

Meeting: Schools Forum
Date: 26th November 2012
Subject: Dedicated Schools Grant (DSG) & Early Years Funding
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the updated arrangements for Early Years Funding within DSG and agree proposed changes.

Contact Officer: Sue Tyler, Watling House

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

- 1. To note the arrangements for funding Early Years from within the 2013/14 Dedicated Schools Grant (DSG)**
- 2. To propose the following changes for the distribution of the Early Years Block for the 2013/14 financial year:**
 - i) Increase PVI base rates by 30p/hr to £3.60 for non-flexible and £3.75 for flexible.
 - ii) Provide an allowable lump sum of £100k for Nursery Schools
 - iii) Apply MFG of minus 1.5% to base rate for Nurseries and PVI
 - iv) Remove all non-allowable factors

Background

1. From 2013/14 the DSG will be split into three notional blocks; Schools, Early Years and High Needs. Authorities are free to move funding between the blocks provided they comply with the requirements of the Minimum Funding Guarantee (MFG) and central expenditure. In order to support the movement towards a national funding formula, all local authorities are required to simplify local arrangements for distributing funding to schools and other providers.

Early Education Funding

2. The government are not proposing major changes to the main elements of the Early Years Single Funding Formula and are continuing to allow different base rates for different types of provision and will continue to allow specific early years factors for quality, flexibility and sufficiency.
3. There will continue to be a mandatory deprivation supplement in the EYSFF and flexibility allowed in the indicators used, except that it must be based on child level definitions of eligibility, rather than operating a supplement based on the characteristics at setting level. Our local formula is based on child level definition and therefore no change will be required.

4. In line with the main formula, other factors have been constrained, such as those relating to premises. The factors allowed in the main formula are also allowed in the early years formula but without prescribing the datasets that should be used.

Funding for early education in Academies

5. The DfE has decided that all providers of free early education, including Academies currently funded for early education by the Education Funding Agency, will be funded directly by local authorities from September 2013.

Minimum Funding Guarantee (MFG) for free early education

6. The MFG will apply to the EYSFF for all providers for the first time, but only on the base rate. The MFG will be set at the same level as the school MFG, meaning that EYSFF base rates cannot be reduced by more than 1.5%.

Free early education for two year olds

7. Since March, it has been announced that funding for early education for two year olds will transfer to the DSG from 2013/14, although exact clarity is still awaited around funding mechanisms.

Proposed changes to EYSFF

8. In order to incorporate the removal of the premises hourly rate, and the admin lump sum the LA and Schools Forum propose the following changes to the EYSFF payable in Central Bedfordshire.
 - Increase PVI base rates by 30p/hr to £3.60 for non-flexible and £3.75 for flexible.
 - Maintain payments for Quality
 - Maintain payments for Deprivation
 - Provide an allowable lump sum of £100k for Nursery Schools(4)
 - Apply MFG of minus 1.5% to base rate for Nurseries using DfE tool for MFG
 - Apply MFG of minus 1.5% to base rate for PVIs
 - Remove all non-allowable factors
9. The table below outlines the new EYSFF sums taking into account the above proposed changes. (The sums are all hourly rates per child apart from the one lump sum).

Proposed New EYSFF	Base Rate		SD (IMD)			Quality (PVIs) only			Nursery School Only	
	Non - Flexible	Flexible	0-30% most deprived	31% - 60% deprived	61% - 100%	QT & EY graduate with EYP	EY graduate without EYP	Level 4	Rates	Lump Sum
Nurseries	3.30	3.35	0.20	0.10	0.00	N/A	N/A	N/A	Rates Cost	100,000
Loweres	3.30	3.35	0.20	0.10	0.00	N/A	N/A	N/A	N/A	N/A
PVIs	3.60	3.75	0.20	0.10	0.00	0.20	0.15	0.10	N/A	N/A

10. A contingency of £300,000 will be held centrally to fund the headcount adjustment and is allowable within the regulations.
11. At its meeting in November the Early Years Reference Group approved these changes.