

## ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM

1.	<b>Meeting:-</b>	<b>Schools Forum</b>
2.	<b>Date:-</b>	<b>20<sup>th</sup> January 2012</b>
3.	<b>Title:-</b>	<b>Early Years PVI Budget Requirement</b>
4.	<b>Directorate:-</b>	<b>CYPS</b>

### 5. Background

Early Education in the Private, Voluntary, Independent sector is provided by a total of 78 providers (including 14 Children's Centres). They provide early education sessions for children from the term after their third birthday until they access school provision at either F1 or F2. A total 25 schools in Rotherham do not offer F1 provision. Nine of those have PVI providers are on school sites who provide F1 provision for the school.

Children are entitled to early education from the term after their third birthday, enabling some children to access 5 terms before they start full time school in September. As this is an entitlement rather than statutory requirement, the budget for this provision is entirely needs led based on parental demand. Take-up of early education for 3 terms in Rotherham is good (approx 96%). Take-up of 4 / 5 terms by children who are eligible is lower either due to either parental choice or lack of awareness, however much work is underway to increase awareness. Availability of early education for 2 year olds will also have an impact on take-up of 3 year old early education as children will move seamlessly into 3 year old early education who otherwise may not have taken the provision up as soon as they were eligible. The increase in provision of early education of 2 year olds will have the positive benefit of ensuring that the most disadvantaged 2 year olds in the borough are better prepared for school.

All local authorities receive funding for 2 year old early education within the early intervention grant at the moment and by September 2013 the offer of early education for disadvantaged 2 year olds will be a statutory requirement. RMBC are currently receiving increased funding for 2 year old early education as part of a DfE trial to build capacity and this year have provided places to 350 two year olds. Funding for 2 year old early education delivery will be provided through the early intervention grant in 2012/13, however the possibility of including 2 year old early education within the DSG in future is currently under consultation.

### 6. Finance

Historically the External Funding team have managed the administration of the funding to PVI providers and have projected the figures year on year, based on previous take-up. This has proved effective in previous years but this year the take-up has been higher than the projections. In previous years, population data has not been taken into account due to

lack of availability of accurate birth data as well as having a relatively stable population size historically. However this year, with availability of more reliable birth statistics, it is apparent that there has been an increase in the 3 year old population. That combined with awareness raising activity and delivery of 2 year old early education has had the positive impact of increasing the number of children accessing early education, leading to an overspend on the 2011/12 budget. The projected total overspend is currently £200,132.

Table 1 on Appendix 1 details early education take-up for 2010/11 and 2011/12. The number of eligible children has increased generally in 2011/12 however the shaded box at Summer 11 highlights the biggest increase in eligible children in this term. This together with an increased take-up level (81.5% compared to 79% in 2010/11) has led to the budget overspend. In Summer 2011, 46 children who were receiving 2 year old early education moved into 3 year old provision, which could also have contributed to the overspend. In total, the 2011 projection figures were exceeded as detailed below:

	3 year olds (pte)	4 year olds (pte)
Summer 2011	172.9	4.5
Autumn 2011	28.6	-14.3
Spring 2012	126	33.3

The reduction in 4 year old places in the Autumn term could be due to the maintained funding adjustments introduced with the Single Funding Formula whereby transitions of children into F1 needs to be undertaken by census date to ensure the children are taken into account for funding calculations.

The Early Years and Childcare Service have carried out budget projections for 2012 / 13 based on previous take-up levels and birth statistics. We have projected the number of 2 year olds who will be moving on to 3 year old early education each term, **however, further analysis would need to be undertaken to determine how many of these are likely to take-up their entitlement in the PVI / maintained sector.** Three budget projections have been included in this report, one based on number of eligible children, one taking into account the projected 2 year olds and assuming initially that they will all take-up their provision in the PVI sector and one assuming all 2 year olds moving into 3 year olds places in the Autumn term will take their place in the maintained sector. We are currently profiling 2 year old delivery for next year and will be able to project movement of 2 year olds more effectively by the end of January 2012

The following table details the number of 2 year olds we expect to take-up a place in 2012/13 and numbers who will become eligible for 3 year old early education during the year:

2 year old place transfers			<i>current children</i>	potential from new starters	potential from new starters	Numbers moving onto 3 year old place
Summer 2012			96			<b>96</b>
Autumn 2012			144	50		<b>194</b>
Spring 2013			12	50	80	<b>142</b>

**Budget Options for PVI Early Education element of DSG based on £3.60 / hour average Single Funding Formula rate:**

**Option 1 - take-up based on 2011/12 take-up levels against number of eligible children**

2012/2013	Eligible 3 / 4 year olds	Projected number of children taking up entitlement	% of eligible children taking up entitlement		Cost	Cost including additional 2 year olds	Cost Assuming all 2 year olds who become eligible for a 3 year old place in the Autumn term move into school
Summer 2012	5305	1787.8	33.7		1,255,036	1,322,427	1,322,427
Autumn 2012	3220	792.1	24.6		598,827.6	745,491	
Spring 2013*	4321	1391.4	32.2		826,491.6	910,839	910,839
					<b>2,680,355</b>	<b>2,978,759</b>	<b>2,832,094</b>

**Option 2 - take-up based on 2011/12 take-up levels against number of eligible children plus 1% increase in take-up**

2012/2013							
Summer 2012	5305	1856.8	35%		1,303,474	1,370,865	1,370,865
Autumn 2012	3220	805	25%		608,580	755,244	
Spring 2013*	4321	1425.9	33%		846,984	931,332	931,332
					<b>2,759,038</b>	<b>3,057,442</b>	<b>2,910,778</b>

**Option 3 - take-up based on 2011/12 take-up levels against number of eligible children plus 2% increase in take-up**

<b>2012/2013</b>						
Summer 2012	5305	1909.8	36%	1,340,680	1,440,363	1,440,363
Autumn 2012	3220	837.2	26%	632,923	779,587	
Spring 2013*	4321	1469.1	34%	872,645	956,993	956,993
				<b>2,846,248</b>	<b>3,176,944</b>	<b>3,030,280</b>

\*Spring increases are based on Spring 2012 projected take-up

For information: Full take-up: assuming the current percentage of children continued to take up their entitlement in the maintained sector, if every additional eligible child was to take up their full entitlement in the PVI sector the total cost would be **£3,771,684**.

**Additional costs which need to be taken into consideration**

In addition to the above projections, the costs of administration of this funding, including receipt of estimate / headcount information, processing of payments and monitoring of the budget equate to a full time Band F post and the annual charges for the system used to administer the funding need to be taken into account:

Administration of the funding: **£26,809**  
 QA Plus Database Annual Charges **£3,500**

The Early Years and Childcare service recommendation would be to accept Option 2 including the second option allowance for 2 year olds - £2,910,778. This means that a total budget of **£2,941,087** would be required from the DSG for 2012/13.

It should be noted that this is a needs led budget and the above projections have been carried out based on existing information and future expectations, however, actual take-up will always be based on parental choice. A review of the current process of distribution of the funding will be undertaken as well as ongoing analysis of take-up and reports provided to Schools Forum.

**7. Costs of transition during the Autumn Term**

PVI Early Education providers receive funding based on actual attendance of children. They receive funding termly in advance based on an estimate provided prior to the start of each term and adjustments are made based on actual hours / days that children have taken up based on headcount details provided at the end of each term. With the introduction of the Single Funding Formula, schools receive funding at the beginning of the financial year, based on the previous years take-up and adjustments are made based on the number of children taking up an F1 place at the Census date each term.

Historically, children who have previously accessed early education with a PVI provider have returned to the provider in the Autumn term until they start their F1 place at a school. In some cases this can be for a number of weeks due to staggered transitions into school.

This leads to double funding as PVI providers will be funded for the actual number of sessions taken up by eligible children and schools will be funded for the whole term, assuming children start by the October census date. This year, PVI sector providers were funded a total of £22,850 for children 173 who were also included on the school October census across 43 schools.

There are several options that could be considered in relation to this:

1. No change – continue to allow schools to stagger entry in the Autumn term and allow eligible children to access their entitlement in the PVI sector until they start their school place.
2. Ensure that children all new F1 starters in September are provided with a place at the start of the term. This will have a slight negative impact on sustainability of PVI provision as well a potential impact on smooth transition of children into F1 and a requirement for schools to carry out increased transition support activity in the Spring term.
3. Adjust funding of schools for the Autumn term based on actual start date of children rather than funding for the whole term.

It is important that children are able to access their entitlement. Schools Forum is asked to consider the above proposals and advise whether any of the above or alternative actions should be taken.

## **8. Risks and Uncertainties**

As this is a needs led budget, it is important to take into account the following factors which could have an impact on take-up of early education and therefore budget required:

- Number of eligible children – the projections are based on birth statistics provided by Health. This information assumes accuracy of this data and does not take into account any movement of children into or out of the area.
- Take-up rates – increases in children taking up their full entitlement whether that be for full number of terms entitled to or number of hours (max 15 hours per week) would impact on the budget
- 2 year old early education – the impact of delivery of 2 year old early education places is not currently fully known
- Awareness raising activity could increase take-up levels
- New provision – any new provision opening in the borough could increase take-up
- Parental choice – awareness raising could increase take-up, however, a number of parents may still chose not to take up their early education entitlement
- Changes to the DfE Code of Practice for the delivery of early education – consultation is currently being undertaken but proposed changes include enabling children to take up their entitlement over a minimum of 2 days rather than the current minimum of 3 days. This could increase take-up

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**Table 1: Early Education take-up in 2010/11 and 2011/12**

Take-up of Early Education														
Term/Year	Eligible children	3 Year Olds		4 Year Olds		PVI Children	PVI PTE	Maintained Children	Maintained PTE	TOTAL children	TOTAL PTE	PVI % takeup	Maintained PTE % takeup (as % of pop)	Total PTE % takeup (as % of pop)
<b>2010/2011</b>														
Summer 2010	4750	1424	1163.23	399	360.32	1823	1523.55	2504	2231	4327	3754.55	32.1	47.0	<b>79.0</b>
Autumn 2010	3210	1117	741.24	198	47.76	1315	789	2273	2244	3588	3033	24.6	69.9	<b>94.5</b>
Spring 2011	4358	1223	1121.6	253	225.51	1476	1347.11	2466	2442	3942	3789.11	30.9	56.0	<b>86.9</b>
<b>2011/2012</b>														
Summer 2011	5206	1596	1386.16	394	369.15	1990	1755.31	2530	2490	4520	4245.31	33.7	47.8	<b>81.5</b>
Autumn 2011	3396	1107	785.43	103	33.48	1210	818.91	2412	2392	3622	3210.91	24.1	70.4	<b>94.5</b>
Spring 2012*	4544	1183	1067.6	285	268.6	1468	1336.2					29.4		
Spring 2012**	4544		1193		269.6		1462.6					32.2		

\*estimate figures based on November 2011 data

\*\* projection figures based on November 2011 data plus previous year's increases between Nov 11 and Spring Headcount