

**SLOUGH SCHOOLS' FORUM**  
**8<sup>th</sup> March 2016**

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**Early Years Block budget - DSG 2016-17**  
**(Directorate of Wellbeing)**

**1 PURPOSE OF REPORT**

This report is to consult with the Schools' Forum about the allocation of the 2016-17 Early Years Block (EYB) budget.

**2 BACKGROUND**

The 2016-17 EYB has been prepared on the same basis as the previous year. The only exception to this is the introduction of a sustainability factor within the early years funding formula. Please see Appendix B for the justification for using a sustainability factor.

The introduction of the sustainability factor was not as a result of a comprehensive or strategic review, but rather a need to maintain the financial viability of some of the borough's Nursery Schools. This decision is to be viewed as a one off arrangement and it is supported by the Council's S151 Officer.

It has been acknowledge by the Council's S151 Officer that a strategic review is overdue for the whole of the Early Years provision and the block funding for Early Years, especially in light of recent government proposal to implement 30 hours free child care provision. Discussions about the government's proposal are taking place within the Council. As these discussions progress further reports will be brought to Schools' Forum and these will include how schools may assist in shaping this additional provision.

The Early Years block budget for 2016-17 is £11.367m which includes £150k for Early Years Pupil premium for 3 and 4 year olds. Please see Appendix A for a detail analysis of the new budget.

**3. RECOMMENDATIONS**

The Schools' Forum reviews the Early Years Block Budget and gives a view on the budget allocation for 2016-17.

**4. REASONS FOR RECOMMENDATIONS**

The DfE requires an annual consultation between the Local Authority and the Schools' Forum on the Early Years Block Budget. The Local

Authority is complying with its statutory duty to consult with the Schools' Forum and obtain their views.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

No alternative proposals were considered this time. A review of Early Years block funding is being considered and hopefully new proposals will be reviewed in the near future.

#### **5 SUPPORTING INFORMATION**

Not applicable.

#### **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

##### Monitoring Officer

6.1 The relevant legal provisions are contained within the main body of this report.

##### Section 151 Officer – Strategic Director of Resources

6.2 The financial implications of the report are outlined in the supporting information.

##### Access Implications

6.3 There are no access implications.

#### **7 CONSULTATION**

Not applicable.

##### Contact for further information

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<b>APPENDIX A</b>	
<b>Early Year Block - Indicative budget for 2016-17</b>	
<b>Description</b>	<b>£'000</b>
<b>INCOME</b>	
Provisional 16-17 budget from the DFE	<b>9,835</b>
2 year old provision	<b>1,382</b>
3 - 4 Pupil premium	<b>150</b>
<b>INCOME</b>	<b>11,367</b>
<b><u>REQUIREMENTS</u></b>	
<b><u>SBC</u></b>	
Primary and Nursery school	<b>5,944</b>
2 year old funding	<b>323</b>
Sustainability factor	<b>175</b>
	<b>6,441</b>
<b><u>Transfer to MM</u></b>	
E909 PVI ISB	<b>2,698</b>
2 year old funding	<b>1,059</b>
	<b>3,757</b>
<b><u>Centrally retained MM</u></b>	
E901 Nursery Growth (FSM Deprivation)	<b>260</b>
NEW Central Early Years Expenditure	<b>132</b>
	<b>392</b>
<b><u>SBC Centrally retained</u></b>	
NEW Nursery Growth	<b>304</b>
Funding sustainability reduce growth	<b>-45</b>
Additional required for Growth - Primary	<b>300</b>
NEW EY Behaviour Support Services	<b>41</b>
NEW EY Trade Union Duties	<b>1</b>
Central Early Years Expenditure	<b>25</b>
	<b>627</b>
Pupil Premium	<b>150</b>
<b>TOTAL</b>	<b>11,367</b>

## APPENDIX B

### Using the Sustainability Factor

#### **Background:**

The nursery schools in Slough are funded on an hourly rate per child basis. The funding follows the child; therefore the nursery schools budgets are adjusted according to the number of children who attend. Unlike schools who receive a lump sum and a business rate payment to assist with their fixed costs and have no adjustment to their budget according to the number of pupils on roll during the year.

Birmingham, Coventry, Hillingdon, Luton, Wolverhampton, Redbridge and Hounslow all provide their nurseries with a lump sum, and Bradford uses the sustainability factor already in the Early Years Single Funding Formula (EYSFF).

#### **The Proposal:**

Nursery Schools Sustainability Top-Up: is the funding which tops up the school to a minimum level of funding based on that school's specific circumstances. It takes into account a number of factors including premises, rates, insurance, base allocations and mainstreamed grants.

#### **To meet the criteria of need:**

- The school must allow access to 2 years of their financial records, including the reserves held.
- Demonstrate through written records that the reserves are being used to support the establishment so that the council is assured it is financially stable.
- Reserves held are 10% or less than the annual budget.
- The school is not in a position to raise income i.e. charge for services.
- Other options to balance the budget have been explored.

We have an aspiration to ensure that no school loses more than 5% of its funding year on year. A yearly review will be required to ensure big balances are not being built up with the nurseries.

Due to the way the EYSFF works, all nursery schools will receive some funding; the level of funding they will receive will be based on how many of the criteria have been met. If a nursery does not meet any of the criteria above, a nominal amount to satisfy the rules will be paid, £100 is the amount which is currently being used.

This payment will be funded from the Nursery Growth Fund. Therefore only significant growth will be considered for further funding and this will only be considered if the appropriate business plan shows that this growth has incurred additional costs over and above the minimum funding level (MFL).

The MFL is the amount determined by the local authority as the income required to meet the current spending obligation.

### **Justification**

These are the reasons for introducing the Sustainability Factor:

1. As stated above nurseries have no specific funding for fixed costs, unlike schools.
2. Nurseries cannot convert to academies which attract additional funding or charge parents for their services.
3. There is a need for nursery provision in Slough; hence, the council should make all efforts to ensure that they are financially viable.

Private, Voluntary and Independent nurseries (PVI) are private companies. The Council's obligation to these schools is to passport the 15 hours free entitlement income to them. These institutions are able to and do charge parents for hours above the 15 hours free entitlement.

There is no reason why these criteria could not apply to PVIs. However if this was to be the case it would need to be funded from existing resources.

### **Consultation requirements**

Financial issues relating to arrangements for early years provision require the Local Authority to consult with the Schools' Forum (SF) once a year (either in January or March). Schools' Forum can give a view. The DfE has no role in the decision, apart from arbitration where disagreements occur.

### **Senior Approval**

This proposal is supported by the Section 151 Officer for 2016-17 and the council is committed to a strategic review of the Early Years provision in the near future which will involve and schools and will be used to shape future financial decisions.