

Haringey Council

Agenda item

[No.]

**Cabinet**

**On 25 January 2011**

Report Title: **Delivering an Early Years Single Funding Formula for Haringey**

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Wards(s) affected: All

Report for: Key Decision

### 1. Purpose of the report

1.1 To recommend an Early Years Single Funding Formula for Haringey following consultation with partners. The proposed formula will be presented to the Schools Forum on 17<sup>th</sup> January 2011 and its view will be made available to the Cabinet.

1.2 The Early Years Single Funding Formula (EYSFF) is a statutory requirement from April 2011. The government intends it to be a transparent and equitable formula that funds the free entitlement of all three and four year olds in both the maintained and non-maintained sectors. It is expected to address the current differences in the funding levels and arrangements between the two sectors. The EYSFF will replace the different funding mechanisms currently in place for nursery schools, nursery classes in maintained schools, children's centres and provision in the Private, Voluntary and Independent (PVI) sector.

1.3 The free entitlement is a universal benefit of 15 hours per week provision over at least 38 weeks per year.

- 1.4 The Schools Forum must be consulted on the implementation of the EYSFF. In Haringey this has been fulfilled by the EYSFF Project Board consisting of representatives from Primary and Nursery Schools, Children's Centres, the PVI sector and Trade Unions.
- 1.5 Cabinet received a report on the EYSFF on 16<sup>th</sup> November 2010 and consultation with partners took place in Autumn 2010 and the outcome of the consultation is reflected in the proposed methodology for operating the formula.
- 1.6 Cabinet are asked to agree the recommended formula, taking account of feedback from the Schools Forum meeting of 17<sup>th</sup> January 2011. If necessary, a further report will be presented to Cabinet at its meeting of 8<sup>th</sup> February 2011 if any further refinement of the formula is 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 with the Schools Forum and the report reflects that consultation.
- 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.
- 2.3 The history of early years provision in maintained settings in Haringey, the distinct geographical divide between more and less deprived areas and the inequities in the national distribution of resources which results in a significant under funding in Haringey, have all made it particularly difficult to come up with a formula which ensures there is universal provision while also targeting the children most in need.

## **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 and to the Draft Early Years Policy. The EYSFF is a statutory requirement to apply a single funding formula to both the maintained and non-maintained sector and will lead to a redistribution of resources between sectors and areas.
- 3.2 The EYSFF reflects the Council 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. Once funding for the universal entitlement has been met remaining resources will be 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 the Early Years Single Funding Formula set out in Appendix 1 is agreed.

4.2 That the transitional and payment arrangements set out in Sections 2 and 3 of Appendix 1 are agreed.

4.3 That the EYSFF is kept under review to ensure it is fit for purpose.

#### **5. Reason for recommendations**

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 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.

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. The Council consulted with partners during the autumn and the proposed formula reflects feedback from the consultation.

5.3 The proposed rates reflect the suggested relative distribution of resources. Funding for the EYSFF will come through the Dedicated Schools Grant (DSG). The per pupil funding element of the DSG was announced on 13 December

2010 but the Council's allocation will not be known until the result of the late January pupil counts are known. Final confirmation by the DfE will not be given until June 2011 following a data checking exercise. 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 previous government originally proposed implementation of the EYSFF from April 2010 but, following a number of concerns, announced in January 2010 its deferment for a year. The present government recently confirmed the statutory requirement to implement the EYSFF in April 2011.

6.2 The implementation of the EYSFF is therefore a statutory requirement but there is local discretion on the detail of the formula other than it must contain a deprivation supplement. The formula is necessarily a compromise between funding the universal provision for all three and four year olds and the targeting of resources at the most needy. This is particularly difficult given the history of early years provision in maintained settings in Haringey, the distinct geographical divide between more and less deprived areas and the inequities in the national distribution of educational resources which results in a significant under funding in Haringey. These issues were pointed out to the Secretary of State in a letter from the Schools Forum. The formula supports, as far as possible, the delivery of our draft Early Years Policy and our priority of ensuring that resources are targeted to those in greatest need.

6.3 Further support could be targeted at deprivation but at the risk to the funding of the universal entitlement with the danger of losing provision in the non-maintained sector, which provides for approximately 30% of children accessing the free entitlement. The EYSFF therefore reflects the obligation to have sufficient places but without the government addressing the historical funding difficulties that Haringey faces.

## **7. Summary**

7.1 This report sets out the recommended Early Years Single Funding Formula to be implemented in April 2011. 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 the recommendations of the Schools Forum of 17<sup>th</sup> January 2011.

7.2 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 is augmented by a number of supplements which reflect 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.

7.3 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.

- 7.4 The Council has an obligation to take into account the sustainability of all settings in its formula. The government has identified maintained nursery school provision as a particular area where per pupil costs are high and which are therefore susceptible to becoming unsustainable where participation is low. The government requires local authorities to ensure that nursery schools do not close as a direct result of the new formula.

#### **8. Chief Financial Officer Comments**

- 8.1 It is a statutory requirement that the Council implements the EYSFF from April 2011. The EYSFF will determine how the Council distributes the agreed funding between providers.
- 8.2 The funding will come from the ring-fenced Dedicated Schools Grant (DSG), which in 2011-12 will include the former Flexible Entitlement (formerly Pathfinder) Grant. The level of resource allocated to the EYSFF will be a decision for the Cabinet, in consultation with the Schools Forum.
- 8.3 The Cabinet may decide, in consultation with the Schools Forum, to prioritise DSG spending on the EYSFF and maintain or increase 2010-11 funding levels. This would be at the expense of other priorities within the DSG, such as the Inclusive Learning Campuses. The Forum will consider this as part of the DSG Strategy for 2011-12 at its 17<sup>th</sup> January meeting.

#### **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. Equalities and Community Cohesion Comments**

- 10.1 An Equalities Impact Assessment (EIA) has been conducted on the implications of the Early years Single Funding Formula consulted on. 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, which requires money to follow the child, will redirect resources away from East of the Borough where a higher proportion of the maintained nursery settings and children from deprived backgrounds are located. The formula contains elements that will ensure that the most vulnerable attract additional resources, but this in itself will not prevent the redistribution mentioned without additional resources being provided.
- 10.2 The funding formula has been revised since the EIA assessment was undertaken. The redistribution of funding to the non-maintained sector has been reduced and the deprivation supplement has been more finely targeted at the most needy by using the weighting the Index of Multiple Deprivation for

individual children rather than for settings and by reducing the weighting of the least deprived quartile to zero.

10.3 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. The history of early years provision in Haringey, the distinct socio-economic divide within the borough and the funding inequalities arising from the Area Cost Adjustment, cause specific issues that have been raised with the Secretary of State for Education, see Appendix 4.

10.4 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 a proportion of funding is directed to the provision that meets the needs of the most deprived or at risk of low attainment.

10.5 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 migration of resources from the areas of greatest disadvantage.

10.6 In addition, in the 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.

## **11. Consultation**

11.1 Substantial work took place in developing the EYSFF in the lead up to the original implementation date of April 2010. We distributed consultation documents to a wide range of stakeholders including providers from the maintained, private, voluntary and independent (PVI) sector, head teachers and governing bodies, giving the opportunity to provide written feedback. Further written consultation took place with the same stakeholders in autumn 2010.

11.2 The complex nature of the proposals and the variety of consultees made it a challenging consultation to undertake.

11.3 To aid understanding, consultation events were held in December 2009, January 2010 and November and December 2010.

11.4 The EYSFF has been reviewed in the light of the comments received from

these consultation exercises.

- 11.5 The Schools Forum was consulted on the proposed formula on 11<sup>th</sup> November 2010. The Forum agreed the following motion in response to the EYSFF.

Haringey Schools forum is seriously concerned at the potential impact of the EYSFF as set out in the Equalities Impact Assessment which suggests that:

1. It will lead to a greater proportion of resources in the West Network
2. It will bring a greater investment to already advantaged communities.
3. It will significantly reduce funding to Nursery Schools and Nursery Classes.
4. It will reduce the Council's capacity to use childcare as a key lever in mitigating the effects of poverty.

We note the intention to introduce a deprivation factor to mitigate these effects.

However because of current uncertainties of funding we do not know whether there are sufficient resources for the deprivation factor to cancel out the adverse equalities impact without top slicing the DSG and thereby reducing all school budgets. We note that the EYSFF implies a development of service but that this development has not been fully funded. We request that unless this development is fully funded it does not proceed.

We therefore agree to raise these concerns about the implementation of the EYSFF with local M.P's, with government and other Local Authorities, whilst recognising our commitment to improve outcomes for all children and maintain the sustainability of all settings.

- 11.6 A letter was sent to the Secretary of State for Education raising the Forum's concerns. The letter and the response received are attached as Appendix 4.

## **12. Service Financial Comments**

- 12.1 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. This will be incorporated within the DSG in 2011/12.

- 12.2 In the current financial year, the resource allocated to support the free entitlement amounts to c£11.5m and is funded primarily from the DSG. The DfE has set the indicative DSG for 2011/12 at the same per-pupil cash sum

as 2010-11 and this therefore represents a cut in real terms. The EYSFF and other developments, such as the Inclusive Learning Campuses, will therefore need to be funded from reduced resources. The introduction of the Pupil Premium will benefit those schools that have high levels of deprivation but will not directly affect the EYSFF. The introduction of a negative Minimum Funding Guarantee will allow some scope in deciding how resources are to be allocated in 2011-12. 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 available has been agreed.

### **13. Use of appendices /Tables and photographs**

Appendix 1 Early Years Single Funding Formula  
Appendix 2 Formula Exemplifications  
Appendix 3a Written Response to autumn 2010 Consultation  
Appendix 3b Response to autumn 2010 Workshops  
Appendix 4a Letter to Secretary of State for Education  
Appendix 4b Response

### **14. Local Government (Access to Information) Act 1985**

Not Applicable

## **15. Report**

### **Background**

- 15.1. The introduction of an Early Years Single Funding Formula in April 2011 is a statutory requirement. The formula should be a single, transparent and equitable way of funding the free entitlement of all three and four year olds to early years education. The funding will apply to any setting providing the free entitlement, whether in the maintained or non-maintained sectors. The funding formula should reflect the different costs faced by the different groups of settings.
- 15.2. A previous report on the EYSFF was presented to Cabinet on 16<sup>th</sup> November 2010, before the conclusion of the consultation with stakeholders. This report incorporates the outcome of the consultation and recommends the formula to be implemented, subject to the view of the Schools Forum.



## Consultation – Autumn 2010

15.3. This was the second round of consultation. Over 300 stakeholders were consulted and the written responses by sector are shown in the following table.

Setting	Responses
PVI	12
Primary Schools	26
Nursery Schools	3
Total	41

- 15.4. In addition, four workshops were held, one for primary schools, two for PVI settings and one open meeting. In the last three, 30 representatives from 25 PVI settings, 3 Children Centres and 5 primary schools attended.
- 15.5. An analysis of the points raised is included as Appendix 3. The following paragraphs summarise the significant issues and the action proposed to address them.
- 15.6. The majority of responses from all sectors said that the hourly rates used understated those they actually faced. Rates for the maintained sector have been updated to address these concerns; those for the PVI are in the process of being updated. The funding for this increase will come from the reduced flexibility supplement and the profit supplement.
- 15.7. The major concern reflected in responses from the primary school sector was the difficulty of providing flexibility. Flexibility is a significant element in the government's approach to early years provision but there is no requirement on individual providers to offer this. There is also no statutory requirement to have a flexibility supplement. A sizable element of funding was targeted through this supplement and it is clear that to continue with this in its present form would remove further resources from school nursery classes. It is therefore proposed that the size of the flexibility supplement be reduced, with the majority of the funding being directed through the basic hourly rates to reflect the issues explored in paragraph 16.5. A flexibility factor will be retained for those settings, mostly in the Private, Voluntary and Independent (PVI) sectors, that are facing additional costs because of their offer of a flexible entitlement.
- 15.8. The consultation responses supported differentiation of premises costs for PVI settings, although one response from the nursery school sector doubted the existence of sufficiently detailed information to allow this. A concurrent exercise to obtain information from the PVI sector on premises costs yielded a poor response with only 8 replies. Further work is continuing to obtain this data, but the default position is to apply a flat rate per hour as exemplified in the consultation.

- 15.9. Two of the consultation questions were specific to nursery school funding. Nursery schools currently have high per-pupil funding compared to other sectors because of the more specialised service they provide and have a higher risk of becoming unsustainable; the previous government issued guidance that they expected the formula to maintain the sustainability of nursery schools. One question concerned a reduction in the contact ratio from 1:13 to 1:10 to reflect the quality of provision and the different statutory ratios that applied at different times of the day. Responses were almost entirely opposed to this, comments indicated that the reasoning behind the proposal could in future apply to all sectors and we do not propose to pursue this. The second question related to a lump sum element for nursery schools and a much lower hourly rate than that consulted on. There was a mixed response to this; responders from the non-maintained sector pointed out that many PVI settings faced similarly high per-pupil overheads and risks of unsustainability. Responses from primary schools included a view that this might be justified in recognising differential provision and levels of deprivation. We are proposing to introduce a lump sum based on the Minimum Basic Allocation with a corresponding reduction in hourly rates.
- 15.10. Twenty-three places in nursery schools were identified as specifically reserved for children with Special Educational Needs (SEN). These will form part of the longer-term review of full time places but for 2011-12 it is recommended that these continue as planned places reserved for SEN Panel allocations.
- 15.11. The proposed 'Profit Supplement' was supported by the PVI sector, but was strongly opposed by the maintained sector. This supplement is allowed by government guidance and is to reflect that some PVI settings exist to make a profit. It can also be seen as a supplement to recognise that, in some settings, the free entitlement is provided at below cost and that this loss is recouped from fees; for such settings, the increase in the free entitlement from 12.5 to 15 hours extended the loss-making element and reduced the time available to recoup this loss. We propose not to continue with this as a supplement but to incorporate it within the basic hourly rate see 16.5.
- 15.12. Some responders from primary schools questioned the application of a deprivation supplement to the PVI sector. A deprivation supplement is the only mandatory requirement and must be applied to all sectors. However, the detail of the supplement is a local decision and the consultation proposed applying a weighting to the average Index of Multiple Deprivation (IMD) for a setting. The weighting would fall into four bands ranging from one for settings in the least deprived quartile to four for those in the most deprived. Responses both through and outside the consultation questioned why a setting serving the least deprived should have any weighting. Whilst this proposal is understandable it would lead to a child from a very deprived area not attracting additional funding if the average IMD for the setting they attend puts it in the lowest quartile. A way to address concerns about the weightings but to still ensure all children from deprived areas are supported is to apply the weighting to the individual child, with the revised weightings ranging from 0 to 4.

## **Resources**

15.13. The resource available for the free entitlement in 2010-11 was £11.5m. The estimated provision of the remaining flexibility supplement, VAT and quality supplement is £0.35m, leaving £11.15m for the remaining formula elements at current resource levels. For 2011-12, all of this resource is now within the Dedicated Schools Grant (DSG). The DSG has continued at the same per pupil rate as in 2010-11, which represents a fall in real terms. The decision on the resource for the EYSFF rests with Cabinet following consultation with the Schools Forum.

## **Early Years Single Funding Formula**

15.14. The recommended formula is set out in Appendix 1 and exemplified in Appendix 2.

## **Recommendations**

15.15. That the Early Years Single Funding Formula set out in Appendix 1 is agreed.

15.16. That the transitional and payment arrangements set out in Sections 2 and 3 of Appendix 1 are agreed.

15.17. That the EYSFF is kept under review to ensure it is fit for purpose.

## Early Years Single Funding Formula .

The proposed EYSFF consists of

- **base rate**, covering the main costs of providing the free entitlement, and
- **supplements** to reflect different levels of deprivation, hours of opening etc in different settings.

### 1.1. Base Rate

The Base rate is the sum of the following factors.

- 1.1.1. **Basic Hourly Rate.** The basic hourly rate, incorporates funding for:
- Direct staffing costs, this takes account of the relative pay rates in the different sectors for teachers, lead and support workers and the contact ratios in the different sectors. Contact ratios are dependent on the qualification of those providing services<sup>1</sup>. It also takes account of the need for direct contact staffing at all times and of the need to fund National Insurance and employers pension contributions.
  - Indirect staffing costs, this recognises the costs of management, administration and Planning, Preparation and Assessment (PPA) time. This will be covered by the lump sum for nursery schools.
  - Learning Resources, provision for this has been made at £102 per child per year. We have recognised that unrecoverable VAT may be an issue for some settings and we have reflected this in the VAT supplementary rate below.
  - Premises costs, for nursery classes based in maintained primary schools these are covered by the premises allocation in the schools' funding formula so, following the principle of not double funding settings, these have not been included for those settings in the costs for the single funding formula. Children Centres premises costs are similarly paid via the Children's Centre Formula allocation and so are also not included. A flat rate allocation of £0.42 per hour for PVI settings, based on formula allocations in maintained schools, is proposed unless we are able to obtain sufficient data from PVI settings to replace this with more targeted funding.

<sup>1</sup> The Statutory guidance for the EYFS gives the minimum requirement of staff to children in all settings for different ages.

Between 8am and 4pm where a suitably qualified teacher or Early Years Professional is employed there should be a ratio of at least 1 adult to 13 children. Within maintained schools it is a requirement that a teacher is employed to work within each EYFS class.

In settings that are not maintained schools and where there is no teacher or Early Years Professional there should be a minimum ratio of 1 adult to 8 children at all times. There should always be at least 1 member of the staff group who is qualified to at least NVQ level 3 in childcare and 50% of the rest of the group qualified to at least NVQ level 2

In Haringey it has been the practice to provide a ratio of 1 adult to 10 children within the nursery schools to support high quality.

1.1.2. **Basic rate by setting.** The basic rate reflects the differential costs encountered by different types of settings. These are illustrated in Appendix 2a, please note that these are indicative and we will update them to reflect price changes and the resources available for the EYSFF in 2011/12. The setting groups used are:

1. Small PVIs with between 1 and 16 children per 3 hour session;
2. Mid-range PVIs with between 17 and 24 children per session;
3. Large PVIs with 25 or more children per session;
4. Children's Centres;
5. Maintained school nursery classes;
6. Maintained nursery schools.

NB All children must be aged 3 or 4 and qualify for the free entitlement for the purpose of these calculations.

1.1.3. **Graduate Leader costs** - the quality supplement is to recognise the need to contribute towards the additional costs of PVI settings with graduate leaders; the basic rate for maintained settings already reflects the cost of teachers.

1.1.4. **Childminders.** This is a developing area for funding the free entitlement. Childminders must be qualified to at least NVQ level 3 and accredited with the LA through a quality network in order to take part in the scheme. A network is being piloted within the LA which will be reviewed and then developed during 2011. Information from the DfE<sup>2</sup> and from neighbouring authorities identify hourly base rates, excluding supplements, ranging from a lower quartile of £3.25 to an upper quartile of £3.73. We propose to include childminders in our proposed formula for settings with 1 to 32 children, which provides for £3.85 per hour.

## 1.2. Supplements

The following supplements are proposed:

### 1.2.1. Deprivation Supplement.

This is based on the following two factors:

- i. Sixty percent is distributed with reference to the Index of Multiple Deprivation (IMD) for the home address of children at each setting. The IMD for each child will place him or her into one of four bands. Each band is allocated one of the following weightings:

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<sup>2</sup> DfE recently published report 'Early Years Pathfinder Formula Analysis'

Band	Level of Deprivation	Weighting
1	Least deprived	0
2		1
3		2
4	Most deprived	4

- ii. Forty percent is allocated with reference to the number of children from targeted underachieving ethnic groups.

### 1.2.2. Quality Supplement

1.2.2.1. A quality supplement is provided to PVI settings (who do not receive the higher level of funding provided to schools to employ teachers or school funding for training). The supplement is designed to help improve all settings from satisfactory to good when inspected by Ofsted or from bronze to silver in our local Quality Improvement Accreditation Scheme. A further supplement will be paid to recognise the cost of continuing to deliver high quality provision and to recognise the additional cost when a graduate leader is employed.

1.2.2.2. The following extract sets out the Accreditation Scheme in more detail

*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, subject to resources being available, once an action plan with timescales has been agreed with their Advisory Teacher.*

### 1.2.3. Flexibility Supplement.

1.2.3.1. We know from research that 3 and 4 year old children benefit most from attending regular 2-3 hour nursery education sessions every day. If these sessions are extended to a full day there is no difference in educational outcomes for the child. If the sessions are taken in blocks across fewer days then the outcomes for the child are not so good.

1.2.3.2. However, the needs of the parents and family and their economic status also have an impact on the development of children. The Government, therefore requires Local Authorities to provide parents with a flexible offer of provision for the education of 3 and 4 year olds

1.2.3.3. A flexibility supplement based on providing a top up to the basic rate direct staff cost for those settings offering a flexible entitlement. The local definition of flexibility is:

1. 3 hours a day over 5 days per week, taken with two providers
2. Free entitlement taken over a minimum of 3 days per week
  - a. 5 hours +5 hours + 5hours
  - b. 6 hours + 6 hours + 3 hours
  - c. 3 hours +3 hours +3 hours+ 6 hours
3. Free entitlement taken over a full year instead of term time only, for example.
  - a. Over 48 weeks – 11.8 hours per week
  - b. Over 50 weeks – 11.4 hours per week

1.2.3.4. The flexibility supplement will be £0.5 per hour.

1.2.4. **VAT Supplement.** We need to ensure equity between those settings able to recover VAT and those that cannot. The original proposal was a supplementary hourly rate of £0.07 for the settings who cannot recover VAT based on the prevailing rate of 17.5%. The increase in VAT rates to 20% in January 2011 it is proposed to increase the supplement to £0.08 to maintain parity.

### 1.3. Other considerations within the formula

1.3.1. **Nursery School Formula.** The three nursery schools provide a specialised service and have a higher risk of becoming unsustainable. The formula provides a lump sum element, based on that previously applied through the Minimum Basic Allocation. The formula will also continue to fund the Special Educational Needs places previously provided, these will be earmarked for SEN Panel allocations. In the longer term, these will be part of the review of full-time places.

1.3.2. **Full-Time Places.** We are reviewing the use of the existing Full Time (FT) places in maintained settings. In the meantime, we will use a full time supplement to fund the existing distribution of places.

## **2. Sustainability, the Minimum Funding Guarantee and Transitional Arrangements.**

### **Introduction**

- 2.1. The Local Authority has a duty to provide sufficient flexible childcare places to meet parental demands. The regulations governing the EYSFF make it clear that funding must, other than in exceptional circumstances, be based on participation and not planned places.
- 2.2. In some instances, there may be a need to provide or maintain places in areas to meet demand that is not financially sustainable on the basis of a simple application of the EYSFF as it currently stands.
- 2.3. In addition, there is a general recognition that implementing formula changes, particularly where additional resources cannot be guaranteed, results in settings that gain or lose money (turbulence). In order to allow settings to manage these changes on a sensible and planned basis transitional arrangements are normally provided. The following paragraphs identify the approach in these areas.

### **Sustainability**

- 2.4. The Authority has an obligation to take into account the sustainability of all settings and is proposing to retain resources that can be targeted on particular settings, outside of the EYSFF, where provision needs to be maintained but where the formula fails to deliver sufficient resource. This approach would apply equally to all settings. In considering what resources would be allocated from this source account would need to be taken of the need to maintain a setting in a particular area and the extent to which further financial support was appropriate given the settings obligation to operate efficiently.
- 2.5. The government has identified maintained nursery school provision as an area where per pupil costs are high and which are therefore susceptible to becoming unsustainable where participation is low. LAs are required to ensure that they do not close as a direct result of the new formula.
- 2.6. In all settings, there is clearly a balance between recognising the on-going need for provision in an area and not maintaining provision that represents poor value for money.
- 2.7. Currently playgroups are awarded sustainability funding to ensure sufficient nursery education places for all 3 and 4 years olds, as well as providing sufficient childcares places for all parents who wish to access them. The future for this funding is dependent on government and council decision on funding availability.



### **Minimum Funding Guarantee.**

- 2.8. The School Finance Regulations require LAs to apply a national Minimum Funding Guarantee (MFG) to the year on year increase in per pupil funding. The MFG applies to maintained nursery schools and nursery classes and for the 2011-12 financial year is negative, -1.5%. It does not apply to PVI settings.

### **Transitional Arrangements.**

- 2.9. Transitional arrangements are appropriate when a significant redistribution of resources takes place. This prevents excessive turbulence in settings and allows for a smoother adjustment to the changed circumstances by limiting the maximum loss/gain of funding for any setting.
- 2.10. The maximum reduction in 2011-12, when compared with funding determined under previous arrangements, will be limited to 33% in 2011-12, rising to 66% in 2012-13. No transitional arrangements would apply from 2013-14 onwards. The application of a percentage reduction to settings gaining under the new arrangements will meet the cost of transitional protection.

## **3. Payments and In Year Adjustments.**

### **Introduction**

- 3.1. Pupils will be counted termly on the basis of participation. The following process will ensure settings are funded on a regular basis to meet their cashflow needs. In the first year of operation, the proposal is to mirror, as far as possible, the existing arrangements as they are understood and will allow the operation of the formula to bed-in. These arrangements are set out below.

### **Maintained Settings.**

- 3.2. From April 2011, the basis of all early years funding will be the actual termly count of hours of free entitlement provided. The count will use the official DfE pupil level count that usually takes place in the third week of each term.
- 3.3. Maintained schools will be provided with indicative budgets for the full financial year based on pupil attendance as recorded on the January 2011 PLASC return. Any adjustments due to be made, based on the three termly counts in 2011-12, will be actioned as an adjustment to the schools 2012-13 budget. Revised projections of resources due for 2011-12 will be provided following the termly counts so that appropriate financial provision can be made.
- 3.4. Schools will continue to receive monthly cash advances in the normal way including resources for the provision for their early years free entitlement.

### **Private Voluntary and Independent Provision (PVI)**

- 3.5. PVI settings will also be provided with indicative budgets for the full financial year using data collected through the January Early Years Census together with data from the previous financial year. The indicative allocation will be based on 2 terms using the January data and 1 term using the preceding years autumn term data.
- 3.6. In order to ensure that all PVI settings have sufficient cashflow in advance of the actual termly count being completed, it is proposed that at the beginning of each term a monthly cash advance based on 1/12<sup>th</sup> of the annual indicative budget is paid. An adjustment will then be made as soon as the detail of the actual termly count are known.

## Cost Per Hour Analysis by Sector

Appendix 2a

	1	2	3	4	5	6
Cost/Drivers	PVIs with 1-32 3&4 Year Olds	PVIs with 33-48 3&4 Year Olds	PVIs with 49-64 3&4 Year Olds	Children's Centres	Primary Nursery Classes	Maintained Nursery
Adult/Child Ratio	1-8	1-8	1-8	1-8	1-13	1-13
Typical Number of Children 3-4 per session	16	24	32	24	26	39
Teacher/ Lead Worker Needed per session	1	1	2	1	1	2
Support Staff Needed per session	1	2	2	2	1	1
Based on Survey/Grade	Survey	Survey	Survey	SO1 31	M6	M6
Teacher/ Lead Worker Basic Salary for 36 hours	20,000	20,000	20,000	28,032	36,046	36,046
Teacher/ Lead Worker ErNI & Pension	4,200	4,200	4,200	8,426	7,817	7,817
Total Teacher/Lead Worker Salary for 36 hours	24,200	24,200	24,200	36,458	43,863	43,863
Based on Survey/Grade	Survey	Survey	Survey	SC3 17	SC6 28	SC6 28
Support Staff Basic Salary for 36 hours	17,000	17,000	17,000	18,582	25,455	25,455
Support Staff ErNI & Pension	3,570	3,570	3,570	5,402	7,601	7,601
Total Support Staff Salary for 36 hours	20,570	20,570	20,570	23,984	33,056	33,056
Total Lead Salary for Setting - 15 hours	10,083	10,083	20,167	15,191	20,244	36,553
Total Support Salaries - 15 hours	8,571	17,142	17,142	19,987	13,773	13,773
<b>Direct Staffing Costs per session</b>	<b>18,654</b>	<b>27,225</b>	<b>37,308</b>	<b>35,178</b>	<b>34,018</b>	<b>50,326</b>
Cost per Pupil	1,166	1,134	1,166	1,466	1,308	1,290
Cost per Hour (15 hours x 38 weeks)	2.05	1.99	2.05	2.57	2.30	2.26
Cost Manager/Head per session	40,000	40,000	40,000	43,863	91,784	
Percentage per session	25%	25%	25%	5%	5%	
Total Cost of Manager/Head Teacher	10,000	10,000	10,000	2,193	4,589	0
Cost per Pupil	625	417	313	91	177	0
Cost per Hour	1.10	0.73	0.55	0.16	0.31	0.00
Admin/Finance/Secretarial/Bursar	20,570	20,570	20,570	23,984	33,056	
Percentage per session	5%	5%	5%	5%	5%	
Total Cost of Administrative/Financial Support	1,029	1,029	1,029	1,199	1,653	0
Cost per Pupil	64	43	32	50	64	0
Cost per Hour	0.11	0.08	0.06	0.09	0.11	0.00
To cover breaks	2,269	4,537	4,537	4,537	4,537	
Planning, Preparation and Assessment Time	1,008	1,008	2,017	1,519	2,024	3,655
<b>Total Indirect Staffing Costs</b>	<b>14,305</b>	<b>16,574</b>	<b>17,582</b>	<b>9,449</b>	<b>12,804</b>	<b>3,655</b>
Cost per Pupil	894	691	549	394	492	94
Cost per Hour (15 hours x 38 weeks)	1.57	1.21	0.96	0.69	0.86	0.16
Learning Resources	0	0	0	0	0	0
Cost per Pupil	102	102	102	102	102	102
Cost per Hour	0.18	0.18	0.18	0.18	0.18	0.18
<b>Subtotal Cost Per Pupil</b>	<b>2,162</b>	<b>1,927</b>	<b>1,817</b>	<b>1,961</b>	<b>1,903</b>	<b>1,486</b>
<b>Subtotal Cost Per Hour (15 hours x 38 weeks)</b>	<b>3.79</b>	<b>3.38</b>	<b>3.19</b>	<b>3.44</b>	<b>3.34</b>	<b>2.61</b>
Rent	35,252	35,252	35,252	0	0	
Rates	4,932	4,932	4,932	0	0	
Insurance	3,047	3,047	3,047	0	0	0
Basic Allocation						
Total Premises	43,231	43,231	43,231	0	0	28,852
% Allocated	8.6%	12.9%	17.3%			
Total Premises Allocation	3,718	5,577	7,457	0	0	28,852
Cost per Pupil	232	232	233	0	0	740
Cost per Hour	0.42	0.42	0.42	0.00	0.00	0.66
<b>Total Allocation</b>	<b>36,677</b>	<b>49,376</b>	<b>62,348</b>	<b>44,626</b>	<b>46,821</b>	<b>82,833</b>
<b>Total Cost per Pupil</b>	<b>2,394</b>	<b>2,159</b>	<b>2,050</b>	<b>1,961</b>	<b>1,903</b>	<b>2,226</b>
<b>Total Cost per Pupil per Week (38 weeks)</b>	<b>63</b>	<b>57</b>	<b>54</b>	<b>52</b>	<b>50</b>	<b>59</b>
<b>Total Cost per Hour (15 hours)</b>	<b>4.20</b>	<b>3.79</b>	<b>3.60</b>	<b>3.44</b>	<b>3.34</b>	<b>3.91</b>
<b>Maintained Primary and Children's Centres Rate incl Premises (funded separately)</b>				<b>3.86</b>	<b>3.76</b>	
Differential Manager/Graduate Leader Salary	3,863	3,863	3,863			
Percentage	25%	25%	25%			
Cost per Pupil	60	40	30			
Proposed Graduate Leader Supplement	0.11	0.07	0.05			

# Appendix 2b Exemplification - Maintained and Summary

Maintained Schools	DCSF no	Quality Rating	% of roll	Pupil Numbers 2010/11			Total Pupils	@ 15 Hours ea for 38 wks	Proposed Allocation					
				Nursery Pupils P/T	Nursery Pupils F/T				Basic Allocation	Deprivation Supplement	Flexibility Supplement	Lump Sum	SEN Places	Full Time Supplement
# Alexandra Primary	2078	0	0.11	8	20	28	15,960	53,279	7,038	0				38,056
# Belmont Infant	2003	0	0.13	50	0	50	28,500	95,141	6,839	0				0
# Bounds Green Infant	2005	0	0.19	37	20	57	32,490	108,461	10,747	0				38,056
# Broadwater Farm Primary	2077	0	0.10	41	30	71	40,470	135,101	22,559	0				57,085
# Bruce Grove Primary	2083	0	0.06	52	0	52	29,640	98,947	13,776	0				0
# Campsbourne Infant	2009	0	0.10	32	10	42	23,940	79,919	5,800	0				19,028
# Coldfall Primary	2029	0	0.05	30	10	40	22,800	76,113	2,322	0				19,028
# Coleridge Primary	2058	0	0.06	70	0	70	39,900	133,198	2,810	0				0
# Crowland Primary	2075	0	0.11	22	24	46	26,220	87,530	14,000	0				0
# Devonshire Hill Primary	2015	0	0.12	2	50	52	29,640	98,947	20,467	0				45,668
# Downhills Primary	2087	0	0.06	48	0	48	27,360	91,336	10,866	0				95,141
# Earham Primary	2080	0	0.04	31	0	31	17,670	58,988	6,065	0				0
# Earlsmead Primary	2020	0	0.07	52	0	52	29,640	98,947	13,321	0				0
# Ferry Lane Primary	2065	0	0.07	23	0	23	13,110	43,765	6,770	0				0
# The Green CE Primary	3301	0	0.12	6	20	26	14,820	49,473	11,990	0				0
# Highgate Primary	2022	0	0.06	29	10	39	22,230	74,210	2,075	0				38,056
# Lancasterian Primary	2025	0	0.09	78	0	78	44,460	148,420	23,776	0				19,028
# Lea Valley Primary	2063	0	0.06	50	0	50	28,500	95,141	14,322	0				0
# Lordship Lane Primary	2082	0	0.08	94	0	94	53,580	178,866	24,074	0				0
# Mulberry Primary	3001	0	0.06	69	0	69	39,330	131,295	17,035	0				0
# Nightingale Primary	2064	0	0.09	34	20	54	30,780	102,753	13,799	0				0
# Noel Park Primary	2086	0	0.10	63	15	78	44,460	148,420	19,374	0				38,056
# North Harringay Primary	3512	0	0.07	72	0	72	41,040	137,003	15,935	0				28,542
# Our Lady of Muswell RC Primary	3500	0	0.06	51	0	51	29,070	97,044	1,857	0				0
# Rhodes Avenue Primary	2072	0	0.06	52	0	52	29,640	98,947	154	0				0
# Riskey Avenue Primary	2084	0	0.08	59	20	79	45,030	150,323	23,260	0				0
# Rokesley Infant	2042	0	0.09	52	0	52	29,640	98,947	5,316	0				38,056
# St Aidan's Primary	3000	0	0.10	26	10	36	20,520	68,502	3,468	0				0
# St Ann's CE Primary	3304	0	0.11	0	25	25	14,250	47,571	8,068	0				19,028
# St Francis de Sales RC Infant	3507	0	0.09	53	2	55	31,350	104,655	16,249	0				47,571
# St Ignatius RC Primary	3502	0	0.07	39	0	39	22,230	74,210	14,068	0				3,806
# St James' CE Primary	3303	0	0.06	27	0	27	15,390	51,376	235	0				0
# St John Vianney RC Primary	3510	0	0.08	35	0	35	19,950	66,599	5,700	0				0
# St Martin of Porres RC Primary	3508	0	0.11	49	0	49	27,930	93,238	2,981	0				0
# St Mary's CE Infant	3306	0	0.13	52	0	52	29,640	98,947	9,568	0				0
# St Mary's RC Infant	3505	0	0.11	49	0	49	27,930	93,238	10,041	0				0
# St Michael's CE Primary N6	3302	0	0.06	52	0	52	29,640	98,947	1,435	0				0
# St Paul's & All Hallows CE Infant	3300	0	0.22	0	50	50	28,500	95,141	23,715	0				0
# Seven Sisters Primary	2088	0	0.11	36	18	54	30,780	102,753	20,719	0				95,141
# South Harringay Infant	2046	0	0.17	69	0	69	39,330	131,295	10,471	0				34,251
# Stamford Hill Primary	2047	0	0.20	0	49	49	27,930	93,238	14,390	0				93,238

Maintained Schools	DCSF no	Quality Rating	% of roll	Nursery Pupils		Total Pupils	@ 15 Hours ea for 38 wks	Proposed Allocation					
				P/T	F/T			Basic Allocation	Deprivation Supplement	Flexibility Supplement	Lump Sum	SEN Places	Full Time Supplement
# Stroud Green Primary	2079	0	0.13	5	48	53	30,210	100,850	12,649	0			91,336
# Tiverton Primary	2057	0	0.10	0	40	40	22,800	76,113	14,099	0			76,113
# Welbourne Primary	2062	0	0.14	45	29	74	42,180	140,809	26,716	0			55,182
# West Green Primary	2051	0	0.07	33	0	33	18,810	62,793	7,669	0			0
# Weston Park Primary	2076	0	0.11	52	0	52	29,640	98,947	4,478	0			0
<b>Primary School Totals</b>				<b>1829</b>	<b>520</b>	<b>2349</b>	<b>1,338,930</b>	<b>4,469,736</b>	<b>523,067</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>989,469</b>
# Permbury	1000			64	26	90	51,300	200,333	40,192	0	199,255	74,634	44,519
# Rowland Hill	1001			40	43	83	47,310	184,752	27,884	0	199,255	124,390	73,456
# Woodland Park	1003			55	24	79	45,030	175,848	17,066	0	141,471	87,073	37,841
<b>Nursery School Totals</b>				<b>159</b>	<b>93</b>	<b>252</b>	<b>143,640</b>	<b>560,933</b>	<b>85,143</b>	<b>0</b>	<b>539,981</b>	<b>286,098</b>	<b>155,815</b>
<b>Totals for PVIs and Children's Centres</b>						<b>1432</b>	<b>816,240</b>	<b>3,212,764</b>	<b>227,733</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Flexible Entitlement Grant</b>													
<b>Grand total</b>					<b>613</b>	<b>4033</b>	<b>2,298,810</b>	<b>8,243,433</b>	<b>835,943</b>	<b>0</b>	<b>539,981</b>	<b>286,098</b>	<b>1,145,284</b>

Maintained Schools	Total Proposed Allocation	2010/11 Allocations				Total relevant elements 10/11 Formula Funding	Cash Variance	Notional Variance	
		Total AWPU including F/T Allocations	Admin' Educational Needs Allocation					Top up PT Pupils from 12.5 to 15 hours at Direct Staffing Cost	Variation incl Notional Top Up
Alexandra Primary	98,374	91,832	8,714		100,546	(2,172)	(1,984)	(4,157)	
Belmont Infant	101,981	91,806	7,618		99,423	2,557	(12,402)	(9,845)	
Bounds Green Infant	157,265	145,079	12,513		157,593	(328)	(9,177)	(9,505)	
Broadwater Farm Primary	214,744	190,995	24,856		215,852	(1,107)	(10,170)	(11,277)	
Bruce Grove Primary	112,723	95,478	12,389		107,867	4,856	(12,898)	(8,042)	
Campsbourne Infant	104,747	97,327	8,968		106,295	(1,548)	(7,937)	(9,485)	
Coldfall Primary	97,463	93,655	3,107		96,762	701	(7,441)	(6,740)	
Coleridge Primary	136,008	128,528	5,373		133,901	2,108	(17,363)	(15,255)	
Crowland Primary	147,198	132,966	12,372		145,338	1,860	(5,457)	(3,597)	
Devonshire Hill Primary	214,555	196,530	25,320		221,850	(7,295)	(496)	(7,791)	
Downhills Primary	102,202	88,133	10,084		98,218	3,984	(11,906)	(7,922)	
Earlham Primary	65,053	56,919	5,986		62,906	2,147	(7,689)	(5,542)	
Earlsmead Primary	112,268	95,478	12,124		107,602	4,665	(12,898)	(8,233)	
Ferry Lane Primary	50,535	42,231	5,137		47,368	3,168	(5,705)	(2,537)	
The Green CE Primary	99,520	88,160	14,318		102,478	(2,958)	(1,488)	(4,446)	
Highgate Primary	95,314	91,819	3,356		95,174	139	(7,193)	(7,054)	
Lancasterian Primary	172,196	143,217	17,134		160,351	11,846	(19,347)	(7,502)	
Lea Valley Primary	109,463	91,806	12,355		104,161	5,302	(12,402)	(7,100)	
Lordship Lane Primary	202,940	172,594	20,117		192,712	10,228	(23,316)	(13,087)	
Mulberry Primary	148,330	126,692	15,443		142,135	6,195	(17,115)	(10,920)	
Nightingale Primary	154,608	139,571	14,445		154,016	592	(8,433)	(7,842)	
Noel Park Primary	196,337	173,532	20,840		194,372	1,965	(15,627)	(13,662)	
North Harringay Primary	152,938	132,200	13,603		145,803	7,135	(17,859)	(10,724)	
Our Lady of Muswell RC Primary	98,901	93,642	3,642		97,284	1,617	(12,650)	(11,033)	
Rhodes Avenue Primary	99,101	95,478	2,057		97,535	1,566	(12,898)	(11,332)	
Risley Avenue Primary	211,640	185,474	24,871		210,345	1,295	(14,634)	(13,339)	
Rokesly Infant	104,263	95,478	5,669		101,146	3,117	(12,898)	(9,781)	
St.Aidan's Primary	90,998	86,311	4,498		90,808	189	(6,449)	(6,260)	
St.Ann's CE Primary	103,210	96,429	12,781		109,210	(6,001)	0	(6,001)	
St.Francis de Sales RC Infant	124,710	105,028	13,226		118,255	6,455	(13,146)	(6,691)	
St.Ignatius RC Primary	88,278	71,608	8,433		80,042	8,236	(9,674)	(1,437)	
St.James' CE Primary	51,611	49,575	2,224		51,799	(187)	(6,697)	(6,884)	
St.John Vianney RC Primary	72,299	64,264	5,618		69,882	2,417	(8,681)	(6,264)	
St.Martin of Porres RC Primary	96,220	89,969	4,637		94,607	1,613	(12,154)	(10,541)	
St.Mary's CE Infant	108,515	95,478	9,274		104,751	3,763	(12,898)	(9,135)	
St.Mary's RC Infant	103,279	89,969	9,401		99,370	3,908	(12,154)	(8,245)	
St.Michael's CE Primary N6	100,382	95,478	2,218		97,696	2,686	(12,898)	(10,212)	
St.Paul's & All Hallows CE Infant	213,997	192,858	28,003		220,861	(6,864)	0	(6,864)	
Seven Sisters Primary	157,723	135,529	17,551		153,080	4,642	(8,929)	(4,287)	
South Harringay Infant	141,765	126,692	11,861		138,552	3,213	(17,115)	(13,902)	
Stamford Hill Primary	200,867	189,001	21,630		210,631	(9,764)	0	(9,764)	

	2010/11 Allocations				Cash Variance	Notional Variance	
	Total Proposed Allocation	Total AWPUs including F/T Allocations	Addn'l Educational Needs Allocation	Total relevant elements 10/11 Formula Funding		Variation excl Transitional Funding Arrangements	Top up PT Pupils from 12.5 to 15 hours at Direct Staffing Cost
<b>Maintained Schools</b>							
Stroud Green Primary	204,834	194,324	16,256	210,580	(5,746)	(1,240)	(6,986)
Tiverton Primary	166,325	154,286	17,270	171,556	(5,231)	0	(5,231)
Weiboume Primary	222,707	194,483	24,631	219,114	3,593	(11,162)	(7,569)
West Green Primary	70,462	60,592	7,593	68,185	2,277	(8,185)	(5,908)
Weston Park Primary	103,425	95,478	3,891	99,369	4,056	(12,898)	(8,842)
<b>Primary School Totals</b>	<b>5,982,271</b>	<b>5,363,972</b>	<b>543,408</b>	<b>5,907,380</b>	<b>74,891</b>	<b>(453,665)</b>	<b>(378,774)</b>
Pembury	558,933			585,384	(26,451)	(15,875)	(42,326)
Rowland Hill	609,737			630,883	(21,146)	(9,922)	(31,068)
Woodland Park	459,299			424,281	35,019	(13,642)	21,376
<b>Nursery School Totals</b>	<b>1,627,970</b>			<b>1,640,548</b>	<b>(12,578)</b>	<b>(39,438)</b>	<b>(52,017)</b>
<b>Totals for PVIs and Children's Centres</b>	<b>3,440,498</b>			<b>2,475,928</b>	<b>964,570</b>	<b>(389,271)</b>	<b>575,298</b>
Flexible Entitlement Grant					0		0
<b>Grand total</b>	<b>11,050,739</b>			<b>10,023,856</b>	<b>1,026,882</b>	<b>(882,375)</b>	<b>144,508</b>

Appendix 2c Exemption - Children Centres and PVI Settings										Appendix 2c		
Name of Provider	Postcode	Setting Type	3 Yr olds claiming NEG	4 Yr Olds claiming NEG	Total	Basic Allocation	Deprivation Supplement	Flexibility Supplement	Total Proposed Allocation	Nursery Education Grant Allocation	Funding for Additional 2.5 Hours at Direct Staffing Rate	Variation
Park Lane Childrens Centre	N17 0HN	4	24	11	35	68,650	8,301	-	76,951	60,515	9,514	6,921
Woodside Childrens Centre	N22 5SJ	4	33	22	55	107,878	14,621	-	122,499	95,095	14,951	12,453
Triangle Childrens Centre	N15 6NU	4	23	13	36	70,611	14,020	-	84,631	62,244	9,786	12,601
Broadwater Farm Childrens Centre	N17 6HE	4	14	14	28	54,920	15,928	-	70,847	48,412	7,611	14,824
Stroud Green Children's Centre	N4 3EX	4	9	0	9	17,653	2,025	-	19,678	15,561	2,447	1,671
Stonecroft Childrens Centre	N8 7HR	4	32	17	49	96,110	5,541	-	101,650	84,721	13,320	3,609
Pembury Childrens Centre	N17 9XE	1	2	0	2	3,923	12,802	-	16,725	3,458	544	12,723
101 Playgroup	N8 9EG	1	25	0	25	59,859	1,969	-	61,827	43,225	6,796	11,806
345 Pre School Church Crescent	N10 3NE	1	19	2	21	50,281	463	-	50,744	36,309	5,709	8,726
345 Pre School Springfield	N2 9JH	2	23	12	35	75,576	771	-	76,348	60,515	9,514	6,318
Active Learning	N10 1NB	1	15	8	23	55,070	231	-	55,301	39,767	6,252	9,282
Adventureland Day Nursery	N8 8RG	2	28	13	41	88,532	1,563	-	90,095	70,889	11,145	8,061
African Caribbean Day Nursery	N8 7BS	1	15	5	20	47,887	2,508	-	50,395	34,580	5,437	10,379
Artida's Nursery	N8 0JP	1	9	4	13	31,126	3,361	-	34,487	22,477	3,534	8,476
Assunah Islamic Centre	N17 7HU	1	1	1	2	4,789	617	-	5,406	3,458	544	1,404
Bowes Park Nursery	N17 6SB	1	6	0	6	14,366	2,028	-	16,394	10,374	1,631	4,389
Chesnuts Playgroup	N22 8YR	2	22	19	41	88,532	3,300	-	91,832	70,889	11,145	9,798
Children's Paradise	N15 5BN	2	33	8	41	88,532	10,777	-	99,309	70,889	11,145	17,275
Crowland Playgroup	N17 9LN	1	12	0	12	28,732	2,411	-	31,143	20,748	3,262	7,133
Devon Close Pre-School	N15 6ux	1	6	4	10	23,943	1,969	-	25,912	17,290	2,718	5,904
Dinosaurs Playgroup	N17 9HR	1	12	7	19	45,492	7,680	-	53,172	32,851	5,165	15,156
Eagle Nursery Ltd	N8 7SL	1	7	2	9	21,549	1,563	-	23,112	15,561	2,447	5,104
Excelsior College	N8 0RG	1	2	0	2	4,789	560	-	5,349	3,458	544	1,347
Fontis Green Nursery	N17 8JL	1	1	5	6	14,366	154	-	14,520	10,374	1,631	2,515
Greygates Day Nursery	N2 9EP	2	31	10	41	88,532	77	-	88,610	70,889	11,145	6,575
High Cross Playgroup	N10 3NG	1	17	7	24	57,464	231	-	57,696	41,496	6,524	9,675
Highgate Activity Nursery	N15 4BN	1	31	1	32	76,619	8,264	-	84,883	55,328	8,699	20,856
Hilltop Playgroup	N6 4QH	1	10	2	12	28,732	483	-	29,215	20,748	3,262	5,205
Hollybush Nursery	N10 2QE	1	9	2	11	26,338	125	-	26,463	19,019	2,990	4,453
Hornsey Ridge Playgroup	N8 7HL	1	15	10	25	59,859	694	-	60,553	43,225	6,796	10,532
Ise Amlol Centre for Women & Children	N8 0QS	1	8	5	13	31,126	1,311	-	32,438	22,477	3,534	6,427
Islamic Shaksyah Foundation	N17 8JN	1	20	6	26	62,253	9,888	-	72,141	44,954	7,068	20,119
Keiki Daycare	N15 5RG	2	20	20	40	86,373	6,210	-	92,583	69,160	10,873	12,550
Ladybird Montessori	N8 7DE	1	3	1	4	9,577	308	-	9,886	6,916	1,087	1,883
Little Jewels Pre-School	N6 4ND	1	10	2	12	28,732	1,352	-	28,732	20,748	3,262	4,722
Little Tree Montessori	N4 1RT	1	8	4	12	28,732	1,352	-	30,084	20,748	3,262	6,074
Milates Playgroup	N8 9SG	2	27	12	39	84,214	2,468	-	86,682	67,431	10,602	8,649
New Age Child Care Services Ltd	N15 3HB	1	10	0	10	23,943	2,297	-	26,241	17,290	2,718	6,232
Noahs Ark Day Nursery	N22 6PX	2	26	13	39	84,214	14,231	-	98,445	67,431	10,602	20,412
Norfolk House School	N22 6SY	1	17	6	23	55,070	2,391	-	57,461	39,767	6,252	11,441
North London Rudolf Steiner Nursery	N10 2EG	1	1	6	7	16,760	154	-	16,915	12,103	1,903	2,909
Nouveau Genesee Nursery & Pre School	N8 7PN	1	14	12	26	62,253	1,697	-	63,950	44,954	7,068	11,928
Orange Day Nursery	N17 8JL	1	5	4	9	21,549	154	-	21,703	15,561	2,447	3,696
Pavilion Pre-School	N8 0JE	1	17	7	24	57,464	1,311	-	58,775	41,496	6,524	10,755
Planet Tiny	N17 9EX	1	23	7	30	71,830	7,033	-	78,863	51,870	8,155	18,838
Rainbow Early Years & Childcare	N8 8NA	1	3	12	15	35,915	463	-	36,378	25,935	4,078	6,365
	N15 3PJ	1	9	4	13	31,126	2,579	-	33,705	22,477	3,534	7,695



Name of Provider	Postcode	Setting Type	3 Yr olds claiming NEG	4 Yr Olds claiming NEG	Total	Basic Allocation	Deprivation Supplement	Flexibility Supplement	Total Proposed Allocation	Nursery Education Grant Allocation	Funding for Additional 2.5 Hours at Direct Staffing Rate	Variation
Rainbow Playgroup	N10 2PT	1	9	5	14	33,521	593	-	34,214	24,206	3,806	6,202
Rosemount Nursery	N10 2DS	2	29	6	35	75,576	1,449	-	77,025	60,515	9,514	6,996
Somerford Grove Playgroup	N17 0HL	1	9	1	10	23,943	1,408	-	25,352	17,290	2,718	5,344
St James Pre School Playgroup	N10 3BG	2	23	11	34	73,417	308	-	73,726	58,786	9,242	5,697
Stershine Nursery	N8 8AX	1	11	6	17	40,704	869	-	41,572	29,393	4,621	7,558
Stationers Playgroup	N8 9LN	1	15	0	15	35,915	792	-	36,707	25,935	4,078	6,694
Sunrise nursery	N17 0EX	1	15	8	23	55,070	3,937	-	59,007	39,767	6,252	12,988
The Montessori House	N10 3LS	3	53	13	66	135,325	463	-	135,788	114,114	17,941	3,732
The Nursery Montessori Highgate	N6 4SP	1	17	6	23	55,070	1,526	-	56,596	39,767	6,252	10,577
Tottenham Green Community Nursery	N15 4JA	2	31	11	42	90,692	12,100	-	102,792	72,618	11,417	18,757
Tottenham Green Under Fives	N15 4GZ	1	10	4	14	33,521	7,107	-	40,628	24,206	3,806	12,616
West Green Playgroup	N17 6PW	1	19	7	26	62,253	6,673	-	68,926	44,954	7,068	16,904
Wiggly Worms Day Nursery	N15 3RB	1	13	2	15	35,915	1,023	-	36,938	25,935	4,078	6,925
Wood Green Pre-School	N22 8DW	1	27	2	29	69,436	4,225	-	73,661	50,141	7,883	15,637
Wood Green Salvation Army Playgroup	N22 6JA	1	12	11	23	55,070	6,121	-	61,191	39,767	6,252	15,172
Yeladenu Pre School	N10 1ND	1	15	4	19	45,492	154	-	45,647	32,851	5,165	7,631
<b>Total</b>			<b>1015</b>	<b>417</b>	<b>1432</b>	<b>3,212,764</b>	<b>227,733</b>	-	<b>3,440,498</b>	<b>2,475,928</b>	<b>389,271</b>	<b>575,298</b>

## Deprivation Options

Maintained Schools	Original	0,1,2,4	0,0.5,2,4	0,0.5,1.5,4
2078 Alexandra Primary	6,771	7,038	7,150	7,423
2003 Belmont Infant	7,099	6,839	6,211	6,290
2005 Bounds Green Infant	10,232	10,747	11,015	10,299
2077 Broadwater Farm Primary	19,609	22,559	23,758	23,788
2083 Bruce Grove Primary	12,150	13,776	13,916	14,295
2009 Campsbourne Infant	5,762	5,800	5,504	5,936
2029 Coldfall Primary	3,828	2,322	1,846	1,952
2058 Coleridge Primary	5,569	2,810	2,531	2,758
2075 Crowland Primary	12,927	14,000	13,966	13,230
2015 Devonshire Hill Primary	18,317	20,467	21,254	21,229
2087 Downhills Primary	9,594	10,866	10,938	10,859
2080 Earlham Primary	5,723	6,065	5,838	5,489
2020 Earlsmead Primary	11,459	13,321	13,923	13,291
2065 Ferry Lane Primary	5,938	6,770	6,994	6,558
3301 The Green CE Primary	11,375	11,990	12,007	12,322
2022 Highgate Primary	3,946	2,075	1,982	2,025
2025 Lancasterian Primary	19,957	23,776	25,155	25,885
2063 Lea Valley Primary	12,289	14,322	15,089	14,628
2082 Lordship Lane Primary	20,898	24,074	24,678	23,980
3001 Mulberry Primary	14,843	17,035	17,400	17,740
2064 Nightingale Primary	13,186	13,799	13,781	13,416
2086 Noel Park Primary	17,552	19,374	19,626	19,616
3512 North Harringay Primary	14,079	15,935	16,085	16,959
3500 Our Lady of Muswell RC Primary	3,893	1,857	1,386	1,440
2072 Rhodes Avenue Primary	3,084	154	170	144
2084 Risley Avenue Primary	20,633	23,260	24,247	23,700
2042 Rokesly Infant	5,967	5,316	4,003	4,201
3000 St.Aidan's Primary	3,922	3,468	2,233	2,413
3304 St.Ann's CE Primary	7,453	8,068	8,249	7,837
3507 St.Francis de Sales RC Infant	14,144	16,249	16,795	17,196
3502 St.Ignatius RC Primary	11,993	14,068	14,693	14,691
3303 St.James' CE Primary	1,828	235	166	177
3510 St.John Vianney RC Primary	5,255	5,700	5,331	5,248
3508 St.Martin of Porres RC Primary	4,619	2,981	2,517	2,553
3306 St.Mary's CE Infant	9,525	9,568	8,997	9,410
3505 St.Mary's RC Infant	8,759	10,041	10,151	10,208
3302 St.Michael's CE Primary N6	3,737	1,435	1,203	1,173
3300 St.Paul's & All Hallows CE Infant	21,794	23,715	24,404	24,388
2088 Seven Sisters Primary	18,834	20,719	21,148	20,288
2046 South Harringay Infant	10,523	10,471	8,908	8,993
2047 Stamford Hill Primary	12,643	14,390	15,135	15,198
2079 Stroud Green Primary	12,370	12,649	11,737	11,911
2057 Tiverton Primary	12,576	14,099	14,662	14,580
2062 Welbourne Primary	23,931	26,716	27,492	28,123
2051 West Green Primary	6,936	7,669	7,703	7,417
2076 Weston Park Primary	5,280	4,478	3,454	3,729
<b>Primary School Totals</b>	<b>492,803</b>	<b>523,067</b>	<b>525,429</b>	<b>524,984</b>
1000 Pembury	35,333	40,192	41,840	41,896
1001 Rowland Hill	24,981	27,884	28,861	28,982
1003 Woodland Park	15,870	17,066	15,392	15,113
<b>Nursery School Totals</b>	<b>76,183</b>	<b>85,143</b>	<b>86,093</b>	<b>85,992</b>
N17 0HN Park Lane Childrens Centre	12,832.31	8,301	8,585	8,529
N22 5SJ Woodside Childrens Centre	17,332	14,621	14,532	13,890
N15 6NU Triangle Childrens Centre	11,845	14,020	14,267	14,011
N17 6HE Broadwater Farm Childrens Centre	18,091	15,928	16,440	16,569
N4 3EX Stroud Green Children's Centre	5,718	2,025	1,770	1,772
N8 7HR Stonecroft Childrens Centre	7,367	5,541	5,014	5,234
N17 9XE Pembury Childrens Centre	2,185	12,802	13,324	13,555

<b>Children Centre Total</b>	<b>75,370</b>	<b>73,237</b>	<b>73,932</b>	<b>73,561</b>
N8 9BG 101 Playgroup	3,718	1,969	1,548	1,571
N10 3NE 345 Pre School Church Crescent	978	463	339	337
N2 9JH 345 Pre School Springfield	2,318	771	509	529
N10 1NB 345 Pre School Tetherdown	1,472	231	212	192
N8 8RG Active Learning	3,445	1,563	1,177	1,291
N8 7BS Adventureland Day Nursery	2,748	2,508	2,353	2,389
N8 0JP African Caribbean Day Nursery	3,113	3,361	3,413	3,318
N17 7HU Artilda's Nursery	233	617	678	674
N17 6SB Assunnah Islamic Centre	1,180	2,028	2,003	2,027
N22 8YR Bowes Park Nursery	3,380	3,300	2,682	2,669
N15 5BN Chestnuts Playgroup	10,462	10,777	10,875	10,436
N17 9LN Children's Paradise	1,641	2,411	2,491	2,397
N15 6ux Crowland Playgroup	2,411	1,969	2,056	1,860
N17 9HR Devon Close Pre-School	4,699	7,680	8,161	8,514
N8 7SL Dinosaurs Playgroup	1,078	1,563	1,600	1,724
N8 0RG Eagle Nursery Ltd	240	560	541	521
N17 8JL Excelsior College	1,048	154	85	96
N2 9EP Fortis Green Nursery	3,094	77	42	48
N10 3NG Greygates Day Nursery	1,002	231	127	144
N15 4BN High Cross Playgroup	10,666	8,264	8,607	8,705
N6 4QH Highgate Activity Nursery	1,190	483	413	425
N10 2QE Hilltop Playgroup	436	125	110	110
N8 7HL Hollybush Nursery	2,546	694	382	433
N8 0QS Hornsey Ridge Playgroup	1,206	1,311	975	1,058
N17 8JN Ilse Amlot Centre for Women & Ch	6,809	9,888	10,260	10,019
N15 5RG Islamic Shaksiyah Foundation	11,344	6,210	6,592	6,719
N8 7DE Keiki Daycare	451	308	170	192
N6 4ND Ladybird Montessori	233	0	0	0
N4 1RT Little Jewels Pre-School	1,397	1,352	1,124	1,138
N8 9SG Little Tree Montessori	3,926	2,468	1,526	1,732
N15 3HB Mitalee Playgroup	764	2,297	2,215	2,188
N22 6PX New Age Child Care Services Ltd	11,877	14,231	13,981	13,971
N22 6SY Noahs Ark Day Nursery	1,562	2,391	2,247	2,406
N10 2EG Norfolk House School	917	154	85	96
N8 7PN North London Rudolf Steiner Nurse	2,333	1,697	1,357	1,299
N17 8JL Nouveau Genese Nursery & Pre Sc	2,335	154	85	96
N8 0JE Orange Day Nursery	10,941	1,311	1,229	1,203
N17 9EX Pavillion Pre-School	4,419	7,033	7,424	7,605
N8 8NA Planet Tiny	5,674	463	424	481
N15 3PJ Rainbow Early Years & Childcare	2,543	2,579	2,370	2,582
N10 2PT Rainbow Playgroup	2,427	693	610	613
N10 2DS Rosemount Nursery	4,696	1,449	1,325	1,322
N17 0HL Somerford Grove Playgroup	5,747	1,408	1,516	1,628
N10 3BG St James Pre School Playgroup	2,092	308	170	192
N8 8AX Starshine Nursery	1,108	869	625	665
N8 9LN Stationers Playgroup	1,014	792	583	617
N17 0EX Sunrise nursery	3,434	3,937	4,028	3,960
N10 3LS The Montessori House	2,930	463	339	337
N6 4SP The Nursery Montessori Highgate	446	1,526	1,283	1,322
N15 4JA Tottenham Green Community Nurs	13,768	12,100	12,348	12,562
N15 4GZ Tottenham Green Under Fives	6,056	7,107	7,293	7,118
N17 6PW West Green Playgroup	3,882	6,673	6,592	6,671
N15 3RB Wiggly Worms Day Nursery	2,510	1,023	880	954
N22 8DW Wood Green Pre-Schol	3,336	4,225	4,293	4,065
N22 6JA Wood Green Salvation Army Playg	5,264	6,121	6,052	6,084
N10 1ND Yeladenu Pre School	1,048	154	85	96
<b>PVI Total</b>	<b>191,586</b>	<b>154,496</b>	<b>150,489</b>	<b>151,406</b>
<b>Grand Total</b>	<b>835,943</b>	<b>835,943</b>	<b>835,943</b>	<b>835,943</b>

## Summary of Consultation Responses.

## Appendix 3a

Forty-one responses were received. Of these three were from nursery schools, 12 from PVI settings and 26 from 24 primary schools, including two schools for which responses were received from both the head teacher and the governing body.

I have set out below a summary of the responses by question, in some cases officer comments have been added in italics.

***Consultation Question 1: Should the premises allocation for PVI setting be a uniform hourly rate or should there be more differentiation between the different kinds of settings?***

PVIs. All responses agreed that there should be differentiation to ensure those with higher costs are adequately compensated. Savings from those with costs below the proposed rate should be utilised to fund those with higher costs. Banding may be an option but settings should be reviewed annually to ensure correct banding.

Primary Schools. Many responded that they had insufficient information on which to comment but then added comments such as 'will depend on setting', 'PVIs use all sorts of premises', 'PVIs paying no or peppercorn rents should not be funded', 'should reflect actual rent', 'rent mortgage costs should be excluded unless a lot more detailed information is available', 'Where PVIs face little costs for premises, this should not be an opportunity to augment their coffers'. These riders support a differentiated approach.

Nursery schools. One response doubted the existence of sufficiently detailed information on PVI costs and noted very wide variations reported by pathfinder LAs. The comment suggests a uniform rate would be simpler to manage if an average and viable cost can be evidenced.

Officer comment. The response supports a differentiated approach, but a concurrent exercise asking PVIs for information on premises costs produced a disappointing response (eight) and insufficient information on which to base payments based on actual costs. The exercise will be repeated with the aim of eventually introducing a differentiated factor.

***Consultation Question 2: Do the settings proposed and the underlying assumptions adequately reflect your own setting and costs?***

PVIs. One setting thought so, others simply said 'No', one commented that the rates reflected the minimum cost of starting salaries and did not allow scope for rewarding experience. The same responder commented that the ratios were also the maximum allowed and that many settings operated good practice through more favourable ratios to allow for breaks, absences and key worker continuity. The pay rates do not reflect current market rates. One responder commented that the assumptions did not reflect their circumstances as their curriculum & staffing resources were unique in the industry.

Primary Schools. The overwhelming response was that the hourly rate did not adequately reflect the true costs faced by nursery classes and that nursery classes were under-funded. Some thought nursery school funding too high. One response thought PVI costs remarkably low (this is not supported by other comments in the same response). I have summarised the main contentions below and *added officer comments in italics*:

1. Direct staffing costs. The 30 hours in the basic hourly rate did not reflect the 32.5/36 hours and 40 weeks staff are required to work. Staff in PVIs were believed to be paid only for contact hours.  
*The responses from primary schools did not take account of the additional 10% of teacher hours funded through the PPA supplement in the indirect costs. A flexible offer will attract additional funding..*
2. Additional staff costs needed to cover break between sessions.  
*An element has now been added to reflect this..*
3. Some teachers are on upper pay scale.  
*Additional UPS costs are met through the Teacher Pay Grant element of the school specific funding.*
4. The formula does not recognise the payment of TLR points.  
*Schools will continue to receive the Minimum Basic Allocation within the School Specific funding formula.*
5. Why should PVIs/profit making settings receive deprivation funding, especially those in more affluent areas? One school recommended bandings of 0, 0.5, 1.5 or 2 and 4. The allocation of £267k to PVIs was questioned.  
*A deprivation supplement is the only supplement we must have and it should apply to all settings. We have revised the proposed deprivation supplement to target funding at individual children rather than settings and revised the weightings to 0, 1, 2 and 4. The £267k was derived by grossing up the current nursery AEN to reflect the total population of those taking up the free entitlement.*
6. The funding rate for nursery schools is too high.  
*The methodology for nursery schools has been reviewed and the proposal is now for a lump sum and a lower hourly rate.*
7. Will the funding of one person to support transition to 15 hours continue.  
*No.*
8. Head teachers mainly on Group 3.  
*We have revised the spinal point for head teachers to LS25, the average point for head teachers of schools with nursery classes..*
9. Admin grade and % too low.

*Admin grades reflect the average of junior administrative posts in primary schools.*

10. No premises costs are included for schools.

*These remain within the site-specific allocation of the main school funding formula.*

11. Nursery classes take far more administration than other ages.

12. The formula does not reflect indirect costs such as SENCO, admin officer, site manager and catering costs.

*The formula recognises admin officer costs and the continuation of site and school specific funding will provide a contribution to the other costs.*

13. The payment of a graduate supplement was opposed by many primary school respondents. Many argued that if graduates had chosen to work in the PVI sector they had done so in the knowledge of the relative pay scales.

*This ignores the desire to improve quality of provision by attracting high calibre employees and the legislation requirement that all settings have a suitably qualified leader.*

14. One school reported a contact ration of 1:10 in its nursery class.

Nursery Schools. Work is continuing to ensure a consistent understanding of data collection, funding for SEN places and lump sums. The model will have to continue to be assessed and developed. Loss of funding over transitional period will be an issue as costs will not be reducing over this period.

*The proposed model has replaced the high hourly rate with a lower rate and a lump sum. SEN places will continue to be on a planned place basis.*

**Consultation Question 3: Do you agree with the introduction of a one-off lump sum to help PVI settings from bronze to silver accreditation levels?**

PVIs. One playgroup said no. They thought they would never be in a position to afford 'a full-time teacher' and therefore not achieve a silver accreditation. They saw this as diverting funding to children centres and nurseries and away from smaller settings. Another response commented that a lump sum would be beneficial if it covers the costs associated with the higher accreditation. The same responder thought the hourly rate for the graduate leader would be better as an annual lump sum to ensure greater stability.

Primary Schools. Almost all responses objected to this, the main argument against being that schools do not receive funding for training. One response asked this to be applied to maintained as well as non-maintained settings. One school expressed the view that the maintained sector should not subsidise the private sector for work it should undertake for itself. There was also a common view that quality in schools was higher because teachers were employed in primary classes.  
*All schools are in receipt of Standards Fund and Standards Grant funding. Schools are funded for the employment of a teacher; the graduate supplement is to recognise the additional cost of those PVI settings seeking to employ suitably qualified staff.*

Nursery Schools. Concerns were expressed that assessment may be subjective and lead to lengthy appeals. Very clear criteria is therefore necessary – perhaps based on OFSTED judgements and paid to settings with good or outstanding judgements to promote expectation that all settings should reach high standards. Payments should encourage financially viable settings to reach certain standards rather than just funding already adequate settings.

**Consultation Question 4: Should there also be a further supplement to recognise continuing high quality service such as gold/gold star?**

PVIs. A concern was expressed, as with Q2, that this would channel money away from smaller settings to those with teachers. This responder made the point that qualified staff did not necessarily have skills or experience suited to working in early years. Another responder supported the supplement on the grounds that having attained higher standards there were ongoing costs to maintain that standard and that the supplement should apply to silver, silver\*, gold and gold\* accreditations. Not to recognise the continuing costs could act as a perverse incentive.

Primary Schools. The majority said no but without expressing further comment; some linked it to responses to question 3.

Nursery Schools. Doubt was expressed as to whether this was needed in the 'market driven system we are supposed to be moving to.

**Consultation Question 5: Should there be a quality supplement for nursery schools to reflect the recommended ratio of 1:10?**

PVIs. If this is to recognise good practice it should be payable to all nurseries that follow this practice. Many PVI settings run over their ratio to improve practice and for parity, this should also be funded. Alternatively, if the ratio is to reflect the hours when a 1:8 ratio is applicable then this could be reflected as a supplement.

Primary Schools. Generally the response was a flat no, or only if it applied to all settings, but one response commented that the lower ratio implies recognition of differential quality and that a decision on this cannot be taken in isolation but needs to take account of whether nursery schools serve the neediest sections of the population.

Nursery Schools. The term 'Quality supplement' was thought to be misleading. The 1:10 ratio reflects the operational needs of the nursery, which provides a mix of 1:13 and 1:8 provision. The responder acknowledged that to retain parity with nursery classes funding for the free entitlement should be at 1:13.

*Officer Comment. Following consultation, we are no longer proposing a lower contact ratio for nursery schools.*

**Consultation Question 6. Do you agree that a uniform hourly rate should be used for the flexibility supplement?**

PVIs. One responder commented that this should be banded rather than a flat rate. Bands should reflect the costs of being open for longer than a session and the additional costs of being open all year, such as higher staff costs to cover holiday entitlements that cannot be taken during closed periods. Another responder commented No, the code of practice says that implementation should take the sustainability of the provider into account, that it is unreasonable to pay providers less than the cost of delivery for care and education.

Primary Schools. Some responded that there was insufficient information upon which to base a response, but the majority were of the view that the flexibility proposed was not a viable option in primary schools. Several responders were opposed on educational grounds expressing the view that it wasn't in a child's best interest and that we should be focussed on the child's needs not the parents.

Nursery Schools. This is not mandatory, as part of pilot most maintained settings have reached a balance of what they think is operationally achievable. Flexibility supplement may encourage providers to seek additional funding by encouraging attendance patterns that are detrimental to a child's continuity of learning and relationships with peer groups.

*Officer Comment. Whereas we propose to continue with a flat rate flexibility supplement in cases where the local offer is being met, we acknowledge that its scope will be much smaller than originally envisaged and will mostly apply to PVI and nursery school settings. Much of the funding for the supplement has therefore been transferred into the basic hourly rate.*

**Consultation Question 7 Do you agree with the flexibility options stated above and are there any other flexibility options that should be included in the Haringey local offer?**

PVIs. Should include attendance for 12.5 hours over two days, this is specifically used by the Govt as an example of flexibility. Not to allow this would exclude some children currently funded. The consultation gave examples of 'stretched' entitlement rather than an exhaustive list and a question was raised through the consultation as to whether any number of weeks between 39 and 52 would be allowable.



Primary Schools. The majority of responses thought it unrealistic to offer flexibility. Some thought it good in theory but unlikely to be workable in practice. Views expressed included the impracticality of negotiating with other providers. An irregular pattern of attendance would create staffing difficulties and there would be additional administrative costs. There was a question as to whether flexibility supplement would be attracted by the availability or actual take-up of flexibility. PVI settings had always been more flexible. Again, doubt was expressed about the educational value of flexibility with the view that flexibility would have a negative impact on education, one responder described it as a nonsense. A strong preference was evident that the funding should be retained within the maintained sector.

Nursery Schools. They are sufficient to start with.

*Officer comment. See response to question 6.*

**Consultation Question 8 Should there be a profit supplement and if not should the funding be distributed in some other way?**

PVIs. Three responded positively and one did not seem to understand the question. Of the former, one response was simply 'yes'; one that they lost 60% on each free hour provided and would be happy with an amount that allowed them to break even; and one that a 'for profit' setting will set its fee level in the expectation that every child will contribute to that profit factor. If that is not the case the funded child is being subsidised by fee paying children.

Primary Schools. Unanimously opposed, views expressed included, 'disgraceful suggestion' and 'Ridiculous' the majority expressed the view that it was an improper or inappropriate use of public money and that the money should be retained within the maintained sector.

Nursery Schools. Using public money to support profit is not defensible. Need robust procedures in place to monitor how PVIs are spending money in support of the free entitlement.

*Officer Comment. We are not proposing to proceed with this supplement. Funding will be incorporated within higher hourly rates.*

**Consultation Question 9 Appendix 1 exemplifies the effect of the higher hourly rate for nursery schools. Would you support a lower hourly rate supplemented by a lump sum? This would provide greater stability rather than higher funding for nursery schools**

PVIs. One responder commented that it is sensible to provide stability for nursery schools but also to provide equivalent stability for the PVI sector. Instability in any setting is caused by variation in headcounts and uncertainty as to future funding, PVIs, like nursery schools were stand alone and did not benefit from economies of scale the lump sum was supported as long as it was paid to PVI settings as well as nursery schools.

Primary Schools. A variety of comments, many thought that more information was needed to form a view, one respondent reiterated their response to Q5 that this might recognise differential quality and that a decision on this cannot be taken in isolation but needs to take account of whether nursery schools serve the neediest sections of the population.

Nursery Schools. Higher costs for nurseries are acknowledged by pathfinder LAs. Nursery schools are stand alone and have relatively high costs compared with nursery classes. The lump sum route will provide sustainability – for the sake of transparency, the formula should make a clear link between the lump sum and square meter allocation.

*Officer Comments. We are recommending a lower hourly rate plus a lump sum.*

**Consultation Question 10 Do the policy principles provide the correct basis for our work in early years?**

PVIs. One response commented on the effective support from the Early Yrs Team and the need for this to continue. Additional reference could be made in the policy to continue to maintain the partnership between the EYs Team and the PVI sector

Primary Schools. The majority of responses thought that the principles were appropriate but were not supported by the EYSFF moving money from more to less deprived areas, which would do nothing to narrow the attainment gap.

Nursery Schools. OK given where we are.

**Consultation Question 11 Can this policy be strengthened in order to ensure that the most vulnerable children have the highest priority?**

PVIs. Yes, it was commented that the admissions criteria is being reviewed. Amendment of the admissions criteria for PVIs would enable them to adopt the placing of LACs as the highest priority and enable the adoption of the rest of the protective measures in the admissions criteria.

Primary Schools. The majority of responders thought that the most vulnerable children would suffer through EYSFF. One responder commented that vulnerable families benefit hugely from FT places.

Nursery Schools. Cannot force 3 & 4 year olds to participate so hard to enforce. Even if given highest priority there will be a time-lag.

***Consultation Question 12 Does this policy support the provision of the highest quality of education for those that will benefit the most?***

PVIs. The policy is there to support the duty to ensure that there are sufficient good quality childcare places available for all children.

Primary Schools. Responses were either no or that the policy does but the formula does not. One commentator thought that the formula confused babysitting and education.

Nursery Schools. All children should be able to benefit from high quality education. The disadvantage subsidy will go some way towards supporting settings catering for children and families in need.

***Consultation Question 13 Is there anything you would like to see added amended or strengthened?***

PVIs. One commented that the draft policy was welcomed, subject to concerns raised elsewhere. Another that the funding must reflect the actual cost of provision and not create unnecessary admin burdens.

Primary Schools. Generally, comments were similar to those for Q12, that the principles were good but not supported by the formula, there were also comments that the admissions criteria needs to be written properly and clarified. One responder wanted a separation of education from childminding.

Nursery Schools. Review after a year.

***Please identify any possible difficulties that your setting faces in offering the full free entitlement.***

PVIs. One responder commented about the practicalities of providing flexible places that leads to an uneven take-up and unfilled hours and a reduced contribution to costs. This will make budgeting and committing to salaries and maintaining high quality difficult. If two days are not allowed it is difficult to see how three days can be offered and will reduce flexibility currently offered. Primary problem is insufficient funding to ensure sustainability without cross-subsidisation. The prohibition on additional funding in the Code of Practice focuses attention on true cost of each place and the risk to sustainability and childcare places if a setting is underfunded.

Primary Schools. Overwhelmingly, the comments were on the difficulty of providing a flexible entitlement and the impact on provision of moving funding away from the most disadvantaged.

Nursery Schools. Flexible arrangement of entitlement over 3 days already in place and little more can be offered. If funding for core day places is removed/reduced it will affect the sustainability of the setting and our ability to target the most disadvantaged. There will need to be an appropriate staffing structure in place by Sept 2011.

**Please use this space to make any additional comments you have on the proposed Early Years Single Funding Formula or the Draft Early Years Policy.**

PVIs. One responder commented that provision needs to be made to review/amend groupings and application of supplements to ensure allocations correctly reflect the setting in question. A formal appeals process may be needed. Another commented that, whilst wholeheartedly supporting efforts to extend quality provision to children from lower income families they believed that this policy will create a two tiered system with small sessional providers ceasing to operate and quality nurseries opting out. Also unhappy that this has been locally rather than nationally implemented. A third responder noted the perception that addressing the funding issues in the PVI sector is perceived as taking money from one sector to give to another. And asks if the MFG can be applied to PVIs.

Primary Schools. Views expressed included future improvements will be impossible and there will be a knock on effect on other KSSs. DSG should be top sliced. EYSFF will not support vulnerable children and move funding to less deprived areas. Flexibility should be abandoned. Limited scope to reduce costs in nursery classes.

Nursery Schools. Very complex proposal. Especially for governors not directly involved. Proposals cannot be looked at in isolation, especially when other funding sources are not secure. Potential reduction in quality of provision due to increasing ratios is a concern. Providing a suitable staffing structure to deliver effectively will impact on other aspects of the centre.

## Responses from Workshops.

### Summary of Issues Raised.

1. Playgroup representatives were concerned that they would be unable to afford qualified staff and this placed in question their ability to achieve a gold rating through the accreditation scheme.

*Officer comment. The proposed formula includes a quality supplement that recognises the additional cost of qualified staff and the additional costs of qualifying.*

2. Playgroup representatives raised the issue of children who become three during a term but who are not yet eligible for the free entitlement.

*Officer comment. Eligibility for the free entitlement is from the start of the term following a child's third birthday. We will look at how this transition can be managed but funding for this is outside the DSG.*

3. A major concern of many providers was whether funding will be available for those children whose parents choose not to take up the full 15 hour entitlement. Full-time private providers were also concerned that they may not be able to offer the 15 hours over a minimum of three days and queried whether they could provide 12.5 hours over two days.

*Officer comment. If a parent chooses not to take up the full 15 hours, the setting will be funded for the hours taken, subject to the maximum of 12.5 hours that can be taken in less than 3 days.*

4. There was concern over the Code of Practice' requirement that ' – local authorities should not fund providers to deliver fewer hours than the statutory 15 hours - - without good reason (for example, limited premises or opening hours).' It was suggested that settings that have only one session a day should fall within the definition of good reason.

*Officer comment. We need to ensure our practices do not impact negatively on children. If settings are unable to provide 15 hours because of restrictions on how they operate and they are not then taking fees for extended hours then payments will not be affected.*

5. Playgroup representatives were concerned that they did not receive the level of support for inclusion that children centres did and wanted reassurance that they would be supported for children with additional educational needs.

*Officer comment. The Deprivation Supplement is based on the funding primary and nursery schools receive to cover deprivation and Additional Educational Needs. This will now be extended to the PVI sector.*

6. There was debate about whether having a graduate leader was an appropriate measure of quality or was experience more valuable.

*Officer comment. The promotion of graduate leaders accords with both national and local priorities but it is acknowledged that this does not mean that settings without graduate leaders are not providing quality provision.*

7. PVI representatives were concerned that the sector was facing increased administrative burdens but did not have the administrative support enjoyed by schools. The EYSFF would introduce additional burdens.

*Officer comment. The EYSFF builds in funding for administration and the LA will look at how it manages its information requirements and the impact this has on settings.*

8. Concern was expressed that the full time places currently allocated to primary schools were not being properly used, support was expressed for a review that takes account of the needs of the child and targets places at those children who need them most.

*Officer comment. A review is being undertaken.*

9. Providers were concerned that hourly rates would not cover costs and that increases in rent and VAT would add to problems.

*Officer comment. There will be a supplement to cover VAT and hourly rates have been revised. A survey of PVI settings to establish premises costs generated a poor response. A follow up exercise will be undertaken.*

10. It was noted that top-up fees were not allowed under current legislation.

11. The formula needs to be kept under review to ensure it is fit for purpose.

*Officer comment. Agreed.*

12. Concern was expressed about parents moving provision and providers losing out on funding. It was pointed out that the Project Board had been developing parent contracts that set out contract periods and the responsibilities of parents and settings; these are intended to prevent such occurrences.

13. There needs to be clarity about how funding is split when children having more than 15 hours a week at more than one provider.

*Officer comment. This would generally be split pro-rata, but further guidance would be developed.*

**Corporate Finance**  
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[www.haringey.gov.uk](http://www.haringey.gov.uk)



**Head of Corporate Finance** Kevin Bartle

**Haringey Council**

**Rt Hon. Michael Gove MP**  
House of Commons,  
London,  
SW1A 0AA

Your ref:

Date: 2<sup>nd</sup> December 2010

Our ref: Steve Worth

Direct dial: 020 8489 3708

Email: [Stephen.worth@haringey.gov.uk](mailto:Stephen.worth@haringey.gov.uk)

Dear Secretary of State,

### **Early Years Single Funding Formula**

I am writing on behalf of the Haringey Schools Forum to draw your attention to the impact of the Early Years Single Funding Formula on our most needy children. The Forum is strongly committed to improving outcomes for all children and to the implementation of a funding formula that will ensure the sustainability of all early years providers. However, it believes that the geographical characteristics and history of early years provision in Haringey, combined with the relatively low per pupil funding we receive, will inevitably lead to resources being redirected from the more to the less needy. To prevent this regressive outcome the Forum is asking you to recognise the difficulty of Haringey's position and to find additional resources with which the Council can implement the formula without reducing services to its most deprived children.

The recent campaign 'A Fair Deal for Haringey Children' highlighted the anomalies within the Area Cost Adjustment that results in the serious under funding of our pupils. The Forum was pleased to hear you acknowledge the unfairness of the current funding formula when you spoke earlier this week at Woodside High school. Obviously we are disappointed that the Government has decided not to redress this problem next year. Haringey Council will therefore be implementing the single funding formula with already insufficient resources. The Forum is also concerned that the introduction of the Pupil Premium for statutory school age children will lead to a reduced Dedicated Schools Grant, further constraining the Council's capacity to fund provision for children under five without diverting resources from other, already underfunded, age groups.

The single funding formula will bring the funding of our private, voluntary and independent providers to a level more commensurate with their costs. The Forum fully



2005-2006  
Getting On with Learning



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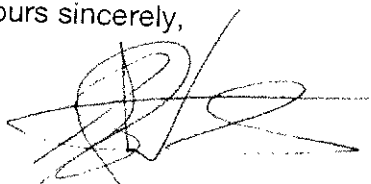
supports the intention behind this, but cannot support the resulting redistribution of already scarce resources from nursery classes and schools.

Historically, Haringey has invested heavily in early years provision and the great majority of our primary and infant schools have nursery classes. The distribution of these classes is borough wide and the Council's commitment to increasing the funding allocated through deprivation factors targets resources at the most needy areas. The provision of early years places by the private, voluntary and independent sector is skewed towards our less deprived neighbourhoods. This is a particular issue in Haringey which contains a distinct geographical split between the generally affluent west of the borough and the deprived east.

The formula the Council is proposing has a heavy weighting for deprivation, an average of £0.36 per hour compared with a median of £0.26 in pathfinder authorities. Despite this, the proposed formula will redistribute money from the more deprived east to the more affluent west of the borough and from maintained nursery classes and schools to providers in the private, voluntary and independent settings.

The Forum believe that the introduction of the single funding formula without the additional resources that would address the existing inequities of the Area Cost Adjustment will be detrimental to those very groups that both Government and Council policies seek to benefit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Worth', written over a horizontal line.

Steve Worth,  
For Haringey Schools Forum.



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Head of Corporate Finance Kevin Bartle

**Haringey Council**

David Lammy MP  
House of Commons,  
London,  
SW1A 0AA

Your ref:

Date: 2<sup>nd</sup> December 2010

Our ref: Steve Worth

Direct dial: 020 8489 3708

Email: [Stephen.worth@haringey.gov.uk](mailto:Stephen.worth@haringey.gov.uk)

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Getting Ahead 1. 12. 2005/2006



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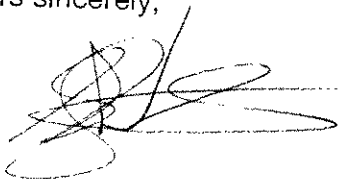
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Steve Worth,  
For Haringey Schools Forum.

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Head of Corporate Finance Kevin Bartle

**Haringey Council**

**Lynne Featherstone MP**  
House of Commons,  
London,  
SW1A 0AA

Your ref:

Date: 2<sup>nd</sup> December 2010

Our ref: Steve Worth

Direct dial: 020 8489 3708

Email: [Stephen.worth@haringey.gov.uk](mailto:Stephen.worth@haringey.gov.uk)

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2005-2006  
Getting Closer to Communities



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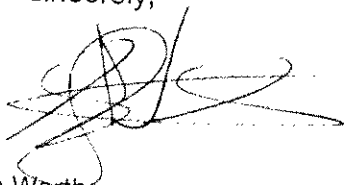
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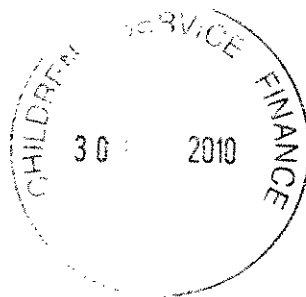
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Steve Worth,  
For Haringey Schools Forum.

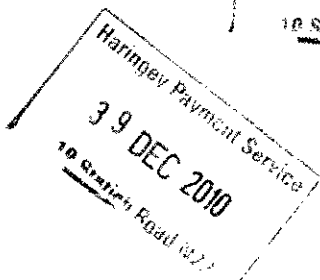
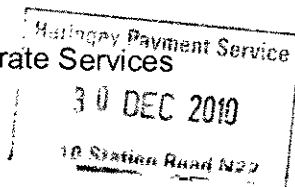
# Department for Education



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Mr Steve Worth  
London Borough of Haringey, Corporate Services  
Alexandra House  
10 Station Road  
London  
N22 7TR



Our ref: 2010/0102912  
December 2010

Dear Mr Worth,

Thank you for your letter of 02 December 2010 about the Early Years Single Funding Formula (EYSFF) which has been passed to me for reply.

The Government has taken the decision to introduce the EYSFF in every local authority from April 2011, following the successful implementation in over 70 pathfinder authorities from April 2010. For too long, early years funding has been inconsistent and patchy across the country with too many children, particularly from disadvantaged families not accessing any, or all of their free nursery education hours. The EYSFF requires all local authorities to be transparent about the funding that they are providing for free nursery education for 3 and 4 year olds by taking a more equitable and cost effective approach – so that parents and providers are able to hold them to account.

It is fundamental that the EYSFF is based on a detailed understanding of providers' costs in both the maintained and Private Voluntary and Independent (PVI) sectors. In determining rates, local authorities should be able to explain and justify any differences in funding between providers under the new formula.

I acknowledge your concern about differences that can occur between the areas covered by the School Teachers' Review Body's (STRB) four pay bands and the Area Cost Adjustment provided as part of the Dedicated Schools Grant (DSG). I can assure you that this issue, and its impact on funding in Haringey in particular, has been raised with us and was considered as part of the review of the DSG which ended in July 2010.

Following the election last May the coalition government confirmed that it wanted to continue the 'spend-plus' methodology of funding schools in 2011-12 so that the level of turbulence in the system was minimised while the pupil premium was introduced. Longer term, the Government's view is that the system of school funding needs reforming. Currently schools facing similar challenges can receive vastly different levels of funding, for no reason other

than historical accident and an out of date assessment of need. The Government believes that two schools with the same needs should receive the same level of funding. It should not be dependent on historical allocations made for a different set of children. The Department for Education will be working closely with Local Authorities and schools to ensure a stable transition to any new system, taking account of their experiences of the current arrangements, and its strengths and weaknesses. I should stress that there will therefore be a full and detailed consultation on school funding changes for 2012-13 and beyond. The White Paper published in November said that we would consult on the merits of a national funding formula, the factors to be included in such a formula, and the necessary transitional arrangements. As part of this work we will be looking at options for the Area Cost Adjustment.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Shearer', with a stylized flourish at the end.

Rob Shearer  
Early Years and Extended Schools