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APPROVAL OF CENTRALLY-RETAINED EARLY YEARS DSG FOR 2017-18

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek the approval of the Forum for the holding of early years central budgets in 2017-18.

2. Summary

- 2.1 The paper gives details of the early years' budgets for 2017-18 that are classified as central budgets, including the Early Years SEN Inclusion Fund. The Forum is asked to approve these budgets.

3. Background

- 3.1 Non High Needs central budgets have to be agreed annually by the Schools Forum.
- 3.2 The DfE has limited the amount that local authorities are able to centrally retain from Early Years DSG for three and four year olds to 7% for 2017-18, reducing to 5% for 2018-19 and beyond. Certain budgets, which are technically centrally retained items under the regulations, are not subject to this limit because the funding will in due course be allocated to providers, for example the contingency budget.
- 3.3 Authorities are also required to establish a SEN Inclusion Fund for early years. Budgets within this fund which are intended to be allocated directly to providers do not count against the limit on central retention. Other elements of the Inclusion Fund, (for example expenditure on SEN support services), do count against the limit.

4. Centrally retained EY DSG requested for approval

- 4.1 Table 1 sets out the 2017-18 central budgets that the Forum is asked to agree. For comparison the 2016-17 budget figures for these items are also

shown. The table also indicates which budgets count against the limit on central retention and which budgets will form part of the SEN Inclusion Fund.

Table 1: Early Years Block Centrally Retained Budgets

		2017-18 Budget Requested	2016- 17Budget	Budget part of 7%/5% Limit on central retention
		£000	£000	Y/N
1)Quality Improvement	HfL commission to deliver quality improvement	664	630	Y
2)Business Support	Bespoke business support to all EY providers	75	75	Y
3) Full time places	Additional 15 hours of care for vulnerable families	100	100	Y
4) Managing free early education and childcare schemes	To ensure the LA is able to manage and develop the existing and new entitlements	503	0	Y
5)Early years sufficiency	Start-up revenue funding for new provision in identified areas of need	150	0	Y
6) HfL nursery class/school improvement	Already approved by Schools Forum in Dec 16	250	0	Y
7) IT infrastructure	To develop the bespoke payment system required for early years entitlements	50	0	Y
7a)Workforce development	Provider providers with development opportunities	0	75	n/a
SEN Inclusion Fund				
Central support				
8)SEND development fund	To deliver outcomes as identified by the EY SEND review	600	0	Y
9)PVI SEND support	a)Setting support delivered by ISL for three & four year olds	400	400	Y
	b)As above- for two year olds	160	160	
Allocated to settings				
9)Emerging needs fund	To fund individual children with lower level or emerging needs.	200	0	N
10) SENCO support	Supporting all settings who by law require a SENCO	200	0	N

SEN Inclusion Fund					
11) Ludwick Enrichment Group	Specialist provision at Ludwick Nursery School	55	55		N
12) Maintained SEN support		600	600		N
Total(excluding contingency)		4,007	2,095		
		£000	£000		Y/N
13) Contingency – 30 hours free childcare		10,704	0		N
Total(including contingency)		14,711	2,095		

4.2 The 2017-18 central budget items above which are subject to the DfE limit (items 1 to 9a) total £2.8m, which is approximately 4% of the estimated 2017-18 DSG for 3 and 4 year olds. Thus the central budgets proposed are less than the long term DfE limit and considerable less than the 7% permitted in 2017-18. Annex A gives further details of the total budget for 3 and 4 year olds.

4.3 As indicated in table 1, several of the central budgets proposed for 2017-18 are new. These new budgets generally fall into one of two categories:

4.3.1 Early Years SEN Inclusion Fund

The DfE requires all authorities to establish such a fund. Hertfordshire will be activating an early years workstream within the SEN Strategy in order to formulate proposals for the best use of the fund. As with other SEN workstreams, the outcome of the work will come to the Forum for consideration. The SEND development fund will provide an equivalent budget in early years to the Strategy Development Fund within the high needs budget, creating a resource to fund priorities and new initiatives which have been identified. It is anticipated that the early years workstream will also input to the criteria for the distribution of the emerging needs fund.

4.3.2 Managing the free places scheme

The costs of managing the early years' free places scheme are currently met from outside the DSG funded Schools Budget. In 2017-18 it is proposed to charge a substantial proportion of these costs to the early years block within the Schools Budget. There are two reasons for this:

-it parallels the changes in respect of Education Services Grant whereby, from 2017-18, statutory and regulatory duties in respect of schools, which were previously charged to the County Council's budget, will be funded from the Schools Budget.

-there is a rising volume of activity in managing the free places scheme, for example as a result of the introduction of additional hours provision for working parents. The County Council is not in a position to support the additional cost.

We are aware of several other authorities which are already charging the costs of managing the free places scheme to the early years' budget or will

start to do so in 2017-18. The DfE has indicated that doing so does not contravene the funding regulations.

The section below provides further details about each of the budgets listed in table 1.

5. Centrally retained budgets, excluding contingency

5.1 Quality improvement £664k

To commission HfL to support PVI providers, maintained nursery schools and childminders to offer high quality early education and childcare provision to children in Hertfordshire. HfL delivers a programme of quality improvement including setting visits and extensive training opportunities.

5.2 Business support £75k

It is proposed to continue to offer bespoke business support to our 500 PVI providers and 1300 childminders to ensure long term sustainability, change business models and increase capacity in areas in the county identified as needing additional free early education capacity. This support has also been extended to maintained schools to support the implementation of the new 30 hours free childcare entitlement from September 2017.

5.3 Full time places £100k

Schools Forum is asked to continue to fund the most vulnerable three and four year olds as identified by Children Centres and early education providers to access an additional 15 hours of free early education. This enables professionals such as Children Centres/Health/Social Care to work with the family, whilst their child is being cared for in a good or outstanding setting, to receive services such as parenting support or health services. This funding would support 40 places being made available during the year which would support between 40 – 120 vulnerable families, depending on the length the place was required. Children Centres report very positive outcomes for children and their families as a result of the full time places scheme.

5.4 Managing free early education and childcare schemes £503k

To administer and manage the free early education schemes for two year olds and three and four year olds is a resource heavy activity. The LA is responsible for managing the early years and childcare market. This involves collecting take up information from approximately 900 early years providers six times per year and managing the payments to these providers, increasing take up of free early education places and supporting families to be able to access a place.

The market has to be managed to ensure that all families regardless of income or situation are able to access a high quality place and therefore is paramount to our narrowing the gap priority. The new entitlement of 30 hours free childcare will create additional work to ensure the approximately 9000 eligible families will be able to find a place which meets their needs as well as supporting all early years' providers to be able to meet the expected increase in demand.

5.5 Early years Sufficiency £150k

The LA has a statutory duty to ensure there is sufficient early education and childcare places for those parents who wish to use them. With the implementation of the new 30 hours free childcare entitlement there will be a need to support new provision, or existing providers to expand, in areas where there is currently insufficient capacity to meet the expected demand.

5.6 HfL nursery class/school improvement £250k (previously agreed by Schools Forum)

HfL are contracted to provide quality improvement for nursery classes within primary schools and maintained nursery schools. This is currently funded via ESG which is being phased out. It is intended to fund this via the early years block DSG from 2017-18

5.7 IT infrastructure £50k

There has already been significant cost in developing the bespoke Early Years portal which currently enables PVI and childminder providers to submit termly headcounts online which generates termly payments. From April 2017 these payments will be monthly and from September 2017 schools will also be using this system. There are ongoing costs to support and develop this system.

5.8 SEND development fund £600k

During the summer term 2017 the SEND support offer to all early years providers will be reviewed to establish the best way of supporting children and providers across the sector. It is proposed to use this funding to deliver the outcomes of this review.

5.9 PVI SEND Support £560k

PVI providers currently receive SEN support from Inclusion Development Officers (IDOs) in the Early Years SEN Teams. It is intended to continue with this arrangement in 2017-18. (This is currently charged to the high needs budget.)

5.10 Emerging need fund £200k

DfE have instructed all LA's to establish an inclusion fund for lower level needs for children accessing free early education and childcare, those children who would not attract exceptional needs funding. This fund would be as an interim measure until the needs of providers and children have been assessed as part of the EY SEND review.

5.11 SENCO support £200k

In recognition of the additional cost faced by those providers who by law have to have access to a SENCO, it is proposed to give each of these providers £250.

5.12 Ludwick Enrichment Group £55k

This is a specialist provision for children with speech and language difficulties based at Ludwick Nursery School. This has previously been funded from the high needs block.

5.13 Maintained SEND support £600k

All maintained primary schools with nursery classes and nursery schools receive funding for children with SEND. This funding is allocated according to the same formula which is used to distribute early years deprivation funding.

6. Contingency - 30 Hours Free Childcare £10.704m

With the implementation of the national entitlement of an additional 15 hours of free childcare, DfE has indicated Hertfordshire will receive approximately £10.7m extra DSG to fund the additional hours. Due to the uncertainty regarding where parents will choose to access their additional hours, payments cannot be included in budget shares until participation data is available. Therefore providers will be funded on receipt of their termly headcount/census submission. This will be an interim measure for 2017-18. Forum is therefore asked to agree to this funding being centrally retained in a contingency before being pass-ported out to providers.

7. Impact on high needs budget

7.1 The budget for SEND support for PVI's of £560k is currently charged to the high needs block. However, the equivalent resource for nursery classes and nursery schools, which is distributed via notional SEN allocations to each setting, is charged to the early years block. To standardise the treatment of early years SEN funding, it is intended to charge the PVI's' SEND support to

the early years block. This would free up £560k in the high needs budget and it is proposed to transfer this resource to the SEND Strategy Development Fund (SDF) in the high needs budget. This would increase the SDF for 2017-18 to £3.445m, made up as follows:

SDF as per high needs budget paper	£2.885m
Resource available from transfer to early Years block	£0.560m
Total	£3.445m

8. Recommendations:

8.1 The Forum is asked:

- to agree for 2017-18 the centrally retained early years budgets listed in Table 1;
- to support the switch of the £560k budget for SEND support for PVI providers to the early years block, from the high needs block;
- to support using the £560k of resource freed up in the high needs budget to increase the Strategy Development Fund in the high needs budget (as outlined in section 7 of the paper).

All members of Forum may vote on this item.

Budget for 3 and 4 year olds 2017-18

Annex A

<u>Estimated DSG</u>	£m
Universal entitlement for 3 and 4 year olds	58.659
Nursery schools protection funding	1.795
Additional hours for 3 and 4 year olds	10.704
Total	71.158
 <u>Budgeted expenditure</u>	
a) Allocated to settings	
Budget shares	56.607
Contingency for additional hours	10.704
SEN Inclusion Fund	
Emerging needs fund	0.200
SENCO support	0.200
Ludwick Enrichment Group	0.055
Maintained schools SEN support	0.600
b) Central budgets (including SEND development fund and PVI SEND support)	2.792
Total:	71.158