

Overheads	15.9
Sub-total	1,924.3
Total	18671.8

6. Use of the Early Years Block Funding

- 6.1 Free entitlement places offer each eligible child 15 hours per week of early education, up to a maximum of 570 hours per year.
- 6.2 The estimated populations of 2, 3 and 4 year olds in Haringey for 2011 are shown in the table below.

Table 2: Haringey's population numbers for 2, 3 and 4 year olds*

	2 year olds	3 year olds	4 year olds
Haringey	3,603	3,573	3,383

*Source: 2011 Census

- 6.3 In 2013, DfE increased the expected participation rate for 3 year olds to **94%**. This represents a 10 % increase on current levels of participation in the borough and will mean ensuring that a further **355** 3 year old children are taking up a part-time place.

7. Delivery of the three and four year old free entitlement

- 7.1 In 2014, Haringey's participation rate of 84% represented a total of 3,001 3 year old children taking up a place during the, 2013-14 academic year. To meet the DfE target of 94%, we are working towards increasing our 3 year old participation on the following trajectory.

Census Year	Academic Year	Participation rate target	Number of children participating	Increase in numbers of children
2015	2014-15	86%	3072	71
2016	2015-16	90%	3214	142
2017	2016-17	94%	3356	142
2018	2017-18	96%	3427	71

- 7.2 The current profile of take up for Haringey's three and four year olds can be broken down as follows;

Table 4: Comparative summary of take up rates for 3 & 4 year olds

Benefitting from the free entitlement	2010	2011	2012	2013	2014
Haringey 3 year olds	76%	80%	82%	84%	84%
Haringey 4 year olds	92%	89%	95%	95%	95%
Haringey 3 & 4 year olds	83%	84%	88%	90%	90%
England for 3 & 4 years olds	94%	94%	95%	96%	97%
London for 3 & 4 years olds	88%	88%	90%	91%	90%

8. Development and delivery of the Two Year Old Free Entitlement programme in Haringey

- 8.1 All local authorities have a statutory duty to provide 15 hours per week of free early education for all eligible two year olds. Eligibility is limited to those children:
- whose parents would be eligible to claim for Free School Meals (FSM) 'Looked A
 - who are deemed to be 'Looked after Children'.
 - whose families receive Working Tax Credit and have annual gross earnings of no more than £16,190 a year
 - receiving a current statement of SEN or an education, health and care plan
 - attracting Disability Living Allowance
 - leaving care through special guardianship or through an adoption or residence order

DfE estimate that in Haringey, 1790 children will be eligible from September 2014. This figure is adjusted on a regular basis and the expectation is that take up is likely to be 80% of all those eligible; approximately 1432 children.

- 8.2 The DSG Early Years Block funding for the Two Year Old Free Entitlement in 2014-15 comprises:
- £5.048 million revenue funding for statutory place provision
- 8.3 From April 2015, DfE will be funding the two year old programme through the Dedicated Schools Grant (DSG) on a participation-led basis, in line with the current funding arrangements for the universal three and four year old 15 hours per week free entitlement. Take up levels by January 2015 will need to be high in order to mitigate against potential reductions in future levels of DSG Early Years Block funding.

- 8.4 Current delivery of the two year old programme has highlighted some key challenges for Haringey in meeting DfE's expectations including;
- Ensuring there are sufficient good quality places to meet our statutory responsibilities;
 - Ensuring high levels of participation in the programme over the next two years. We will need to continue our brokerage role and strengthen early help pathways into the programme to ensure that children, particularly those facing the most disadvantage, are enabled to take up the place they are eligible for and parents are supported to place their children in an appropriate setting.
 - Maintaining a funding formula that is able to encourage provider participation, secure and increasing number of places and be sustainable within the agreed financial settlement in order to maximise the number of children able to take up their free entitlement.

9. Discretionary use of DSG Early Years Block Funding 2014-15 and Proposed discretionary use of Early Years Block Funding 2015-16

9.1 In addition to meeting the funding requirements of the free entitlements, Early Years Block funding in Haringey has been allocated to the following in 2014-15;

9.1.1 Early Years Single Funding Formula (EYSFF) Elements
Total allocated: £1,774m

There are currently a number of supplements (deprivation, flexibility and quality) added to the basic part-time hourly funding rate. The only statutory requirement is a supplement for deprivation which accounts for £1.307m of this figure.

It is not anticipated that the costs of these elements will change for 2015-16.

9.1.2 Full time places provision in 2014-15 for three and four year olds

Total allocated: £0.620m

In September 2014, a reduction in the number of full time places provided across Haringey's Schools. This is part of an overall strategy which will see a further reduction in the number of part time places available from 2015/16.

The reduction is as follows;

Academic Year	Full time places
September 2014	189
September 2015	118

- 9.1.3 Indicative full time places provision in 2015-16 for three and four year olds
Total allocated: £0.358m

In this year, the implementation of our strategy to reduce full time places in schools will see a reduction from 2014/15 levels to 118 places for September 2015.

The projected rate of reduction was as follows;

Academic Year	Full time places
September 2015	118

- 9.1.4 Support to Nursery Schools in 2014-15
Total allocated: £0.712m

This allocation provides additional sustainability support to Haringey's three nursery schools to deliver the free entitlement for three and four year olds and sits alongside their individual Early Years Single Funding Formula (EYSFF) funding allocations.

- This funding is provided to support the financial viability of the three nursery schools in Haringey
- The Nursery schools are able to increase their impact through providing training and support to other early years and childcare providers

- 9.1.5 Support to Nursery Schools in 2015-16
Total allocated: £0.712m

There is no proposed change to this allocated amount.

- 9.2 The EYB also funds any early years specific centrally retained budgets held by the Local Authority (LA). Two significant elements of the centrally retained budget are the central early years quality team and the childcare subsidy:

- 9.2.1 Central Early Years Quality Team 2014-15

Total allocated: £0.260m

This allocation of funding supports the delivery of the 3 and 4 free entitlements and enables support and intervention for targeted schools and settings and the moderation of the Early Years Foundation Stage Profile (EYSFP).

The contribution is towards roles that support the achievement of the following outcomes for children:

- The continued improvement in the attainment levels for children at the end of the Early Years Foundation Stage.
- Increasing the numbers of children in early education and childcare provision that is good or outstanding
- Increasing the participation of 2, 3 and 4 year olds; particularly the most disadvantaged children in their free entitlement offer.

Actual 2014-15 costs for roles are shown in the table below.

2014- 2015	£ (*inc on costs)
Advisory Teacher	74,876
Advisory Teacher	74,076
Advisory Teacher (0.8)	49,090
Business Support Officer (0.33)	14,608
Brokerage Officer (0.5)	19,307
Free Entitlement Funding Administrator (0.5)	21,913
Moderation (EYFS) (0.5)	6,250
Total	253,870

9.2.2 Central Early Years Quality Team 2015-16

Total allocated: £0.390m

It is proposed that for 2015-16, this allocation of funding is increased from the 2014-15 level; funded from the amounts currently allocated for the childcare subsidy. The increase in funding in this area will meet the cost of two advisory teachers, located within Haringey's Quality Improvement team and currently supporting four local authority children's with childcare. An increased focus on quality improvement and will mean the teachers' input will be focused more widely across all early years sector.

The funding will enable support and intervention for targeted schools, private, voluntary, independent (PVI) and childminder

settings. The team also moderate the Early Years Foundation Stage Profile (EYSFP) to secure standards across the early years sector. We currently have 239 childminders, 67 PVI providers, 3 nursery schools and over 60 schools offering early education.

The new Early Years Foundation Stage Framework is more challenging and will be judged and graded by Ofsted, quite rightly carrying more weight in the overall inspection of the school. In order to meet this challenge, we need to realign our Early Years Quality Improvement approach with the overall School Improvement ambitions of achieving outstanding for all.

The planned spend profile in 2015-16 is shown in the table below.

2015- 2016	£ (*inc on costs)
Advisory Teacher	74,876
Advisory Teacher	74,076
Advisory Teacher	64,756
Advisory Teacher	64,758
Advisory Teacher (0.8)	49,090
Business Support Officer (0.33)	14,608
Brokerage Officer (0.5)	19,307
Free Entitlement Funding Administrator (0.5)	21,913
Moderation (EYFS) (0.5)	6,250
Total	389,634

9.2.3 Childcare Subsidy for 2014-15

Total allocated: £1.557m

This allocation enables the delivery of childcare; targeting some of our most vulnerable children, providing them with access to good quality early education and ensuring they are school ready. We are faced with the continuing challenge to deliver affordable, sustainable childcare and this continues to be area under considerable financial pressure as the gap between the cost of providing childcare and the income generated from fees remains significant.

9.2.4 Childcare Subsidy proposed for 2015-16

Total allocated: £1.427m

It is proposed that a slight reduction is made to this allocation as part of the process of refocusing childcare subsidy towards a wider programme of quality improvement. The reduction in funding will meet the cost of two advisory teachers, located within Haringey's Quality Improvement team and reflects an increased focus on quality improvement.

The impact of this change in the level of subsidy will be assessed in the context of an overall review of the childcare funding formula by the end of the year. It will need to be re-considered within the childcare funding formula for 2015-16. We are faced with a continuing challenge to enable delivery of affordable, sustainable and quality childcare for all families in the borough and it is anticipated that this will remain an area under financial pressure in 2015-16. Work is being undertaken to review and develop our approach to childcare delivery on the future.

9.3 Other centrally retained budgets.

9.3.1 In addition £91,400 is held in respect of services that have been delegated/de-delegated to mainstream schools and £15,900 in respect of Corporate Support Costs.

10. Issues likely to affect the proposed future use of the Early Years Block funding

10.1 Funding the Two Year Olds Free Entitlement.

10.1.1 The move to participation-led funding from April 2015 may have significant implications for future levels of DSG funding. Mitigation against any potential reduction in funding levels will be through maximising the take up of two year old places by eligible children.

This will continue to be a strategic priority for the Council with a target to achieve and maintain a take up rate of 80%.

10.1.2 The cost of increasing the hourly funding rate from £5.18 to £6.00 from April 2014 can be fully met for the financial years 2015/16 to 2017/18 by the existing ring-fenced funding allocation for the two year old programme within the DSG's Early Years Block.

10.1.3 From April 2018, it is anticipated that there will be a funding shortfall of approximately £0.758m per financial year. In order to meet this additional funding requirement, the discretionary element of the early years funding block

will be reviewed in order to identify the financial resources to meet the costs of delivering the programme from April 2018.

10.2 The Childcare Subsidy

10.2.1 It is not anticipated that the need for a subsidy will reduce in future years. Rather, we are faced with increasing pressure on this element of the centrally retained funding as the gap between the costs of childcare and the levels of income generated through fees remains significant.

10.2.2 A priority within our early help approach is to develop more equitable access to quality provision for all children across the borough. Our future strategy for childcare will need to consider how best to target the subsidy to maximise the benefits for children and ensure the most vulnerable and disadvantaged children are supported to access good quality provision.

10.2.3 There may need to be a reconfiguration of this childcare subsidy element and as part of this work, consideration will be given to the profile and funding of childcare across our children's centres. This work will take some time to complete and therefore, it is anticipated that whilst some level of childcare subsidy funding will be required, work will be undertaken to consider how the subsidy can more effectively support the provision of childcare services in our most disadvantaged areas and maximise outcomes for children.

10.3 Increase in numbers of three year olds taking up places: towards DfE targets

Plans are being developed to increase participation rates for three year olds from current levels of 84% to 94% (as set by DfE in 2013) and overall participation by three and four year olds from current levels of 90% to 96% (as set by DfE in 2013). This is a strategic priority for the Council and achieving these targets will act to shore up the financial resources available within the Early Years Block within DSG and, in turn, maximise the funding drawn down by early years settings and schools for the delivery of the free entitlement.

11. Recommendations

11.1 That Schools Forum notes the profiled funding for the Early Years Block in 2014-15;

- 11.2 That Schools Forum notes the indicative funding for the Early Years Block in 2015-16;
- 11.3 That Schools Forum endorses the proposed allocation of the Early Years Block for 2015/16