

# WIRRAL COUNCIL

## CABINET

16 JANUARY 2014

<b>SUBJECT:</b>	<b>PROPOSALS FOR CHANGES TO THE EARLY YEARS SINGLE FUNDING FORMULA</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF CHILDREN'S SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR TONY SMITH</b>
<b>KEY DECISION?</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report recommends a number of changes are made to the local formula for funding Early Years, specifically in relation to the funding of the Council's three maintained nursery schools.
- 1.2 The proposals have been the subject of a 6 week consultation with all Early Years providers and have been discussed with the Schools Forum at a meeting on 13<sup>th</sup> November 2013. The Schools Forum have endorsed these proposals.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Schools Budget makes provision for the cost of Early Years Education for 2, 3 and 4 year olds in Private Voluntary and Independent Providers, Primary Nursery Classes, Children's Centres and maintained nursery schools. The budget provision of £13.5m covers the cost of 15 hours early education for all 3 and 4 year olds together with a similar entitlement for disadvantaged 2 year olds.
- 2.2 On Wirral there are:  
134 Early Years providers in the Private, Voluntary and Independent sector  
42 nursery classes in primary schools  
3 maintained nursery schools
- 2.3 All providers are paid for Early Education provision through the Early Years Single Funding Formula (EYSFF). The EYSFF was introduced in April 2011, it operates using a common base rate for all providers of £3.20 per hour, together with a series of supplements and lump sum payments to take account of deprivation, quality and whether providers could make a flexible offer to parents.
- 2.4 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 than previously to them. 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%.

2.5 The formula contains a capping mechanism, whereby additional funding payable to other early years providers is limited or “capped” in order to fund the nursery school protection costs. The value of the cap in 2013/14 is £120,000. It is intended in 2014/15 that the EYSFF will be fully operational with no capping.

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

Ganneys Meadow by £90,000

Leasowe by £60,000

Brentwood by £55,000

2.7 Local Authorities are required to keep funding formula under regular review. A sub group of the Schools Forum has met during the year to do this and to consider a number of issues that affect Early Years providers. The areas covered by the group have included:

- The increase in 2 year old funding received for 2013/14
- The statutory entitlement for 2 year olds from September 2013
- DfE proposals for the EYSFF
- A review of costings for providers

2.8 The group developed proposals for consultation, specifically a review of provider rates and supplements and the funding for the three nursery schools. The consultation commenced on 21<sup>st</sup> August and closed on 18<sup>th</sup> October. This was circulated to all Wirral Early Years providers. In total only 18 responses were received. These were from:

3 maintained nursery schools

9 private, voluntary and independent settings

6 primary schools

## 2.9 Responses To Funding Rates And Supplements

Providers made general comments on the rates paid. Responses often commented that the base rate has not really changed since the formula was introduced in 2011. However, there are currently limited opportunities for change; decisions have to take account of cash limited funding. In addition there has been no LA led pay award in these areas since 2009.

Cost pressures faced by all providers are increasing 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.

With regard to the specific supplements paid for flexibility, deprivation and quality, there were a number of comments, many suggest that amounts paid are not sufficient, but no responses suggested a reduction in one supplement to pay for an increase elsewhere. Deprivation funding supplements are supported, however some drew comparisons 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.

Overall no changes are proposed to these specific rates at this time.

### **Nursery School Funding**

The model consulted on a proposed 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.

These changes take account of the additional costs nursery schools have 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%.

Whilst significant progress has been made in restructuring provision and reducing costs in recent years the current base rate and supplements used are not a viable option. The proposed change is not sufficient to cover all costs and meet all needs, but it does provide greater stability and the opportunity for schools to generate additional income from 2 year old funding or from increased pupil numbers. Provision for separate provider base rates is included within guidance from DfE on Early Years and is used by a number of other local authorities.

Primary schools were supportive, together with some Private, Voluntary and Independent (PVI) providers. 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 PVIs 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.

This change was supported by the Schools Forum, and would be funded from an indicative underspend arising in the Early Years budget in 2012/13.

### **3.0 RELEVANT RISKS**

3.1 The changes proposed address the sustainability concerns of nursery schools.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 The options considered were agreed by the Schools Forum and take account of guidelines from the EFA.

### **5.0 CONSULTATION**

5.1 All Early Years providers were consulted on proposals. The consultation ran from 21<sup>st</sup> August until 18<sup>th</sup> October 2013.

## **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 The report has implications for the distribution of funding to Early Years providers, many of whom are VCF groups.

## **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

7.1 The payments to Early Years providers for 2, 3 and 4 year olds are made from within the Schools Budget. Overall there is a budget of £13,454,000. The changes described in the report will fully commit this budget.

## **8.0 LEGAL IMPLICATIONS**

8.1 There are no legal implications arising.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and impact review can be found via the following link:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are none arising from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising from this report.

## **12.0 RECOMMENDATION/S**

12.1 That Cabinet approves the recommendations of the Schools Forum in Appendix 1.

## **13.0 REASON/S FOR RECOMMENDATION/S**

13.1 To agree changes to the funding formula for Early Years with effect from 1<sup>st</sup> April 2014.

**REPORT AUTHOR: Andrew Roberts**  
**Head of School Funding, Resources and Universal Services**  
telephone: (0151 666 4249)  
email: [andrewroberts@wirral.gov.uk](mailto:andrewroberts@wirral.gov.uk)

**SUBJECT HISTORY (last 3 years)**

<b>Schools Forum</b>	<b>Date</b>
Early Years Consultation and Funding	10 <sup>th</sup> April 2013
Nursery School Funding	3 <sup>rd</sup> July 2013
Outcome of Early Years Funding Consultation	13 <sup>th</sup> November 2013