

---

**Schools Forum 12 February 2013**

**Report of the Director of Children's Services**

**Early Years Single Funding Formula for Two Year Olds - Consultation Feedback**

**Purpose of Report**

1. To provide consultation feedback to Schools Forum in respect of the Early Years Single Funding Formula (EYSFF) for disadvantaged Two Year Olds.

**Discussed at HTCF – BWG**

2. Yes – 16 January 2013. HTCF-BWG supported the proposal to fund Early Years provision for disadvantaged two year olds at a rate of £4.50 per hour and to continue to provide additional family support in respect of these children.

**Schools Forum Role and Responsibilities**

3. From 1 April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. The Schools Forum Regulations 2012 at Regulation 11 prescribe that schools forum must inform the governing bodies of schools maintained by the authority of any consultation carried out by the authority, as soon as it reasonably can.
5. The Schools Forums (England) Regulations 2012 at Regulation 8(10) prescribe that Non-schools members, other than those who represent early years providers, must not vote on matters relating to the formulae to be used by the local authority to determine the amounts to be allocated to schools and early years providers in accordance with regulations made under sections 47 and 47a of the Act.

**Actions for Schools Forum**

6. For those Forum members eligible to vote, as outlined in paragraph 5 above, to provide the Director of Children's Services with a view as to the recommended hourly rate payable in relation to the Early Years Single Funding Formula (EYSFF) for Two Year Olds for the 2013/14 financial year.

**Attachments to Report**

7. Appendix A - Written Ministerial statement on Funding Early Education.
8. Appendix B –Summary of consultation responses on Early Years Single Funding Formula for Two Year Olds.

Sue Coates  
Senior Principal Accountant  
28 January 2013

**Schools Forum 12 February 2013**

**Report of the Director of Children's Services**

**Early Years Single Funding Formula for Two Year Olds - Consultation Feedback**

**Purpose of Report**

1. To provide consultation feedback to Schools Forum in respect of the Early Years Single Funding Formula (EYSFF) for disadvantaged Two Year Olds.

**Background Consultation**

2. From September 2013, Local Authorities are required to allocate the revenue funding to early years providers of free early education for disadvantaged two year olds through an Early Years Single Funding Formula (EYSFF), as currently exists for three and four year olds.
3. The consultation document containing details of the proposal for Dudley's EYSFF for two year olds from September 2013 was discussed in detail at the 13 November Forum meeting and was subsequently issued on 26 November.
4. At the time of issue, the funding allocations for each LA had not been confirmed by the DfE therefore the initial proposal contained within the consultation document was to fund Early Years provision for two year olds at a single rate of £4.00 per hour. Dudley considered this to be sufficient to cover average costs established from providers during the data collection exercise completed in October 2012, however, the final decision was subject to confirmation once the actual funding allocation for Dudley had been received.

**DfE Statement and Funding**

5. On the 27 November 2012 the DfE issued a written ministerial statement regarding the funding for Early Education which included details of how funding for free targeted early education for two year olds will, from 2013/14, be transferred from Early Intervention Grant funding to the Dedicated Schools Grant (DSG), within the Early Years Block. A copy of the written ministerial statement is attached at Appendix A for information.
6. Also on the 27 November, the 2013/14 revenue allocation of funding for Dudley was confirmed as £2.041m for statutory provision for 732 places (20% of two year olds) plus £0.801m notional amount for trajectory building capacity for non-statutory places in preparation for the 2014 entitlement of 40% together with a capital grant of £0.517m. The revenue funding of £2.041m and £0.801m is now included within the Dedicated Schools Grant and is not ring-fenced. The capital funding of £0.517m is also not ring-fenced.
7. To arrive at Dudley's revenue funding for 2013/14 the DfE have assumed an hourly rate of **£4.89**. The DfE guidance which has been issued states "*Childcare Minister Elizabeth Truss has called for funding to be passed on in full to providers*",

.....To this end local authorities will receive an average of £5.09 per child per hour, for statutory places, which they are expected to pass on in full to schools, nurseries and childminders....”.

### **Dudley Proposal Following DfE Funding Announcement**

8. The average rate of £5.09 quoted by the Childcare Minister Elizabeth Truss referred to in paragraph 7 above includes local area weightings, however following the DfE funding announcement an hourly rate of £4.89 was confirmed for Dudley, it is proposed that the Early Years provision for two year olds is funded through the EYSFF at £4.50 per hour (compared with £4.00 outlined in the consultation) and to retain approximately £164k centrally in order to continue to provide family support to these children.

### **Family Support Workers**

9. The Family support work provided alongside access to a childcare places has made significant impact on the outcomes for those children and families participating in the project to date, and has made the difference between sustained engagement and continuity for the families of these most vulnerable 2 year olds, £164k would enable the local authority to support at least 6 FTE family support posts across the children’s centre clusters to continue this work.
10. The recent Her Majesty’s Chief Inspector (HMCI) of Education, Children’s Services and Skills - Early Years report placed Dudley MBC within the top ten and equal 2<sup>nd</sup> nationally for Good – Outstanding outcomes from inspections of early years and childcare provisions.

### **Consultation Outcomes**

11. Dudley’s consultation closed on 18 January and 7 responses have been received from a potential total of 450, these are summarised at Appendix B for information and indicate support for the EYSFF for two year olds to consist of a single hourly rate payable to all providers. 1 respondent commented that the full amount of funding should be passed directly to the provider and 1 respondent commented that providers should still be able to offer Family Support as part of the funded 15 hours if the social needs of the family dictate it.
12. The refined proposal in respect of the early years funding for 2 year olds, as outlined in paragraph 8 above, was discussed at Headteachers’ Budget Working Group (HTCF-BWG) on 16 January and their recommendation was to support the proposal.

### **Options for Schools Forum**

13. Options Schools Forum consideration are therefore:
  - a. To passport all revenue funding direct to providers (which is the *expectation* of the DfE see paragraph 7 above) which would equate to an hourly rate of £4.89; or
  - b. To fund providers at a slightly lower rate (£4.50 suggested) and retain an amount of funding centrally, approximately £164k, in order to continue to provide family support to these disadvantaged children.

## **Director of Children's Services Decision Making Process**

14. The Director of Children's Services will formalise the decision at the Directorate Strategic Leadership Team (DSLTL) before 31st March 2013 in order that budgets for 2013/14 can be produced and published by the statutory deadline of 31st March 2013.

### **Finance**

15. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2012 which are effective from 1 January 2013 and relate to the 2013/14 financial year.

16. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.

17. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

### **Law**

18. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

### **Equality Impact**

19. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

### **Recommendation**

20. Schools Forum members entitled to vote, as outlined in paragraph 5 (Schools Forum Roles and Responsibilities) are invited to give a view in respect of the Early Years Single Funding Formula for disadvantaged two year olds, as outlined in paragraph 13. This will enable the Director of Children's Services to be informed of Forum's view prior to making a final decision before 31 March 2013.



Jane Porter  
**Director of Children's Services**

Contact Officer: Karen Cocker, Children's Services Finance Manager  
[Karen.cocker@dudley.gov.uk](mailto:Karen.cocker@dudley.gov.uk) Tel: 01384 815382