

Report of the Director of Learning, Culture & Children's Services

City Of York Early Years Single Funding Formula Consultation

Summary

- 1 This paper seeks approval to consult widely on a proposed single funding formula for the free entitlement to 3 & 4 year old nursery and childcare provision. The report sets out the options that are being recommended to be included in a formal consultation document.

Background

- 2 The Department of Children Schools and Families (DCSF) have tasked all Local Authorities to review their funding for the free entitlement to achieve the following:
 - Develop a single local formula for funding to ensure consistency and fairness in the method of funding for all providers. This does not necessarily mean that providers will all be funded at the same level but that the same factors will be taken into consideration when deciding on the level of funding.
 - Change early years' pupil count arrangements to ensure consistency across maintained and Private, Voluntary and Independent (PVI) settings. This will mean that providers will be funded according to the amount of provision children take up and not full time equivalent places.
- 3 The DCSF are concerned that there is too much place-led funding in the maintained sector and too little stability in PVI funding. The new arrangements must achieve the right balance between getting value for money, investing in the sustainability of provision and enabling longer term planning and improvement.
- 4 In York the Schools Forum agreed that all of the detailed work on developing the new formula would be carried out by the Early Years Reference Group (EYRG). The group comprises a balance of representatives from across the PVI and maintained sectors and is independently chaired.

Consultation Proposals

- 5 The Executive Member (through her membership of the Schools Forum), has already received a number of updates over the past 18 months, particularly around the work done on the cost analysis survey and the theoretical cost modelling exercise that has been used in developing the basic funding entitlement. This report sets out the EYRG's proposals for consultation that were supported by the Schools Forum at its meeting of 2 July 2009. The Executive Member will be pleased to note that, at both

the EYRG and the Schools Forum, there was very strong support across all sectors to the proposals now included in the draft consultation document.

- 6 The full proposals encompassing a new combined funding formula and the associated counting and payment arrangements are set out in detail in the accompanying draft consultation document.

Corporate Objectives

- 7 The proposed new formula will contribute to the corporate objectives by providing opportunities for local families to access world-class early education in order to help children to begin to develop skills and high aspirations for the future

Financial Implications

- 8 The total funding available to support the delivery of the new formula (at 2010/11 budget levels) is estimated at £5.087m. This figure is based on the new free entitlement of 15 hours per week and is made up of the following existing budgets:

Table 1: Total Funding Available for the New Formula

	£m
PVI Base Budget	2.524
Pathfinder 15 Hour Extension Budget	0.687
Individual Schools Budget:(Maintained)	
Nursery Class Place Led Funding	1.306
SEN Formula Funding	0.016
Deprivation Formula Funding	0.038
Premises Formula Funding	0.271
Lump Sum (St Paul's Only)	0.079
Other Formula Funding	0.019
ISB Provision For Transition	0.147
Total Available Funding	5.087

- 9 The new formula will be delivered within the existing available budget. This means that any increases in funding for those settings that gain under the new arrangements will have to be funded entirely by reductions in funding to other providers. To facilitate this change over a period of time, transitional arrangements have been proposed that ensure that the minimum funding any setting will receive will be the appropriate funding rate under the old funding system for their sector for 2009/10 applied to the current year's pupil numbers and hours. This means that no setting should see a year on year cash reduction in funding on a per pupil basis or per hour basis.

Other Implications

- 10 There are no HR, ITT, Crime and Disorder or legal implications arising from this report

Risk Management

- 11 There are some risks that the move to a new formula may jeopardise the sustainability of individual settings. This will be mitigated by undertaking a full impact

assessment of the affect of the new formula on every individual setting. In addition, transitional arrangements will enable settings to manage any reduction in funding over a period of time and a sustainability contingency will be retained to provide additional support to individual settings on a targeted basis if necessary.

Recommendations

The Executive Member is asked to:

- Initiate a consultation with the providers of the Early Years Free Entitlement using the attached consultation document.
- Request feedback from that consultation at her January 2010 meeting to ensure that the new formula is in place by the statutory deadline of April 2010.

Reason: To enable the views of providers of Early Years Free Entitlement to be considered when the new formula is agreed.

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For further information please contact the authors of the report

Annex 1 – Draft Consultation Document - Early Years Single Funding Formula

Background Papers

Schools Forum Report 2 July 2009

Early Years Reference Group reports and minutes April 2008 to June 2009, including cost analysis survey and theoretical cost models.

Various DCSF guidance notes and updates