

Schools Forum
26th November 2019

**Centrally Retained Element of Early Years Dedicated Schools Grant
2020-21**

Recommendation

1. That the Schools Forum approve the utilisation of the centrally retained element of Early Years Dedicated Schools Grant 2020-21.

**Report of the Deputy Chief Executive and Director for Families and Communities,
and the County Treasurer.**

PART A

Why is it coming here – what decision is required?

2. In accordance with Annex 3 of the 'Schools revenue funding 2020 to 2021 Operational guide', it is for Schools Forum to agree the central expenditure with the Local Authority (LA).
3. The October Schools Forum requested more detail on what the central expenditure is to be used for before giving their approval.

PART B

Background

4. In 2017, following national consultation, the Department for Education (DfE) introduced the Early Years National Funding Formula ahead of the introduction of 30 hour childcare. New guidance stipulated that by 2018/19 LAs must retain no more than 5% of the grant they receive from the allocation of 3 and 4 year old funding from central government. The grant received by Staffordshire County Council (SCC) is determined by both the Early Years and Schools Census.
5. At the time of writing this report the 2020/21 allocations were not available. Therefore, we have to base the percentage to be retained on 2019/20 allocations. The total 3 and 4 year old funding for 19/20 was £42.9m, 5% of this is £2.1m. To undertake the centrally retained functions for Early Years, SCC is requesting to retain £1.8m, or 4.2%. In reality, as a rate increase from Central Government will be allocated in 2020/21 and if numbers of children increase, the overall percentage of centrally retained funding is likely to be lower than 4.2%. This is because the £1.8m of central expenditure will not change.
6. The centrally retained element supports Staffordshire County Council (SCC) to meet the statutory duties placed on local authorities as set out in the Childcare Act 2006 (S6, S7, S7a, S9a, S12 and S13) and Childcare Act 2016 (S1 & S2) for Early Education and Childcare. The funding retained supports back office management/administration and the Entrust Service Delivery Agreement (SDA) for Early Years.

7. SCC has reduced central expenditure by £1m, a reduction of 35% between 2015/16 and 2019/20. In terms of the percentage of the overall quantum retained from the 3 and 4 year old early years DSG, this has reduced from 11.1% to 4.2% between the same period. Savings have been largely attributed to the Entrust SDA for Early Years which has reduced overall by £1.8m. The savings have resulted in a scaled down service whilst retaining a focus on ensuring quality of provision and sufficiency of places.
8. The breakdown of the £1.8m centrally retained is covered in the table below followed by further detailed narrative:

	£'000
Entrust (SDA)	1,000
Back office administration - Early Education & Childcare Team, Early Education Funding Team, portal, database system and finance Support	697
Overheads: Entrust contract and other	132
Total Cost of SCC overheads	1,829

9. SCC commissions Entrust via an SDA to meet the following statutory functions:

- Moderation – At the end of the Reception year, all schools (and childcare settings if applicable) are required to complete an Early Years Foundation Stage Profile for pupils providing information of children’s development and readiness for the next stage of their education. The Standards and Testing Agency set out yearly a timetable for local authorities to follow in relation to how they should meet their statutory assessment duties. Local Authorities (LA) are required to provide an external robust moderation process so that practitioners’ judgements are evaluated in line with statutory requirements, undertake quality assurance and ensure that profile data is submitted to Department for Education on time. LA’s are required, on behalf of the Secretary of State, to externally moderate a minimum of 25% of settings. In 2019, Entrust undertook 78 moderation visits of 312 schools delivering Early Years Foundation Stage in Staffordshire.
- Quality Liaison (QL) – Under S13 of the Childcare Act 2006, LA’s are required to provide information, advice and training to providers. In terms of direct support (QL visits) this is prioritised for newly registered settings and those graded as Requires Improvement and Inadequate in the form of bespoke improvement packages aligned to actions identified by Ofsted. SCC also commissions a level of support for Good and Outstanding settings and this is offered through cluster sessions on a termly basis in individual districts. This ensures there is still a mechanism to share key themes/trends, emerging issues, policy changes and cover locality priorities. In addition, a small portion of SDA capacity also provides targeted direct support to Good and Outstanding settings where SCC has evidence suggesting there may be a need to assist. An example of this is the prioritised support visits undertaken for the cohort of settings that are in a category of more than four years since their last Ofsted inspection (78 supported settings over a 12 month period).
- Business support and market development – Under Section 6 of the Childcare Act 2006, LA’s have a duty to secure sufficient childcare for working parents and Section 7 sets out a duty to secure early years provision free of charge. The

increase of government funded early education entitlements and financial challenges facing settings has meant that this element of the SDA is a vital function to ensure sector capacity and sustainability across the county. This element covers bespoke cash flow forecasting, marketing and promotion advice, business re-design and place development. In addition, sufficiency audits are managed and co-ordinated to provide SCC with the intelligence it needs to meet and forecast future demand.

10. SCC undertakes stringent monitoring with Entrust via monthly operational and strategic governance meetings where SDA performance indicators are assessed and future issues and requirements are discussed.
11. Performance highlights include:
 - 486/490 (99.2%) settings who attended Cluster workshops in 2018-19 identifying that the session supported them to make improvement in their practice
 - 56/56 (100% new settings) supported following their registration reporting that they were supported to identify areas for improvement in their practice
 - 11/11 (100%) of settings graded less than good by Ofsted who report that their bespoke intensive support package assisted them to identify improvement in their practice
12. In back office administration terms, the grant funds a team to undertake transactions, financial processes, auditing and managing queries so all providers receive prompt payment. In 2018, SCC introduced a new transaction options model giving providers a choice between monthly or lump sum payments. This followed a consultation period and recent feedback from the Staffordshire Early Years Reference Group (representative sample of providers across the county) suggests the model is working well.
13. The grant also funds management capacity, sufficiency analysis, the provider portal and database, oversight of eligibility checking for funded places, compliance and Information, Advice and Guidance for providers, parents and professionals in accordance with the Statutory Guidance for Early Education and Childcare.
14. The Overheads cover the cost of arranging the Entrust contract, as well as general support to the back office administration. General support includes costs of ICT, Property, Legal, Web Team and the Customer Service Centre.
15. Whilst ensuring SCC can meet relevant statutory duties, the utilisation of the centrally retained element is essential to ensure overall outcomes are achieved in the widest context. An efficient and responsive early years finance service supports provider sustainability and Information Advice and Guidance is vital to support parents, providers and stakeholders in maximising take up of places. The service provided by Entrust helps to sustain quality of places across Staffordshire and an appropriate level of supply to meet parental demand.
16. Recent data analysis shows there has been an increase in the percentage of providers achieving good and outstanding in Staffordshire. Currently 97% of providers offering funded places (including schools) are Good or Outstanding compared to 89% in 2017 and 83% in 2016. In terms of capacity, the number of childcare places

available in the sector has remained fairly stable over the last 12 months with 13,600 places for 3 and 4 year olds compared to 13,500 in 2018.

17. Two metrics that local authorities use in early years to assess performance and outcomes are take up of early education places and Good Level of Development for children at the end of reception. For the two-year old entitlement (Think2 in Staffordshire), take up increased in 2019 to 78%, up 4% from 2018 and places Staffordshire 10% above the national average. In 2018, Staffordshire had 75% of children achieving a Good Level of Development at Reception age, placing us top against our 11 statistical neighbours and 24/152 local authorities nationally.
18. Paragraphs 16 and 17 provide evidence that SCC's contribution towards population outcomes through the services it provides and commissions are effective.

Report author:

Author's Name: Matt Biggs (Childcare and Sufficiency Manager)

Ext. No.: 01785 854 554