

## **THE EARLY YEARS SINGLE FUNDING FORMULA – REVIEW OF ARRANGEMENTS**

### **Introduction**

1. At its meeting on 21 January 2010 the Schools Forum received a report on the Early Years Single Funding Formula (EYSFF) and resolved to recommend:
  - that the EYSFF be adopted for implementation; and
  - that Wiltshire Council apply for pathfinder status to be able to introduce the EYSFF in April 2010.
2. The DCSF approved the application for pathfinder status and the EYSFF was introduced to all accredited childcare providers in April 2010. As part of the implementation plan, the Early Years Reference Group (EYRG) undertook to keep the EYSFF under review and to recommend revisions if deemed necessary.
3. This report presents the recommendations of the EYRG which have arisen from a review of the current arrangements.

### **Review of Early Years Funding**

4. A survey form was constructed and sent to all free entitlement childcare providers on 22 October. The survey took account of comments which had been made in the EYRG and by a number of providers.
5. 98 replies were received from the 385 providers who were sent copies of the survey: a response rate of approximately 25%. The indicative responses to the questions, together with the comments and suggestions raised were considered by the EYRG at its meeting held on 26 November 2010.
6. The group was very grateful for the many comments and suggestions offered but noted that the overall level of response was insufficient to provide conclusive evidence for changes to be made.
7. Although keen to make the EYSFF effective and efficient the EYRG noted the formula had been in operation for only six months and considered that unless there was an overwhelming rationale for change the present arrangements should continue to avoid the potential confusion which could result from changes to arrangements which are only just being understood.
8. The EYRG considered a summary of all the responses and comments received in relation to each of the topics included in the survey, a copy of which is attached as the appendix to this report, and concluded as follows:

Question 1: Base rate - no overwhelming mandate to change at this early stage but may need to address complexity issues in due course;

Question 2a: Deprivation Supplement - continue with option A (current) - a reduction would be contrary to pupil premium concept;

Question 2b: Deprivation Supplement calculation - continue with option A (current);

Question 3: Sustainability/rurality supplement - continue with current basis but include ability for providers to apply for the supplement when needed;

Question 4a: Quality Supplement – noted difficulty of assessing quality on an objective basis. Review when position of Graduate Leader Funding is known;

Question 4b: Flexibility Supplement - continue with no supplement;

Question 5: Premises - no strong feeling to change formula as it will only make it more complex but recognised individual cases should be pursued separately;

Question 6: Estimating the Annual Budget - continue with current arrangements but with an eye on reducing complexity if possible;

Question 7a: Significant Differences - continue with current arrangements and retain 20% trigger;

Question 7b: Late starters & leavers - a more formal system is required. Officers requested to develop options to enable this;

Question 8a: 12 Monthly Payments - continue current arrangements of 12 monthly payments;

Question 8b: Payment Adjustments – invite providers to indicate which option they would like to be applied each year, i.e. some settings having adjustment phased over remaining months in financial years and others as a lump sum;

Question 8c: Funding Periods/Annualised Hours – recognised the current administrative arrangements do not provide for full 52-week flexible delivery. Officers requested to investigate options to reconcile this.

9. Other Comments – Many comments related to the overall complexity of the EYSFF arrangements and the difficulty in forecasting income due from the council. The group recognised the tension between fairness and complexity and the need to obtain a reasonable balance. Any simplification of the formula (e.g. reducing the number of different hourly rates) would increase its ability to reflect individual circumstances. Similarly, a number of comments suggested including additional factors (e.g. more precise premises costs) to better relate to individual circumstances which could only be achieved by making the arrangements more complicated. The ending of transitional protection from April 2011 will make the calculation of payment much easier. The group noted the wide range of comments and suggestions and the need to provide clear information and access to further advice and guidance.

### **Recommendations**

10. The Forum is invited to note the contents of this report and is recommended to make the following amendments to the Early Years Single Funding Formula:
- Enable providers to apply for sustainability/rurality supplement for each funding period;
  - Enable providers to receive adjustments to estimated funding as either lump sums or phased over remainder of year as selected annually.

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Unpublished documents relied upon in the production of this report: None