



Schools Forum

Report title: Dedicated Schools Grant 2021/22 - Early Years Block

Date: 19th January 2021

Key decision: No.

Item number: 9

Outline and recommendations

This report is presented in 3 parts:

Part 1 – Provides information on the application of the 5% central retention of the early entitlement funding block for 2021/22.

Part 2 - Notes the current arrangements for inclusion fundin

Part 3 – Seeks agreement to a change to the existing arrangements to ensure we are following current statutory expectations and to ensure equity and transparency across the Early years sector.

Schools Forum is asked to:

- 1. Note the application of the central spend retention*
- 2. Note the current arrangements for inclusion funding and partnership working with the SEND service on mitigation for the overspend on the high needs block*
- 3. Agree the proposed funding arrangements for 2021/22.*

Timeline of engagement and decision-making

Schools Forum is asked to support a proposal that brings the payment process in line with the PVI. this report details the necessary changes.

Following approval, there will need to be a process of engagement with Primary Schools and Nursery Schools to enable the changes to be in place from September 2021.

Summary

1. This is a report presented in 3 parts. The first part focuses how the 5% central retention of the Early Years Funding Block will be spent over the coming year. The second part includes details of the Inclusion Fund and the current arrangements relating to such. The third section seeks agreement to a change to existing arrangements for the 3 & 4 yr old funding to ensure we are adhering to current expectations of the relevant Department of Education's operational guidance and that arrangements are equitable and transparent across the Early Years sector.

Part 1 – Application of the Early Years Funding Block 2021 to 2022 - Delivering the statutory duties of the Childcare Act

- 2 All English local authorities have a number of statutory duties around Early Education and Childcare. These relate to section 2 of the Childcare Act 2016 and sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006. The most recent Early Years National Funding Formula ("EYNFF") guidance was updated and republished in March 2017 and came into force on 1st September 2017.
- 3 Key statutory duties are:
 - *Eligibility*
 - *Flexibility*
 - *Quality*
 - *Funding early education places*
 - *Securing sufficient childcare*
 - *Information to parents*
 - *Information to childcare providers*

The EYNFF guidance restricts the total that can be retained for central management, by calculating a "pass-through" rate, set as a proportion of the hourly rate. This is set at 95%. Compliance is checked using the Section 251 budget statement, and again in the budget statement, it is calculated on the 3 and 4 year old funding, excluding earmarked allocations such as Disability Access Funding (DAF), pupil premium and income protection for Maintained Nursery Schools (MNS).

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- 4 The pass-through includes a contingency and the Inclusion fund. The relevant funded hours is updated to reflect the expected take up in settings, therefore anticipate funding. The funding is provisional each year. The take up is a major variable, and is usually only confirmed once the January census provides a better indication of the take up in settings and schools. Table 1 below shows the detail for the Early Years (“EY”) block. However the outcome of this year’s census will not be known until June/July of the following financial year, which means that contingency becomes very much an inherent part of the formula.
- 5 The EYNFF formula, provides for a universal base rate for all types of providers, with a maximum of 10% being channelled through funding supplements (*not including the MNS protection*). The formula must contain a supplement for deprivation.

Early Years Funding Block Table 1

	3& 4 year old Hourly Rates	3 and 4 year old Universal (part time)	indicative funding 3&4 - Universal	3 & 4 year old additional hours	Indicative Funding for Additional Hours	2 year old Hourly rate	2 year old PTE	Indicative Funding 2 year old	Indicative Pupil Premium	DAF	Indicative and conditional Supplementary Funding	Total early years block (£s)
2021/22	£5.76	4,497.5	£14,766,192	1,742.62	£5,721,370	£6.66	806.8	£3,062,775	£75,988	£91,635	£447,929	£24,165,889
2020/21	£5.70	4,497.5	£14,612,378	1,742.62	£5,661,773	£6.58	806.8	£3,025,985	£75,988	£89,790	£447,929	£23,913,843
<i>Movement</i>	£0.06	0	£153,814	0	£59,597	£0.08	0	£36,790	£0	£1,845	£0	£252,046
	1%							Variances				
								3 and 4 year old hourly rate				£153,814
								3 and 4 year old hourly rate (additional 15 hours)				£59,597
								increase in 2 year old rate				£36,790
								DAF				£1,845
								Total Variance				£252,046

- a. The MNS sustainability protection allocations for September 2021 to March 2022 are conditional: they may be subject to change and local authorities should therefore treat them as unconfirmed. The funding is used to maintain the existing rate of funding to the two maintained nursery settings.
- b. The Disability Access Fund has been set at £89,790k for 2020-21 and increases to £91,635 for 21/22. The Early Years Pupil premium is funded at the same rate as in 2019/20. Neither are part of the pass-through compliance calculation, however both should be passed through to providers in full.

Central expenditure

- 6 The overall budget is drawn from a 5% central retention from the combined 3&4 yr old budget. The estimate for 2021/22 is £1.2m and will remain within the cap of 5%. The services funded, totalling £1,180,000 will be as follows:

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Table 2

Proposed EY Central Spend	2020/21
Management, funding, data collection & compliance.	199,000
Family information/ marketing of entitlement /volunteer programme	195,000
Market capacity and ongoing business support	68,000
Early Years Online & administration	135,000
Quality Improvement	395,000
Early Help including HEYL and EY MH&WBC	188,000
TOTAL	1,180,000

- 7 **Management, funding, data collection & compliance.** This budget includes the costs of management and administration of the parts of the Early Years’ service related to Early Years Funding Block activities, including strategic planning, financial and administrative management of funding streams, processes and data collection and statutory submissions. This also includes an element of focussed business and sustainability support. Priorities this year have included
- Payments being made on time
 - EY census completed prior to deadline
 - Establishment of a termly tasks schedule – clarity of which officer is completing each task
 - Virtual support for drop-in sessions and monitoring support ‘visits’ developed
 - Impact of Covid has led to more regular communication with providers government update and guidance
- 8 Funding for **Family information/ marketing of entitlement** is deployed through Lewisham’s Family Information Service which plays a vital role in supporting families to access childcare and free entitlements; collecting and collating capacity and occupancy information and running our marketing campaigns. Providing outreach sessions at a variety of locations including Lewisham Library, Lewisham Hospital, local leisure centres, the Trussell Food Bank and Job Centre plus. This was significantly impacted on by the Covid pandemic, however in collaboration with Children’s Centres a number of virtual sessions have been run to support families around a wide variety of issues. They also run the parent champion programme a voluntary scheme that also includes a back to work element.
- 9 **Market capacity and management support-** for monitoring sufficiency, equitable delivery of the free entitlements and targeted childcare. We also have a statutory duty to produce an annual childcare sufficiency assessment. This has been particularly important this year as we have faced the challenges of the Covid pandemic. This year’s currently draft report has demonstrated that market management is likely to be a real

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challenge for an extended period. It has also provided information that will help us target any support for greatest impact.

- 10 **Early Years Online & Administration.** This includes the management of the Early Years Online Professionals Platform that offers 24/7 access to information, advice and guidance for early years providers across the sector in Lewisham. It is also the method for practitioners to book onto the training programme. The platform has proven to an invaluable asset with up to date information in one place. All provider accounts need to be managed and maintained. The platform will continue to develop over the coming year.
- 11 **Quality improvement, raising achievement and narrowing gaps.** This area focuses on the service provided by the team in order to improve quality of EYFS settings across Lewisham. There is a universal offer available to all providers – individualised to each sector which includes support for Ofsted inspections. Settings are identified for targeted support using a range of information and data. Once identified a programme of support (dependent on need and capacity) is delivered with the aim to improve quality focussing both on educational outcomes, safeguarding and welfare standards.
 - Supporting improved quality in the Maintained, PVI and Childminder sectors, where a large number of children access the free entitlements.
 - Brokerage and strategic management of partnerships, including Health- co-ordinating partnership working with schools, settings, SEN & Early Support, children’s centres and health visitors
 - Workforce development and training through a free to Lewisham providers offer
 - Leading professional development networks across the sector within clusters- including the schools’ EY leads Forum, Early Years Managers Network and Childminder Networks.
 - Leading cross borough projects to identify and address achievement gaps
 - Supporting innovations to develop outstanding practice, particularly around inclusion
 - Improve communication, resources and communication with EYFS sector
 - Develop Out Of School (“OOS”) provider confidence and knowledge of EYFS
 - Improve the quality of settings with a particular focus on settings with funded two year olds and/or children with SEND
- 12 This year the team has on 4 focused projects alongside delivery of their Improvement Plan. These are:
 - Transition to Primary School
 - Improving quality of settings with funded two year olds to be consistently good or better
 - Developing and resourcing the online professional development platform
 - Ensure children with SEND access right support at right time.
- 13 **EYFSP** - In addition the service provides assessment and moderation support and holds responsibility for delivering statutory duties around the Early Years Foundation Stage Profile.
- 14 **Safeguarding** – The service offers an equivalent service to the schools safeguarding team and works to ensure early years providers are aware of their statutory duties with

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regard to EYFS and supports the Lewisham LADO in any investigations that may need to take place resulting from complaints against EY providers.

- 15 **Healthy Early Years Programme (HEYL)** - The HEYL award aims to support and encourage Early Years Settings and childminders to develop their focus on health and wellbeing and therefore support the achievement, education and happiness of children, parents/carers, staff and the wider community. HEYL was introduced in London because all children deserve a healthy childhood and it is widely acknowledged that children can fall behind in terms of their health and development by the age of five. HEYL is part of Sadiq Khan's Health Inequality Strategy EYQSS and Public Health launched the HEYL award scheme in Lewisham in September 2018.
- 16 **Mental Health and Wellbeing Champions Pilot** - In Lewisham 430+ settings are registered to deliver Early Entitlement Places across the sector and currently have contact with approximately 6,500 children and their carers every day. The EYFS framework supports the development of positive relationships and therefore offers a great starting point from which to build a network of practitioners that:
1. Are empowered to notice the signs of fragile mental health.
 2. Are confident to break down barriers and listen in a non-judgemental way
 3. Able to signpost to support for recovery.
 4. Are effective at supporting relationships that benefit everyone involved
- 17 This will be achieved by training at least one member of staff in each EY setting in a recognised PHE course. The project is focussed on the development of a training scheme for MHFA – Wellbeing Champions across the Early Years sector.
- (April 2020) July 2020 -**12 setting pilot scheme**
 - Sept 2020 – A planned expansion to all settings/schools and child minders over the course of 3 years. Currently delayed due to the impact of Covid and the finalisation of funding.
- 18 It includes a termly forum meeting via zoom to enable providers to come together to reflect, evaluate and support each other. Termly sessions will also enable on-going training opportunities that pick up on local issues such as domestic violence post-natal depression, substance misuse

Part 2 – Early Years Inclusion Funding

- 19 Since April 2017, all local authorities have been required to establish an Inclusion Fund. The purpose of the fund is to support local authorities to work with providers to address the needs of individual children with SEND.
- 20 Inclusion Funding is money available to early year's providers (private, voluntary and independent nurseries, maintained nursery classes and nursery schools and childminders) for supporting children with special educational needs and/or disability (SEND). The money is for use in the setting that the child attends and will be given to the provider to be used to support the needs of individual children with SEN

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- 21 The authority is planning to set aside an **Inclusion Fund** of £790k. This continues to be a smaller pot than many of our statistical neighbours.
- 22 The Inclusion Fund is intended to support children with emerging SEN and will form a bridge between the Early Years and High Needs block for children with special educational needs and will also provide additional support for children at risk of not achieving expected outcomes.
- 23 The conditions to manage the inclusion fund have been developed in consultation with providers and stakeholders and will form part of the Local Offer. The provision made from this fund will be limited to the value of the fund set for that year. This fund will be passed to schools and settings under the agreed criteria and will provide support such as:
- early assessment of needs for individual children,
 - promoting access to the free entitlements and SEND support for children with SEND in settings.
- 24 Inclusion funding headlines
- The amount of children accessing inclusion funding Academic Year (AY) 18-19 to AY 19-20 has doubled. During spring term 2018-2019, 3% of children accessing Early Entitlement (EE) also accessed inclusion funding. In spring term 2019-2020, that figure increased to 6%.
 - 40% of children are accessing 30 hours. This is an increase of 10% on last year's data.
 - 60% of applications are made by Maintained Nursery Classes and Schools (MNC&S). This stood at 40% 18-19.
 - 32 schools and 2 nursery schools accessed inclusion funding last term. A 100% increase on spring 18-19 data.
 - In spring 19-20, 22 MNC&S made applications for 3 or more children in their cohort totalling 136 applications. 68 of these applications were made for children demonstrating a **two year** delay in meeting age related expectations in two or more areas of learning.
 - If teacher assessments were accurate, **50%** of the children applied for are likely to have met Education, Health and Care Needs Assessment ("EHCNA") criteria. Only 28% actually meet the Inclusion funding criteria. Therefore Inclusion funding is currently meeting needs of children who would/should be accessing EHCP funding.
- 25 The table below (*Table 3*) shows how EHCP requests from Private Voluntary and Independent ("PVI") settings for under 5s have increased over recent years.

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2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
6	5	8	36	33	42

- 26 This indicates that there is work to do on understanding the reasons for this and that we will need to review the way the inclusion fund is managed to develop a graduated funding offer that meets the needs of children with emerging SEN needs whilst continuing to support those children with higher levels of need who are likely to progress to accessing EHCP funding.
- 27 We will be working in partnership with SEND colleagues on the criteria for this going forward and ensure it is linked into the mitigation plan for the high needs block.
- 28 One of the key pressures on the high needs block relates to provision for under 5s. Being able to effectively support identification and inclusion in the early years will have long term benefits due to the preventative nature of the approach. Thereby mitigating for further increase in EHCP requests.

Part 3 – Funding arrangements for 3 to 4 year olds

- 29 The Operational Guidance for Early Years Entitlements (June 2018) states that:
- “Local authorities must base its (EYFB) allocation to providers on the total number of hours of **attendance** (of eligible children).*
- 30 *During the course of the financial year, local authorities must review and re-determine the allocations to providers when further information about hours of attendance becomes available.”*
- 31 The Early Education and Childcare statutory guidance (June 2018) states that local authorities must:
- A1.8 *Secure a pro-rata'd number of free hours for children who first take up their place part-way through the year. The total number of hours should be adjusted to reflect the portion of the year remaining.*
- A4.27 *To fund providers local authorities **should**:*
- *ensure that providers are treated in an equitable way;*
- A4.37 *Local authorities **should** also:*
- *as far as reasonably practicable, ensure that eligible children who move into the local authority area from another local authority area are able to take up their free place, regardless of when during the term this is.*
 - *make clear their local policy on funding providers in situations where children change providers within the local authority area during the term*

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and encourage providers to work together to support children's learning and well-being when children change providers.

- 32 Historically, arrangements in Lewisham have meant that if a child starts a school nursery class midway through the term the school has not been able to claim for funding until the start of the following term. It has also meant that if a child changes provider ie from school to school or from PVI childminder to school just before census/headcount this has determined the funding for the whole term, regardless of where the child may have spent the initial 3/4 weeks of term. It can be seen from the guidance detailed above that this arrangement does not meet the intended purpose of the early entitlement funding following the child.
- 33 This is not the case for other sectors of the early years provider market (ie: PVI/Childminders) where the funding is split depending based on the number of hours spent at each provider. This enables the early entitlement funding to follow the child.
- 34 This has caused issues between schools and between schools and Early years providers in the past and needs to be adapted to ensure that providers are treated in an equitable way.
- 35 **It is therefore proposed that Lewisham adopts the approach of funding following the child.**
- 36 This means that all early years providers will continue to submit their headcount and census information in the normal way, but that where a child starts at a nursery class or nursery school after the headcount day the child will be funded for the number of weeks remaining in that term.

Term	No. of funded weeks	Universal Entitlement (15 hours per week)	universal funded Hours @ £5.00 per hour	Extended Entitlement (30 hours per week)	extended funded Hours @ £5.00 per hour
Autumn	14 weeks	210 hours	= £1,050	420 hours	= £2,100.
Spring	12 weeks	180 hours	= £900.	360 hours	= £1,800.
Summer	12 weeks	180 hours	= £900.	360 hours	= £1,800.

- 37 An example of this would be that if a child started in a nursery class a week after headcount/census day ie 1st October 2020 in the Autumn term. The school would receive 9 weeks of funding for that term equating to 135 hrs = £675. whereas previously they would not have received funding until the start of the Spring term.
- 38 It would also mean that if the child starts at a nursery school or school nursery class after the beginning of term ie during census week and another provider makes a claim for the weeks leading up to headcount. The funding will be split between the two providers to ensure that all providers are treated in an equitable way.
- 39 Schools forum is asked to agree to the change in payment method as outlined in section 3 of this report with implementation from the next academic year Sept 2021.

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40 The Schools Forum is asked to:

- Note the arrangements for the utilisation of the Early Years Funding Block 5% central retention.
- Note the arrangements for Inclusion Funding and points 2.5 & 2.6 relating to work going forward
- Agree the proposals regarding the change to current arrangements regarding funding following the child.

Financial Implications

- 41 There are no direct financial implications arising from this report as the report is providing factual information of the arrangements for the 5% central retention.
- 42 The report states the financial arrangements for the Inclusion funding and identifies that there is a requirement to review existing approaches in order to best meet the needs of children with SEND and mitigate for overspend of the high needs block
- 43 This report notes the financial position that Lewisham council faces in delivering its statutory role.
- 44 The EY block financial position is based on hours/pupil numbers. For this reason, it is important to note that, the fundign remains provisional. To suport good financial management the application of contingency and such uncommitted resources is fundamental to the application of the EY block

Equalities Impact

- 45 The actions described in part 3 of this report means that all providers across the early years sector will be treated equally

Legal Implications

- 46 In relation to Part 1 of this report as to how the 5% central retention of the Early Years Funding Block will be spent over the coming year, all the information provided is within the statutory framework for schools funding.
- 47 Part 2 of the report provides details of the Inclusion Fund and the current arrangements relating to such, all the information provided is within the statutory framework for schools funding.
- 48 In respect of Part 3 of this report which seeks agreement from the Schools Forum to a change to existing arrangements for the 3 & 4 yr old funding. The proposed change to the funding arrangements comply with the relevant Department of Education's operational guidance and statutory guidance.

Equalities Impact

- 49 The proposal in the report promotes the principles of EI by ensuring money follows the child and brings the Schools and Nursery sector in line with practice currently in place for PVI.

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