

Wiltshire Council

Schools Forum 6th November 2014

Budget Update 2015-16 – Early Years Block

Purpose of report

1. To update Schools Forum on developments and issues for the Early Years DSG block for 2015-16.

Main considerations for School Forum

Early Years DSG Settlement 2015-16

2. The Early Years block within DSG covers the free entitlement to 15 hours of childcare for all 3 & 4 year olds. Since September 2012 the Early Years block has also included funding for the most vulnerable 2 year olds to be supported with access to 15 hours early education and childcare. In 2013-14 this was extended to cover 40% of two year olds.
3. Funding for 3 & 4 year olds has been based on the January census prior to the start of the financial year and from 2013-14 this has also been updated for any changes in the January census during the financial year. In 2013-14 and 2014-15 funding for disadvantaged 2 year olds has been based on a DfE formula which estimates the numbers of eligible 2 year olds to be funded. The funding for 2 year olds has also included trajectory funding to support settings in building capacity to take 2 year olds.
4. The DfE has now confirmed that from 2015-16 all funding for the Early Years block will be based on participation as measured by the early years census. This change has been expected but it will have a number of implications for the way in which the early years budget is set and managed.
5. In October the DfE published funding rates for the early education entitlement for 2 year olds and the rate for Wiltshire has been confirmed as £4.97 per hour. No changes are expected to the funding rates for 3 & 4 year olds.
6. The key impact of the change to full participation funding will be on the hourly rate that Wiltshire is able to pay for 2 year old places. The approach that has been adopted within Wiltshire to date is to set a higher hourly rate for 2 year olds than for 3 & 4 year olds. This was set in order to support settings in making provision for vulnerable 2 year olds and the increased rate was funded through the difference in take up compared with the funding allocation which was based on eligible 2 year olds taking up the full allocation of hours. An underspend rolled forward from 2013-14 against 2 year old funding is being utilised to support the continuation of the hourly rate of £5.43 in 2014-15.

7. The move to participation funding, ie., funding based on actual take up, will mean there is no scope to fund a higher hourly rate through reduced take up compared with an estimate. Schools Forum will need to consider what hourly rate should be set for provision for 2 year olds in 2015-16. Options will include reducing to the national funding rate or continuing to use any underspend against the two year old budget in 2014-15 to support a higher rate. The second option will only be possible if there is sufficient funding within the DSG Reserve and members are referred to the budget monitoring report elsewhere on this agenda which indicates that the overall DSG budget will overspend by approximately £2m in 2014-15.

Hourly Rate for 3 & 4 Year Olds

8. Following discussions at the Early Years Reference Group earlier in the year Schools Forum is asked to note that a consultation has been opened with early years providers to seek their views on moving towards a single hourly rate for all providers for the free entitlement for 3 & 4 year olds. That consultation closes on 11th November and any proposals for change will need to be considered by Schools Forum at the January meeting. No additional funding is available within the Early Years block and therefore any changes to the rate will need to be managed from within the existing budget.

Early Years Pupil Premium

9. DfE has announced that funding of £50m has been set aside in national spending totals to introduce a new Early Years Pupil Premium for disadvantaged 3 and 4 year olds in 2015-16. The detail of the proposal has been consulted on and the DfE is still analysing the feedback to that consultation. Key elements of the proposal include:
 - The pupil premium is valued at £300 per annum per eligible child taking up the full entitlement and will be applied as an hourly rate of £0.53 per child.
 - The eligibility of parents for the Early Years Pupil Premium will be the same as school age PPG. The allocation will not include 2 year olds as the funding for 2 year olds is already targeted at the most disadvantaged families.
 - Providers will be responsible for collating the parental information and the LA will be responsible for carrying out eligibility checks and paying the hourly rate.
 - 4 year old pupils in schools will not attract the early years pupil premium

Proposals

10. That Schools Funding working Group note the contents of this report and agree the approach to be taken in setting an hourly rate for 2 year olds for 2015-16.

Report author: Liz Williams, Head of Finance
01225 713675
Elizabeth.williams@wiltshire.gov.uk