

Date of meeting:	15 th March 2018
Title of report:	EARLY YEARS E2 AND E3 FUNDING
Type of report: Delete as required	For discussion only
Executive summary: Including reason for submission	To propose savings to Early Years E2 and E3 Funding arrangement to address issues arising from the introduction of the 30 hours extended entitlement. The paper also proposes further work throughout 2018.
Budget / Risk implications:	Saving of £80k
Recommendations:	To endorse the proposed savings of £80k outlined in the report.
Voting requirements:	None
Appendices: To be attached	None
Report originator and contact details:	Melissa Hird and Nicola Joyce
Presenting officer: If not the originator	Howard Emmett, Assistant Director, Strategic Resources

1.0 PURPOSE OF THE REPORT

1.1 To set out a potential savings option for Early Years SEN Funding arrangements.

2.0 BACKGROUND

2.1 The budget for Early Years SEN (Element 2 and Element 3) is £548,200. The assessment of the impact of the introduction of the 30 hours extended entitlement and increasing demand, shows that there is a projected shortfall against budget in 2017/18 of approximately £88k.

2.2 Element 2 Funding (Inclusion fund) is not included as part of the delegated budget of Early Years settings. It is, instead, agreed through an application process. Although the funding is accessed based on the completion of a CAN-Do assessment, the funding is different to the Element 3 CAND-Do assessment due to a differently applied unit cost. The maximum funding for 15 hours amounts to £3,600 and approximately 87% of children in receipt of Element 2 receive the maximum amount allowed – 93 FTE received Element 2 to date in 2017/18. Since the extended entitlement changed to provide up to 30 hours, the maximum funding for Element 2 has risen to £7,200. This is £1,200 higher than the Element 2 Funding for mainstream schools.

2.3 Element 3 Funding results from a completed CAN-Do assessment and Education, Health and Care Plan (EHCP). The maximum amount is for a full time placement (the same amount as in a mainstream school). The current maximum Element 3 Funding for a child in an Early Years setting is £10,330 and the average amount per child is £6,380. If a child has an EHCP, then they will receive both Element 2 and Element 3. Therefore, the maximum total (based on 30 hours) currently being funded for a child is £17,530 and the **average funding** per child with an EHCP is **£13,580** for a full financial year.

3.0 PROPOSAL

3.1 For Element 2 Funding, the proposal is to move to one level of funding for Element 2 at a maximum of £6,000 for 30 hours - this will be prorated to the hours of attendance. This is the same amount schools need to find from their delegated budget for Element 2. Settings would not be required to continue to complete a CAN-Do, but would still be required to provide evidence of SEND.

3.2 For Element 3, short-term additional support can be provided without the need to go through the statutory assessment process. This will be funding on top of the proposed maximum of £6,000 Element 2 funding (for 30 hours). This will require an E3 support claim form to be completed and will follow the same criteria and process as the “Allocation of E3 resources: non-statutory and exceptional funding” guidance document.

3.3 For Element 3 Funding relating to EHCPs, the proposal is to continue to fund the Element 3 Top-up based on the completion of the CAN-Do. Children with an EHCP at an Early Years setting will still receive the Element 2 as described above, and the Element 3 Top-up funding would be additional funding to this. The only change would be to pro-rate the full CAN-Do amount by 30 hours. For example, if a CAN-DO

assessment resulted in £3,000 Top-up funding and a child was in attendance for 20 hours, the CAN-Do amount payable would be (20/30ths of £3,000 = £2,000).

- 3.4 The proposal would be to introduce the new arrangements from April 2018. However, the proposal recognises that transitional arrangements would be appropriate in relation to children already in receipt of Element 2 and Element 3. Therefore, for children already in EY settings receiving Element 2 and Element 3, the proposal is to continue with the same level of funding for the Summer term 2018, with a view to change to the revised level of funding in September 2018. Some of these children will start mainstream school in September 2018 and will attract funding in line with the funding arrangements for the relevant education setting.
- 3.5 Based on the above proposal and analysing the current 2017-18 children who are in receipt of Element 2 and Element 3 funding, **the proposal would provide savings of approximately £80,000**. It should be noted that these are not budget savings but rather savings in terms of cost (i.e. reducing the overall overspending position). This proposal will, effectively, bring the actual costs back in line with the available budget.

Further Proposals

- 3.6 This paper seeks endorsement for further exploration of using Element 2 for Early Years in a different way in conjunction with the development of the SEND Hubs. The rationale for this is that, for the majority of Early Years children with SEND, high quality Early Years provision is appropriate to meet their needs. The strategy is focussed on increasing inclusive capacity and developing the skills of the workforce to meet the individual needs of most children. This may require additional support from the SEND Hubs which could be funded from the money currently allocated to Early Years Element 2. The Early Years Element 2 budget is £332k. For the minority of Early Years children who have greater needs where they do require a more specific provision, they will still be able to access Element 3 either through the SEN Support Top-up or through the statutory process.
- 3.7 For Element 3, further work is proposed in 2018 to look at the CAN-Do approach - as with all other age ranges. There may be a single approach going forward that covers all three age ranges (Early Years, Statutory School age, Post-16) or it may be appropriate to develop something more bespoke for Early Years.

4.0 RECOMMENDATIONS

- 4.1 The North Yorkshire Education Partnership is asked to note and endorse the proposal for the Early Years Element 2 and Element 3 Funding as set out in section 3.

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