

New Single Formula for funding the Free Entitlement to Education and Childcare for Three and Four Year Olds

1 BACKGROUND AND PURPOSE

- 1.1 In June 2007 the Government announced proposals to extend the free entitlement to learning and childcare for eligible three and four year olds. From September 2010, the entitlement for all three and four year olds will increase from 12.5 hours free learning and care per week to 15 hours per week for 38 weeks a year.
- 1.2 To support the extension to the free entitlement the Government also announced proposals requiring local authorities to have in place by 1 April 2010 a single participation based formula for funding early years provision.¹ The proposals were designed to bring the funding systems for the private, voluntary, independent (PVI) and maintained sectors into better alignment to enable local authorities to shape the market more effectively in response to parental demand, to focus on quality and maximise take-up. A single funding formula covering early years provision in all sectors will help to eliminate the inconsistencies that currently exist in relation to early years funding².
- 1.3 This paper sets out RBWM's proposals for an early years single funding formula (EYSFF) from April 2010 and invites views from interested parties on those proposals. The proposals are based on a set of principles agreed by the Early Years Working Group (EYWG), shown in Appendix 1. Appendix 2 lists the membership of the EYWG.

2 METHODOLOGY

- 2.1 The EYWG was set up in the Autumn of 2007 with representatives of all early years sectors to develop the single formula. The EYWG discussed findings from pathfinder authorities, guidance from the Department for Children, Schools and Families (DCSF), and alternative models developed by RBWM officers. To ensure ongoing dialogue early years providers in all sectors were kept informed of progress through briefings and workshops.
- 2.2 The broad approach to developing RBWM's EYSFF was in line with DCSF guidance as follows:
 - Analyse cost data from providers
 - Design formula in light of cost data, DCSF guidance, and pathfinder experience
 - Undertake impact assessment
 - Develop transitional proposals
 - Consult with stakeholders.

¹ Early Years funding is currently mainly place-led in the maintained sector and participation (pupil) led in the non-maintained sector.

² Currently the maintained sector nursery classes are funded through the mainstream formula, each setting receiving funding based on historic place numbers plus pupil led factors, resulting in an annual budget for each setting. Maintained nursery schools are funded under an entirely separate funding formula, again place led. Under the school finance regulations these budgets are not recalculated in year and do not reflect actual participation. PVI settings are currently funded based on actual participation and paid at a set hourly rate, uplifted for inflation each year.

3 COST ANALYSIS

- 3.1 The EYWG established the actual cost of delivering the free entitlement for three and four year olds across each sector. This enabled us to build a formula that took into account key differences and similarities within sectors. Providers were grouped into three main groups according to similarities in their cost bases:
- nursery schools,
 - nursery classes and independent schools,
 - other non-maintained settings (private and voluntary)
- 3.2 The proposed funding model has a base hourly rate reflecting the core delivery of the free entitlement, with funding uplifts for additional factors (discussed below) to promote improvement. The average costs identified from the cost analysis are used to inform the non staffing element of the hourly base rate.

4 BASIC STRUCTURE OF EYSFF

- 4.1 The funding model was chosen for its relative simplicity. Other models were rejected because they were too complicated and conflicted with the original principles agreed.
- 4.2 The model is in line with DCSF guidance and follows that adopted by most other local authorities (LAs). It is based on a differentiated base rate with relatively few funding supplements.

(Basic hourly rate	+ hourly supplements)	X number of hours of participation
Rate varies according to which of three categories provider falls in	Additional amounts per hour to recognise policy objectives (see below)	Level of participation based on number of hours calculated consistently across all settings

5 BASE RATE

- 5.1 The model establishes an hourly base rate for delivering the 12.5 hours free entitlement differentiated according to type of provider based on the minimum requirements laid down in statutory guidance³. Additional services offered in excess of the 12.5 hours free entitlement are not taken into consideration.
- 5.2 The base hourly rate is calculated with reference to the expected staff time it will take to deliver that entitlement, for different sized settings, based on typical non staffing costs for the different types of setting. The statutory staff to children ratios used in the model are shown in table 1:

³ Statutory framework Early Years Foundation Stage – appendix 2

Table 1: Staff to children ratios

Provider	Staff to Children ratio
Maintained Nursery Settings	1: 13
Independent providers	1: 13
Private/voluntary	1: 8

- 5.3 The hourly rates calculated for different sized settings were then averaged to produce a proposed average hourly base rate for each of the three provider types as shown in table 2. Appendix 3 provides an illustration of how the base rates for the three setting types were set. These rates reflect 2009-10 prices. They show what providers could expect to receive before the allocation of additional funding through flexibility, deprivation or quality supplements. They are compared below with the average hourly rates currently received by the different settings. (Appendix 4 shows the full hourly funding that providers could expect to receive after top-ups for funding supplements). Finalised base rates for 2010-11 will depend on affordability.

Table 2: Indicative hourly base rates for EYSFF

Category	Provider type	Average Full rate 2009-10	Indicative New Base Rate (excluding supplements).
1	Maintained nursery classes	£3.68	£3.55
1	Independent schools	£3.55	£3.55
2	Other non-maintained providers	£3.55	£3.69
3	Maintained nursery schools	£5.13	£4.62

- 5.4 The non staffing costs in the model are based on the cost analysis returns uplifted by inflation. Staffing is based on standard rates of pay for class staff, plus an additional contribution for the three types of providers.

6 FUNDING SUPPLEMENTS

- 6.1 In addition to the base rate each setting will be eligible for additional funding reflecting the differences between settings and to incentivise improving practice. These funding supplements are calculated at an hourly rate and generate additional funding on top of the base rate.
- 6.2 Following lengthy discussion, EYWG endorsed the inclusion of three funding supplements for:
- flexibility
 - deprivation
 - quality (using staff qualifications as a proxy for this).
- 6.3 The proportion of funding allocated to these factors equates in total to a further 20% on top of the average base rate for category 1 and 2 as shown in table 3, resulting in a maximum uplift of £0.72 for all three funding supplements combined:

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Table 3: Calculation of maximum hourly uplift for funding supplements

Category	Provider Type	Indicative rates
1	Nursery Classes and Independent Schools	£3.55
2	Other non maintained (Private, Voluntary) providers	£3.69
	Average rate of categories 1 and 2	£3.62
	Uplift per hour at 20% on top of base rate	£0.72

- 6.4 The allocation of the £0.72 per hour between the three factors reflects the relative priority attached to each policy objective, and was agreed with Children’s Service managers and the EYWG as shown in table 4:

Table 4 – Funding supplements based on £3.62 average hourly base rate

Component		% top-up over base rate	Indicative maximum hourly rate
Funding supplements All supplements shown at high band rate	Funding supplement for flexibility	5%	£0.18
	Deprivation	7.5%	£0.27
	Qualification of EY leader	3.75%	£0.14
	Qualification of staff	3.75%	£0.14

- 6.5 Each funding supplement is weighted according to three banding criteria - high, medium and low and rates will be uplifted each year in line with inflation. The criteria for each band are set out in the table 6 below. Appendix 5 shows a list of nine typical nursery providers and the total hourly rate that each setting would receive.
- 6.6 January enrolment data will be used to determine the relevant funding band for each provider, which in turn will be used to determine their allocation for deprivation, flexibility and quality in the following year. Year on year changes in pupil data, qualifications of staff and range of flexibility offered to parents will result in changes in the total funding allocated to each individual provider.

Flexibility

- 6.7 The Government the free entitlement must be delivered more flexibly from September 2010 in response to perceived parental and employer demands. The introduction of flexibility means that the free entitlement must be offered to parents in a way that meets their needs and gives them real choice about how they access the provision. For many providers, the move to flexibility represents a significant change as well as practical difficulties. The inclusion of a flexibility supplement is therefore designed to support and incentivise more flexible patterns of delivery.

- 6.8 Three bandings have been set to reflect the way in which a child can access the free entitlement. Settings will be able to offer a minimum of three hours and a maximum of ten hours in one day. The most flexible patterns of delivery will attract maximum funding. The funding bandings are shown in the table 5.

Table 5 – Flexibility banding and criteria

Band	Criteria	Definition
High	2 hours to 10 hours.	A child can take a minimum of 2 hours and a maximum of 10 hours in one day, without a break. This will all be funded by the LA as part of the child's free entitlement.
Medium	3 hours to 6 hours.	A child can take a minimum of 3 hours and a maximum of 6 hours in one day, without a break. This will all be funded by the LA as part of the child's free entitlement.
Low	3 hours	A child can only take their free entitlement in 3 hour stand alone blocks.

- 6.9 The LA will carry out checks to verify that the setting is delivering the free entitlement in line with the above bandings. Settings will also be asked to notify the Family Information Service with details on how they are offering the free entitlement and any additional charges parents may incur. National guidance says LAs must continue to ensure that the basic entitlement is free at the point of delivery and that providers should not levy any fee in respect of this.

Deprivation

- 6.10 Revised regulations state that the EYSFF must include a factor that takes the incidence of deprivation into account. The deprivation funding supplement in RBWM's models is banded according to the relative deprivation of funded children in the setting. Each setting will be banded using the proportion of children in Acorn categories 4 and 5, based on the January Census data each year. This approach is with the same as the approach used to fund mainstream schools.
- 6.11 In 2007 RBWM carried out a review of under-attainment and the link to deprivation. The deprivation review findings concluded that there was a strong negative correlation between levels of local deprivation and attainment. Children are at a greater risk of low attainment in settings serving a deprived area. National research suggests that targeted funding can help reduce the attainment gap.

Quality

- 6.12 In line with the national Workforce Strategy the Borough is working towards a graduate led early years profession by 2015. The impact of highly qualified staff on outcomes for young children is supported by national research. The quality funding supplement calculation is based on staff qualifications (rather than other potential indications of quality such as Ofsted inspections). The supplement is split into two groups, which are equally weighted:

- qualifications of the leader (Head teacher or EY manager)
- qualifications of other staff

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Both indicators are then split into three bands; high, medium or low with the criteria for each as set out in table 6 below.

6.13 Information on staff qualifications will be taken each January from the Children's Workforce Development Council's audit tool. This is a national tool that is updated by settings and used by local authorities for planning purposes.

Table 6 – Base Rate and Funding Supplements

		Criteria	Weightings	Indicative Rates	
Base hourly rate	Nursery classes and independent schools			£3.55	
	Other non maintained providers (Private and Voluntary)			£3.69	
	Maintained Nursery schools			£4.62	
Funding Supplements	Funding supplement for flexibility	High	Free entitlement offered in blocks of between 2 and 10 hours a day	100%	£0.18
		Med	Extended hours, 3-6 hours, delivered in over 3 hour and up to 6 hour blocks	67%	£0.12
		Low	Sessional, in 3 hour blocks, 5 x 3 hours per day	33%	£0.06
	Deprivation	High	>49% children in Acorn 4 or 5	100%	£0.27
		Med	25%-49% children in Acorn 4 or 5	67%	£0.18
		Low	5%-24% children in Acorn 4 or 5	33%	£0.09
	Qualification of EY leader	High	EY professional status / qualified teacher status	100%	£0.14
		Med	EY foundation degree/ level 5	60%	£0.08
		Low	level 3 / level 4	40%	£0.05
	Qualification of staff	High	75% + of staff at Level 3	100%	£0.14
		Med above	50%-74% of staff at Level 3 or above	60%	£0.08
		Low above	Staff at Level 2 or not meeting above	40%	£0.05

7 SPECIAL EDUCATIONAL NEEDS AND VULNERABLE CHILDREN

7.1 The proposed new formula has no separate funding factor related to children with special educational needs. Funding for these children is partly addressed by the

inclusion of a deprivation factor. Exceptional need, defined as those with statements of need for additional support above 15 hours per week, will be funded, through targeted devolved funding for children with SEN statements. All settings can apply for this additional funding for named children.

- 7.2 A specific workgroup was set up to look at the needs of vulnerable children. Following extensive discussion it was decided that any additional needs of vulnerable children would not be included in the formula but through existing processes, e.g. social care and section 17 funding.

8 FINANCIAL IMPACT

- 8.1 Whilst the introduction of the new EYFSS is likely to lead to an increased hourly rate for most PVI settings compared with current rates⁴, the move from place-led funding to participation-led funding will have an adverse impact for much of the maintained nursery sector. Implementation of the new EYFSS will therefore inevitably result in financial losses or gains for individual settings.
- 8.2 Recent impact statements based on the 2008-09 census data, comparing potential budget shares under the new participation based formula with current year budget shares, show that a significant number of maintained settings are likely to incur losses in funding. Analysis shows that these losses are mainly due to empty places and admission of full time children⁵. Impact assessments will be sent out to individual settings after the October 2009 Census has been completed.

9 TRANSITIONAL FUNDING

- 9.1 DCSF guidance makes clear that it is entirely appropriate for LAs to build into their formulas a form of funding protection as a way of smoothing the transition of individual settings to their new funding levels. RBWM's proposal is to allow settings to adjust to new funding levels by providing transitional funding to all EY⁶ settings over a two year period. Transitional funding would operate by placing a limit on the losses sustained by individual settings.
- 9.2 For the PVI sector, it is proposed to provide transitional funding where the hourly rate under the new formula is less than the current 2009-10 hourly rate. For maintained settings transitional funding will be made available where the budget share under the participation based new single formula is less than the budget share under the current place-led funding formula. Eligibility for transitional funding will be linked to how closely individual nursery settings adhere to the policy to admit only part time 3 and 4 year olds from September 2009⁷.
- 9.3 Transitional funding for all providers will cease at the end of the financial year 2011-12.

⁴ The hourly rate comparison between the two funding mechanism shows significant increases. Appendix 4 shows the hourly rate comparisons.

⁵ Full time children will only count as 1 part time equivalent under the new formula for funding purposes.

⁶ EY setting refers to all maintained and non maintained settings registered to deliver the free entitlement.

⁷ As stated in the Directors letter to Headteachers, Chairs of Governors and Bursars dated 2nd December 2008, and September 2009.

Year One Transitional Funding – Maintained Settings

9.4 Transition funding for maintained schools will have three bands in year one as follows:

- **Band one** – providers will receive top-up funding for 90% of the financial losses between their 2009-10 current formula budget allocation and their 2010-11 budget allocation under the new formula. Settings that fully comply with current admissions policy, and only admit eligible 3 and 4 year olds on a part-time basis, from September 2009, will be eligible for band 1 funding protection.
- **Band two** – providers will receive top-up funding for 75% of the financial losses between their 2009-10 current formula budget allocation and their 2010-11 budget allocation under the new formula. Settings that have shown to have made some changes to the admissions arrangements since September 2009 and a willingness to cease offering full time places altogether, will be awarded band 2 funding protection (e.g. part time places are now not offered to 3 year olds and only four olds have been offered full time places in nursery settings in September 2009 admissions).
- **Band three** - providers will receive top-up funding for 50% of the financial losses between their 2009-10 current formula budget allocation and their 2010-11 budget allocation under the new formula. This lower level of protection will be given to settings for one financial year only who continue to admit 3 and 4 year olds on a full time basis into the nursery from September 2009.

Year Two Transitional Funding – Maintained Settings

9.5 Transitional funding in year 2 will have one band only. To be eligible for transitional funding in year 2, census must show that the school is only admitting 3 and 4 year olds on a part-time basis from September 2010 onwards. Settings that are adhering to the admission policy for 3 and 4 year olds will receive top-up funding for 50% of the losses between their 2009-10 current formula budget allocation and their 2011-12 new formula budget allocation. Therefore settings which admit full-time children in September 2010 and January 2011 will not receive any transitional support in the financial year 2011-12.

9.6 It is recognised that the funding changes may pose particular challenges for maintained settings. We therefore intend to offer a range of support measures to enable providers to meet the current policy around admitting part time children only and to deliver the free entitlement in a flexible way. This support package will include workshops, discussions and problem solving forums as well as individual targeted support to ensure sustainable provision that balances both parental needs and local authority policy.

Transitional Funding – PVIs

- 9.7 All PVI settings are currently funded on a participation basis and will continue to receive funding on an hourly rate basis. The current rate per hour for 2009-10 is the same for all settings, whatever the type or level of flexibility. From 2010-11 each setting will receive one of three base rates with top-ups for flexibility, deprivation and qualifications of staff. In other words, from 2011 onwards each setting will have its own rate based upon its individual circumstances.
- 9.8 Any setting with a reduction in its hourly rate from the current 2009-10 free entitlement rate (£3.55) will receive transitional funding in year one based on 90% of the reduction in the hourly rate. This top up will be available for each hour of participation for that financial year.
- 9.9 In year 2 any setting with a reduction in the hourly rate between 2009-10 to 2011-12 will be funded at 50% of the reduction, for each hour of participation for each child in that financial year.
- 9.10 During this period PVI settings will be offered the opportunity to attend a range of events to support them in delivering the free entitlement in a way that best meets their market needs. It is intended that best practice models are shared across all sectors to promote collaboration in understanding and responding to family needs. Settings in all sectors will be encouraged and supported to best meet market needs and identified gaps in the Childcare Sufficiency Assessment.

10 REVIEW

- 10.1 The LA proposes to review all aspects of the implementation of the EYSFF. In the first year we will review the process and recognise inflation. In the financial year 2011/2012 we will consider a detailed cost analysis and will change funding supplements if appropriate in line with local and national initiatives. We will communicate our plans for review to all settings via a range of channels to ensure all stakeholders are informed.

11 INDICATIVE BUDGETS AND DETERMINATION OF FUNDING

- 11.1 Each individual nursery setting will receive indicative budgets before the start of the financial year and will have time to check their indicative allocation prior to the statutory deadline of 31 March. The hourly rate will reflect the base rate for the setting and include funding top-ups for the relevant band for flexibility, deprivation and qualifications. The base rate will be reviewed annually and, as a minimum be adjusted in line with inflation. Which funding band applies to which setting will be determined as follows:
- **Qualifications** – based on an extract, as at 31st December, from the Children's Workforce Development Council Audit Tool (PVI settings), and from the RBWM HR system (maintained settings). It will be each setting's responsibility to ensure their respective systems are accurate and reflect their current staff position.

- **Flexibility** – based on information held by the Family Information Service on how the free entitlement is being delivered by each setting as at 31st December. It will be each setting's responsibility to ensure that this reflects their current position.
- **Deprivation** –based on the child information collected as part of the January Census.

11.2 The above data will determine each provider's annual hourly rate for the full financial year. No in-year adjustments will be made to the bandings for supplements even if a setting's circumstances change. This will allow providers to plan ahead with greater certainty.

11.3 Indicative budgets for 2010-11 will be set using the provider's free entitlement hours taken up from the previous three terms (Summer 2009, Autumn 2009 and Spring 2010) CENSUS data, and adjusted each term to reflect actual take-up of the free entitlement hours based on the termly Census data.

11.4 The budget papers will clearly state the data sets used and the relevant supplement banding for each provider. Transitional funding allocations will be included in the indicative budget pack information.

12 ELIGIBILITY

12.1 The free entitlement funding covers a child for the six terms until they reach statutory school age (term after their 5th birthday). Children become eligible for funding based on the birthdates set by the DCSF:

Birthdate	Eligible term
1 st April to 31 st August	Autumn
1 st September to 31 st December	Spring
1 st January to 31 st March	Summer

12.2 From September 2010 the Borough will change the way in which children are admitted to school.⁸ Children admitted full-time into school as rising 5s under the new admission arrangements will not be funded as part of the EYSFF.

12.3 Parents still have the discretion to defer taking up any place offered until the child reaches statutory school age. The only exception to this is where deferring the place would mean that a child did not start until a date falling in the following academic year. In this instance a place cannot be kept ready for a child and a parent must reapply for a place in the relevant year for that child.⁹

⁸ There will just be two terms of entry, one in September for children who turn 5 between 1st September and 31st December and one in January for children turn 5 between 1st January and 31st August.

⁹ Taken from Admissions criteria – Section 3 Coordinated Admission Scheme for RBWM Community and Voluntary Controlled Primary Schools including Windsor First Schools, 2010

13 COUNTING, IN-YEAR RECALCULATIONS AND PAYMENTS FOR 2010-11

13.1 In line with DCSF regulations, EYSFF indicative allocations will need to be updated or 'redetermined' in-year to reflect actual participation. According to those regulations, LAs may use either termly attendance data collected during three sample weeks, (census week for example), or total actual hours of attendance. LAs will be expected to notify settings of the final count for that period within 28 days from the date that the census data is finalised..

13.2 Our proposed approach to adjusting budgets and making payments is as follows:

- PVI providers will receive an initial payment at the start of each term that will reflect the annual indicative budget pro rated according to the number of weeks open per term¹⁰ as a share of the annual 38 weeks. Maintained providers will receive an indicative budget allocation in March for the following financial year, the allocation will be adjusted each term as described below. For settings using the RBWM statutory term dates the weeks paid per term will be

Summer 2010	12 weeks
Autumn 2010	14 weeks
Spring 2011	12 weeks

- Data on actual attendance from all settings will be collected in the sample week in each term (see Appendix 6) and used to adjust budgets three times a year to reflect actual attended hours in each term. Each setting will receive notification in-term of any budget adjustment within 28 days of finalisation of the Census data.
- For PVI settings where there has been an underpayment a balancing payment will be made in the term. Where there has been an overpayment the monies will be deducted from the next term's payment.
- Part weeks will be treated as full weeks up to the maximum of 38 weeks per annum. Settings open less than 38 weeks will be paid only for the weeks open.

13.3 Maintained settings in receipt of transitional funding will be allocated a guaranteed minimum funding for the financial years 2010-11 and 2011-12. For these settings, increases in pupil take-up will only result in an increased budget allocation if the revised allocation takes them above the guaranteed minimum. Examples of two scenarios are shown below in Table 7.

¹⁰ For the avoidance of doubt, 'term' refers to the three 'old' terms consistent with spring, summer, autumn terms.

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Table 7 Impact of adjustments for participation on funding for maintained settings

Setting A				
Current formula budget in 2009-10			£100,000	
Indicative 2010-11 budget under EYSFF			£90,000	
Transitional support (@ 90% of financial loss)			£9,000	
Guaranteed minimum budget 2010-11			£99,000	
Term	Adjustment for actuals	Revised budget before transitional	Guaranteed minimum	In-year allocation
Summer	£3,000	£93,000	£99,000	no change
Autumn	£5,000	£98,000	£99,000	no change
Spring	£4,000	£102,000	£99,000	+ £3,000

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Setting B

Current formula budget in 2009-10	£200,000
Indicative 2010-11 budget under EYSFF	£190,000
Transitional support (@ 90% of financial loss)	£9,000

Guaranteed minimum budget 2010-11 **£199,000**

Term	Adjustment for actuals	Revised budget before transitional	Guaranteed minimum	In-year allocation
Summer	£0	£190,000	£199,000	no change
Autumn	£15,000	£205,000	£199,000	+ £6,000
Spring	(£10,000)	£195,000	£199,000	(£6,000)

13.4 Contingency funding will be held by the Local authority to cover the net cost of recalculations in-year. The amount to be held will be reported to the Schools Forum.

13.5 Payments for the additional 2.5 hours under the extension of the free entitlement from 12.5 hours to 15 hours from September 2010 will be paid to providers from a DCSF standards fund grant allocated to Local Authorities in 2010-11 for this purpose.

Movement of children within a term

13.6 A child may move settings within a term for a range of factors. If a child moves after headcount date it is expected that a pro rated amount of funding will be transferred to the new setting by the provider who made the original claim.

13.7 If a child moves before headcount date the LA will pay pro rated funding for the child for the term. This will be paid based on information provided in the sample week data collection.

13.8 For new children joining the setting after headcount date and who have not received the funding elsewhere, a pro rated amount for the term may be claimed from the LA.

Children attending more than one setting

13.9 From April 2010 a parent can split the funding between the maintained and non-maintained sector up to a maximum of 12.5 or 15hrs per week. The split can only be made if a child is accessing less than their full free entitlement in the maintained sector. Where a child is accessing their full entitlement in the maintained sector, this setting will automatically receive the full funding and the parent will have to pay the other provider for the additional hours. Where a child is accessing their entitlement in only non-maintained settings the parent can choose how to split their entitlement.

14 YOUR VIEWS AND COMMENTS

14.1 This paper seeks views from all interested parties on RBWM's proposals for the EYFSS. Please use the feedback form to make your comments known, and to raise any further issues on any aspect of this document. Your comments will be taken into consideration when making recommendations to Cabinet for the final model. The deadline for responses is the 27th November 2009.

Appendices

Appendix 1	Principles of EYSFF.
Appendix 2	Membership of EYWG.
Appendix 3	Basic Structure of model and calculation of base rates for the three groupings
Appendix 4	Summary of indicative hourly rate comparisons.
Appendix 5	Illustration of funding model for all sectors.
Appendix 6	Key dates in the Single Funding Formula Process.

PRINCIPLES OF SINGLE FORMULA

The EYWG endorsed the following set of principles for the single early years funding formula. The new formula should:

- Support effective and efficient distribution of resources at local level, while aiming to be simple and transparent as possible
- Incentivise efficiency and quality.
- Take into account the same factors when deciding the level of funding for each sector.
- Take into consideration the statutory duty on the local authority to provide sufficient childcare.
- Promote choice so that parents are able to access the free entitlement more flexibly
- Consider the need for stability.
- Avoid perverse incentives.
- Aim to facilitate a smooth transition.

MEMBERSHIP OF EARLY YEARS WORKING GROUP

Maintained nursery setting representatives:

Margaret Brett (Maidenhead Nursery School)
Liz Clarke (Hilltop First School)
Gill Cocklin (South Ascot Village School)
Mark Eynon (Chair of the Schools Forum)
Nick Stevens (Wessex Primary School)

Private, Voluntary and Independent sector representatives:

Gina Kendall (Munchkins Pre school)
Jane Snowball (Stepping Stones Pre School)
Hugh Wilding (Claire's Court Schools)

RBWM Officers:

Edmund Bradley (Group Accountant Children's Services)
Anna Crispin (Head of Education and Childcare Services)
Catherine McKinley (Business Manager)
Tracey-Anne Nevitt (Schools Accountant)
Debbie Verity (Head of Integrated LDD, formerly head of Early Years)
Sarah Ward (School Funding Officer)

Appendix 3a – Calculation of base rates - maintained nursery classes and independent schools

BASE RATE 1		Needs led funding for maintained Nursery classes and Independent Schools														
		Teacher post		Qualified Nursery Nurse		Qualified Bursar/Snr Admin		Cost of Teacher	Cost of Qualified Nursery Nurse	Cost of Bursar / Snr Admin	sickness cover teacher 5 days each staff	sickness cover non teacher 5 days each staff	Non staffing costs (see below)	Total	Amount per place	Amount per place per hour of free entitlement
Part time places	Total no hours per week	Number of staff	Total no hours per week	Number of staff	Total no hours per week	Number of staff	Hourly rate:	£34,390	£22,437	£28,690						
26	18.50	1	16.03	1	9.86	1	£27.13	£19,576	£11.63	£8,424	£339	£260	£12,501	£47,724	1,836	£3.86
39	18.50	1	16.03	2	9.88	1	£19,576	£16,849	£11.63	£6,624	£339	£406	£18,751	£62,562	1,604	£3.98
52	18.50	2	16.03	2	9.91	1	£39,151	£16,849	£11.63	£6,660	£678	£406	£25,001	£88,745	1,707	£3.59
65	18.50	2	16.03	3	9.93	1	£39,151	£25,273	£11.63	£6,677	£678	£552	£31,251	£103,583	1,594	£3.95
Salary Data in Model																
Hours for base rate include:								Qualified Teacher	Qualified Nursery Nurse	Qualified Bursar /Snr Admin						
Free entitlement	11.25		12.5				National Pay									
Set up			1.25		1.25		Grades	Main scale 4	Scale 3 Pt 17	Scale 5 pt25						
PPA & Planning	1.25						FTE for base	1.00	1.00	1.00						
Meetings, appraisal, admin & other	4.75		1.03		8.61		Base Hours	32.50	37.00	37.00						
Management Assessment & Monitoring	1.25		1.25				All costs include estimated Oncosts for National Insurance & Pension contributions									
	18.50		16.03		9.86		Salary Figures above exclude Qualification supplements									
Non staffing based on																
	24	place	PTE													
	Hours	Rate	Total	Per pupil	Hrly Rate											
rent/premises	16.25	£7.50	£4,820	£200.83	0.423											
Training costs			£306	£12.75	0.027											
Cleaning materials			£1,021	£42.54	0.090											
Equipment			£2,695	£112.29	0.236											
Postage			£51	£2.13	0.004											
Telephone			£184	£7.67	0.016											
Professional support			£184	£7.67	0.016											
Advertising and marketing			£235	£9.79	0.021											
Insurance			£470	£19.58	0.041											
Subscriptions			£41	£1.71	0.004											
Other - cleaners			£1,532	£63.83	0.134											
Total			£11,539	£480.79	1.012											
Staffing																
Levels of pay have been determined to reflect the levels recommended as good practice and the appropriate terms and conditions and legislative requirements.																
Consideration has been given to the additional staffing requirements over and above the delivery of the free entitlement for areas such as setting up, planning, administration etc																
An allowance has also been made to fund all settings for five days sickness cover per year for all staff																
The teacher grade used is M4, this is the average grade for teachers in RBWM; Nursery nurses are funded on top of scale 17 based on information from settings; Bursar funding is top of scale 5, again an average for RBWM																

Appendix 3b – Calculation of base rates – non maintained private and voluntary providers

BASE RATE 2		Needs led funding for Private and Voluntary providers															
Part time places	Level 3 Leader		Level 3 Deputy		Level 2		Bursar / Admin		Cost L3 (Leader & Deputy)	Cost L2	Bursar / Admin	sickness cover 5 days each staff @ Unqualified, leader at leader rate	Non Staffing Costs (see below)	Total of staff and non staff	Amount per place	Amount per place per hour of free entitlement	
	Total Hours per week	Number of staff	Total Hours per week	Number of staff	Total Hours per week	Number of staff	Total Hours per week	Number of staff	£26,227	£21,020	£20,103						
									Hourly rate:	£13.59	£10.90	£10.42					
16	13.55	1	16.03	1	16.03	0	16.03	1	£18,175	£0	£7,548	£430	£7,478	£33,631	£2,101.96	£4.43	
24	13.58	1	16.03	1	16.03	1	16.03	1	£18,191	£7,892	£7,548	£561	£11,217	£45,409	£1,892.05	£3.98	
32	13.61	1	16.03	1	16.03	1	16.03	2	£18,207	£7,892	£15,096	£691	£14,956	£56,843	£1,776.34	£3.74	
40	13.63	1	16.03	1	16.03	2	16.03	2	£18,223	£15,785	£15,096	£821	£18,695	£68,621	£1,715.52	£3.61	
48	13.66	1	16.03	1	16.03	2	16.03	3	£18,239	£15,785	£22,645	£951	£22,434	£80,054	£1,667.80	£3.51	
56	13.68	1	16.03	1	16.03	3	16.03	3	£18,256	£23,677	£22,645	£1,082	£26,173	£91,832	£1,639.86	£3.45	
64	13.71	1	16.03	1	16.03	3	16.03	4	£18,272	£23,677	£30,193	£1,212	£29,912	£103,266	£1,613.53	£3.40	
72	13.74	1	16.03	1	16.03	4	16.03	4	£18,288	£31,570	£30,193	£1,342	£33,651	£115,044	£1,597.83	£3.36	
Salary Data In Model															Average	£3.69	
Hours for base rate include:										National Pay	Leadership & Deputy	L2	Bursar Admin				
Free Entitlement/Leadership	5.22		12.50		12.50		12.50		Grades	Scale 5 pt 22	Scale 3 pt 14	Scale 2 pt 12					
SENCO	1.00								FTE for base	1.00	1.00	1.00					
Planning	2.50		1.25		1.25		1.25		Base Hours	32.00	37.00	37.00					
Admin	3.80								All costs include estimated Oncosts for National Insurance & Pension contributions								
Set up & put away			1.25		1.25		1.25		Salary Figures above exclude Qualification supplements								
team meeting & appraisals	1.03		1.03		1.03		1.03										
	13.55		16.03		16.03		16.03										
Non Staffing based on																	
	24	Place															
	Hours	Rate	Total	Per Place													
Rent	16.25	8.69	£5,776	£240.67													
Training costs			£521	£21.72													
Cleaning materials			£913	£38.06													
Equipment			£2,598	£108.26													
Postage			£216	£9.00													
Telephone			£0	£0.00													
Professional support			£247	£10.29													
Advertising and marketing			£515	£21.44													
Insurance			£309	£12.86													
Subscriptions/ofsted			£122	£5.08													
Total			£11,217	£467.38													
Staffing																	
Levels of pay have been determined to reflect the levels recommended as good practice and the appropriate terms and conditions and legislative requirements.																	
Consideration has been given to the additional staffing requirements over and above the delivery of the free entitlement for areas such as setting up, planning, administration etc																	
An allowance has also been made to fund all settings for five days sickness cover per year for all staff																	
Under EYFS All managers and supervisory staff must have a level 3. They must also have a named deputy who can take charge in the absence of the manager. As this will be a supervisory role they need to be level 3. Funding has also been allocated for a member of staff at level 2 and for a bursar/admin staff Scale 2, point 12																	

Appendix 3c – Calculation of base rates - maintained nursery schools

BASE RATE 3		Needs led funding for maintained Nursery Schools															
		Leader/ Snr Teacher post		Qualified Nursery Nurse		Qualified Bursar/Snr Admin		Snr teacher post / Headteacher	Cost of Qualified Nursery Nurse	Cost of Bursar / Snr Admin	sickness cover teacher 5 days each staff	sickness cover non teacher 5 days each staff	Non staffing costs (see below)	Total	Amount per place	Amount per place per hour of free entitlement	
Part time places	Total Hours per week	Number of staff	Total Hours per week	Number of staff	Total Hours per week	Number of staff	Hourly rate:	£58,460	£22,437	£28,689							
26	18.50	1	16.03	1	9.86	1	£46.12	£11.63	£14.87								
39	18.50	1	16.03	2	9.88	1	£33,277	£8,424	£6,624	£577	£260	£13,594	£62,756	£2,413.69	£5.08		
52	18.50	2	16.03	2	9.91	1	£33,277	£16,849	£6,642	£577	£406	£20,391	£78,140	£2,003.60	£4.22		
52	18.50	2	16.03	2	9.91	1	£66,555	£16,849	£6,659	£1,153	£406	£27,187	£118,809	£2,284.79	£4.81		
65	18.50	2	16.03	3	9.93	1	£66,555	£25,273	£6,677	£1,153	£552	£33,984	£134,194	£2,064.52	£4.35		
Salary Data In Model																	
Hours for base rate include:																	
Free entitlement/ Leadership of setting	11.25		12.5				National Pay	Leadership Scale Post	Qualified Nursery Nurse	Qualified Bursar / Snr Admin							
Set up			1.25		1.25		Grades	L11	Scale 3 Pt 17	Scale 5 pt25							
PPA & Planning	1.25						FTE for base	1.00	1.00	1.00							
Meetings, appraisal, admin & other	4.75		1.03		8.61		Base Hours	32.50	37.00	37.00							
Management Assessment & Monitoring	1.25		1.25				All costs include estimated Oncostrs for National Insurance & Pension contributions									Average	£4.62
	18.50		16.03		9.86		Salary Figures above exclude Qualification supplements										
Non staffing based on																	
	24	PVI					Hours	Rate	Total	Per pupil	Hrly Rate						
rent/premises	16.25	£7.50	£4,819	£200.79	0.423												
Training costs			£1,021	£42.54	0.090												
Cleaning materials			£1,021	£42.54	0.090												
Equipment			£3,063	£127.63	0.269												
Postage			£92	£3.83	0.008												
Telephone			£225	£9.38	0.020												
Professional support			£245	£10.21	0.021												
Advertising and marketing			£20	£0.83	0.002												
Insurance			£449	£18.71	0.039												
Subscriptions			£61	£2.54	0.005												
Other - cleaners			£1,532	£63.83	0.134												
Total			£12,548	£522.83	1.101												
Staffing																	
Levels of pay have been determined to reflect the levels recommended as good practice and the appropriate terms and conditions and legislative requirements.																	
Consideration has been given to the additional staffing requirements over and above the delivery of the free entitlement for areas such as setting up, planning, administration etc																	
An allowance has also been made to fund all settings for five days sickness cover per year for all staff																	
The teacher grade used is L11, this is the average grade on the leadership scale; Nursery nurses are funded on top of scale 17 based on information from settings; Bursar funding is top of scale 5, again an average for RBWM																	

Appendix 4 - Hourly rate comparisons

Summary of Average Hourly Rates						
		All Providers Average Rates				
Base Rates	Types of Provider	Current Average Rates	New base Rates	Base Rate Plus Supplements Average Rate	Variance <i>(Current rate to Model)</i>	% Change
		£	£	£	£	%
I	Nursery Classes & Independent	3.61	3.55	3.97	0.35	10%
II	Private & voluntary settings	3.55	3.69	4.05	0.50	14%
III	Nursery Schools	5.13	4.62	5.07	(0.06)	-1%
	Notes :					
	<i>2009-10 Price Base.</i>					
	<i>2008-09 data for calculation of funding supplements</i>					

Appendix 5 – Example hourly rates under the new EYSFF

Base Rates & Funding Supplements																	
		100.00%	7.50%			5.00%			7.50%								
									3.750%			3.750%			Examples		
Type of Early Years Setting	Provider Base Rate	Deprivation			Flexibility			Leader Qualifications			Staff Qualifications			Examples of rates per hour per provider	Annual Hours	Budget 2009-10	
		H	M	L	H	M	L	H	M	L	H	M	L				
		1.00	0.67	0.33	1.00	0.67	0.33	1.00	0.60	0.40	1.00	0.60	0.40				
I		3.55	0.27			0.18			0.14			0.14					
Maintained Nursery Classes & Independent Early Years Settings																	
Examples:																	
Setting 1		3.55		0.09		0.06			0.05			0.05		3.81	34,640	131,900	
Setting 2		3.55		0.18		0.12			0.08		0.08			4.02	34,640	139,106	
Setting 3		3.55	0.27			0.18			0.14		0.14			4.27	15,000	64,103	
II		3.69	0.27			0.18			0.14			0.14					
Private & Voluntary Early Years Settings																	
Setting 4		3.69		0.18		0.06			0.08			0.05		4.06	34,640	140,712	
Setting 5		3.69		0.09		0.12		0.14		0.08	0.14			4.17	30,000	125,011	
Setting 6		3.69				0.18			0.08			0.08		4.03	10,000	40,287	
III		4.62	0.27			0.18			0.14			0.14					
Maintained Nursery Schools																	
Setting 7		4.62	0.27			0.12		0.14			0.14			5.28	33,000	174,366	
Setting 8		4.62		0.18			0.06	0.14			0.14			5.13	30,000	153,983	
Setting 9		4.62		0.09		0.18		0.14				0.08		5.11	12,500	63,843	
2009-10 Price Base																	

Characteristics of example settings 1-9 shown above

Funding Supplements									
Examples									
	Provider Type	Deprivation	Banding	Flexibility	Banding	Qualifications of Leader	Banding	Qualifications of Staff	Banding
Setting 1	Independent	6% of pupils in Acorn Bands 4 & 5	Low	3 hour session	Low	Level 3 / 4	Low	All staff at Level 2	Low
Setting 2	Independent	33% of pupils in Acorn Bands 4 & 5	Medium	up to 4 hours a day	Medium	E Y Foundation Degree	Medium	65% of staff at Level 3	Medium
Setting 3	Maintained Nursery class	51% of pupils in Acorn Bands 4 & 5	High	up to 8 hours a day	High	Qualified Teacher Status	High	100% of staff at Level 3	High
Setting 4	Voluntary	33% of pupils in Acorn Bands 4 & 5	Medium	3 hour session	Low	E Y Foundation Degree	Medium	All staff at Level 2	Low
Setting 5	Private	17% of pupils in Acorn Bands 4 & 5	Low	4 hour session	Medium	EY Professional Status	High	76% of staff at Level 3	High
Setting 6	Private	1% of pupils in Acorn Bands 4 & 5	n/a	up to 10 hours a day	High	EY Professional Status	High	60% of staff at Level 3	Medium
Setting 7	Maintained Nursery School	59% of pupils in Acorn Bands 4 & 5	High	up to 6 hours a day	Medium	Qualified Teacher Status	High	100% of staff at Level 3	High
Setting 8	Maintained Nursery School	30% of pupils in Acorn Bands 4 & 5	Medium	3 hour session	Low	Qualified Teacher Status	High	90% of staff at Level 3	High
Setting 9	Maintained Nursery School	5% of pupils in Acorn Bands 4 & 5	Low	up to 8 hours a day	High	Qualified Teacher Status	High	66% of staff at Level 3	Medium
<i>A setting may receive a mixture of high, medium and low funding supplements.</i>									
<i>There are many combinations in addition to those above. Levels of supplements allocated may change each year due to changes in pupil data, qualifications of staff and opening hours of a setting.</i>									
<i>Flexibility' refers to the free entitlement hours offered flexibly to parents.</i>									

Key dates in the Single Funding Formula Process

SEPTEMBER 2009	
01/09/09	Roll out of the flexible offer to 25% of nursery settings
21/09/09	Schools Forum meeting to discuss the draft consultation papers
OCTOBER 2009	
01/10/09	Maintained CENSUS count day
07/10/09	Scrutiny panel meeting to discuss consultation papers
15/10/09	PVI CENSUS count day
22/10/09	Cabinet meeting to discuss consultation papers
NOVEMBER 2009	
02/11/09	Formula Consultation period begins
date to be agreed	Consultation presentation evening November – Maintained sector
date to be agreed	Consultation presentation evening November – PVI sector
27/11/09	Consultation period ends
DECEMBER 2009	
03/12/09	Schools Forum meeting to discuss the outcome of the consultation
JANUARY 2010	
21/01/10	Spring CENSUS count day for maintained & PVI sector
FEBRUARY 2010	
01/02/10	Final recommendations and approval from Corporate Scrutiny panel for the 2010/11 formula consultation.
11/02/10	Final recommendations and approval from Cabinet for the 2010/11 formula consultation
MARCH 2010	
date to be agreed	Indicative budget for the financial year 2010/11 set and issued to all early years settings offering the free entitlement.
APRIL 2010	
01/04/10	Implementation of Early Years Single Funding formula and participation based counts.
MAY 2010	
21/05/10	Summer CENSUS count day for maintained & PVI sector
SEPTEMBER 2010	
01/09/10	Universal offer of 15hr flexible free entitlement for all eligible children introduced
01/09/10	Change in RBWM first admissions policy to two points of entry

Key term dates 2010/11

	Summer 2010	Autumn 2010	Spring 2011
RBWM Term Start Date	19 th April 2010	1 st September 2010	4 th January 2010
RBWM Term End date	23 rd July 2010	17 th December 2010	8 th April 2011
Max no. of funded weeks	12	14	12
Sample week count date	21 st May 2010	30 th September 2010 (TBC)	20 th January 2011 (TBC)