

TO: SINGLE FUNDING FORMULA REPRESENTATIVE GROUP
DATE: 4 NOVEMBER 2009

UPDATE ON PROGRESS TOWARDS SINGLE FUNDING FORMULA FOR EARLY YEARS

1 PURPOSE OF DECISION

- 1.1 The purpose of this report is to present members of the Single Funding Formula Representative Group with the current version of the consultation document on the proposed development of the Bracknell Forest Council Single Funding Formula for Early Years. Comments are now being sought on whether any changes are needed in advance of it's distribution to all providers in November.

2 RECOMMENDATIONS

- 2.1 **That the Single Funding Formula Representative Group COMMENTS on the content of the draft consultation document (Annex A) and the draft response form (Annex B).**

3 SUPPORTING INFORMATION

Last meeting of the Group

- 3.1 The last meeting of the Single Funding Formula Representative Group (the 'Group') reviewed the latest proposals for the Bracknell Forest Council Single Funding Formula for Early Years (the 'Formula'). The broad areas where changes were agreed from the previous version were:
- The average salary and on-costs to be used in the hourly base rate should be updated to reflect the most up to date information;
 - Based on further analysis, the funding allowance for short term staff absence would be set at 12 days rather than 15;
 - The funding to PVI providers to meet their average staff costs should be based on a minimum of one Level 4 (was previously Level 3) with remaining staff funded at Level 2 as 55% of providers had at least a Level 4 leader;
 - Changes to the hourly base rate had a knock on effect to some of the quality supplement rates as these are directly linked and therefore needed updating;
 - There was some amendments to the qualifying criteria to be used for the different Bands contained within the quality supplement;
 - A £0.15 per hour deduction would be made to the hourly base rate in the maintained sector. This is due to the costing model funding the full average costs of Level 3 staff, and with all Maintained providers only employing Level 3 and above staff, they automatically qualify for further funding through the quality supplement. As the core staff structure is fully funded in the hourly base rate, receiving a quality supplement results in double funding;
 - Criteria and a funding model to develop a sustainability and sufficiency of providers fund were agreed;
 - That a £0.10 per hour profit element should be added to the hourly base rate for PVI providers;
 - Existing twice termly payment arrangements to PVI providers would continue

- Should the final outcomes on the proposed Formula development result in less funds being allocated than at present, an addition should be made to the base hourly rate paid to all providers to maintain current total spending.

3.2 The Group concluded that further work was required on:

- The initial proposals around transitional arrangements to phase in the impact of the Formula to the providers facing the greatest changes;
- Proposals around rewarding providers offering a flexible provision;
- Special Educational Needs (SEN), in particular whether funding this on agreed cost and number of places was feasible.

Progress since last meeting

3.3 In developing the next version of the Formula and the detailed consultation document, the following issues arose:

- The nursery class is an integral part of a maintained school and in some instances it is not practical to divide costs between the main school and the nursery class. To keep the Formula and associated processes as simple as possible, it is proposed that certain funding streams provided for the whole school in the maintained sector, a part of which relates to the nursery class, remain as a charge to the main school, and that the funding for the main school would reflect this cost responsibility and not the Early Years Formula. Therefore, maintained schools would not receive any funding for these items through the new early years Formula for their nursery class. This proposal is made as for some items it will not be easy to accurately split costs within a maintained school between those that relate only to the nursery class, and for others, it is more straight forward to continue with existing central Council funding arrangements;
- Existing arrangements are different between PVI and maintained providers in respect of funding absences that are not due to sickness, with PVI providers being funded through the core hourly rate, and costs in maintained nurseries being funded through an LA managed budget held for all school staff that is not allocated or charged to individual schools. In order that consistent arrangements are in place for all staff in maintained schools (i.e. including the nursery), it is proposed that long term absences other than for sickness for maintained nurseries are continued to be paid for by the LA and therefore no funding is allocated to maintained schools for this cost through the Formula. PVI providers will receive additional funds to manage these costs. Funding for long term sickness absence will be included for all settings at the same length of absence;
- The proposed funding model meets full costs only when a setting is running at the specified minimum ratios. In practice, many providers will be below the ratios and a standard addition is therefore included for all providers to help manage this. It is proposed to add £0.25 to the hourly rate for this, which is an estimated amount. This is the balancing item to increase the total funds allocated to the current amount;
- There was an error in the initial calculation of the accommodation payment to PVI providers. This was overstated by £0.15 per hour;
- To further incentivise providers to improve qualifications, it is proposed to further increase all of the Bandings by £0.10 per hour above the rates that previously only covered actual increased costs;

- Only limited progress has been made on developing an option around SEN. The views on the Group will be sought on how this can be incorporated in the final consultation document;
- Funding for childminders will need to be considered over the coming months as a number now qualify for payments under the free entitlement. Proposals will be made on this area outside the current consultation;
- The initial transitional funding scheme to be used to phase in the changes from the Formula has been revised. Rather than having to meet the first 5% change in funding, it is now proposed to limit the change in any one year to +/- 3%;
- It is proposed that where there is local discretion that the data used for funding purposes is update once a year, in the January prior to the commencement of each financial year.
- Proposals around funding arrangements for settings providing a flexible offer have been revised with additional thresholds added for opening hours in a setting. To qualify, providers will also need to meet the previously agreed 'flexibility test'.

Next Steps

- 3.4 The Group are requested to review the draft consultation document at Annex A and the draft response sheet at Annex B and to make any relevant comments for change at the meeting.
- 3.5 The agreed consultation document will be distributed 13th November and the consultation period ends on 11th December. The group will then meet 13th January 2010, to review the responses and make recommendations for consideration by the Schools Forum.
- 3.6 Evening briefings with all providers have now been confirmed for 6.30 pm to 8.00 pm at the Bracknell Forest Education Centre for 24th and 25th November and 2nd December. This will give all providers the opportunity to make comments and ask questions in advance of any written response they may make which will be reported back to this Group.
- 3.7 The approval of the Executive Member to the final proposed single funding formula for early years will be sought next year, after taking account of comments from providers, the Single Funding Formula Representative Group and the Schools Forum

Background Papers

Childcare Act 2006, Section 7

The 2006 Code of Practice on the provision of nursery education places for 3 and 4 year olds

The Extension to the free early education entitlement for 25 percent of 3 and 4 year olds: Interim guidance for local authorities July 2008

Implementation of the single funding formula for early years: Interim guidance for local authorities July 2008

Detailed DCSF guidance from July

Draft DCSF Funding Regulations

Children's Plan – Building Better Futures

Previous paper to the Group

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