

<b>Committee:</b>	<b>Date:</b>	<b>Title of Report:</b>
Westminster Schools Forum	03 December 2012	Review of Early Years Funding
<b>Classification:</b>		<b>Information paper of:</b>
For General Release		Head of Resources
<b>Wards involved</b>	All	
<b>Policy context</b>		
<b>Financial Summary</b>		

## 1. Background

- 1.1 The number of full-time (FT) nursery places in Westminster was reviewed last year, with the result being that the same number of FT places were retained, but the way in which the provision is allocated has been revised across all nursery and primary schools with nursery classes.
- 1.2 Westminster currently has 657 funded FT pupils across nursery and primary schools being taken up. These cost £1.3m more than if only 15 hours per week was offered.
- 1.3 There will be a reduction of funding coming in via the DSG in 2013/14 and 2014/15 and thus areas where expenditure can be reduced need to be identified.

## 2. The Drivers for Change

- 2.1 The number of pupils that are used to calculate the Dedicated Schools Grant (DSG) for Westminster has up to now included a top-up for 3 year olds to 90% of the 3 year old population. This has brought in an additional £1.1m to Westminster.
- 2.2 We have now been informed that this additional funding will cease, definitely by 2014/15, but possibly in 2013/14.
- 2.3 In the most recent DSG baseline information, which we received on the 23<sup>rd</sup> of October, the full £1.1m was removed from the baseline (proportionately across the three blocks) and we were told that we would only be notified about any transitional protection that will be provided when we receive the final settlement, which could be as late as the 19<sup>th</sup> of December.
- 2.4 In their papers on the Schools Funding reform the DfE mentioned that if there is transitional protection that this will be either 50% in 2013/14 or that the top-up level would be reduced to 85% of the population for 2013/14. It seems most likely that

we will lose 50% of the funding in 2013/14 and the remaining 50% in 2014/15 however there is still a risk that we could lose all of the funding in 13/14.

- 2.2 The costs per hour of educating 3 and 4 year olds in the existing nursery school structures is high. It is possible that these costs could be reduced by exploring alternative management arrangements and other ways in which costs could be shared across the settings or with other schools or providers.

### 3. The Current Position

- 3.1 The current position is that there are currently 642 full-time places offered in primary schools and 80 in nursery schools, of the places in primary schools 577 are currently filled and being funded (i.e. total FT places taken up across primary and nursery of 657). The full time places are funded for 27.5 hrs per week (38 weeks per year) and the hourly rate for a ft place differs from that for a pt place.
- 3.2 The element of the Dedicated Schools Grant for Early Years in 2012/13 was £9.994m and is detailed in the table below.

<b>Sector</b>	<b>Budget £000's</b>
Private	914
Voluntary	1,502
Independent	809
Maintained Nursery	2,270
Nursery Classes Primary Schools	4,498
<b>Total Funding</b>	<b>9,993</b>

- 3.3 The 4 nursery schools between them receive £1,211,914 of sustainability lump-sum funding; this should also form part of any review that takes place. This sustainability funding contributes to a high unit cost of providing education in the Nursery Schools.
- 3.4 It was agreed that a review of the levels of funding that are given to nursery schools be undertaken, in particular the sustainability funding, as a possible means to address the anticipated funding shortfall. This could include a review of the costs of running the nursery schools, looking at ways in which these could be reduced by cost sharing across schools, federation arrangements and other means.
- 3.5 Although full-time places have been allocated to settings, these settings are free to allocate them to families as they see fit. The local authority has not implemented a set of criteria that parents should meet in order to qualify for a free ft place.

#### **4. Funding for Early Years 2013/14**

- 4.1 On the 19<sup>th</sup> December 2012, confirmation was received from the DfE that from the 1<sup>st</sup> April 2013 the Early Years Single Funding Formula (EYSFF) will change the basis of the funding a from the number of three and four year-olds in the population to the number of three and four year-olds attending maintained nursery schools and nursery classes in primary schools.
- 4.2 As anticipated the impact of this funding change for the City of Westminster is a reduction of funding of £1.1m However, the DfE have subsequently agreed transitional one off funding of £0.552m for the 2013/14 financial year.
- 4.3 It is therefore proposed to maintain the levels of funding for Early Years for the 2013/14 financial year. The funding shortfall of £0.552m will be identified through the use of one off resources and the potential use of any carry forwards from 212/13. All areas of spend from within the Dedicated Schools Grant will continue to be reviewed to ensure value for money and identify efficiencies.

#### **5.0 Review of Current Funding arrangements.**

- 5.1 Following the School Forum in 3<sup>rd</sup> December 2012, a presentation was made to Headteachers on the proposed review of Early Years funding block and to explore the criteria for the future allocation of places and funding principals.
- 5.2 A working group has now been established to review the current financial arrangements, and to generate proposals for consultation.

5.3 The table below outlines the proposed timescale for the review of full time places

Actions	Date
First Meeting of the Working Group.	March 2013
Review of Funding and Financial modeling of funding options.	April 2013
Meeting of Working Group to Draft proposals for consultation.	May 2013
To agree proposals for Consultation with Schools by the Schools Forum.	13 <sup>th</sup> May 2013
Consultation with Schools and Stakeholders.	June 2013 – July 2013 ( 6 weeks)
Working group Meeting to review consultation responses.	September 2013
Final Report and proposals for funding arrangements for 2013/14 to be agreed by the Schools Forum	October 2013

## 6.0 Recommendations

- 6.1 The forum is asked to give its agreement to a review of the full time places on offer in Westminster and the sustainability funding that is allocated to Nursery Schools in order to address the funding shortfall.
- 6.2 To agree the transitional funding for the 2013/14 financial year as detailed at 4.2.
- 6.3 Schools Forum is asked to review and agree the configuration of the funding working group and the timetable detailed at 5.3.
- 6.4 Consideration of the other points raised in the report.

## 7 Appendices

### Appendix A: Places and Funding (Nursery and Primary Schools)