

1. EXECUTIVE SUMMARY

This consultation starts a short review of the Early Years Single Funding Formula (EYSFF) for three and four year olds for 2014-15. The paper sets out a number of areas that were considered nationally by the Department for Education (DfE) and addresses an indicative shortfall locally in the funding of maintained nursery schools. Any changes would be effective from 1st April 2014.

2. BACKGROUND

A sub group of the Schools Forum has met during the year to consider issues affecting Early Years. These include:

- the increase in 2 year old funding received for 2013-14
- the statutory entitlement for 2 year olds from September 2013 and the need for capacity building
- options for the additional revenue and capital funding received
- DfE proposals for the EYSFF
- a review of standard costings for providers
- nursery school funding proposals.

You will have received separately information in respect of 2 year olds, together with applications for funding to develop capacity and meet the anticipated increase in demand both from September 2013 and September 2014.

The Early Years budget for 2013-14 is £13,454,000, this represents funding for:

2 year olds	£3,222,000
Nursery Schools	£1,058,000 (3 schools)
Nursery Classes	£3,013,000 (42 classes in maintained schools)
PVIs	£6,161,000 (132 providers and childminders)

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.

Question 1. Do you have any general comments about the rates paid?

Question 2. Do you have any comments about the suitability and effectiveness of the supplements paid in respect of :

- Flexibility only in the school day 18p per hour
- Flexibility outside the school day 36p per hour
- Deprivation bands - Low 5p, Medium 14p, High 23p
- Quality 16p per hour

3. DEPRIVATION

This element within the EYSFF is required by the DfE. Wirral's formula uses pupil postcode data which is contained within the Index of Multiple Deprivation. Scores for pupils are totalled for each setting. This is used to place each provider into one of the three deprivation bands described above.

DfE proposals in Spring indicated that the number of bands allowed within the formula would be reduced to two only. This would if implemented result in the following changes

	Current Deprivation Supplement	Future Deprivation Supplement
Low	5p (46 settings)	nil (46 settings)
Medium	14p (64 settings)	16p (64 settings)
High	23p (67 settings)	25p (67 settings)

There are 46 settings in the low band receiving funding totalling £40,623. They would in future, if this change were implemented, receive nothing. However the evidence suggests that there are additional needs across all settings.

The latest response from the DfE is that they will not require local authorities to make these changes

Question 3 Do you think a change to the number of deprivation bands should be considered as part of the EYSFF?

4. OTHER CHANGES

The DfE's paper encourages local authorities to continue to look at how the funding formula could be simplified, together with a suggestion that centrally retained funding for Early Years should be limited to 10%.

Wirral's percentage is currently quite low at 4% of total funding. This budget provides a resource to support and develop Early Years provision across the borough.

Question 4 Do you have any comments or suggestions ?

5. MAINTAINED NURSERY SCHOOLS

A number of specific proposals are being considered in respect of the Councils three maintained nursery schools – Ganneys Meadow, Leasowe and Brentwood. At the time of introduction of the EYSFF in April 2011 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 and that the Minimum Funding Guarantee of minus 1.5% per pupil will no longer apply to the EYSFF. This means that any increase or reduction in funding arising from changes in childrens data - for example deprivation bands or changes in the provision of a flexible offer would be fully implemented in the year the change takes effect. This would remove some protection currently provided by the formula to 14 providers (costing £9,000), but would as a result allocate resources more closely to the Early Years provision offered.

Question 5 Do you agree that the current formula cap and Minimum Funding Guarantee should be withdrawn?

When the changes described above are implemented and all providers are fully funded through the formula, the indicative resources for the Wirral's 3 maintained nursery schools will reduce:

Ganneys Meadow by £116,000

Leasowe by £75,000

Brentwood by £40,000

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%. These are factors that are recognised by the DfE and by authorities that have similar nursery provision.

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 identified formula changes that would help to fund maintained nursery schools at around their current funding level. 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, which are similar to those introduced by other authorities, would require a separate base rate of £5.00 and a new lump sum of £100,000. The indications are that this model would cost in the region of an additional £130,000 pa.

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

Question 6 Do the changes proposed present a more appropriate model for funding nursery schools?

Question 7 Should any alternative factors be considered?

Name of setting-----

Please respond to this questionnaire by 18th October
and return to

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