

## REPORT TO CABINET

Title: **A NEW SINGLE FUNDING FORMULA FOR EARLY YEARS**

Date: 22 October 2009

Member Reporting: Councillor Mrs Quick

Contact Officer(s): Anna Crispin (Head of Early Years and Childcare)  
Edmund Bradley (Group Accountant – Children’s Services)

Wards affected: All

### 1. SUMMARY

- 1.1.1 Since April 2004 all eligible 3 and 4 year olds have been entitled to part-time free early learning and childcare. From September 2010, this universal free entitlement is being extended from 12.5 hours a week for 38 weeks per year to 15 hours per week, to be delivered flexibly. The new offer aims to improve child outcomes by increasing access to quality early years provision and support the return of parents to work.
- 1.1.2 The Government announced proposed changes to the funding for the free entitlement over a three year period, from financial year 2008/09 to 2010/11. The new funding arrangements will address inconsistencies in how the offer is currently funded across the private, voluntary, independent (PVI) and maintained sectors, From April 2010, local authorities must have in place a single local funding formula – the Early Years Single Funding Formula (EYSFF) - for all early years provision, to fund the free entitlement on a participation basis.
- 1.1.3 The changes are designed to bring the funding systems for the PVI and maintained sectors into better alignment, enable local authorities to shape the market more effectively in response to parental demand, focus on quality and to maximise take-up.
- 1.1.4 Early Years Working Group have developed a funding model that meets all national guidelines and meets local needs. The appendices (available in Group Rooms, Members’ Rooms, from Democratic Services and on the Borough website) set out the proposals.

- 2. **RECOMMENDATION: That the document be approved and agreement given to seeking the views of all key partners and stakeholders in November 2009 on the proposed new single funding formula in order to meet the statutory timescale for implementation in April 2010.**

What will be different for residents as a result of this decision?

Stakeholders will be able to comment on proposals for a new early years funding formula that aims to promote improved access for young children to high quality flexible early learning and childcare provision.

### 3. SUPPORTING INFORMATION

- 3.1 In the Autumn term 2007 the Borough set up the Early Years Working Group (EYWG), a sub group of the Schools Forum, made up of Schools Forum members, officers and representatives from the PVI sectors.
- 3.2 The model in the attached document was using the findings from an exercise to establish the actual cost of delivering the free entitlement for three and four year olds in the Borough. It is also based on the experience of other authorities and guidance from the Department for Children, Schools and Families (DCSF). It was endorsed by the Schools Forum at various stages during its development. Although it appears complex, the model was chosen for its relative simplicity.
- 3.3 The proposed model allocates funding to maintained and PVI providers for delivering the free entitlement on the basis of a differential base hourly rate reflecting the costs across the different sectors, with funding uplifts for deprivation, qualifications of staff and flexibility. New regulations will come into force in April 2010 giving effect to the necessary changes<sup>1</sup>.
- 3.4 Providers will have the opportunity to comment on the detailed proposals in November, subject to Cabinet approval in October.

### 4. OPTIONS AVAILABLE AND RISK ASSESSMENT

#### 4.1 Options

	Option	Comments	Financial Implications
1.	That the proposals in the document are accepted and approval given to seek the views of stakeholders on those proposals.	This is the recommended option. It is anticipated that it will become a statutory requirement in autumn 2009 to introduce a new single funding formula in April 2010 following consultation with stakeholders.	Revenue – Early years provision is funded by the Dedicated Schools Grant and does not impact on LA funded resources. The estimated additional cost of implementing the EYSFF is £200k and will be funded from RBWM's 2010-11 DSG allocation. The cost of extending the free entitlement from 12.5

<sup>1</sup> Schools Finance (England) (Amendment) Regulations 2010

	Option	Comments	Financial Implications
			hours a week to 15 hours a week in Sep 2010 will be funded from a new standards fund grant in 2010-11.  Capital – none
2.	That approval to consult more widely is withheld.	This would risk not meeting statutory deadlines for the implementation of the single funding formula.	Revenue  Capital

## 4.2 Risk assessment

4.2.1 Time constraints remains the biggest risk to the implementation of this formula but all parties are working to national deadlines and we are currently on track.

## 5. CONSULTATIONS CARRIED OUT

5.1.1 Stakeholders have actively been involved in the development of this proposed formula. This has included working closely with members of the Early Years Working Group as well as several stakeholder events during the development stage to promote engagement in the process and to understand the issues facing different sectors. This work has contributed heavily to the final proposals.

## 6. COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL

6.1.1 The Panel endorsed the report. They noted that the proposals would have a considerable impact on maintained nursery schools, particularly if vacancies arise.

## 7. IMPLICATIONS

7.1.1 The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	N/A	N/A	✓	✓

### Background Papers:

- Implementing a Single Funding Formula for Early Years Provision – July 2009 (DCSF)
- DRAFT Schools Finance (England) (Amendment) Regulations 2010
- Miscellaneous DCSF guidance notes and papers on the implementation of the EYSFF and the extension to the free entitlement.