

Schools Forum 25th November 2014

Report of the Interim Director of Children's Services

Early Years Pupil Premium and Funding for Disadvantaged Two Year Olds – DfE Consultation Outcomes

Purpose of Report

1. To provide Schools Forum with an update in respect of the DfE consultation outcomes in respect of the Early Years Pupil Premium (EYPP) and funding for disadvantaged two year olds proposals.

Budget Working Group Discussed

2. Yes – 20th November 2014.

Schools Forum Role and Responsibilities

3. From 1st April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. Schools Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.
5. The Early Years Pupil Premium (EYPP) and funding for disadvantaged two year olds is included within the annual Dedicated Schools Grant.

Action for Schools Forum

6. To note the outcomes of the DfE recent consultation and consider the impact of the changes for Dudley children.

Attachments to Report

7. Appendix A – Consultation on early years pupil premium and funding for 2-year-olds Government response October 2014.

Karen Cocker
Children's Services Finance Manager
11th November 2014

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Purpose of Report

1. To provide Schools Forum with an update in respect of the DfE consultation outcomes in respect of the Early Years Pupil Premium (EYPP) and funding for disadvantaged two year olds proposals.

Background

2. The budget fact sheet issued in September 2014 advised that a consultation regarding Early Years Pupil Premium (EYPP) and Funding for disadvantaged 2 year olds was launched by the DfE on 25th June 2014 until 22nd August 2014.
3. It sought views on the extension of the pupil premium into early years, in order to better support the early education of disadvantaged three and four year olds. It asked questions on the mechanics of extending the premium, including checking eligibility; holding providers accountable for the use of the funding; and examples of good practice in supporting disadvantaged children. It also asked for views on managing the first year of participation funding for the early education entitlement for two-year-olds in 2015/16.
4. A number of changes were proposed in particular:
 - **A Pupil Premium**
 - Of approximately £300 per year (£0.53 per hour) will be introduced for 3 and 4 year olds from low income families effective from April 2015. A child will be eligible if they are three or four years old receiving 15 hours of Government funded early education, and meet one of the following criteria:
 - Those families meeting the criteria for free school meals;
 - Children that have been looked after for at least one day;
 - Children that have been adopted from care;
 - Children that have left care through special guardianship; and
 - Children subject to a child arrangement order.

- **Funding for two year olds**

- Will be based on participation rather than the target number of places with effect from September 2015; and
- Trajectory funding will not be available to Local Authorities from 2015/16.

Consultation Outcomes

5. On 23rd October the DfE issued their response to the consultation which advises that the respondents were very supportive of the government's proposal to extend the pupil premium into the early years. Respondents agreed with the case made in the consultation document that all children can benefit from access to early education, and that disadvantaged children will benefit in particular from additional resources in order to achieve outcomes on a par with their peers. Some respondents noted the approach to allocating the EYPP means that it will be targeted on children that most need it, regardless of whether or not they live in a disadvantaged area. Some early years providers felt that it would enable them to support children from disadvantaged backgrounds better, by taking specific action to help them.
6. Both local authorities and providers highlighted the potential administrative burden associated with determining those children that are eligible for the premium. As a result the government will bring forward an amendment to the Small Business, Enterprise and Employment Bill to enable local authorities to use the existing Eligibility Checking Service to check children's eligibility for the EYPP. To support providers to encourage parents to identify as eligible for the premium they will produce guidance and case studies of good practice.

DfE Next Steps

7. Early Years Pupil Premium

- The DfE will implement an EYPP in April 2015 as proposed in the consultation document. They will amend the School and Early Years Finance Regulations to set a national hourly rate for the EYPP which local authorities must pay to providers.
- Local authorities will be allocated initial funding for 2015/16 as per the allocations published alongside the consultation document; for Dudley this is £308,675 as per Table 1. There will be a mandatory mid-year survey in the autumn 2015 to check take-up of the EYPP, and make adjustments to allocations in light of that.
- Government to bring forward an amendment to the Small Business, Enterprise and Employment Bill to enable the Eligibility Checking Service to be used for the EYPP.
- Early implementation of EYPP from January 2015 in a representative group of local authorities.
- Government to publish guidance to local authorities on administering the funding and eligibility checking of the EYPP later in 2014.
- Ofsted to update their inspection frameworks to set out that effective use and impact of the EYPP will be assessed under the leadership and management judgement.

- The DfE will retain the mandatory deprivation supplement in the Early Years Single Funding Formula and encourage local authorities to consider using their deprivation supplement to increase the local rate of Early Years Pupil Premium.
- The DfE will extend the current Study of Early Education and Development (SEED) research to include an assessment of the impact of EYPP on the quality of early years settings included in the study. An interim report will be available in summer 2016.
- The DfE will conduct a survey of providers part way through the financial year to see how providers are spending their EYPP and to identify early evidence of impact.

8. Participation Funding for two-year-olds

- For 2015/16 initial funding for the two year old programme will be confirmed to local authorities in June 2015 using the January 2015 census data. Beforehand, local authorities will have to estimate their DSG funding in preparation for the 2015/16 financial year. To make sure local authorities are accurately funded as the take-up of the entitlement increases over the year, the DfE will use a mid-year second data count in the autumn term to adjust funding in-year to reflect any significant increases in take-up of the entitlement. The additional data collection is not intended to provide real time funding, but rather allow the department to make an in-year adjustment to reflect major increases in participation rates in the first year.
- Local authorities are expected to submit the additional data on a voluntary basis to avoid unnecessary burden. The initial 2015/16 funding allocation will remain the same if local authorities choose not to submit an autumn count.
- In 2016/17 funding will be allocated on the same basis as for the three- and four-year-old entitlement, based on the January 2016 census. However, the DfE will keep under review whether a second data count is needed in 2016/17 to adjust funding in year two if take-up levels do not stabilise in the first year.
- As the DfE cannot confirm initial allocations for 2015/16 until June, to assist local authorities plan their budgets, they have published local authorities 2015/16 per child hourly rates for two-year-olds have now been issued. For Dudley this will remain at £4.89 per hour and will be used to estimate the 2015/16 funding.

Impact for Dudley

9. The EYPP initial allocation for 2015/16 is as detailed in Table 1. This is based on the DfEs estimated numbers and will be updated during 2015/16 based on actual census data once their process has been determined. Further DfE clarification is required regarding the process for determining how DSG funds will be allocated to local authorities for the EYPP on an annual basis.
10. In order for parents to register, there is an option for Dudley parents to use the online free schools meals application process to determine eligibility for the EYPP. However, a further option would be to extend the current Time for Twos online

eligibility checker to cover EYPP for three and four year. Further information will be shared with schools and providers in due course.

11. Dudley will use the DfE Eligibility Checking Service to validate the parental registration for the EYPP on behalf of three and four year olds in early years settings. Dudley is reviewing the process for identifying and capturing data from providers in order to allocate the funding. The termly provider headcount could be used to identify children in private and voluntary settings with the schools census being used for maintained schools. This process will need to be in place by April 2015.
12. Further DfE guidance is expected later in 2014.

Table 1 - Early Years Pupil Premium Allocations for 2015/2016

Proxy FSM Numbers (PTE)	'Headcount' EYPP eligible	Initial allocations
1,022	1,072	£308,675

13. As regards participation funding for disadvantaged two year olds in 2015/16, there will be a requirement for Dudley to estimate the funding for 2015/16 before receiving confirmation from the DfE in June 2015. The DfE are also advising all local authorities to consider setting aside funding from their central Dedicated Schools Grant (DSG) reserve in 2015/16 to fund the expected increase in take up of disadvantaged two year old funding which will continue after the January 2015 participation census date for 2015/16 funding purposes. Schools Forum will be advised of the amount it is considered prudent to set aside in February/March 2015 as soon as the latest participation trend data after the January 2015 census is known.
14. For 2014/15, Dudley received funding for two years split into two categories. As detailed in Table 2.

Table2 – 2014/15 Two Year Old Funding for Early Education Entitlement for Disadvantaged Children

<u>Targeted Funding</u>	<u>Criteria</u>	<u>Dudley Funding 2014/15</u>
Eligible Target Numbers (revenue related)	40% disadvantaged children from September 2-2014 – target reach 1754	£3,264,000
Trajectory Funding (capital related)	To build capacity to deliver the programme	£506,374

15. For 2014/15, there is a projected under spend of £0.574m of a £3.2m allocation due to a shortfall in the take up of the two year old provision. This is reflective of the national position and as a result Dudley has recently undertaken a borough wide promotion and marketing campaigns to encourage take up of two year old places;

this includes direct mail to those parents identified on the termly DWP (Department for Works and Pensions) lists, which identify families with children in the eligible birth date range; promotion of the offer across all Dudley Job Centre Plus offices to encourage parents in to employment and training and to support those on low incomes and with internal and external education and training providers. In addition, the offer has been presented to Dudley Looked After Children's teams, to encourage take up of places for foster and adoptive parents, and with the Family Intervention Team who are identifying families they are working with who may have an eligible child. An on-line application and self check form has been developed for parents on the Time for Two's website which gives parents a response within 1 day.

16. The intention is to increase the take up in readiness for the January 2015 participation census. Government funding for Dudley from 2015/16 will still be based on £4.89 per hour but rather than the current DfE funding methodology, which is based on eligible target numbers of two year olds, it will be based on actual take up recorded on the January census in future. Forum will be updated on the forthcoming financial year estimated funding position in February/March as part of the DSG budget forecast for 2015/16.
17. At this stage it is the intention that for 2015/16, the hourly rate payable by Dudley to the providers of time for twos provision will remain at £4.50 per hour with the additional £0.39p being allocated to fund the family support workers in the early years settings. A further report will be presented to Schools Forum in the Spring term for a final discussion regarding the rates payable.
18. Dudley will be submitting an additional voluntary data count to the DfE in the Autumn 2015 to highlight any variances to the January 2015 census count.

Finance

19. The funding of schools is prescribed by the Department for Education (DfE) School and Early Years Finance (England) Regulations 2013.
20. Schools Forums are regulated by the Schools Forums (England) Regulations 2012.
21. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law


22. 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

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

Recommendation

24. Schools Forum to note the contents of the report regarding the funding for the early years pupil premium and funding for disadvantaged two year olds for 2015/16 with a further report being presented in the Spring 2015 term in respect of the 2015/16 funding requirements.



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