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<b>Report title:</b>	Early Years Funding 2017-18	
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### Executive Summary

This further report on the Early Years National Funding Formula (EYNFF) identifies the further work to be completed on the central retention of funding from the early years block and the need to work up the detail on the local inclusion fund.

### Schools Forum Actions

The Schools Forum is asked to:

- Agree the proposed central retentions from the early years block 2017/18 in compliance with the guidelines.
- Note the progress made in relation to the Local Inclusion Fund and Disabilities Access Fund.

### Introduction and Background

1. In January 2017 there was a comprehensive report outlining the requirements of the new EYNFF and a series of proposals for funding settings in compliance with the requirements. The Schools Forum also agreed the 2017-18 rates for the various provider settings. However, there were a number of outstanding matters that were carried forward for decision and consultation at the March meeting of the Schools Forum.
2. The EYNFF sets out the mandatory requirements for 2017-18 that impact upon the use of the EY Dedicated Schools Grant (DSG) block allocation. They are summarised below and are reflected in the funding proposals covered in the rest of this report.
  - 93% pass through of EYDSG block to providers – this was dealt with at the last meeting.
  - Maximum central retention of 7% of DSG allocation – this report (paragraphs 3 to 11).
  - Deprivation funding not to exceed 10% of total cost of 93% pass through – this was dealt with at the last meeting
  - Universal base rate no later than April 2019 – N/A
  - Introduction of SEN local inclusion fund – this report (paragraphs 13 to 16).
  - Management of and eligibility checking for the new Disability Access Fund – this report (paragraphs 17 to 21).

### Central Retentions on the Early Years Block 2017-18

3. As noted at the last meeting, the confirmed pass through and central retention percentages of 93% and 7% respectively set the following funding levels for next year:

• 93% Pass through	£18.242m
• 7% Central retention	£1.373m
• Total	£19.615m.

4. The proposals that the Authority is making for the central retention of the early years block, the expected outcomes and amounts are as follows:

	£000
Early Years Teams Staffing	539
Early Help Service	557
Day Nursery Subsidy	274
<b>Total</b>	<b>1,370</b>

5. **Early Year Teams Staffing Costs £539k.** The Local Authority is dependent upon the Early Years Block of the Dedicated Schools Grant to resource its statutory work in relation to early years education and childcare. These duties, as set out in the Childcare Act 2006 and subsequent guidance, include:
- Improving the well-being of young children (0 to 5) and reducing inequalities between them
  - Securing sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0-14 (or up to 18 for disabled children)
  - Securing free early education for all three and four year olds and specified two-year-olds
  - Undertaking the early years census - collecting information about individual children receiving early years provision and supplying it to the Secretary of State
  - Funding early education places in all sectors using a locally-determined, transparent formula
  - Securing information, advice and training to childcare providers;
  - Providing information, advice and assistance to parents and prospective parents on the provision of childcare in their area
  - Checking the eligibility of children to Early Years Pupil Premium any child a parent or provider has identified and Fund all eligible early years providers in local authority area at the national rate.
6. The Council's Early Years teams carrying out these duties include consultants and improvement officers working with schools, more than 100 private, voluntary and independent sector settings and more than 300 childminders, as well as staff

managing termly headcounts and payments in respect of approximately 8000 children.

7. **Early Help Service £557k.** The Early Help Service is funded from a combination of mainly council core budgets and the Dedicated Schools Grant contributions from the schools block (i.e behaviour services de-delegation), early years and high needs block.
8. The Early Help Service works with children, young people and families who are experiencing difficulties. The team provides a service for children who need extra help with their learning, social, emotional, behavioural, developmental and attendance needs. Services provided include:
  - Locality Leads
  - Education welfare (attendance and truancy);
  - Support for 0-5 including through links to Children's Centres
  - Educational psychology;
  - Family Support;
  - CAMHS Early Help Specialists (funded from CCG budget)
  - Early years early intervention;
  - Behavioural and mental health advice.
9. There are also links with early years and children's centres (funded from the Councils core budget).
10. **Day Nursery Subsidy £274k.** The reduction in centrally retained function has significant implications for other areas of Council expenditure, in particular in relation to the day nurseries currently directly managed by the Council. These received a lump sum payment from DSG of £1.4m for 2016-17. The number of nurseries has now been reduced from 4 to 3 following the transfer of management of South Bermondsey Nursery to a voluntary sector provider early in 2016-17. While this ameliorates the budget pressure, it will be very difficult for the remaining three day nurseries to be viable without the DSG subsidy. Officers are exploring options to keep nurseries open following this reduction in funding.
11. As noted in the DSG monitor report elsewhere on the agenda, there is a commitment to use up to £0.7m of the £1.7m early years reserve in 2017-18 to provide transitional support for the remaining day nurseys.
12. Schools Forum are therefore asked to approve the central retentions on the early years block of the DSG as outline at paragraphs 4-9 of this report.

### **Central Retention and Future Restrictions**

13. It should be also noted that the retention will need to further reduce in 2018-19 when the central retention will be reduced to 5%, which is estimated to be £931,730 based upon current information. This will need to be considered in the course of the next year.

### **SEN Local Inclusion Fund**

14. Officers drew attention to the fact that the £17.794m cost was a 91% pass through meaning there was £448,000 unallocated that could be allocated to either the base rates and/or deprivation or the new SEN Local Inclusion Fund (SENLIFF).
15. Local authorities must set up a local inclusion fund (LIF) for EY SEN children. Unlike the Disabilities Access Fund described in paragraphs 30 to 33 below there is no additional DSG funding for the LIF. DfE state that Funding has to come from either one or both of the early years block and high needs block of the DSG. Local authorities must consult with early years providers to set the value of their local SENLIFF taking into account:
  - The number of children with SEN in the local area
  - Their level of need, and
  - The overall capacity of the local childcare market to support these children.
16. Local authorities are expected to target the fund at EY children with SEN at a lower level than those in receipt of funding linked to an EHCP, who continue to be eligible to receive funding via the high needs block of the DSG.
17. Southwark already provides inclusion funding for PVI settings, administered by the SEND team with a budget of £200k in 2016-17. Officers will present proposals for funding, implementing and managing the LIF to the next Working Group. Options are still being developed by the Local Authority for consideration at the next meeting of the Working Group for implementation as soon as practical in the new financial year. A further update will be given to the next meeting of the Schools Forum.

### **Disabilities Access Fund (DAF)**

18. New funding of £12.5m nationally has been provided under the DAF, and three and four year olds will be eligible for funding if they receive:
  - Disability living allowance (DLA); and
  - Free early education.
19. An annual sum of £615 will be paid by the council to providers towards additional costs of provision for a child with disabilities. Funding will be provided through a supplementary element of DSG and Southwark will receive initial funding of £73,800 for 2017-18 representing 120 eligible children.
20. Providers will be responsible for identifying children eligible for DAF through a new parent declaration template that the DfE will publish alongside a model provider/parent agreement in early 2017. The template will include a box for parents to tick if their child is in receipt of DLA.
21. Local authorities will be required to check that the eligibility requirements for DAF have been met and make the grant payments to eligible providers. The S251 proforma will record the DAF expenditure.
22. The arrangements for this are in the process of being finalised and will be shared with the Early Years Working Group and Schools Forum at the next meeting.

**Maintained Nursery Assurance Exercise**

23. The Authority has been asked to complete an assurance exercise in March 2017 with regard to the funding of Maintained Nursery Schools, including the supplementary funding, in order to demonstrate compliance with the funding regulations and to provide any justification for variation from the guidance.
24. A further update will be provided to the next meeting of Schools Forum on the results of this exercise and this will of course be shared with the Maintained Nursery Schools.

**Schools Forum Actions**

The Schools Forum is asked to:

- Agree the proposed central retentions from the early years block 2017/18 in compliance with the guidelines.
- Note the progress made in relation to the Local Inclusion Fund and Disabilities Access Fund.