

REPORT OF DEREK HIGTON SERVICE DIRECTOR

NOTTINGHAMSHIRE EARLY YEARS FUNDING 2018-19

Purpose of the Report

1. To inform members of new early years funding duties.
2. To inform members of the proposed establishment of new early years funding supplements.

Information and Advice

Early Years Funding and Local Authority duties

3. Early Years funding is allocated to all Local Authorities and is controlled through School and Early Years Finance (England) Regulations 2017.
4. The Childcare Act (2006) requires local authorities in England to ensure a sufficiency of childcare for working parents, parents studying or training, and for disabled children. The duties in the Act (section 6) require local authorities to shape and support the development of childcare in their area in order to make it flexible, sustainable and responsive to the needs of the community.
5. Government Early Years statutory duties include the administration of a number of funding streams:
 - a. 15 hours of free childcare for all 3 and 4 year olds
 - b. 15 hours of free childcare for eligible 2 year olds (FSM eligible)
 - c. Early Years Pupil Premium for children aged 3 and 4 eligible for FSM
 - d. LAC Pupil Premium for all Looked After Children of preschool age
6. The refreshed Childcare Act (2016), placed additional duties on local authorities in relation to early years funding which include:
 - a. 15 hour per week childcare for 3 and 4 year olds in working households (launched September 2017).
 - b. Administration of a Disability Access Fund for eligible 3 and 4 year olds who claim Disability Living Allowance.
 - c. Establishment and administration of a new special educational needs inclusion fund for children eligible for funded early years education.
 - d. Local authorities should not retain more than 7% of the Early Years Block of the DSG for central expenditure.

7. In addition, local authorities have been encouraged to review the required Deprivation supplement and to consider alternative criteria beyond economic disadvantage which is now addressed through the Early Years Pupil Premium.

Disability Access Fund

8. In April 2017, Government introduced new funding for children with disabilities. The Disability Access Fund (DAF) is allocated by central government based on the number of local 3 and 4 year olds claiming Disability Living Allowance.
9. An annual payment is made by the local authority directly to the early years provider nominated by a parent. Early years providers working with a child who claims Disability Living Allowance currently receive £615 per year as one lump sum and this arrangement will continue in 2018/19. Payment is only made once to one provider regardless of the number of settings their child may access throughout the year.

Proposals for establishing an Early Years Inclusion Fund

10. From April 2017 all LAs have a statutory duty to establish a special educational needs inclusion fund for eligible three and four year olds, and possibly two year olds. The aim of the funding is to support providers to address the needs of individual children regardless of where they access their early years entitlement. Local authorities may determine the size of the fund, pooled from either or both the early years and high needs blocks of the DSG.
11. Nottinghamshire has been supporting young children with SEND to access childcare for many years, through the DCATCH (disabled children access to childcare) fund. The LA provides £250,000 per annum to support PVI providers (private, voluntary and independent) as schools have access to their own budget. This budget is being used as the Early Years Inclusion fund however this budget is very likely to overspend.
12. The DCATCH process has been reviewed to create greater alignment to school processes to ensure children have access to a graduated approach to support and access to a comparable level of support
13. It is proposed to use the fund only for 2, 3 and 4 year olds that are eligible for funded childcare; this will now exclude school aged children and those not eligible for free childcare.
14. In order to respond to an increased number of DCATCH applications and increasing demand following the expansion of funded childcare, additional funding is required to meet the needs of children with SEN. It is proposed, therefore, that the current LA funding of DCATCH is supplemented with additional funding from the Early Years block to create the Early Years Inclusion Fund.
15. Approximately £100,000 from the Early Years block is required to supplement the LA Early Years Inclusion Fund.

Proposals for administering a Deprivation Supplement Payments

16. Local authorities are required to pay a supplement which recognises deprivation in their areas. Local authorities have the ability to determine the criteria for the supplement and

have been encouraged to consider broader determinants that may hinder a child's ability to achieve positive outcomes, particularly with the introduction to pupil premium funding. The total value of the deprivation supplement used in any LA must not be more than 10% of the total value of planned funding to be passed through to early years providers.

- 17. In Nottinghamshire, we propose to allocate this supplementary funding to enable PVI providers to engage in work with Children in Need and Children on child protection plans. This reflects feedback from the PVI sector where backfill is required to attend meetings and prepare reports.
- 18. Based on the projected number of eligible children identified as a 'child in need' or on a child protection plan; we propose to pay £406 per annum for early years settings. This is based on the national living wage (£8.45 per hour) and includes backfill costs to enable staff to attend 12 meetings and prepare required reports. Payments will be made termly to reflect the changing status of vulnerable children.
- 19. This proposal has received support from the Nottinghamshire Early Years Consultation group, Children's Social Care colleagues and officers supporting the NSCB.

What does this mean for the universal hourly rate?

- 20. In Nottinghamshire, the hourly rates offered to the PVI sector are currently fairer than many other Local Authorities. This follows the decision by the Schools Forum in 2015 to increase the hourly rate on a temporary basis as local rates had not been reviewed since 2013/14. This is also due to Nottinghamshire having a universal base rate across the sector with no weighting given to location or size of the provider; cost effective practice e.g. appropriate staff: child ratios; DCATCH funding and a very small centrally retained allocation. From 2016 onwards Nottinghamshire was able to retain this hourly rate because of the uplift in Nottinghamshire's early years funding block in 2017/18.
- 21. If the early years funding block is used to supplement the DCATCH budget to create an Early Years Inclusion fund, there is a requirement to reduce the hourly rate for 2, 3 and 4 year olds by one pence per hour. Proposed hourly rates for 2018/19 are as follows:

	2017/18	2018/19
Early Years Base Rate:	Hourly Rate	
Eligible 2 year olds in PVI settings	£5.23	£5.22
Eligible 2 year olds in school settings	£5.10	£5.09
Eligible 3 and 4 year olds in PVI settings	£4.17	£4.16
Eligible 3 and 4 year olds in school settings	£4.07	£4.06
Funding supplements:		
Deprivation	£0.05	£406 per annum for monthly CIN/CPP Meetings
Early Years Pupil Premium for 3 and 4 year olds	£0.53	£0.53
LAC Early Years Pupil Premium (all ages)	£0.53	£0.53

Other Options Considered

Government's proposal to use High Needs funding for the new SEN inclusion fund was considered however pressure on this budget is too great. Proposals therefore reflected the most practical way to establish fund which was to include additional funding from the Early Years funding block which will require a small reduction in the hourly base rate for funded early years places.

RECOMMENDATIONS

The Schools Forum

- 1) Notes the new early years funding duties placed on local authorities
- 2) approves proposals for the establishment of an Early Years Inclusion Fund.
- 3) approves the proposals for the allocation of the Early Years Deprivation Fund.

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