



Briefing note

To: Schools Forum **Author:** Early Years Sub Group
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Title of Briefing: Early Years Block – Dedicated Schools Grant

A. Introduction

1. The Early Years Sub Group submitted a paper to the December 2015 meeting of North Tyneside's Schools Forum, which set out proposals for a sustainable Early Years Block for 2016/17.
2. Schools Forum asked the sub group to reconvene and re-visit the proposals.
3. Members of the sub group met on the 7th January 2016 and considered the proposals regarding
 - The 2 Year Old Offer
 - The Flexible Free Entitlement for 3 and 4 Year Olds
 - The Early Years Single Funding Formula.
4. The group took into account the latest projections regarding the Early Years Block 2015/16, however the final position of the Early Years Block will be not be confirmed until after the January 2016 headcount.
5. This report outlines the latest position of the Early Years Block 2015/16, the revised proposals of the sub group and sets out the rationale for the proposals.

B. Current Position for the Early Years Block 2015/16

- The following table shows the latest position of the Early Years Block, including an updated expenditure forecast for the Flexible Free Entitlement.
- The numbers of children taking up the Flexible Free Entitlement is lower than anticipated, which means that the projected 2015/16 outturn is now £6,092,036

	2015/16
Brought Forward	£1,964,858
Proposed transfer to High Needs Block	£1,222,685
2 Year Old Offer	
DSG	£1,451,362
Expenditure – forecast	£2,193,544
Forecast Outturn	£0*

*DfE guidance states that the final allocations for the funding for two year olds will be based on 5/12 x January 2015 participation numbers plus 7/12 x January 2016 participation numbers. The adjustment payment will not be received until June 2016.

	2015/16
Flexible Free Entitlement	
DSG	£6,062,315
2014/15 DSG Adjustment	£68,000
Expenditure forecast	£6,092,036
Forecast Outturn	£38,279

	2015/16
Total Early Years	
Forecast Outturn	£38,279

C. Revised Proposals for the Early Years Block 2016/17

- The January 2016 meeting of the Early Years Sub Group agreed the following proposals for the Early Years Block 2016/17. They reflect the latest expenditure forecasts and seek to ensure the Early Years Block is sustainable within the context of the wider Dedicated Schools Grant.

	Revised Proposal	Rationale
2 Year Old Offer	1) No additional funding for the 2 year old offer during 2016/17	<p>The proposal was revised in light of the current expenditure forecasts for the 2 year old offer and pressures across the Dedicated Schools Grant.</p> <p>The sub group noted that the revised proposals do not provide contingency to deal with potential in-year pressures, associated with the first year of participation funding based on a single headcount.</p>
Flexible Free Entitlement	2) No additional funding for the flexible free entitlement	<p>The proposal was revised in light of the current expenditure forecasts for the flexible free entitlement and pressures across the Dedicated Schools Grant.</p> <p>The sub group noted that flexible free entitlement has overspent in each previous year.</p>
Early Years Single Funding Formula	<p>3) Increase the hourly base rate paid to providers of the Flexible Free Entitlement by £0.10 for private, voluntary and independent sector providers only.</p> <p>This is estimated to cost £41 627</p>	<p>Greatest pressure on the private, voluntary and independent sector, which faces specific cost pressures in the year ahead i.e. introduction of the Living Wage.</p> <p>Proposals will address risk of private, voluntary and independent sector providers withdrawing from market due to financial sustainability.</p> <p>This will secure the sustainability of the 3 and 4 year old offer ahead of the forthcoming proposed increase in national funding rates.</p> <p>Greater consistency in the base rate paid to providers of the flexible free entitlement.</p>
Other Formula	<p>4) Phased reduction in the lump sum paid to a childcare provider over two years.</p> <p>2016/17 £-48,000 2017/18 £-48,000</p>	<p>Phasing out the funding over 2 years rather than 3 years, will provide additional resources for securing the sustainability of the wider sector.</p> <p>This revised timescale will provide challenges for the setting but also offers sufficient time to adjust to the end of funding in 2017/18.</p>

D. Recommendations

It is recommended that Schools Forum approve the Early Years Working Group's proposals for the Early Years Block 2016/17. The proposals can be met from within the existing Early Years resource.