

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

TO:	READING SCHOOLS FORUM		
DATE:	15 JANUARY 2015	AGENDA ITEM:	5
SUBJECT:	EARLY YEARS UPDATE		
SERVICE:	EDUCATION, ADULT'S & CHILDREN'S SERVICES	WARDS:	All
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1 PURPOSE OF REPORT

1.1 To update Schools Forum on the key issues with regard to the early years block.

2. RECOMMENDED ACTION

2.1 To note the contents of the report.

2.2 **FOR DECISION OF ALL SCHOOLS FORUM:** To approve any decisions taken at the EYSFF meeting on 13 January as regards an increase in central retentions by £100k for the purposes outlined within the report.

2.3 To note the forecast outturn position on the Early Years Block of a £2.1m underspend and to note the work that will be done for the March Schools Forum identifying a proposal to carry forward funding within the early years block for contingency/commitments with regard to 2 year olds in officers professional judgement, thereby releasing a sum to be determined to transfer to the high needs block to help offset the 2014/15 deficit which has arisen.

3 EARLY YEARS BLOCK 2015-16

3.1 The indicative allocations on the early years block are shown in Table 1 below. The final early years allocation will be notified to the Local Authority in March.

Table 1: Early Years Block 2015-16 Indicative Allocations

Description	£ 000
Maintained Nursery Budgets	1,700
Primary School Early Years Classes	1,700
3 & 4Year old Funding	3,821
2 Year old Funding (Direct Allocation)	1,596

3 Year old project - F/T	50
New Central Retention	100
Equal back-pay claims	19
Speech and Language Contract	105
School Kitchens (Includes Primary Nursery)	39
School Kitchen Management	2
Early Years SEN Funding (1:1 Support)	30
Early Years Pupil Premium	167
Central Establishment Charges + Schools Forum	5
Total Early Years Block	9,334

3 EYSFF GROUP

3.1 The group is due to meet on 13 January 2015 and will consider the central retentions and rates payable under the EYSFF for 2015/16. A verbal update will be given of the outcome of the meeting at Schools Forum.

4 RATES PAYABLE IN 2015/16

4.1 At the EYSFF group meeting on 13 January we will propose the funding rates as noted in the Table 2 below. The rates are

Table 2: Early Years Funding Rates 2015-16 (3 and 4 year olds)

Provider type	SFF hourly rates 2014-15	Deprivation supplement -	Rate including deprivation supplement
Maintained Nursery	5.42	1.20	6.62
Newbridge Nursery	5.78	1.20	6.98
Primary classes	3.30	1.20	4.50
Private and Voluntary settings	4.00	1.20	5.20
Independent Schools	3.56	1.20	4.76

4.2 The 2 year old hourly funding rate will be proposed to remain at £5.36 per hour

4.3 The proposals for rates in 2015/16 were based upon the following:

- A benchmarking exercise, the results which of which are to be discussed at the EYSFF meeting
- A consideration of whether there was any duplication between the deprivation supplement and the pupil premium. the results which were that any decision regarding changes would be delayed until later in the year (with any change being implemented from the 2015/16 financial year) pending the arrangements for pupil premium becoming clearer
- The current level that 2 year olds are funded at £5.36 per hour so the rate should remain at that level

5. 2 YEAR OLDS

5.1 As noted at the last meeting, from April 2015 the funding for two year olds will be part of the EYSFF and will be based upon participation. The January 2015 headcount will be used to calculate the funding awarded to Reading for

2015/16. Therefore, it will be in the interests of the Authority and providers to ensure that there is the maximum number of eligible children in place by the census day. Presently eligible funded take up is at a rate of around 60% against a target of 100% (numbers in the Autumn term have doubled since the Summer term). The movement to participation based funding will represent a risk to funding going forward as funding will be based upon 15 January 2015 headcount but actual participation from April 2015 onwards will increase leading to a potential funding shortfall during the 2015/16 financial year. Officers expect to be able to set aside a sum for contingency from unused 2 year old funding to be carried forward into 2015/16 to mitigate that against risk. This calculation will be completed after headcount day in January 2015 and will be reported to Schools Forum in March.

- 5.2 The Authority continues to implement a range of measures to increase the levels of take up and to improve the supply of places. A team has been focused on this since September 2014. This team has contacted all the eligible families on the DWP list. The family Information Service is providing advice and information on the availability of places, and the team has visited those parents that have said they do not want to take up the offer to encourage them to use other services in the Children's Centres. The impact of these measures has been to increase in participation rates referred to above. An amount of funding to be determined will be carried forward to continue to sustain this promotion activity and this will be notified to Schools Forum at the March meeting.
- 5.3 As agreed at the last meeting the funding of non-eligible rising 3s attending nursery classes in schools in the Autumn 2014 and Spring 2015 terms was agreed in order to enhance the availability and supply of places for 2 year olds in schools. The impact of this decision is being monitored.

6. EARLY YEARS PUPIL PREMIUM

- 6.1 As noted at the last meeting, funding for eligible children has been confirmed as £300 per eligible pupil with the borough expected to receive £167,000 in 2015/16. The premium will be offered on an hourly rate and will be based on the participation and take up of the child. Not all children take the full entitlement, so those children taking reduced hours will receive less than the estimated £300 per child per annum.
- 6.2 We are still awaiting finalised details on how the arrangements for funding will work, there are pilots currently being undertaken at a number of Local Authorities. In order to resource this activity a related proposal has been made with regard to central retentions in the section below.

7 CENTRAL RETENTIONS

- 7.1 In addition to the existing central retentions, there is a proposal to fund an additional £50k from this block as a contribution towards the central running costs of the early years service within the local authority, particularly in relation activities for pupil premium and high needs. In addition a further £50k is required to fund rising 3's as agreed at the last meeting of Schools Forum which although will ultimately be passported to providers needs to be treated as a central retention in the first instance. Both areas can be funded by a

combination of headroom, resources being carried forward and some savings being made to be agreed with the EYSFF group.

7.2 The DSG regulations for early years set a limit of 10% of the block being centrally retained and at present we are well within that limit and as noted within the recent 2013/14 S251 benchmarking the spend in this area is low relative to other local authorities (£13 per head compared to £18 per head average). The criteria for qualifying expenditure is as follows:

- Cannot use centrally retained DSG for funding areas like quality assessment and provider training
- Can continue to use central DSG spend on activities intended to support the important local authority role of improving access and support for disadvantaged children (given the implementation of pupil premium) and those with SEN (given the need the need to invest early to head off current issues on the high needs block) and other additional need

7.3 We are satisfied that the proposal meets the conditions for qualifying expenditure. This proposal will be going for approval to the EYSFF meeting on 13 January 2015 and a verbal update will be given at School Forum on the status of this. Subject to the advice of the EYSFF (three of whom are on Schools Forum) this is a matter for decision at this Schools Forum meeting.

8 FINANCIAL FORECAST

8.1 We are presently forecasting that the early years block will have an underspend of £2.1m at the 2014/15 year end, largely flowing from trajectory and place funding for 2 year olds. As noted above the amount which is committed for the purposes outlined above and a suitable contingency will be determined by the March meeting of Schools Forum to be carried forward. This will allow for a balance to be determined to be released from this block which the Authority intends to be transfer to high needs block to set off against the deficit which has arisen within that block as has been referred to within that the report.

8.2 Whilst the above will be decision of the Local Authority at the March meeting we will be required to consult Schools Forum on this. We intend to have a meeting of the EYSFF prior to the March meeting to seek views on this and to inform Schools Forum.

8.3 With regard to capital the expected outturn on this will be considered as part of the revenue exercise above as will the extent to which any commitments will need to be carried forward.

8.4 Clearly at the moment all of the figures are estimates and may be subject to change. A further update will be given to the next meeting of Schools Forum in March.