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| **Schools Forum 3rd February 2016** | Item  4 |

**SUBJECT: Early Years Block including EY Single Funding Formula 2016/17**

**LEAD OFFICER: Marius Karsten-Strydom**, Children, Schools and Families Finance

**RECOMMENDATION**

**That the Forum:**

1. **Notes the Early Years Single Funding Formula allocation for 2016/17 and provides comments for LA consideration.**
2. **Purpose of report and executive summary**
   1. The Government announced the Dedicated Schools Grant allocation on 17th December 2015. Merton’s allocation split over the three blocks is as follows:

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| --- | --- | --- |
| **Description** | **2016/17**  **£000** | **2015/16**  **£000** |
| Schools Block | 118,819 | 116,878 |
| Early Years Block | 11,122 | 11,122 |
| High Needs Block | 27,040 | 26,684 |
| **Total as at Schools Forum meeting** | **156,981** | **154,684** |
| Academy recoupment | (17,272) | (16,501) |
| **Final allocation for the year** | **139,709** | **138,183** |

1.3 This report will focus on the Early Years Block and the allocation of this funding to Mainstream Nurseries, Private, Voluntary and Independent Settings (PVIs) and Childminders through the Single Funding Formula.

1. **Details**
   1. The Early Years Block allocation is split into the following areas:

|  |  |  |
| --- | --- | --- |
| **Description** | **2016/17**  **£000** | **2015/16**  **£000** |
| 3 and 4 year old funding- maintained schools | 5,794 | 5,854 |
| 3 and 4 year old funding- PVIs | 2,722 | 2,500 |
| 2 Year Old Offer | 1,607 | 1,545 |
| Centrally Retained Items | 694 | 679 |
| Contingency | 174 | 413 |
| Pupil Premium | 199 | 199 |
| Transfers between blocks | (68) | (68) |
| **Total Early Years Block** | **11,122** | **11,122** |

* 1. Based on the 2015 calendar year pupil counts, the estimated funding relating to 3 and 4 year old children for Merton maintained schools and PVI settings is expected to be £5.794m and £2.722m respectively for 2016/17. These are indicative budgets and the figures will be updated every term following the actual pupil counts. The formula used to allocate this funding is detailed in section 3. A summary of the factors used and the total budgets allocated against each factor for maintained schools and PVI settings can be found at Appendix A.
  2. The funding method for two year olds changed in 2015/16. There is no trajectory funding and the pupil led funding is based on participation rather than eligibility. Based on the 2015 calendar year pupil counts, the estimated funding relating to 2 year old children for Merton PVI settings is expected to be £1.607m for 2016/17. The formula used to allocate this funding is detailed in section 3. A summary of the total budgets allocated against each setting can be found at Appendix B.
  3. The £694k for centrally retained items includes funding for quality and standards, childcare and some enhanced early intervention services.
  4. The contingency has been reduced to £174k for 2016/17. This is because the funding for SEN requirements has now been agreed and will be paid through the funding formula.
  5. The EFA has introduced an Early Years Pupil Premium from 2015/16. The indicative allocation for Merton is £199k. This is paid to settings and schools after each term’s headcount at 0.53 pence per hour. Any underspend on EYPP is expected to be clawed back.
  6. The EFA does not take account of transfers between DSG blocks at a local level. These transfers require adjustment year-on-year. For 2016/17 the transfer to the Early Years block is £68k, the same as in 2015/16.

1. **Early Years Funding Formula Factors**
2. The table below shows the base rates used in the formula.

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| --- | --- | --- |
| **Description** | **2016/17 Rate**  **£** | **2015/16 Rate**  **£** |
| Schools – Independent | 3.71 | 3.71 |
| Full Day Care | 3.97 | 3.97 |
| Stand alone 15 hour settings | 4.17 | 4.17 |
| Mainstream Schools | 3.68 | 3.68 |
| 2 year olds and Childminders | 5.4 | 5.40 |

1. IDACI will continue to be used as a measure of deprivation for 2016/17. The unit values remain the same as last year as detailed in the table below.

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| --- | --- | --- |
| **Description** | **2016/17 Rate**  **£** | **2015/16 Rate**  **£** |
| Band 1 | 0.15 | 0.15 |
| Band 2 | 0.20 | 0.20 |
| Band 3 | 0.25 | 0.25 |
| Band 4 | 0.30 | 0.30 |
| Band 5 | 0.35 | 0.35 |
| Band 6 | 0.40 | 0.40 |

1. There is no notional SEN allocation given for children needing support prior to statement, so the SEN Support level with the EYSFF addresses this. Funding levels are:

* SEN Support Level 1a (local offer) £nil
* SEN Support Level 1b £2.50
* SEN Support Level 1c £5.26 + 1b
* EHCP via HNB As per Merton’s EY banding

1. SEN funding levels are allocated via the EYSFF. This ceases when the EHCP is issued and funding is allocated in accordance with the EHCP EY banding through the High Needs Block. EHCP are funded on a pro-rata basis and based on actual hours and number of weeks of attendance. This will ensure SEN funding for children is seamless and on a continuum as they progress through each stage.
2. **Financial, resource and property implications**

4.1 The financial implications are detailed in the main body of this report.

1. **Legal and statutory implications**
   1. No legal implications at this stage.
2. **Human rights, equalities and community cohesion implications**
   1. None at this stage.
3. **Appendices**
   1. Appendix A: EYSFF modelling 2016/17
   2. Appendix B: 2YO FF modelling 2016/17

1. **Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:** 
   1. Centrally held financial information and other papers held by the Children Schools and Families Finance Team.
2. **Report author**

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