

## **WIRRAL COUNCIL**

### **WIRRAL SCHOOLS FORUM - 3rd JULY 2013**

#### **REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES**

##### **NURSERY SCHOOL FUNDING**

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### **EXECUTIVE SUMMARY**

This report provides details of the review of the Early Years Single Funding Formula (EYSFF) for three and four year olds for 2014-15 and addresses an indicative shortfall in the funding of maintained nursery schools.

### **BACKGROUND**

The Early Years working group have met during the year to consider a number of areas. These include:

- the increase in 2 year old funding received
- the statutory entitlement for 2 year olds from September 2013 and capacity building
- options for additional revenue and capital funding
- DFE proposals for the EYSFF
- a review of standard costings for providers
- nursery school funding proposals.

In 2013-14 there is an Early Years budget of £13,454,000

This represents funding for:

2 year olds	£3,222,000
Nursery Schools	£1,058,000
Nursery Classes	£3,013,000
PVIs	£6,161,000

All providers are paid through the single funding formula

The EYSFF was introduced in April 2011, and operates using a common base rate of £3.20 per hour for all providers, together with a series of supplements and lump sum payments. The formula is used to fund all early years provision in Private Voluntary and Independent providers, Nursery Classes and Nursery Schools.

At the time of introduction maintained nursery schools were given protection to assist in the transition to the new formula since this delivered significantly less funding in this area. Maintained nursery schools were initially protected at 90% of their funding level in 2010-11, moving to 85% and then 80% over three years. It was agreed at the Schools Forum that the reduction from 85% to 80% would not be implemented in the last year (2013-14) and that nursery schools would remain protected at 85%.

The formula has also contained a capping mechanism, whereby additional funding payable to other early years providers was limited or 'capped' in order to fund the nursery school protection costs. The value of the cap in 2013-14 is £110,000. It is intended in 2014-15 that the EYSFF will be fully operational with no capping.

When this happens the indicative resources for the 3 nursery schools will reduce:

Ganneys Meadow by £116,000

Leasowe by £75,000

Brentwood by £40,000

## **LOCAL REVIEW AND CHANGES PROPOSED**

Officers from the local authority and headteachers and governors from the three maintained nursery schools met recently to discuss the formula arrangements for 2014-15 and the means available to address budget shortfalls.

Nursery schools have additional costs compared to other providers. These include the requirement for a headteacher and generally higher wage bills as a result of qualified teaching staff and local government pay and conditions. Difficulties are also presented as a result of each school having surplus places at the start of each school year, ranging from 30 to 60%.

It was acknowledged that significant progress had been made in restructuring provision and reducing costs. However it was also agreed that the current base rate and supplements would not be a viable option for this provision, resulting in an annual shortfall at each school of between £30,000 and £80,000.

Modelling has begun to construct a formula that would help to fund maintained nursery schools at around their current funding level. Discussions regarding future budget costs and future intake have taken place. Whilst the proposal is not sufficient to cover all costs and meet all needs it does provide greater stability and the opportunity for schools to generate additional income from 2 year old funding or from increased pupil numbers.

The changes would require a separate base rate and a new lump sum of £100,000. These are illustrated in appendix 1. The indications are that this model would cost in the region of an additional £120,000.

In 2012-13 there was an overall underspend within the Early Years budget for 3 and 4 year olds of £200,000. The changes agreed to date (to extend protection at 85%) and these proposals for nursery schools would fully commit this budget.

## **NATIONAL REVIEW AND CHANGES PROPOSED**

The DfE are proposing changes to the EYSFF in 2014-15 to simplify the current system, One of the proposed changes will be to restrict the number of bands being used in all supplements to two only. Wirral currently uses bands as follows:

Base Rate	1
Deprivation	3
Flexibility	2
Quality	1

This would indicate that a change is required to deprivation banding. Discussions will continue with the Early Years Working Group once the result of the consultation is published along with the DfE's proposals.

## **RECOMMENDATION**

The Forum notes the report and agrees to consult with schools and early years providers regarding changes to the EYSFF.

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Director of Children's Services