

SCHOOLS FORUM – 7 DECEMBER 2017

Title of paper:	Early Years Central Expenditure 2018/19
Director(s)/ Corporate Director(s):	Alison Michalska, Corporate Director for Children and Adults
Report author(s) and contact details:	Kathryn Bouchlaghem, Early Years Service Manager
Other colleagues who have provided input:	Kathryn Stevenson, Senior Commercial Business Partner (Schools)
Summary New national Early Years (EY) funding arrangements were implemented from April 2017 including a new national formula for allocating the EY block to Local Authorities and new regulations around the distribution of funding to providers. This paper requests approval of the Early Years central expenditure budget for 2018/19.	
Recommendation(s): For Schools Forum to;	
1	Approve Early Years Central Expenditure of £0.961m for 2018/19, subject to this meeting the high pass-through requirement.
2	Note the creation of a £0.100m SEN inclusion Fund within the Early Years budget for 2018/19, as required in statutory Guidance for LA Early Education.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The revised national arrangements from April 2017 introduced new regulations around the proportion of EY funding that can be retained for central spend. This was in order to ensure a high pass-through of funding to providers (93% in 2017/18 and **95% in 2018/19**). This has required us to reduce planned EY central expenditure. Approval is subject to compliance with this regulation when the budget is finalised.
- 1.2 Under the new arrangements, all LAs were required to introduce an SEN inclusion fund. We consulted all settings over the value and criteria for this in September 2017. Using this information and the evidence gathered during the extended entitlement research project with a SEND focus, it was agreed to develop an integrated process for allocating SEND funding to all children accessing a funded 2, 3 & 4 year old place. This will link into the LA's SEND pathway. It is anticipated this fund will be more effective, with the aim of early identification supporting transition more efficiently from the non-maintained to the maintained sector.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Last year, approved EY Central expenditure was £1.195m. This complied with the 7% limit on retained funding for 2017/18. We anticipate that the proposed £0.961m central expenditure will be within the 5% limit for 2018/19 based on the EY indicative DSG block allocation that we expect to be announced in mid-December.
- 2.2 The funding will enable the Early Years team to carry out the following Local Authority duties under the Childcare Act 2006/Education Act 2014/Children and Families Act 2014:

- Early Years Foundation Stage Profile (EYFSP) moderation (year round process) – city-wide overview of the Private Voluntary and Independent sector (non-maintained) and schools (maintained and academies – GLD has increased and the gap with national decreasing - see current position below)
- Secure sufficient childcare for working parents - this underpins economic growth and stability for employment in Nottingham City
- Secure early years funding free of charge (2, 3 and 4 year olds)
- Moderation of F1 across the sectors with a focus on Communication and Language
- Contribute to the implementation of the Integrated SEND fund

OVERVIEW OF CURRENT POSITION - KEY POINTS

❖ Early Years Foundation Stage Profile Data 2017

Target for 2017: to close the gap between Nottingham City and National					
	Good Level of Development				
	2013	2014	2015	2016	2017
Nottingham City	40%	47% (+7)	58% (+11)	63.5% (+5.5)	66.2% (+2.7)
National	52%	60%	66%	69.3% (+3.3)	70.7 % (+1.4)
Difference	-12	-13	-8	-5.8	-4.5

- 66.2% of pupils in Nottingham were assessed as having reached a 'Good Level of Development in the EYFSP' in 2017. This is an improvement of 2.7 compared to 2016 (63.5%)
- Girls outperform boys in all ELGs, however the gender gap has closed to 12.5 which is now lower than the gender gap nationally (13.7) and an improvement on 2016 (15.2)

Biggest Gaps with National	
Prime:	Specific:
Understanding -3.2	Reading -6.7
Self-confidence and Self-awareness -3.1	Writing -6.0
Managing feelings and behaviour -3.2	Shape, space and measures -6.0
	Being Imaginative -6.4

Ranking

- Nottingham's ranking is 130/151 (2016 – 138/151)
- LA maximum (2017) is 78.9% (Lewisham)
- LA minimum (2017) is 59.8% (Halton)

Statistical Neighbours: Derby, Sandwell, Manchester, Coventry, Birmingham, Wolverhampton, City of Bristol, City of Kingston Upon Hull, Salford, Southampton

Year	Statistical Neighbours %	Nottingham City %	Difference
2014	55.8	46.5	-9.3
2015	61.7	58	-3.7
2016	64.9	63.5	-1.4
2017	66.6	66.2	-0.4

The gap is closing between Nottingham 2017 and its Statistical Neighbours and England, compared to 2016.

Development points

Through our EYFS briefings we will be addressing the areas where the biggest gaps with national are. We will also focus on these areas during Agreement Trialling. Focusing on boys in 2016 may have had an impact on the gender gap

Our EYFS Maths Mastery Project will also help with developing number and shape, space and measure. We also want to continue to focus on improving our Reading and Writing results as this is our biggest gap with national and where the biggest gender gap occurs.

❖ Early Years EYFS CPD training opportunities programme

A variety of courses are offered to both the Maintained and Private, Voluntary and Independent (PVI) sector to support them to meet their statutory duties by satisfying Ofsted requirements, as well as contributing to the EYFSP.

2016 - 2017 Financial Year:		
Sector	Number of courses	Attendance
Maintained schools and academies	41	590
PVI Day Nurseries, Pre-schools and childminders	99	1028
Generic Courses (e.g. Paediatric First Aid, Food Safety)	15	416
Early Years Annual Conference and Annual business meeting	2	223
Total: Financial Year 2016 - 2017	157	2,257

April 2017 – to September 2017:		
Sector	Number of course	Attendance
Maintained schools and academies	11	312
PVI Day Nurseries, Pre-schools and childminders	27	552
Generic Courses (e.g. Paediatric First Aid and Food Safety)	8	166
Total: April – Sept 2017	46	1,030

❖ Sufficiency Duty

Funded age range	Sector	Number of Children	Percentage of all funded children that term
3 & 4 year old provision	Schools	6,037	77.8%
	PVI	1,723	22.2%
2 year old provision	Schools	130	10%
	PVI	1,189	90%

Above data taken from January 2017 statistical Release (DFE)

- Number of funded 3 & 4 year olds in PVI who transition into city schools (**Awaiting data**)
- NNSTC: currently receiving support to develop provision for under 2's

Schools: Two Year provision (separate facility – children from the term after they turn 2 year old)		
School	Registered number of places	Average Capacity
Sycamore Primary	12 (24 sessions)	Mostly full to capacity
Djanogly Sherwood Rise	12 (24 Sessions) Due to expand to 20 FTE	Mostly full to capacity
Milford Academy	8 (16 sessions)	Varies– school admission policy (children from catchment)
Cantrell (opening Jan 2018)	12 morning places to be reviewed once established	
On average 20 additional schools take children the term they turn three equating to approximately 100 additional funded 2 year olds in schools		

Ofsted Gradings: 2017/18 – last updated 1st November 2017

Day Nurseries & Pre schools	Current numbers	Ofsted Grade % overall	
Outstanding	7	9%	87%
Good	63	77%	
Met	1	1%	
New Settings	4	5%	5%
Requires Improvement	6	7%	8%
Inadequate	1	1%	
Total	82	100	

All	Current numbers	Ofsted Grade % overall	
Outstanding	15	5%	75%
Good	162	55%	
Met	44	15%	
New settings	53	18%	18%
Requires Improvement	8	3%	7%
Not met	8	3%	
Inadequate	3	1%	
Total	293	100	

Childminders	Current numbers	Ofsted Grade % overall	
Outstanding	8	4%	71%
Good	99	47%	
Met	43	20%	
Requires Improvement	2	1%	6%
Not met	8	4%	
Inadequate	2	1%	
Not Graded	49	23%	23%
Total	211	100	

Ofsted data	All Early Years Settings		
	National	East Mids	Nottingham City
Outstanding	16%	13%	8%
Good	77%	80%	86%
Requires Improvement	6%	6%	4%
Inadequate	1%	1%	2%

Intended Outcomes

Local authorities **must** have regard to the DfE **Early education and childcare statutory guidance for local authorities** when seeking to discharge their duties and **should not** depart from it unless they have good reason to do so.

The Guidance states that:

‘all children are able to take up their free hours in a high quality setting’.

- 2.3 As shown in Table 1, to achieve this we have made savings linked to the staffing structure of £0.135m and in addition reduced the contribution required for supporting the implementation of the extended entitlement.

TABLE 1: Breakdown of Central Expenditure Budget £m			
Expenditure Category	2017/18	2018/19	
Early Years Team Salary Budget	0.769	0.634	Enabling statutory functions and support for sufficient 2,3 & 4 year old places.
Recharge for Families Information Service	0.115	0.115	Support the increase of participation and associated outcomes of 2,3 & 4 year old places.
Recharge for Safeguarding Post	0.043	0.043	Responsibility for EY providers across the sectors overseeing quality of safeguarding training.
Direct net non-staffing costs (Inc. 30 hours)	0.219	0.120	Support extended entitlement implementation and enables the provision of income generation.
Overhead costs	0.049	0.049	Loxley House accommodation etc.
TOTAL	1.195	0.961	

- 2.4 Table 2 shows the revised staffing structure of the Early Years team:

TABLE 2: Early Years posts	
Role	FTE
Early Years Manager	0.8
Programme/Project Management	1.6
Early Years SEND workers	2.0
EYFS Support Workers	3.8
Teaching & Learning Specialists	1.8
Childcare Workforce Development/Training	2.6
2,3 and 4 Year old funding administration	1.6
Administrator	0.6

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 NONE

4 OUTCOMES/DELIVERABLES

- 4.1 An agreed approach to setting the 2018/19 Early Years budget which meets the regulations, as outlined in the Early education and childcare statutory guidance for local authority's (March 2017)

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 The proposed Early years central expenditure will be funded from allocations for 2, 3 and 4 year olds.
- 5.2 For 3 & 4 year olds, we anticipate that our indicative DSG allocation for 2018/19 will be £18.185m, based on the January 2017 pupil count and the original DfE estimate of pupils eligible for the extended entitlement. On this basis, the 5% limit on retained funding for 3 and 4 year olds will be £0.909m. This proposal assumes a £0.896m retained contribution from 3 and 4 year old funding and should therefore be within the £0.909m limit.
- 5.3 For 2 year olds, we anticipate an indicative DSG allocation for 2018/19 of £3.865m based on the January 2017 pupil count. The planned contribution from 2 year old funding to the central expenditure budget is £0.065m. This represents 1.7% of anticipated 2 year old funding. There is no pass-through requirement for 2 year olds.
- 5.4 Our indicative early years allocation for 2018/19 will be published by the DfE in mid-December. This proposal is subject to this level of central expenditure complying with the regulations based on the final published numbers.
- 5.5 The SEN inclusion fund is for 3 and 4 year olds with emerging SEN needs in all setting types. This funding is distributed to providers through the year and as such does not fall within the retained central expenditure budget. We intend setting aside a budget from 2 year funding in order to be able to provide consistent support for 2-year old pupils with SEN.
- 5.6 Funding for providers will be increased for 2018/19 as a result of the savings in central expenditure and we intend passing this on via an increase to the base rate. The final unit rates for 2018/19 will be shared as part of the overall budget report in January, once we have confirmation of the DSG settlement figures. We anticipate being able to increase the rate for 2 year olds by up to £0.05/hour and the base rate for 3 & 4 years by between £0.05 and £0.10/hour.

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 6.1 None.

7 HR ISSUES

- 7.1 There appears to be no direct impacts on the workforce in the recommendations outlined in this report, and in light of this, there are no significant observations with regards to the workforce. It is noted that revised structural changes have already taken

place within the Early Years Team, as outlined in Table 2, to ensure maximisation in the allocation of funding. Similarly, any further management decisions to make revision to the staffing structure in the future, would also need to follow the City Councils Restructuring Procedures as contained in the People Management Handbook.

Lynn Robinson
HR Business Partner (Children & Adults)
Tel: 0115 8763605
Email: lynn.robinson@nottinghamcity.gov.uk

8 EQUALITY IMPACT ASSESSMENT

8.1 Has the equality impact of the proposals in this report been assessed?

Yes



9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Childcare Act 2006, Education Act 2014, Children and Families Act 2014, Early education and childcare statutory guidance for local authority's (March 2017).