

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>1 FEBRUARY 2010</b>
<b>TITLE OF REPORT:</b>	<b>SINGLE FUNDING FORMULA – EARLY YEARS FUNDING REFORM</b>
<b>MANAGER EARLY YEARS AND EXTENDED SERVICES</b>	<b>ROS HATHERILL</b>

## **Schools Affected**

All schools with maintained nurseries, together with all private, voluntary and independent early years settings, which includes childminders.

## **Purpose**

To endorse the single funding formula for early years as required by the statutory early years funding reform for the fee entitlement to early education, to be implemented for April 2010 (pilot status).

## **Key Decision**

This is not a Key Decision.

## **Recommendation(s)**

**THAT Schools Forum endorse the presented single funding formula for Herefordshire and the Local Authority (LA) progresses with pilot status from April 2010.**

## **Key Points Summary**

- The Local Authority has undertaken extensive consultation exercises over a two year period working through termly meetings of a funding sub group of the Early Years and Extended Services Forum.
- The Local Authority has been supported in developing its single funding formula by Government Office West Midlands and a series of West Midland Local Authority workshops. These workshops have drawn on evidence and experience of pilot authorities.
- A new monthly payments system will be introduced to support the Single Funding Formula.

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Further information on the subject of this report is available from  
Ros Hatherill – Manager Early Years and Extended Services

- The Government has recently announced Dec 11<sup>th</sup> 2009 its intention to delay introduction of Single Funding Formula until April 2011 due to a large number of Local Authorities not being ready. Local Authorities that are ready to go with Single Funding Formula can apply for pilot status to operate from April 2010. It is Herefordshire's intention to apply for pilot status.

## Alternative Options

- 1 There are none.

## Reasons for Recommendations

- 2 There are none.

## Introduction and Background

- 3 The Government announces June 2007 that local authorities will be required to use a single funding formula for funding early years provision in the maintained and Private, Voluntary and Independent (PVI) sectors from 2010/2011.
- 4 The intention being to bring all providers into the same footing for funding, whilst also applying the same set of principles to all provider funding .To also show transparency for differences in funding and to bring value for money into early years funding.
- 5 Following an initial introduction to Single Funding Formula (an extensive background information together with planned consultation was outlined at a meeting of the schools forum on Monday 13<sup>th</sup> October 2008) Schools Forum asked that the proposed single funding formula come back to Schools Forum prior to going live with delivery on April 1st 2010.
- 6 A series of termly meetings have been convened where results of consultation activities and Department for Children Schools and Families (DCSF) guidance have been fed back to a wide range of participating settings crossing the full range of LA nurseries, private, voluntary and independent early years settings which also included childminders.
- 7 The most recent updated LA guidance, October 2009, lays out that the formula will follow a set of given principles.

The single funding formula should:

Year 1 Offer a base rate to each setting.

Show deprivation funding as following the individual child.

Year 2 Introduce a quality supplement together with flexibility.

Introduce deprivation funding per setting as well as following the individual child

- 8 Several formulas have been run and feedback has been asked for. The response rate has been poor overall, however some key factors have been raised, looked at and the formula adjusted to represent.
- 9 Herefordshire will move towards a planned monthly payment process to be introduced January 2010 for the PVI sectors and then introduced to the LA nurseries as the Single Funding Formula runs April 1<sup>st</sup> 2010. Monthly payment will be adjusted, where appropriate 3 times per



Year 1	£3.41	£27.00	0		0	7p	
Year 2	£3.23	£54.00	£5.00		£15.00	14p	
Year 3	£2.97	£86.00	£10.00		£40.00	24p	0-25% band
						12p	25-50% band
						4p	50-60%

Based on the formula given above and the numbers of settings delivering the funded places, the total amount of money required is shown in the table below. Estimates are provided for 2010/11 since actual funding can only be determined by pupil numbers in 2010/11.

Year	Funding	Total	Total Funded
2009/2010	<b>Dedicated Schools Grant:</b> 3 year olds 4 year olds LA nursery classes TOTAL DSG	£2,115,551 £ 768,032 £ 691,000 £3,574,583	£3,574,583
	<b>General Sure Start Grant:</b> 2 year olds	£ 133,050	£133,050
	<b>Standards Fund:</b> 3 and 4 year old extended entitlement – additional 2.5 hrs	£ 370,374	£370,374
			<b>£ 4,078,007.00</b>
2010/2011 <b>FORMULA RUN</b>	<b>Dedicated Schools Grant:</b> 3 and 4 year olds / 118 settings inc LA nursery classes (based on head count JAN 2009)	£ 3,603,849.70	£3,603,849.70
	<b>Standards Fund</b> Extended Entitlement	*£ 1,164,485.00	£1,164,485.00
	<b>General Sure Start Grant</b>	*£ 167,150.00	£ 167,150.00

	2 year olds		<b>£ 4,935,434.70</b>
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\* provisional figs

## Legal Implications

- 19 There are no legal implications at this stage. Contracts /agreements are issued to each setting, legally contracting then to deliver Nursery Education Funding. These contracts /agreements will now also be extended to the 13 primary schools with Local Authority nursery classes that are now to run under the Single Funding Formula. (Previously the LA nurseries were funded place led (set by LA) rather than as now under the formula (participation, the number of children attending)).

## Risk Management

- 20 The information held within this paper covers the requirements as laid out by the DCSF. However ref para 12 if as an authority the decision is made to freeze payments to the Private, Voluntary, Independent nursery settings, then consideration will need to be highlighted as to how this may effect businesses. The report states that operating costs should be no more in Herefordshire than neighbouring authorities, however if a business has been used to an identified income and now over 4 years a freeze impacts, this could effect staffing levels and possibly the ability to provide quality service. The risk initially will be to individual business but the knock on effect could be a risk for the council.

## Consultees

- 21 A series of three formal consultations have taken place since October 2008. All of the settings, together with the LA nurseries have been involved. A Nursery Education / Single Funding finance sub group of the Early Years and Extended Services Forum has met termly, representation has been across a range of the Private, Voluntary, Independent sector and the Local Authority nurseries. The formula has been adjusted in direct response to the consultations and also in line with regular DCSF updates, the last of which was 30 September 2009.

## Appendices

- 22 Appendix 1 Nursery Education Funding – Proposed Abatement

## Background Papers

- 23 Consultation Paper – Early Years Reform For Free Entitlement of Early Education (September 2008)  
Final Consultation Early Years Funding Group (September 2009)