

DARLINGTON SCHOOLS FORUM

6th March 2018

ITEM NO 7

PROPOSED DARLINGTON EARLY YEARS FORMULA 2018/19

Purpose of Report

1. To update Forum regarding the proposed unit values for the Darlington early years funding formula for 2018/19.

Background

2. Forum was presented with the proposed early years funding formula at their January meeting. It was noted however that there were a couple of budget items that could impact on the formula for 2018/19, therefore the final formula was to be confirmed at the March 2018 Forum meeting.

Darlington's Early Years Formula 2018/19

3. The following proposal for the 2018/19 early years funding formula was presented to Forum in January.

Provision	Proposed 2018/19 Rate	2017/18 Rate	Change
<u>3 & 4 Year Old Children</u>			
Nursery School – Per hour per child	£4.15	£4.15	£0.00
School Nursery Class – Per hour per child	£4.15	£4.15	£0.00
Private, Voluntary & Independent Sector – Per hour, per child	£4.15	£4.15	£0.00
Deprivation – Top 10% most deprived post codes – Per term, per child	£50	£50	£0.00
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£25	£25	£0.00
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£12.50	£12.50	£0.00
<u>2 Year Old Children</u>			
All Providers – Per hour per child	£5.20	£5.20	£0.00

4. Supplementary funding received for maintained nurseries will continue to be split 50/50 between the two Darlington nurseries. Based on the provisional allocation received from ESFA, each nursery will receive £102,148 in 2018/19.

5. The central allocation of £113,754 will remain in 2018/19 to contribute towards the Council's early year's team.
6. The DAF payment will remain at the national level of £615 per child per year.
7. Early Year's Pupil Premium will continue to be paid at the national rate received of 0.53p per qualifying child hour (for universal entitlement).
8. The SEN inclusion budget will remain at £150,000.

Current Year Budget Position

9. At the time of writing the January Forum paper the census data was not available for the spring term. This is important as it meant that the actual amount of funding received within the early years DSG block for 2017/18 and the total spend on early years provision in 2017/18 could not be confirmed. The result of which means that it is not possible to confirm the current year's budget year end position. It is therefore not possible at this point to confirm if there will be spare early years funding available at the end of 2017/18 or if there will be a deficit to carry forward.
10. As per the budget update in agenda item 3, projections have been undertaken to give the estimated amount of early years funding that will be received and the total spend for the financial year 2017/18 and hence an estimated year end position.
11. As reported in agenda item 3, the SEN inclusion budget is expected to be overspent due to demands for support. Both the 3 & 4 year old budget and the two year old budgets appear to be underspend based on the funding allocation received, however it is expected that as in the current year funding will be clawed back by ESFA in 2018/19 regarding 2017/18, following receipt of the final 2017/18 data. At present it is estimated that approximately £200,000 will be clawed back.
12. After the claw back it is expected that there will be an underspend in the overall early years budget, this is estimated at £80,000. As there are many estimates in this figure it is not proposed to use this funding in setting the 2018/19 early years funding formula. Any underspend that does accrue will be set aside for early years purposes and in the first instance will be used for any pressures in the SEN inclusion fund that may arise during 2018/19.

SEN Inclusion

13. As reported to Forum in January the early years SEN inclusion budget is projected to overspend in 2017/18. As a result Forum were notified that a review of the criteria for accessing the fund would be undertaken in order to bring the budget back into balance in future years. The following paragraphs outline why the fund has been under pressure during 2017/18.
 - The number of schools and settings requesting support from the Early Years Inclusion Service for children with SEND has more than doubled over the last 3 years from 74 children in 2014/15 to 165 children in 2016/17.

- Significantly, after a reduction from 2015, the number of 2 year olds identified as needing SEN support has risen to 4.5% from 2.4% in 2016. This is higher than the majority of our statistical neighbours.
- The Early Years Inclusion Service identified 35 children in the academic year 2015/16 as potentially requiring Education Psychologist advice for progression to EHCP or specialist provision. This rose to 48 children in the academic year 2016/17. In the autumn term alone in 2017, 40 children have been identified to date. 60% of these children (due to start school in Sept 18) have either a diagnosis of ASD or a significant social communication need. Currently, on average these children constitute about a third of the work of the Early Years Inclusion Team.
- Requests for funding to support the inclusion of children with SEND has also steadily increased over the last 3 years with spending increasing year on year from £84,200 in the academic year 2013/14 to £219,070 in 2017/18.
- It should be noted that government funding to local authorities has seen no increase arising from the national implementation of 30 hours and solutions must be managed at a local level. If we ‘stretch’ the central Early Years SEN Inclusion Fund to take account of increased hours accessed under 30 hours, this effectively decreases the overall amount available to support the universal hours which is the child’s entitlement.
- Two year olds are not statutorily eligible to receive the inclusion fund for children with special educational needs, but Darlington has previously supported an early intervention approach which allocates Early Years Inclusion Funding and Inclusion Coordinator support for 2 year olds with emerging SEN who are accessing their 15 hours early education entitlement. The monies allocated comes from the same overall budget that previously only extended to 3 and 4 years olds.
- Support from the Early Years Inclusion Service either through advice or access to inclusion funding continues to be predominately for children with Communication and Interaction needs. Significantly, a large proportion of this group are boys: 77%, in 2016/17, 82% in 2015/16 and 90% in 2014/15.

Actions

14. Despite the carefully constructed plan to increase inclusion expenditure in Darlington, and the additional DAF funding which commenced in 2017, there is an unforeseeable overspend in 2017/18 which cannot continue because the Early Years Block of funding is limited. Analysis of overspend on inclusion indicates that the trend is likely to continue.
15. Darlington needs to review the Early Years Inclusion Service and associated Inclusion Funding process as our continued duty to ensure proper use of public funds and to ensure funding achieves its intended purpose. Discussion with settings indicates that they favour a model of funding Early Years SEND Inclusion that does not impact on the hourly rate paid to providers for all qualifying children.
16. In order to design a model, that does not impact on the hourly rate paid to providers for all qualifying children, the Early Years’ Service is looking to implement a revised system of allocating Early Years SEND Inclusion Services and Funding to providers and schools. Early Years Inclusion Services and Funding will no longer be regarded as

separate elements. The current multi agency Early Years Inclusion Panel will use a 'ranges' system to allocate services, training, equipment and funding. The ranges will link to those being established via the High Needs review and will be published and shared with settings and schools in the summer term.

Final proposed Darlington Early Year's Funding Formula 2018/19

17. It is proposed that the unit rates payable for early years in 2018/19 will be the same as presented to Forum in January. These are detailed in paragraphs 3 to 8 above.

Recommendations

18. That Forum notes the proposed early years formula payments for 2018/19 as per paragraphs 3 to 8.
19. That Forum notes the proposals regarding the SEN Inclusion fund during 2018/19.

Brett Nielsen
Finance Manager
Resources Department

Chris Archer
Head of Early Years
Education Services