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**Meeting:** Schools Forum

**Date:** 28 September 2009

**Subject:** Early Years Single Funding Formula

**Report of:** Deputy Chief Executive and Director of Children, Families and Learning

**Summary:** To update the Schools Forum on the progress made to date on the Early Years Single Funding Formula (EYSFF) and feedback from the initial consultation with settings and schools.

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Contact Officer: Bob Thompson

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency  
(if appropriate)

**RECOMMENDATIONS:**

- 1. To discuss and comment on the latest update of the Early Years Single Funding Formula.**

**Background**

1. Central Bedfordshire Council is required to implement an Early Years Single Funding Formula (EYSFF) for all schools and settings making the free early years entitlement for 3 and 4 year olds from 1st April 2010. In order to achieve this the following is being undertaken:
  - an initial consultation during the Summer Term 2009 to gain settings' views on the factors/elements which might be included in the EYSFF and the possible impact on their settings;
  - construction of a single funding pot for the EYSFF;
  - the construction of possible formulae and their impact on settings; and
  - a formal consultation on the formulae options during November.

## **Feedback from consultation**

2. 42 schools and settings responded to the initial consultation which was undertaken during June and July, the outcomes of which are outlined in Appendix A.

## **The Funding Pot for the EYSFF**

3. A single funding pot of nearly £7,060,618 has been identified for distribution to settings through the EYSFF. This excludes the summer term adjustment (contingency) for lower schools of approximately £300,000 and is made up from the following elements:
  - Nursery Education Funding budget for the Private, Voluntary and Independent sector (PVI) derived from the 2010-11 Section 52 Statement;
  - a notional Special Education Needs (SEN) budget for PVI settings based on 60% of Bedfordshire County Council's 2009-10 SEN budget for the PVI (not included in the above total for distribution through the EYSFF);
  - Nursery schools budget;
  - Lower schools budget for:-
    - Age Weighted Pupil Unit (AWPU) 3+
    - AWPU 3+ headcount
    - Social deprivation element for 3+ and 3+ headcount;
  - additional Summer term funding for 3+ and 3+ headcount; and
  - insurance funding for 3+ headcount.

## **The Formula**

4. It is proposed that Central Bedfordshire consult on 4 formulae as follows:

**A**

<b>Base rate £3.60 per hour x Hours uptake per child</b>	+	<b>Social deprivation supplement x Average hours uptake per child</b>	+	<b>Nursery school lump sum</b>
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**B**

<b>Base rate £3.30 per hour x Hours uptake of children</b>	+	<b>Social deprivation supplement x Average hours uptake per child</b>	+	<b>Other funding factors:</b> <ul style="list-style-type: none"><li>• Lump sum for nursery school headteachers</li><li>• Lump sum for PVI administration</li><li>• PVI rent &amp; rates</li><li>• NS &amp; PVI utility costs</li></ul>
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**C**

<b>Base rate £3.60 per hour x Hours uptake of children</b>	+	<b>Social deprivation supplement x Average hours uptake per child</b>
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**D**

<b>Base rate £3.30 per hour x Hours uptake per child</b>	+	<b>Social deprivation supplement x Average hours uptake per child</b>	+	<b>Other funding factors:</b> <ul style="list-style-type: none"><li>• Lump sum for PVI administration</li><li>• PVI rent &amp; rates</li><li>• NS &amp; PVI utility costs</li></ul>
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## Explanation of elements included in the Funding Formulae

5. All modelling has been undertaken on actual uptake of children's hours during 2009-10.
6. A fixed base rate with additional factors is used for the formulae because this model has greater transparency for what is included in the add-ons. Even though a majority of schools/settings expressed a preference for Option 3 (Differential Rate with Social Deprivation factor – see Appendix A) as the DCSF requires a Social Deprivation factor to be included when all responses to this question are considered the majority (22 – 20) is inconclusive.
7. The Social Deprivation Supplement uses the Index of Multiple Deprivation (IMD) to identify the postcodes of children living in the 30 % most disadvantaged Local Super Output Areas (LSOAs) and schools/settings they attend in 3 bands:
  - average hours (12.5 hours) of number of children attending setting living in 0-30% most disadvantaged LSOAs – 20p
  - 31-60% LSOAs – 10p
  - 61-100% LSOAs – 0p.
8. The other funding factors where they are used in Formulae B and D are as follows:
  - lump sum for nursery school headteacher
  - lump sum for PVI administration base on £100 + 10p per hour uptake
  - PVI rent, rates and premises costs @ 10p per hour uptake
  - Nursery school and PVI – utility costs @ 10p per hour uptake.
9. Lower schools have not been included in the utility cost element because they will continue to be funded for this through their existing formula.
10. It is suggested that a quality element for Formulae B and D based on the actual employment or commitment to employ a graduate through the Graduate Leadership Fund is introduced from April 2011 after further research is undertaken to ensure accurate information collection. The £3.30 rate per hour for 2010-11 for Formulae B and D includes 10p per hour contingency to be set aside for a quality element. If either Formula B or D is adopted the hourly rate from April 2011 will be £3.20 to allow for the quality element to be implemented. It should be noted that that the redistribution of the 10p contingency for quality will result in settings in the PVI sector receiving differentiated amounts related to the employment of a graduate from April 2011.

11. The Schools Minimum Funding Guarantee (MFG) has been used a mechanism to support transition funding for the maximum of 3 years that the DCSF allows. No additional transition funding is recommended. The MFG provides protection at school level of a minimum increase in funding of 2.1% year on year until 2011. For the purposes of the EYSFF the 2010-11 formulae are based on 2009-10 pupil uptake of hours. The full effect of the MFG protection will be felt by schools in 2010-11 and this will be reduced by a third each year until this protection is completely removed in 2013-14. The amount released year by year from the decrease in protection will be go back into the total pot for distribution through the base rate, the social deprivation supplement and the other funding factors .
12. The PVI sector will continue to be funded as they are currently, namely, termly on children's uptake of hours. Schools' annual budget for the Early Years will be based on January uptake of children's hours. However, it is proposed that schools will be counted termly and any adjustments due to fluctuation in numbers will be made in the next financial year. A contingency amount has been included in each model to allow for this.

### Elements not included

13. Children with Special Educational Needs (SEN) will continue to be funded by the current mechanisms as will free school meals for children in the early years.

### Timetable

14. The following timetable is proposed for the successful conclusion of the EYFF.

Activity	Date	Papers required
Early Years Reference Group (EYRG)	28 August 2009	<ul style="list-style-type: none"> <li>Outcomes of early consultation</li> <li>Early draft of formulae, indicative budgets and impact analysis</li> </ul>
Schools Forum (SF)	28 September	<ul style="list-style-type: none"> <li>Outcomes of early consultation</li> <li>Early draft of formulae, indicative budgets and impact analysis</li> </ul>
EYRG	29 September	<ul style="list-style-type: none"> <li>Paper outlining full consultation with formulae, indicative budgets, impact analysis and funding effects for 4 years until 2013 -14</li> </ul>
SF	19 October	<ul style="list-style-type: none"> <li>Ditto</li> </ul>
Full consultation begins	2 November	
4 Cross sector consultation meetings	2 November – 23 November	

Schools finance seminar	4 November	
Full consultation ends	30 November	
EYRG	10 December	<ul style="list-style-type: none"> <li>• Draft outcomes of full consultation</li> </ul>
EYRG	w/c 4 January 2010	<ul style="list-style-type: none"> <li>• Outcomes of full consultation</li> <li>• Paper to agree formula for April 2010 and recommendations for SF</li> </ul>
SF	25 January	<ul style="list-style-type: none"> <li>• Paper to agree formula for April 2010 and recommendations from EYRG</li> </ul>
Implementation of SFF	1 April	

**Appendices:**

Appendix A - Outcomes of the Consultation Document