

SUBJECT: DSG Early Years Contingency/95% pass through distribution 2019 - 2020

LEAD OFFICER: Allison Jones, Head of Early Years

RECOMMENDATION

That the Forum:

- a) Approves the proposed methodology for distributing the contingency and SENIF underspend to the early years sector, as part of the 95% high pass through rate requirement for the distribution of the early years DSG**

1. Purpose of report and executive summary

- 1.1 The statutory requirement for the distribution of the Early Years DSG is that 95% of the budget must be passported to the sector. The 2019/20 was budgeted accordingly:

Description for the 95% high pass through	2019/20 £000
Base Rate, formula items and SENDIF	13,381
Contingency	232
Pass through rate total	13,613

- 1.2 This report provides details for distributing the contingency to providers that have delivered funded early years education places across Merton within the financial year.

2. Contingency

- 2.1 The 2019/20 Early Years DSG contingency was set as £232,350. The contingency is set to allow for possible variations in estimated take up of places and actual take up of places and allows flexibility to support other increases within the Early Years Single Funding Formula such as deprivation factors and the SEND Inclusion Fund (SENDIF) requirements, which sits outside the formula.
- 2.2 The current position is that the contingency has not been drawn upon as anticipated. Additionally, within the SENDIF estimated allocation there was provision for specialist nursery assessment places, which has not been used during this period, hence this is now showing as an underspend.
- 2.3 The contingency and SENDIF allocations form part of the high pass through rate of 95% and in accordance with the statutory guidance and the School Forum Report of October 2019 a process for allocating these funds to the sector needs to be agreed by Schools Forum.

3. Methodology for distributing the Funds

- 3.1 It has been agreed that some caution still needs to be applied to the final overall allocation for distribution, as the final DSG early years budget is not agreed until late in the summer term 2020. On this basis the overall pot of available funds has been set at £600,000.
- 3.2 In order to allocate the funds across the number of providers that have delivered places in the financial year a formula has been applied which includes a weighting for certain factors: number of EYPP eligible children (weighted 5) type and number of 3 and 4 year olds (PVI weighted 3 and maintained schools weighted 2) over the 3 headcounts in the 2019/20 financial year. See appendix 1 for detailed allocations.
- 3.3 Payments to settings will be made in the early part of 2020/21 but should be accrued in financial year 2019/20.
- 3.4 It is recognised that schools and settings are in unprecedented times due to the closure of education settings with access only for small cohorts of children, including vulnerable children . As such the formula for distribution aims to reflect this through giving the highest rating based upon take up of EYPP and then a weighting based on number of places taken up across the sector by provider type. A slightly higher weighting is given to the PVI sector, who are likely to be more at risk of business sustainability during this time.

4. Financial, resource and property implications

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

5 Legal and statutory implications

- 5.1 No legal implications at this stage.

6 Human rights, equalities and community cohesion implications

- 6.1 None at this stage.

7 Appendices

- 7.1 Appendix 1:

8 Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:

- 8.1 Centrally held financial information and other papers held by the Children Schools and Families Finance Team.

9 Report lead author

- 9.1 Allison Jones, Head of Early Years

Allison Jones, Head of Service Early Years
Allison.jones@merton.gov.uk

0208 545 3946
feroza.begum@merton.gov.uk

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