

# Single Funding Formula for Early Years Settings (EYSFF)

## Consultation Document

**16<sup>th</sup> September 2010**

Please note there are a few minor changes in the document regarding children aged 4+ attending Nursery Schools.

These are highlighted in red and appear on pages 4 to 8 of the document.

**September 2010**

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## Background

1. Following the decision to allow local authorities (LAs) to defer the implementation of the Early Years Single Funding Formula (EYSFF) in April 2010, the Department for Education (DfE) requires all LAs to introduce a single local funding formula (EYSFF) for all providers of the free flexible early years entitlement from April 2011.
2. The EYSFF will operate within the terms of the new national “Code of Practice for Local Authorities on Delivery of Free Early Years Provision for Three-and-Four-Year Olds”.
3. The EYSFF does **NOT** apply to children who have been admitted in the Reception Year to the main part of a lower school. However, it **DOES** apply to children attending:
  - PVI settings
  - Nursery schools (all pupils)
  - Nursery units and nursery classes in lower schools.

## The Consultation Process, Decision Making and Timetable

4. Central Bedfordshire Council will decide which of formulae set out in this document will be implemented. In order to inform the decision the views of all providers and the Schools Forum are being sought. The Early Years Reference Group (EYRG) which has representation from all providers and is a Sub Group of the Schools Forum has been fully involved in developing the formulae.
5. The timetable for the introduction of the EYSFF is as follows:

**Table 1**

<b>Date</b>	<b>Activity</b>
Monday 29 September to Friday 19 November 2010	Consultation period for all stakeholders
November	Information evenings for providers
November / December 2010	Outcomes of Consultation presented to EYRG, Schools Forum and Local Authority
January 2011	Local Authority decision
April 2011	Implement of EYSFF

## The Funding Stream for the EYSFF

6. A single funding stream of approximately £7.5 million has been identified for distribution to settings through the EYSFF. This includes:
  - Early Education Funding budget for the Private, Voluntary and Independent sector (PVI) derived from the 2010-11 Section 52 Statement
  - Nursery schools budget
  - Lower schools budget
    - 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
- Insurance funding for 3+ headcount.

### The Formulae

- Three formulae have been developed for consultation purposes. Elements for quality and flexibility have been included following last year's consultation feedback as providers indicated their inclusion would be beneficial.
- The make-up of the EYSFF Options A, B and C and rates are set out in Table 2 as follows (calculations are based on **an hourly rate per child** and are at 2010-11 funding levels):

**Table 2**

	<b>Option A</b>	<b>Option B</b>		<b>Option C</b>
<b>Base Rate</b>	All schools and settings: <ul style="list-style-type: none"> <li>• Up to 15 hours provision per week £.3.20 per hour</li> <li>• Over 15 hours provision £3.50 per hour</li> </ul>	Nursery and Lower Schools - £3.45 per hour	PVI settings: <ul style="list-style-type: none"> <li>• Up to 15 hours provision per week £.3.20 per hour</li> <li>• Over 15 hours provision £3.50 per hour</li> </ul>	All schools and settings: <ul style="list-style-type: none"> <li>• Up to 15 hours provision per week £.3.10 per hour</li> <li>• Over 15 hours provision £3.40 per hour</li> </ul>
<b>Social Deprivation</b>	Social deprivation (3 levels) - 20p per hour for the 0-30% most deprived, 10p per hour for 31-60% deprived and 0p per hour 61-100% using the Index of Multiple Deprivation (IMD)			Enhanced social deprivation using the IMD (see 9 and 12 below)
<b>Quality Factor</b>	Qualified Teacher (QTS) or Early Years Graduate with EYP – 20p per hour per child Early Years Graduate - 15p per hour per child Level 4 – 10p per hour per child			
<b>Administration</b>	PVI Administration - £100 lump sum plus 10p per hour per child			
<b>Premises</b>	NS & PVI Rent & rates – 10p per hour Utilities – 10p per hour	PVI Rent & rates – 10p per hour Utilities – 10p per hour		NS & PVI Rent & rates – 10p per hour Utilities – 10p per hour
<b>Other</b>	Nursery school lump sum - £40K	Nursery Schools, <b>only for pupils at 4+ Reception age will be funded in the same way as Lower Schools for the factors:</b> <ul style="list-style-type: none"> <li>• Summer term intake</li> <li>• Free school meals</li> <li>• Insurance</li> <li>• School meals</li> <li>• High Incidence Low Level Needs (HILLN - SEN)</li> </ul> Plus current factors for: <ul style="list-style-type: none"> <li>• Conditions survey</li> <li>• Floor area</li> <li>• Rent and rates</li> <li>• Lump sum</li> </ul>		Nursery school lump sum - £40K

		<ul style="list-style-type: none"> <li>• Insurance lump sum</li> <li>• School meals lump sum</li> <li>• <b>Threshold</b></li> </ul>	
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### Breakdown of the Formulae

#### 9. **Option A:**

- **Base rate:**  
A differential base rate for all schools and settings of £3.20 per hour for those schools and settings providing up to 15 hours provision weekly and £3.50 for those providing over 15 hours weekly
- **Social deprivation:**  
A social deprivation factor at three levels using the Index of Multiple Deprivation (IMD) - 20p per hour for the 0-30% most disadvantaged, 10p per hour for 31-60% disadvantaged and 0p per hour for remaining 61-100%. The social deprivation element is based upon the level of disadvantage where a child lives (postcode) and follows the child to the setting they attend.
- **Quality:**  
A quality factor awarded at three levels 20p per hour to qualified teacher (QTS) and early years graduate with early years professional status (EYP), 15p per hour to an early years graduate without EYP and 10p per hour to a level 4. This factor will apply to the highest qualified practitioner and where two colleagues job share their total hours contact time applies
- **Administration:**  
Private, voluntary and independent (PVI) settings administration factor of £100 lump sum per year plus 10p per hour
- **Premises:**  
Nursery schools and PVI rent and rates factor of 10p per hour and nursery schools and PVI utilities factor of 10 per hour
- **Other:**  
A nursery school lump sum of £40,000.

#### 10. **Option B:**

- **Base rate:**  
A differential base rate of £3.45 for nursery and lower schools, PVI settings as Option A
- **Social deprivation:**  
As Option A
- **Quality:**  
The Quality factors as outlined in Option A.
- **Administration:**  
As Option A
- **Premises:**  
PVI rent and rates factor of 10p per hour and PVI utilities factor of 10p per hour
- **Other:**

Nursery Schools **only for pupils at 4+ Reception age will be funded in the same way as Lower Schools.**

#### 11. **Option C:**

- **Base rate:**  
A differential base rate for all schools and settings of £3.10 per hour for those schools and settings providing up to 15 hours provision weekly and £3.40 for those providing over 15 hours weekly
- **Social deprivation:**

An enhanced social deprivation factor using the IMD which places greater emphasis on the most disadvantaged with a higher level of funding following these children

- **Quality:**  
As Option A
- **Administration:**  
As Option A
- **Premises:**  
As Option A
- **Other:**  
As Option A.

### Distribution of funding across funding factors

12. **Social Deprivation** - The Index of Multiple Deprivation 2007 has been used to identify levels of disadvantage. It combines a number of indicators, chosen to cover a range of economic, social and housing issues, into a single deprivation score for each small area in England. This allows each area to be ranked relative to one another according to their level of deprivation. Model C places greater emphasis on the most disadvantaged with a higher level of funding following these children.

13. In the 2010-11 EYSFF model distributed approximately 1.0 % of the total funding to social deprivation. In the current nursery school and lower school budgets approximately 2.2% is apportioned to social deprivation. In line with Government thinking the social deprivation in Option C has been enhanced increased to 4.1%. Table 3 shows the distribution of the funding across all Options and Factors for the first year of the formula (2011-12).

**Table 3**

	Year 1 (2011-12)					
	Model A		Model B		Model C	
	£	%	£	%	£	%
Base Rate	5,694,262	75.3	5,882,225	77.6	5,516,317	72.5
Flexibility	295,300	3.9	171,923	2.3	295,300	3.9
Deprivation	72,628	1.0	72,628	1.0	314,012	4.1
Lump Sums	170,500	2.3	174,584	2.3	170,500	2.2
Variable Costs						
Administration	102,761	1.4	137,196	2.2	102,761	1.4
Site Costs	246,676	3.3	293,324	3.9	246,676	3.2
Quality	218,033	2.9	218,033	2.3	218,033	2.9
Protection for schools	761,587	10.1	630,637	8.5	744,497	9.8
<b>Total</b>	<b>7,561,747</b>	<b>100</b>	<b>7,580,550</b>	<b>100</b>	<b>7,608,095</b>	<b>100</b>

### The Impact of the formulae

14. Table 4 shows the impact of the formulae on hourly rates by setting out the typical minimum, maximum and / or average hourly rates that apply for different providers. The assumptions made include:

- All Options - the minimum rate excludes any allowance for social deprivation
- All schools have a qualified teacher as required legally applied to both the minimum and maximum rates

- All settings meet the maximum qualification requirement of 20p per hour for EYP when applied to the maximum rate per hour
- The Nursery School Lump sum equates to 0.54p per hour
- The Lower School hourly rate only applies to the Early Years element of a school's Individual Schools Budget
- Option B - due to the use of specific lump sums and rateable values average\* minimum and maximum hourly rates have been provided for nursery schools
- Option C - due the way the IMD data has been provided for social deprivation average\* minimum and maximum hourly rates have been provided for nursery and lower schools and PVI settings.

**Table 4**

	Current hourly rate	Option A		Option B		Option C	
		Min	Max	Min	Max	Min	Max
<b>Nursery Schools</b>	N/A	£4.04	£4.54	£4.28 average*	£5.04 average*	£4.28 average*	£5.11 average*
<b>Lower Schools (Nursery Class)</b>	N/A	£3.40	£3.90	£3.65	£3.85	£3.30 average*	£4.14 average*
<b>PVI</b>	£3.70	£3.50	£4.20	£3.50	£4.20	£3.40 average*	£4.44 average*
Plus £100 lump sum PVI only							

15. Nursery and lower school budgets are currently protected to ensure a year on year increase to their pupil led funding. Nursery and lower schools need time to prepare for future reductions in their funding as a result of the EYSFF. It is proposed that they are protected at a level of 1.0% in 2011-12 and that this sum is reduced by 50% in 2012-13 with no protection in 2013-14.

16. Table 5 shows the distribution of overall funding across the different sectors and the level of protection to nursery and lower schools:

**Table 5**

<b>EY Funding Stream</b>			
	Model A	Model B	Model C
Nursery including protection	1,406,960	1,406,960	1,406,960
Lower including protection	2,292,540	2,311,343	2,391,662
PVI	3,862,248	3,862,248	3,809,474
<b>Total</b>	<b>7,561,747</b>	<b>7,580,550</b>	<b>7,608,095</b>
<b>Contribution towards nursery and lower schools protection</b>	<b>761,587</b>	<b>630,637</b>	<b>744,497</b>

Please detached and return the completed consultation below to Karen Elkins, Office Manager, Early Childhood Intervention and Prevention, Central Bedfordshire Council, The

Council Offices, High Street North, Dunstable, Bedfordshire, LU6 1L For email to [karen.elkins@centralbedfordshire.gov.uk](mailto:karen.elkins@centralbedfordshire.gov.uk) by Friday 19 November 2010.

Thank you for your co-operation.

### Early Single Funding Formula (EYSFF) Response

Setting name .....

Name of person making consultation response .....

Contact details .....

Please tick the relevant box for formula chosen (see below).

Option A	Option B		Option C
All schools and settings: <ul style="list-style-type: none"> <li>Up to 15 hours provision per week £.3.20 per hour</li> <li>Over 15 hours provision £3.50 per hour</li> </ul>	Nursery and Lower Schools - £3.45 per hour	PVI settings: <ul style="list-style-type: none"> <li>Up to 15 hours provision per week £.3.20 per hour</li> <li>Over 15 hours provision £3.50 per hour</li> </ul>	All schools and settings: <ul style="list-style-type: none"> <li>Up to 15 hours provision per week £.3.10 per hour</li> <li>Over 15 hours provision £3.40 per hour</li> </ul>
Social deprivation (3 levels) - 20p per hour for the 0-30% most deprived, 10p per hour for 31-60% deprived and 0p per hour 61-100% using the Index of Multiple Deprivation (IMD)			Enhanced social deprivation using IMD
Qualified Teacher (QTS) or Early Years Graduate with EYP – 20p per hour per child Early Years Graduate - 15p per hour per child Level 4 – 10p per hour per child			
PVI Administration - £100 lump sum plus 10p per hour per child			
NS & PVI Rent & rates – 10p per hour Utilities – 10p per hour	PVI Rent & rates – 10p per hour Utilities – 10p per hour		NS & PVI Rent & rates – 10p per hour Utilities – 10p per hour
Nursery school lump sum - £40K	Nursery Schools <b>only for pupils at 4+ Reception age will be funded in the same way as Lower Schools for the factors:</b> <ul style="list-style-type: none"> <li>Summer term intake</li> <li>Free school meals</li> <li>Insurance</li> <li>School meals</li> <li>High Incidence Low Level Needs (HILLN - SEN)</li> </ul> Plus current factors for: <ul style="list-style-type: none"> <li>Conditions survey</li> <li>Floor area</li> <li>Rent and rates</li> <li>Lump sum</li> <li>Insurance lump sum</li> <li>School meals lump sum</li> <li><b>Threshold</b></li> </ul>		Nursery school lump sum - £40K



**Option A**

**Option B**

**Option C**

**Comments:**