

### The Early Years Single Funding Formula.

1. The Government's original intention was to introduce an Early Years Single Funding Formula (EFSFF) from April 2010. Many Local Authorities (LAs) had trouble in developing the formula leading to the DfE delaying the compulsory implementation until April 2011.
2. The Government intends that the EYSFF will provide an equitable and transparent method of allocating funds to all providers of the free entitlement, whether in the maintained or the Private, Voluntary and Independent (PVI) sectors. From September 2010, the free entitlement to early years education for children aged three and four was extended from 12.5 hours to 15 hours over at least 38 weeks per year.
3. A substantial piece of work was undertaken in Haringey during the 2009-10 financial year and consultation on the financial model was undertaken in the autumn 2009 and spring 2010 terms. The basic structure of the financial model consulted upon remains in place with modifications to some supplements and some elements under review by the Working Party.
4. The model provides for a basic hourly rate, incorporating funding for:
  - Direct staffing costs,
  - Indirect staffing costs,
  - Learning Resources
  - Premises costs (excluding maintained nursery classes, the methodology for nursery schools is being reviewed),
5. The basic rate reflects the differential costs encountered in the following settings:
  - Small PVIs,
  - Medium PVIs,
  - Large PVIs,
  - Children centres,
  - Maintained nursery schools,
  - Maintained nursery classes.
6. To the base rates are added the following supplements:
  - Deprivation. This is 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:

<b>Band</b>	<b>Level of Deprivation</b>	<b>Weighting</b>
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.
  - Flexibility. Settings that meet the 'local offer' for flexibility will receive a supplement of £0.5 per hour.
  - Quality. A quality supplement will be provided when:
    - i. A setting is working with the Council on an agreed and time-limited programme to improve its rating under the accreditation scheme from bronze to silver.
    - ii. A PVI setting is employing a practitioner who holds a relevant early years degree, teachers or early years professional qualification.
  - VAT. This is being reviewed in light of the forthcoming increase in VAT rates.
  - Profit, for relevant settings, the basic rate will be enhanced by 5% to reflect the need to return a profit.
7. We are reviewing the use of the existing Full Time (FT) places in maintained settings. The following options have been identified as ways of using funds currently allocated for FT places and are being evaluated, individually and in combination:
- i. Devolve the funds to clusters to use in supporting three and four year olds with special and additional needs.
  - ii. Increase places in special schools specifically for three and four year olds.
  - iii. Hold funds centrally with money following pupils.
  - iv. Reallocate FT places to more adequately reflect current requirements.
  - v. Delegate to all settings through the deprivation supplement.
  - vi. Maintain the original proposal for a FT supplement.