

## **WIRRAL COUNCIL**

## **WIRRAL SCHOOLS FORUM**

## **REPORT OF THE DIRECTOR OF CHILDRENS SERVICES**

## **OUTCOME OF EARLY YEARS FUNDING CONSULTATION**

### **EXECUTIVE SUMMARY**

This report summarises the responses received to the Early Years Funding Consultation. The consultation commenced on 21<sup>st</sup> August and closed on 18<sup>th</sup> October. The report makes general recommendations in respect of the Early Years Single Funding Formula and specific recommendations in respect of the funding for the 3 maintained Nursery Schools.

### **Background**

The consultation followed a report to the previous meeting on 3<sup>rd</sup> July and the work by the Forum Reference Group. The document was circulated to all 177 Wirral Early Years providers and asked 7 questions. In total only 20 responses were received. These were from:

- 3 Maintained Nursery Schools
- 9 Private, Voluntary and Independent settings
- 6 Primary Schools

### **Consultation responses**

A large number of the responses drew limited comments. Where asked specifically most settings were in agreement with proposals that were made. The consultation responses reflect the circumstances of the setting, the relevance of the question to them and a number of detailed comments across the sector.

A few responses commented on the timescale and the difficulty in responding to the questions asked, seeking clarification on the formula, the make up of the elements and the entitlement. Separately this raises a need to refresh the training given around the Early Years Formula and Early Years Funding in general.

The consultation and a summary of some of the comments made are included as Appendix 1 and 2 of this report.

### **Responses to Consultation Questions**

**Question 1.** This question followed a brief summary of the Early Years Formula, the base rate and supplements and asked if there were any general comments about the rates paid.

The responses received often commented on the fact that the base rate has not really changed since the formula was introduced in 2011, which itself was based on rates paid in 2010. Although there has been some significant growth in overall funding as a result of the expansion of the 2 Year Old programme, the amounts paid for 3 and 4 year olds has

not increased. These decisions take account of the cash limited funding received by Local Authorities. In addition they reflect the fact that there have been no LA led pay awards in these areas since 2009.

There are increasing cost pressures faced by all providers as a result of general inflation – energy and food for example. It will be important to collect, assess and compare costs and any evidence of increased efficiencies or good practice. This should also be included in any future funding reviews.

**Question 2.** This question asked for comments about the individual supplements paid for flexibility, deprivation and quality.

The appendix shows the range of responses to this question, most suggest that the amounts paid are not sufficient or in proportion to amounts paid elsewhere. No responses suggested a reduction in a particular supplement to pay for an increase in another area.

There are positive comments about deprivation funding, it is well received, however some responses do make the comparison with the Pupil Premium. The highest deprivation band will pay 23p per hour; this is the equivalent of £131.10 per pupil per year, whereas the Pupil Premium in Primary schools is £900. Whilst there remains no provision for a Pupil Premium in this area Primary Schools are able to direct some funding from their main school budget into early years.

No changes are proposed to these specific rates at this time.

**Question 3** Deprivation funding – this asked for views about the initial proposal from the DfE that there should only be 2 bands within the funding formula.

The deprivation supplement within the EYSFF currently has 3 bands; these rates reflect low, medium and high levels of deprivation. The levels of deprivation are measured by the postcode of the pupil's home address and when the total scores for all pupils in a setting are added together, this results in a setting being given a band. Postcodes and bands are reviewed each year.

In asking should there be a move to 2 bands in the formula, this acknowledges the rates paid for a medium and high band would increase from 14p and 23p to 16p and 25p respectively, but it would also mean that 46 settings would no longer benefit from this element at all.

Most responses did not wish to make this change and recognised the importance of there being some funding for additional needs across all settings.

**Question 4** This question asked for any comments about the level of central funding for early years.

Initial proposals from the DfE suggested that there should be a limit to the amount that could be top sliced from the Early Years budget to be retained centrally. The proposed level was 10% of the Early Years budget.

Whilst this suggestion has not progressed the consultation paper asked for views about the current level of spend £541,100 (equal to 4% of the total Early Years budget).

Responses ranged from seeking clarification on the purpose of this funding, how does it support and develop Early Years provision, to reducing the level further and allocating more resources to settings.

As part of the feedback to providers more information will be provided on the use of this budget. Given the expansion of the 2 year old programme it seems likely that pressures and costs in this area will increase in future.

**Question 5** Should the current formula cap and Minimum Funding guarantee be withdrawn?

Most providers agreed that the cap on formula gains (compared to the level of funding received in 2010) should be withdrawn, together with any transitional protection given to those providers who would otherwise have incurred losses from the formula.

Although the question asked should the MFG be withdrawn, Regulations will require its retention. The MFG is applied only to the core base rate of £3.20. With this in mind it is not anticipated that the MFG of minus 1.5% will be triggered.

**Question 6** Do the changes proposed present a more appropriate model of funding for Nursery Schools?

The model proposes a new base rate for Nursery Schools of £5.00 per hour, continuing supplements for deprivation, quality and flexibility and a new lump sum of £100,000, equivalent to that paid in the mainstream school funding formula.

There was a range of comments. Primary schools were supportive, together with some PVI's. Their comments recognised that nursery schools should be retained, having a specific and definitive role in the delivery of Early Years and as such they should be funded on a viable basis. Nursery schools themselves welcome the changes but comment there are still challenges ahead.

Other PVI's commented on the increases being given to one sector of Early Years provision with a number of empty places and that this was at the expense of others. However this was not a unanimous view.

**Question 7** Should any alternative factors be considered?

This question did not result in a significant response. A few providers commented on how the plans for 2 year olds should be developed.

## **Recommendations**

1. That there are no changes to the supplements paid for Deprivation, Flexibility or Quality at this time
2. That the 3 bands currently used to allocate deprivation funding remain
3. That the formula cap ceases in the budgets for 2014-15
4. That funding for Nursery Schools is amended to include a new base rate of £5.00 and a lump sum of £100,000 pa.
5. That the formula is reviewed again over the period 2014-16

Julia Hassall  
Director of Children's Services

Q1. General comments about rates paid.

The rates paid allow for only the minimum wage.  
The current rates are not sustainable for the three nursery schools that have high staff costs.  
Nursery schools receive a disproportionate share of the budget.  
There should be the same rates paid to all providers.  
There is some difficulty moving from the 2 year rate to the 3 and 4 year rate.  
How will increases in costs in the future e.g. energy be reflected in the rates paid?  
Is the model proposed sustainable?  
The rates are low, when will they be increased?

Q2. Comments about supplements in the formula

The quality supplement should better reflect the differential teaching costs. At 16p per hour this is not the case.  
Is a qualified teacher a measure of quality?  
The flexibility supplement should increase.  
Early Years settings should receive the Pupil Premium.  
Deprivation allocations should not be based on the Early Years settings postcode (They are not, they are based on the child's postcode)  
There should be a healthy eating supplement.

Q3. Changes to the number of deprivation bands

The 23p supplement (£131pa) does not match the funding maintained schools receive through the Pupil Premium.  
This supplement should be based on actual need.

Q4. Comments on centrally retained funding

What is this funding used for? Could it be better used?

Q5. Minimum Funding Guarantee and Capping

Those responses agreeing with the proposal	11
Those disagreeing	4

Q6. Do the nursery changes present a more appropriate funding model?

Those responses agreeing with the proposal	10
Those disagreeing	4
Those making no comment	5

The changes should not be at the expense of others.  
Are nursery schools viable in the long term?

Q7. Should any alternative factors be considered?

What are the plans for increasing provision for 2 year olds?  
When will there be another formula review?  
Can there be funding for other activities – cookery, languages, music?