

Early Years and Extended Services

Consultation No 3 on the Early Years Funding Reform for the Free Entitlement to Early Education Single Funding Formula

Consultation Period from 4th September 2009 to 16th October 2009

All responses to be returned to Clare Williams,
EYES, Blackfriars, PO Box 185, Hereford, HR4 9ZR

Background Information

The Single Funding Formula will be implemented from 1st April 2010.

Two stages of consultation have taken place from 5th December 2008 to 30th January 2009 and from the 1st May 2009 to 15th May 2009.

Following on from both these exercises and using the feedback we received we are now entering the third and final phase of consultation.

On the 23rd September 2009 at 10.00am in Room 3 at Blackfriars, EYES are holding an Early Years Funding Group meeting, which will take the format of an Open Meeting. All settings are invited to attend and will have the opportunity to discuss the single funding formula and raise questions before responding to this consultation. It is very important that we receive your feedback. Please ensure that your setting is represented and ring 01432 261681 to confirm your attendance by 15th September 2009.

In July 2009 the Department of Children Schools and Families (DCSF) issued guidance (www.dcsf.gov.uk/everychildmatters/earlyyears/) on how the formula should be designed and implemented. It draws on the lessons learnt from the eleven pilot authorities and sets out the changes to regulations.

The guidance is aimed primarily at local authorities (LAs) and sets out the actions they must and should take.

The Formula - Design and Implementation

Must do's

Funding must be given on the basis of participation. Participation must be counted on a termly basis.

No top-up fees – the basic entitlement is free at the point of delivery and providers must not levy any fee in this respect. However they can charge for additional hours at their usual rate.

LAs must determine a basic hourly rate (following consultation).

Payments must ideally be made monthly.

All providers must be given an indicative budget at the start of the year which reflects anticipated participation.

Sustainability is a key consideration.

A deprivation factor is required by regulation.

Supplements should be considered to ensure that the single funded formula supports wider early years policy objectives. In particular:

- a) Supplements should be considered as a means for incentivising and rewarding improvements in the quality and flexibility of provision
- b) All single funded formulas should recognise the costs associated with quality and encourage a culture of continuous improvement

LAs must use the single funding formula to support and promote quality and encourage a culture of continuous improvement in the quality of provision.

A LA could build a quality supplement based on participation in a local quality improvement programme reflecting the four key principles of the Early Years Quality Improvement Support Programme (EYQISP) developed by the National Strategies:

- the role of effective leadership in securing and improving quality;
- a continuous cycle of self-evaluation, improvement and reflection;
- a system of support and challenge which is transparent and agreed by all;
- strong partnerships between LAs, settings and the settings communities.

Ofsted ratings could be used as a further measure to target those settings which were receiving consistently 'satisfactory' ratings with the aim of achieving 'good' or higher. Early Years and Extended Services could support the settings to use the Ofsted Self Evaluation Form to establish their strengths and areas for development and work with them on action plans to improve their provision across the board.

LAs should use the single funding formula as part of a package of measures to support, promote and incentivise flexible patterns of delivery. We will be looking at this from September 2010 against the following criteria:

- make sure the definition of flexibility is within the national parameters;
- ensure that the definition of flexibility is reflective of parental demand;
- clearly communicated to both parents and providers what flexibility means in Herefordshire;
- ensure the scheme does not impose additional burdens on providers.

Basic Revised Formula Structure – Phased Approach

	Basic hourly rate per child	Fixed rate per setting per week	Supplement for quality per setting per week	Supplement for flexibility will be discussed from Sept 2010	Amount per setting in a disadvantaged area per week	Amount per hour per disadvantaged child from year 3	% areas of deprivation
Year 1	3.41	27	5		0	0	
Year 2	3.23	57	7		20	0	
Year 3	2.97	86	10		40	0.24	0-25% band
						0.12	25-50% band
						0.04	50-60%

Note: Settings claiming less than 100 hours each week will receive 1/100th of any lump sum payment per hour claimed.

A spreadsheet is available at EYES where we can run the formula against setting numbers. If you are interested in doing this then please contact Clare Williams on 01432 383492 or cwilliams@herefordshire.gov.uk

Evaluation and Review

Cost Analysis

A cost analysis will be carried out in September 2010, six months after the introduction of the formula.

Sustainability in Rural Areas

Funding for the free early years entitlement must be based on participation levels. However there may be a very few circumstances in which an alternative approach is appropriate. One might be in rural areas where the sustainability of particular settings would suffer if all funding was participation based.

Consideration will be given in the future to using supplements for the protection of rural settings.

Clare Williams
 Finance and Local Business Development Officer
 Early Years and Extended Services
 August 2009