



ISLINGTON SCHOOLS FORUM

Chair: Barrie O'Shea
c/o Governor Services
222 Upper Street
London N1 1XR

SCHOOLS FORUM

MEETING DATE	Thursday 16 May 2019
AGENDA ITEM 6	2019-20 Early Years Funding
RECOMMENDATIONS	That Schools Forum: 1. Note that this report has been discussed at DSG Sub Group and provide comments to the report.

This report has been presented to the DSG Group who have considered all the points raised at the January Forum and felt that all items raised were addressed and provided the necessary clarification on areas of spend. It is therefore recommended that Schools Forum note this and provide any additional comments to the report.

1. Purpose

- 1.1 Following Schools Forum on 17 January, this report is to provide further information on the funding allocation from the Early Years Block in relation to funding changes to funding for:
- Central retention – £33k increase
 - SEND – £125k increase
 - Contingency budget – £30k increase

2. Central Retention (£33k increase)

- 2.1 Central retention for Early Years is capped at 5% of the Early Years Block funding for 3 and 4 year olds and 2 year olds. The allocation for 2019/20 has increased by £33k. Schools Forum requested that the Head of Early Years and Childcare attend Schools Forum to provide more detail on the proposals to use the funding to provide:
- A small uplift to the contracts for early years SLT and CAMHS, currently £213k and £243k respectively
 - Establish a pilot peer support programme for providers in relation to children with high incidence severe and complex needs
 - A contribution to the improvement of data collection and analysis for children with SEND in the early years.
- 2.2 Neither CAMHS nor SALT contracts have been uplifted since 2014/15. The current total value of the early years CAMHS contract is £243k (£170k contribution from the CCG and £74k from DSG) and the uplift takes this to £253k. The SALT contract has been uplifted to £221k. The CAMHS uplift is a temporary measure pending a review to establish if better value can be found from amalgamating the separate council contracts for CAMHS into one.
- 2.3 It is proposed to split the remaining funding between piloting a peer support programme for early years providers and improving data collection and analysis in the early years, utilising the ONE system.

3. SEND Inclusion Fund (£125k increase)

- 3.1 Schools Forum requested that the Head of Early Years and Childcare attend Schools Forum to provide more detail on the proposals for £125k increase to mainstream the increase in the hourly

rate for additional staffing at key transition points that was implemented in 2018/19, but funded from a one-off underspend in 2018/19.

- 3.2 The High Needs sub group approved a proposal to recommend an increase in the hourly funding rate for early years providers including school nursery classes applying for special educational needs additional funding last year. The previously allocated rate (£12.00 per hour) was insufficient to cover costs and providers were reporting difficulties in recruiting staff and inequity between early years and schools rates. Minimum and maximum agency rates were reviewed when proposing the new rate. The new rate is in line with that paid to maintained schools.
- 3.3 The 25% increase was initially funded through underspend in the Early Years Block. The increase can now be funded permanently from growth in the overall Early Years Block DSG allocation from the ESFA for 2019/20.
- 3.4 This budget is a needs-led budget and applications for funding and spend are closely monitored. However, from September, funding will be agreed for the academic year following requests from schools not to have to reapply for funding termly.

4. Early Years Growth Contingency (£30k increase)

- 4.1 Schools Forum requested further details on how the growth contingency budget is used before committing to the increase, although in reality the value of growth contingency fund is pre-determined by the final Early Years Block settlement figures from the DfE.
- 4.2 Under the new early Years funding arrangements, the Council sets aside a 3.7% contingency in line with DfE guidance. The purpose of this contingency budget is to fund increased numbers of 3 and 4 year olds in the summer term (funding allocations from the ESFA are based on January numbers) and any new provision. It also provides a buffer against any in-year reductions in funding from the ESFA which can be significant if numbers reduce in the January census. This was experienced in 2017/18, where we had an in-year funding reduction of £884k from the DfE following the January 2017 census.
- 4.3 In addition, the contingency holds the balance of deprivation funding - 10% of funding is channelled through the deprivation factor, however as not all children attract deprivation funding there is a balance of funding left over. Steps have been taken for 2019/20 to reduce this balance, by changing the way in which we calculate the deprivation factor, which passes more funding to providers.
- 4.4 The new DSG funding arrangements for the Early Years Block make it very difficult to set a realistic contingency budget that is neither too small nor too large. The sources of funding are very volatile and demand led. It is extremely difficult to predict the level of resources that will go into it when the annual early years funding consultation takes place. We have been taking a prudent approach - as the new funding arrangements bed in we are able to refine the level of the contingency budget that we set.
- 4.5 The 2018/19 original contingency budget was £1,692k, made up of the 3.7% growth contingency of £598k and a balance of deprivation funding of £1,094k. The budget subsequently increased to £3,295k following the carry forward of unspent early years block funding from 2017/18 (£298k) and positive in-year funding adjustments from the ESFA of £1,305k, following growth in the January 2018 census.
- 4.6 **The growth contingency is in-effect, were the balance of Early Years Block DSG funding is held – funding rates are set through the Early Years funding consultation based on provisional DSG settlement figures – the amount that ends up in the contingency budget reflects the balance of funding left over.**
- 4.7 There were a number of calls against the contingency budget during the year (these were considered at the Early Years Sub Group in March), leaving a year-end balance of £1,869k, as shown below. Options for use of the Early Years Block underspend are being considered at the Early Years Sub Group on 10 May. Caution needs to be exercised due to the volatility in the Early Years system as the extended entitlement for 3 and 4 year olds and the associated funding regime continues to bed in. Under the DSG Operation Guidance, this funding cannot be used for central

retention. Suitable allocations will include funding for deprivation / SEND, but this needs to be undertaken in a sustainable way.

Item	£k	Description
<u>BUDGET</u>		
3.7% growth contingency	598	To fund increased numbers in the summer term and new provision
Balance of deprivation funding	1,094	Difference between 10% allowance in the funding rate for deprivation and the amount 3 and 4 year olds qualify for
Original budget	1,692	
Carry forward of 2017/18 Early Years Block underspend	298	Allocated to SEND additional needs budget (£125k) and as a contingency (£173k) for in-year reductions in Early Years Block funding
In-year funding adjustments from the ESFA	1,305	Retrospective funding adjustments from the ESFA to reflect the January 2018 census
Revised budget	3,295	
<u>ALLOCATION</u>		
SEND additional support	125	In line with agreed 2017/18 carry forward
SEND inclusion fund overspend	108	Reflects increase demand for SEND support
Retrospective adjustment of 2018/19 funding rates	274	Adjustment to deprivation, base and childminder funding rates to bring them up to agreed 2019/20 funding rates
Additional funding due to settings following January 2019 census	552	Funding is adjusted termly to reflect participation in line with the DSG Operational Guidance
EYPR adjustments	367	Additional hours above statutory entitlements and place holding by settings (in line with EYPR disapplication)
Total allocation	1,426	
Balance	1,869	

Further information:

Tim Partington

Head of Finance

tim.partington@islington.gov.uk

020 7527 1851

Penny Kenway

Head of Early Years and Childcare

penelope.kenway@islington.gov.uk

020 7527 6103