

Cabinet On 16 November 2010

<p>Report Title.</p> <p>Delivering an Early Years Single Funding Formula for Haringey</p>	
<p>Report authorised by</p> <p>Peter Lewis, Director Children and Young People’s Service</p>	
<p>Contact Officer :</p> <p>Neville Murton 020 8489 3176 Belinda Evans 020 8489 3637</p>	
<p>Wards(s) affected:</p> <p>All</p>	<p>Report for:</p> <p>Key Decision</p>
<p>1. Purpose of the report</p> <p>1.1 To inform Members of the work that has been done to implement the statutory requirement to introduce the Early Years Single Funding Formula (EYSFF) from April 2011.</p> <p>1.2 The intention is to improve the transparency of funding and have a single formula that addresses the current inequalities in the funding arrangements. The EYSFF replaces a number of different funding mechanisms that have been in place for Nursery Schools, nursery Classes in maintained schools, Children’s Centres and provision in the Private, Voluntary and Independent (PVI) sector.</p> <p>1.3 The free entitlement is a universal benefit of 15 hours per week provision over at least 38 weeks per year that will be allocated through a formula to fund childcare</p>	

for all three and four year olds in maintained settings or registered Private, Voluntary or Independent provision.

1.4 The Schools Forum must be consulted on the implementation of the EYSFF and established a sub-group to work with officers to guide the development of the EYSFF, comprising representation from Primary and Nursery Schools, Children's Centres, the PVI sector and Trade Unions. This is known as the EYSFF Project Board.

1.5 Detailed consultation took place in Autumn 2009 and Spring 2010 and the outcome of that is reflected in the proposed methodology for operating the formula.

1.6 Appendix 2 sets out the areas of the formula that have been subsequently reviewed. Cabinet is asked to agree further consultation on this formula with providers and with the Schools Forum.

1.7 Therefore, the purpose of this report is to inform members on progress on the detail of the EYSFF and to seek agreement on the proposed elements of the formula.

1.8 Cabinet will be asked to approve final recommendations in January 2011, following consultation organised by the EYSFF Board, and any further refinement of the formula necessary to ensure that this meets the needs of Haringey children and families. The formula will be implemented in April 2011 in accordance with the relevant regulations.

2. Introduction by Cabinet Member

2.1 The adoption of the Single Funding formula is a statutory requirement. There has been considerable consultation with providers and the report reflects that consultation. Further consultation will follow once the report has been agreed by Cabinet before a final decision in January.

2.2 The underlying principles on which the elements of the formula are based are aimed at achieving good quality care across the borough and targeting resources in a way that ensures the best outcomes for all children by compensating for deprivation and disadvantage where necessary.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 The introduction of the EYSFF is aligned to a number of key council priorities:

3.2 The plans reflect the Council Plan vision set out in strategic priority 3 to “Encourage lifetime well being”. The proposals address this priority by seeking to ensure there is equitable payment for all providers who are delivering to the highest possible quality, targeted at our more disadvantaged families.

In addition, the introduction of the Formula links to the Children and Young People’s Plan 2009 - 2020 priorities set out below;

Priority 1 – to improve health and well-being throughout life

Priority 3 – to improve safeguarding and child protection

Priority 4 – develop positive human relationships and ensure personal safety

Priority 5 – develop sustainable schooling and services with high expectations of young people

Priority 6 – engender lifelong learning for all across a broad range of subjects both in and out of school

Priority 10 – Empower families and communities

3.3 The programme also links with the Council’s Sustainable Community Strategy - 2007-2016, in particular the outcomes;

- Economic vitality and prosperity shared by all
- Safer for all
- Healthier people with a better quality of life.

3.4 The programme has clear links to the Council’s Child Poverty Strategy and Action Plan 2008-2011, namely;

Objectives 1: Addressing worklessness and increasing parental employment in sustainable jobs

Objective 2: Improving the take-up of benefits and tax credits

Objective 3: Reducing educational attainment gaps for children in poverty

4. Recommendations

4.1 That Cabinet agree the process for introducing the EYSFF in Haringey in April 2011 and the broad components of the formula;

4.2 That Cabinet receives a concluding report, including the recommendations of the Schools Forum, in January 2011 setting out any changes that have been made following the consultation process on the detail of the EYSFF.

5. Reason for recommendation(s)

- 5.1 Early indications are that greater targeting of resources will be central to the Government's future policy for early years and childcare. The Haringey draft Early Years policy (Appendix 1) is intended to ensure that services are of the highest quality and are targeted at the most disadvantaged so that outcomes for children are improved. This is the foundation for the EYSFF.
- 5.2 The EYSFF Project Board has involved a wide range of services and interested parties and the Board has discussed all aspects of the proposed policy and formula and will continue to work on the refinement of the formula during the current consultation period. Cabinet decisions will be incorporated into the final proposal for the implementation of the EYSFF in Haringey.
- 5.3 The proposed rates reflect the suggested relative distribution of resources as indicative funding allocations will not be released by the DfE until November-December 2010. Final confirmation by the DfE will not be given until June 2011. Therefore Cabinet are asked to agree the provisional methodologies that have been used to arrive at a proposed formula.

6. Other options considered

- 6.1 The government originally proposed implementation of the EYSFF from April 2010 but, following a number of concerns, announced in January 2010 its deferment until April 2011. Confirmation of the statutory requirement to implement the EYSFF has recently been made clear by the government.
- 6.2 The implementation of the EYSFF is a statutory requirement and there is no other option that could be adopted. There is local discretion on the detail of the formula and our proposal is intended to support the delivery of our draft Early Years Policy and our priority of ensuring that resources are targeted to those in greatest need. The Board has considered what supplements should be used to make sure that the formula delivers this priority.
- 6.3 The model of funding in the original consultation has been adapted following the initial period of consultation that was undertaken when the obligation was to introduce this in April 2010. The changes under consideration are set out in Appendix 2.

7. Summary

- 7.1 This report sets out draft proposals for an Early Years Single Funding Formula to be implemented in April 2011 on which there will be further consultation during the Autumn term 2010. The Schools Forum must be consulted on the process for operating the EYSFF and Members are asked to agree the proposals put forward in this report, subject to further consultation with providers and the Schools Forum.
- 7.2 Following these consultations, the Schools Forum will receive feedback in December 2010 and make a recommendation to Cabinet for final decisions in January 2011.

7.3 The formula comprises a number of base rates which reflect the main costs of providing the free entitlement within the different types of settings e.g. variations in pay rates, contact ratios and support costs are taken into account. The base rate, which will account for around 80% of the resources distributed, is augmented by a number of supplements which reflects fundamental differences in the cost of providing the free entitlement or to prioritise expenditure in line with the Council's Early Years Policy; in this way quality, flexibility in provision and deprivation are particularly recognised.

7.4 The EYSFF will replace a number of disparate funding arrangements such as payments to PVI providers based broadly upon the previous Nursery Education Grant which paid providers at a single hourly rate and the arrangements for Nursery Schools and Nursery Classes which were previously part of the Haringey Formula for Financing Schools.

8. Chief Financial Officer Comments

8.1 The introduction of the EYSFF is a statutory requirement and will be funded from the ring-fenced Dedicated Schools Grant (DSG). The EYSFF determines how the funding will be distributed. Resources to cover the additional cost of the extension of the free entitlement are also available in 2010/11 through the flexible entitlement grant. However, it is expected that this will be incorporated within the DSG in 2011/12. The level of resources allocated to the EYSFF from the DSG will be a decision for the Cabinet, in consultation with the Schools Forum, once the indicative resources for 2011/12 are known.

9. Head of Legal Services Comments

9.1 The Head of Legal Services has been consulted on the content of this report. The recommendations and content meet the requirements of the framework established by the Department for Education arising from Section 202 of the Apprenticeships, Skills, Children and Learning Act 2009.

10. Head of Procurement Comments –[Required for Procurement Committee]

11. Equalities and Community Cohesion Comments

11.1 An Equalities Impact Assessment (EIA) has been conducted on the implications of the Early years Single Funding Formula. The EYSFF does not in itself provide more resources – it is a means of distributing existing resources. There are more PVI settings in the West of the Borough and therefore the EYSFF has the potential to redirect resources away from East of the Borough where the maintained nursery settings are located. Therefore it is important to ensure that the formula comprises the elements that will ensure that the most vulnerable attract the most favourable distribution of resources.

11.2 The families who face the greatest barriers to social inclusion are those who

are least likely to access the benefits and services to which they are entitled. The lower levels of take-up of free funded early education and childcare from ethnic minority groups and from the most socio-economically deprived communities contributes to the widening gap in achievement and aspiration as children move through the school system. We must make sure that formula funding does not compound these barriers.

11.3 Therefore the proposed EYSFF deprivation component comprises two factors – the Index of Multiple Deprivation and the location of ethnic minority groups in the community This means that funding is directed to the provision that meets the needs of the most deprived or at risk of low attainment

11.4 We propose to centralise the targeted childcare places which have been historically allocated to specific primary and nursery schools and Children's Centres so that we can ensure that these places are allocated to the children most in need. This will assist in the mitigation of the risk of the potential migration of resources from the areas of greatest disadvantage. A summary of the targeted childcare funded places is shown in Appendix 3

11.5 In addition, in the (unlikely) event that headroom is available i.e. funding over and above that necessary to meet the proposed rates and transitional arrangements, we recommend that this is distributed through the deprivation factor.

12. Consultation

12.1 Substantial work took place in developing the EYSFF in the lead up to the original implementation date of April 2010. Consultation documents were distributed to a wide range of stakeholders including providers from the maintained, private, voluntary and independent (PVI) sector, Headteachers and Governing Bodies, giving the opportunity to provide written feedback.

12.2 Consultation events were held in December 2009 and January 2010.

12.3 The EYSFF has been reviewed in the light of the comments received from these consultation exercises.

12.4 In preparation for the implementation of the EYSFF in April 2011 we are holding consultation meetings with the PVI sector and Headteachers in the Autumn term and circulating the consultation document to the Chairs of Governing Bodies and through the Haringey website.

13. Service Financial Comments

13.1 The introduction of the EYSFF is a statutory requirement and replaces existing early years funding allocations for maintained settings (nursery classes in primary schools, nursery schools and some elements of Children Centres) and Private, Voluntary and Independent settings. Funding for the

former weekly free entitlement of 12.5 hours of early years provision was provided from the ring-fenced Dedicated Schools Grant (DSG). In the current financial year there is also a specific grant, the flexible entitlement grant, covering the extension of the free entitlement to 15 hours over 38 weeks. We expect that this will be incorporated within the DSG in 2011/12.

- 13.2 In the current financial year, the resources allocated to support the free entitlement amounts to c£11.5m and is funded primarily from the DSG. We will not know the indicative DSG for 2011/12 until late November or early December 2010 (the final allocation will not be confirmed until June 2011). It will be a decision for the Cabinet, in consultation with the Schools Forum, on the level of resources to be allocated for the EYSFF. The rates set out in the appendices are therefore indicative and will be confirmed once the funding has been agreed.

14. Use of appendices /Tables and photographs

Appendix 1 Draft Early Years Policy (Daycare and Education)

Appendix 2. Changes to Supplements and Methodologies.

Appendix 3 Currently funded targeted child care places

15. Local Government (Access to Information) Act 1985

Not Applicable

**HARINGEY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE
EARLY YEARS POLICY**

"We want every child and young person to be happy, healthy, safe and confident about their future" Haringey Children's Trust Vision 2009

INTRODUCTION

Haringey has a long and successful tradition of investment in early years education and care. We know from experience that from birth children have a love of discovery and a natural desire to learn and explore. They need stimulating, child centred environments where they can play indoors and outdoors and, as they grow, to talk and think creatively with adults and other children.

Well established national and international research shows that the quality of care, support and education children receive in the first five years of life has a fundamental impact on their development for the rest of their lives. Given the best foundation, this can prepare children for a lifetime of successful learning and achievement. We believe passionately that providing that best start is a vital task and that if the services we provide directly, or support, do this well, that we can significantly influence children's life chances, so they achieve better outcomes.

Providing the highest quality of education and care is essential to make that difference for young children, but investing in early years is not only about these aspects of service delivery. It is also about investing in families, and over the last sixteen years Haringey has worked to develop comprehensive and holistic services to our youngest citizens and their families, especially those who are poorer and disadvantaged. We see families as partners in this process where they are engaged and are active participants in the process.

Working with many partner providers across all sectors, and many agencies, our early years policy is rooted in that comprehensive model where those who are most disadvantaged are prioritised, and encouraged to access our services within the wider universal framework. We believe that targeted intervention can contribute to narrowing the gap between those who are socially and economically disadvantaged and those who are not, and that early years services have a key role in tackling child and family poverty.

Using our collective resources we aim to transform life chances for children and families through collaborative working across services and in partnership with families.

OUR POLICY

To do this we will work to:

- Ensure that early years education and childcare provision is of the highest quality, supporting providers through training, guidance, support and challenge to raise standards
- Narrow the gap between the 20% most disadvantaged in our community and others by targeting our early years provision and resources effectively
- Manage our SSCC early years admissions and available resources to ensure we reach the neediest children in our communities
- Build strong multiagency and collaborative working with Health, Children's Social Care, Jobcentre Plus and other partners to ensure families' needs are identified and met as effectively as possible
- Help parents/carers in preparing for employment and/or accessing employment opportunities as a route out of poverty
- Develop an early years funding formula which reflects this commitment to narrow the gap between the most and least disadvantaged, and ensures that the allocation of funding is open, transparent and fair, taking into account the specific challenges of each setting.
- Support all private, voluntary and independent providers in preparing for Ofsted inspection by introducing an accreditation scheme
- Ensure they secure at minimum a satisfactory judgement when inspected by Ofsted and to support them in continuous improvement to achieve a good or outstanding judgment
- Ensure all settings are as flexible as possible, to meet the needs of individual children and their families, to be accessible and to have well qualified staff who have regular and ongoing training in order to continually improve their practice
- Assess annually the sufficiency of education and childcare in Haringey and the needs of families in order to identify gaps and establish plans.

In implementing these principles there are key factors which mitigate against some of the disadvantages many children experience and which can reduce their impact and effects on them.

These include:

- strong relationships between parents, family members and other significant adults
- parental interest and involvement in education and learning
- clear and high expectations
- high self esteem, feeling valued, confident and motivated
- a nurturing environment that develops these dispositions and provides positive and caring role models
- recognition , praise and experience of success
- Economic well-being

Resourced to provide outreach, family support and many other local services to complement early education and childcare provision, Sure Start Children's Centres are particularly well-placed to work with families to focus on promoting these, and to work with families raise aspirations for themselves and their children.

We aim to ensure that:

- families have easy access to the services they need
- parents/carers are actively engaged and involved in provision
- interventions are evidence based and well-matched to the different levels of need so they have a lasting and positive impact on children, young people and their families.
- we work with partners to engage families, offering the right early years provision and support for them and their children in a timely and effective way using our universal services wherever possible , and signposting to other targeted or more specialist services when needed

WHAT SHAPES OUR POLICY?

Demography and social factors

Haringey is one of the most socially divided boroughs in England with extremes of wealth and poverty. Tottenham has the highest level of child poverty in England and overall Haringey is the fifth most deprived borough in London and the tenth most deprived district in England.

Some seventy five per cent of Haringey's children and young people are from black and ethnic minority communities, and over 190 different languages are spoken. Thirty six per cent of children in the Borough grow up in families struggling to meet the basic necessities of life. There is a significantly rising birth rate in the eastern wards placing pressure on school places and other services. But what differentiates and demarcates Haringey is the wide social divide which exists between the poor eastern part of the borough and the richer west. This makes Haringey the most socially divided borough in London.

The borough also has an increasing number of children subject to child protection plans and/or who have come into the care of the Local Authority. There are also children who require more specialist provision, often outside of Haringey, because they have an additional need.

Our early years policy takes account of these key demographic and social changes and these, alongside the inequality gap underpin our approach to service planning and resource allocation.

Legislative Framework

To be inserted

Risk Factors

The Children's Trust Preventative Strategy identifies a number of specific groups of children who maybe or become at risk. National research also demonstrates that when families are subject to certain risk factors, the children are more likely to become vulnerable. These are cumulative and the more risk factors experienced by the child, the greater the risk. These include:

- Poverty
- Poor housing
- Crime and experience of the criminal justice system;
- Poor mental/physical health
- Poor quality and/or disrupted education

Early years providers across all sectors have an important role to play giving children and families the best provision and support they can to make a real difference to children and their families in these crucial early years. As the commissioning and accountable body the Local Authority will ensure providers perform effectively in line with their service level agreements, and will offer support, challenge, guidance and training to assist in this.

At present the responsibility for admitting children rests with each provider. To enable them to target the children with the highest priority, we will work with providers to make sure that they have the best information available. The Council's Admission criteria for maintained settings are set out in Appendix A.

What will we do?

Working in our children's networks and through well-understood and established collaborative arrangements we will share information about need in the relevant reach area for each Sure Start Children's Centre. This sharing of information is vital so:

- community outreach workers effectively identify parents or prospective parents who might not otherwise take advantage of the services that could make a difference to them.
- Partner services can set local priorities and plan effectively to meet those needs

To achieve this we will bring together the commitment and resources of the full range of statutory, voluntary and community partners.

We will monitor the intake of our early years provision to make sure that the children most in need are accessing places and where necessary, we will adapt and challenge the decision-making processes within the statutory framework within which we are required to work.

All children must have access to 15 hours free provision from the term following a child's third birthday up until they reach compulsory school age. We will fund providers to deliver a minimum core offer of flexibility to any parent who wants it and working with parents and providers, we will identify a workable and economic flexibility model which incorporates local choice within the Government's national limits, working to the Code of Practice on Provision of the Free Early Education Entitlement for 3 and 4 year olds.

As a Local Authority, we have a duty to provide information to the public on childcare and related services and to ensure that the information is made accessible to all parents who might benefit from it (including those that require services for their children up to their 20th birthday). The Haringey Family Information Service and the online Directory www.haringey.gov.uk/fisd partly fulfils this but there must also be outreach and face to face discussions with families within their local community.

Admissions Criteria

Insert the full criteria here

- Children who are looked after by the Local Authority;
 - children with Special Educational Needs;
 - children who are resident of Haringey and:
 - have a social or medical need;
 - are housed in temporary accommodation;
 - are cared for by a lone parent;
 - are refugees and asylum seekers;
 - are families on income support;
 - have English as an additional language;
 - are from a family with a number of pre-school children

Appendix 2

Review of Supplements and Nursery School Basic Allocations.

1. Deprivation Supplement. We are not proposing any changes here. The methodology agreed last year was based on two factors:
 - i. Sixty percent is distributed with reference to the Index of Multiple Deprivation for the home address of pupils at each setting. The aggregate IMD for each setting determined into which of four bands a setting falls. Each band is allocated one of the following weightings:

Band	Level of Deprivation	Weighting
1	Least deprived	1
2		1.5
3		2
4	Most deprived	4

- ii. Forty percent is allocated with reference to the number of pupils from targeted underachieving ethnic groups. .
2. Quality Supplement. In the consultation proposals, we used the quality supplement to recognise the additional costs of PVI settings with graduate leaders (the cost of teachers are recognised within the basic allocations for nursery classes and schools). We propose to retain this factor as a contribution towards these extra costs but supplement it with a lump sum element to help PVI settings improve the quality of their service, as determined by Haringey Council's Quality Improvement Accreditation Scheme. The following table illustrates the rates for the proposed graduate leader supplement as set out in the earlier consultation and the following extract sets out the Accreditation Scheme in more detail.

	Small PVI	Medium PVI	Large PVI
Proposed Graduate Leader Supplement	£0.12 per hour	£0.08 per hour	£0.06 per hour

The Haringey Quality Improvement Accreditation Scheme has been created to run alongside the EYSFF to support settings to improve. Those settings that achieve accreditation at bronze level will be invited to work with the Authority to improve their provision with the aim of achieving a silver level accreditation the next year. A quality supplement will be paid to the setting once an action plan has been agreed with their Advisory Teacher that will specify the areas for development, actions to be taken, people responsible, resources needed and monitoring notes. The supplement may be used towards;

- the cost of cover for individuals to attend EY training courses or visit other settings and observe practice*
- closure of the setting to allow for the whole staff group to access EY training*

- *buying specific resources or equipment needed to support improvements for provision for children*
- *other agreed spending that can be shown to improve provision for children*

The progress of the action plan will be monitored through the EYQ&I Team and renewed or re written as necessary. If the setting does not show commitment to improvement the supplement may be withdrawn.

3. Flexibility Supplement. The consultation proposals included a flexibility supplement based on providing a top up to the basic rate direct staff cost for those settings offering a flexible entitlement. We are proposing a local definition of flexibility as:
 1. 3 hours a day over 5 days per week, taken with two providers
 2. Free entitlement taken over 3 days per week –
 - a. 5 hours a day over 3 days
 - b. 6 hours + 6 hours + 3 hours
 3. Free entitlement taken over a full year instead of term time only
 - a. Over 48 weeks – 11.8 hours per week
 - b. Over 50 weeks – 11.4 hours per week

We are also proposing that the supplement be standardised across all settings based on the cost of providing lunchtime cover. The old and new proposed rates are set out in the following table.

	PVI Settings			Maintained Settings		
	Small	Medium	Large	Children Centres	Nursery Classes	Nursery Schools
Old	£0.40	£0.39	£0.40	£0.51	£0.43	£0.45
New	£0.50	£0.50	£0.50	£0.50	£0.50	£0.50

4. Profit Supplement. This is an allowable factor under DfE guidelines and in the earlier consultation, a supplement of 5% on the basic hourly rate was suggested. Within some PVI settings the EYSFF hourly contribution is below the market rate they would charge and some will argue below the hourly cost they will incur, in such circumstances this may be seen not as a profit supplement but a way of reducing real losses or opportunity costs.
5. VAT Supplement. We need to ensure equity between those setting able to recover VAT and those that cannot. The original proposal was a supplementary hourly rate of £0.07 for the latter settings based on the prevailing rate of 17.5%. The increase in VAT rates to 20% in January 2011 requires an increase to £0.08 to maintain parity.

6. Nursery School Basic Rate. Nationally, nursery schools are regarded as a high quality and high cost resource and are potentially at risk from any redistribution of resources arising from the EYSFF. The DfE have made it clear that they do not expect the EYSFF to result in the closure of nursery schools and a survey they have recently published indicate that a significant number of local authorities provide a sustainability lump sum for this sector. We are reviewing the make up of the base rate for nursery schools and will consider, following consultation, if a lump sum should be included within the formula.
7. PVI Premises Costs. Work is continuing with a representative from the PVI sector as to the best way of reflecting these costs given the diversity of premises costs within the PVI sector.
8. Childminders. This is a developing area for funding the free entitlement and it is not expected that there will significant initial demand. Information from DfE in its recently published 'Early Years Pathfinder Formula Analysis' and from neighbouring authorities identify the base rates, excluding supplements, of:

DfE	Lower Quartile	£3.25
	Median	£3.54
	Upper Quartile	£3.73
	Barnet	£3.66
	Croyden	£3.49
	Havering	£3.49

A survey of childminding charges indicate that hourly rates vary considerably but it should be possible, based on the foregoing rates to link any demand to the one of the existing base rates.

9. Full-time places. Appendix 2 sets out the resources currently allocated for targeted places. We are continuing to discuss the targeting of places to those children in the greatest need. A centralised allocation of vulnerable children to settings is the most likely outcome. Any changes to current allocations will need to be phased over three years in as children will already be occupying places and admission procedures will need to change.

Targeted places currently funded

Appendix 3

Individual Schools Budget (ISB)				
	<u>Places/pupils</u>	Current provision (£)	Amount required for 12.5 hours (EYSFF rates) (£)	Available for options (£)
Nursery school full time places	<u>115</u>	443,574	362,925	80,649
Nursery school SEN places	<u>23</u>	183,705		183,705
Nursery class full time places	<u>517</u>	1,994,152	708,757	1,285,396
Nursery class statemented support	<u>2</u>	22,168		22,168
Children's Centres/Central Provision				
SEN 3+	7	99,036		99,036
Language places 3+	15	213,120		213,120
Children in Need 3+	10	142,080		142,080
Woodside Autistic unit	6	118,000	118,000	0
Additional funding for places in PVI and resource for SEN children		100,000	100,000	0
Funding available	38	998,4240	218,000	454,236
Total				2,026,154