

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	SCHOOLS FORUM 13 NOVEMBER 2013	Agenda Item	5
Report Title	Early Years Single Funding Formula for 2014-15		
Decision/ Discussion/ Information	For Information and Decision		
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Appendices	Appendix A: Comparison of funding in 2013-14 for Maintained Nursery Schools across London and neighbouring Local Authorities Appendix B: Comparison of EYSFF Funding 2013-14 for Early Years settings In London and neighbouring Local Authorities Appendix C: Maintained Nursery Schools Revenue Balances 2003-04 to 2012-13 Appendix D: DfE guidance on funding Maintained Nursery Schools. Appendix E: Funding Arrangements for Maintained Nursery Schools through the Early Years Single Funding Formula		

1. Summary

- 1.1 Since the last meeting of Schools Forum on 18 September 2013, the Early Years Task and Finish Group met on 3 October and 24 October 2013 and is due to meet again on 12 December 2013. The Group had been tasked with reviewing:
 - 1.1.1 changes to the existing 3-4YO funding formula
 - 1.1.2 proposed changes to the Head Count
- 1.2 The intention was that the Group would make recommendations to Schools Forum in November 2013 on any proposed changes enabling further feedback in January 2014 after consultation with settings.
- 1.3 The Group have considered changes in the mix of funding between AWPU, the Quality supplement and the Deprivation supplement. A further statistical analysis for all London Local Authorities is attached as **Appendices A and B**.

- 1.4 It has also considered the level of funding for Maintained Nursery Schools (MNSs). The review report and relevant appendices are attached as **Appendix C**.

2 Recommendations

- 2.1 Schools Forum is asked to agree that:

- 2.1.1 Early Years settings are consulted on whether there should be any change to the relative weightings for AWPU, Quality supplement and Deprivation supplement now that comparative data for Early Years Funding across London is available.
- 2.1.2 Early Years settings are consulted on whether, to ensure the sustainability of MNSs, the funding for the three MNSs should be brought in line with the average funding for MNSs in London by raising the AWPU from £5.85p per hour to £6.04p per hour from April 2014.
- 2.1.3 The Local Authority should explore all feasible options for sustaining MNSs in the longer-term.
- 2.1.4 Feedback from consultation should be reported to the Schools Forum meeting in January 2014.

3. REASON

- 3.1 The DfE have recently published the EYSFF pro-forma for free education for 3-4YOs for every Local Authority in England. This is the first time it has been possible to compare practice across the country with the Waltham Forest scheme. This enables the Local Authority in consultation with Early Years settings to consider any changes to the EYSFF for 2014-15, should it wish to propose making any changes.

4. BACKGROUND

- 4.1 The Early Years Finance Task & Finish Group has met twice since the last meeting of Schools Forum in September 2013. The key actions taken by the Group have been to:
- 4.1.1 receive a briefing on the DfE Early Education and Childcare Statutory Guidance for Local Authorities published in September 2013 and any implications this may have for Waltham Forest;
 - 4.1.2 receive an update on the Summer Count Process and 2013-14 procedures including reconciliation between provisional and final budget allocations;
 - 4.1.3 consider an adjustment to increase funding for deprivation by reducing the overall funding through AWPU from 88% to 85%

- 4.1.4 consider the funding for MNSs in Waltham Forest compared with similar settings across London.
- 4.2 The new statutory guidance on the Early Years Single funding Formula has no significant implications for Waltham Forest, as it is mainly a consolidation of existing guidance. However, it does set out clearly the responsibilities and actions expected of Local Authorities in planning places and informing parents in order to ensure that childcare provision meets local needs.
- 4.3 The update on the headcount process and reconciliation for 2012-13 raised a concern that settings were unaware of the removal of the 80% funding guarantee for 2013-14 and that this might have significant financial impact on some settings. It was agreed to look further at the impact that might make and whether or not a safety net could be provided for 2013-14 which was consistent with the Early Years Finance Regulations now in force, but this has been checked and the Regulations do not allow this.
- 4.4 The modelling on transferring funding from AWPU to the Deprivation factor in order to bring funding per eligible pupil aged 3 – 4 YOs closer to funding for 5 YOs identified the following key points:
- 4.4.1 That a reduction from 88% to 85% of all funding allocated to AWPU would shift approximately £0.470m to the Deprivation supplement increasing the proportion of funding on deprivation from 4.6% to 8.4%.
- 4.4.2 The net effect of the change would be that some 60% of settings would lose funding with those with the greatest proportion of pupils living in the highest band of deprived neighbourhoods gaining the most.
- 4.4.3 That the average proportion of funding across London Local Authorities allocated to deprivation was 5.2% - only marginally higher than the current funding in Waltham Forest.
- 4.4.4 Consideration should be given to whether or not a better approach might be to increase the funding for quality of provision since such settings were more likely to be able to support the needs of pupils from the most deprived families.
- 4.5 **Appendix B** to this report gives a breakdown of funding per factor within the formula across all London Boroughs and our neighbouring Local Authorities. This suggests that in the proportion of funding allocated for Quality at 6.7% of all funding, Waltham Forest is already considerably above the average of 2.0% for London. It also shows that the AWPU rates per hour of £3.75 for nursery classes and £3.90 for PVI settings is broadly in line with the average across London and our neighbours LAs of £3.88 and £3.77 respectively.
- 4.6 At the first meeting there were concerns around the funding of MNSs and their long-term financial viability. There was a need for the Local Authority to look at a long-term business model to ensure they remained sustainable. It was

agreed to review their funding through comparison with other MNSs across London.

- 4.7 At the second meeting the Task & Finish Group received a report (**Appendix E**) and financial appendices which compared funding across London and suggested a short-term remedy and a range of options for consideration for the longer term. **Appendix D** is the guidance that the DfE gave to Local Authorities when establishing their EYSFF to ensure that MNSs remained sustainable in the longer term.
- 4.8 The key points were that Local Authorities gave additional funding to their MNSs in recognition of the additional statutory functions they undertook. In some cases this was through a higher AWPU than that paid to nursery classes and PVI settings. In other cases it was through additional lump sums and supplements. Whatever approach taken the best method of comparison was to look at the average funding per hour which was £5.85 for Waltham Forest MNSs compared with £7.86 across all London and neighbour LAs with MNSs. (**See Appendix A**). When these figures are adjusted for the value of the GuF for Early Years for each Local Authority, the shortfall in funding approximated to 2% or 19p per hour.
- 4.9 Data for revenue balances (**Appendix C**) shows a continuing decline in funding since 2009-10 and was now well below the average level of revenue balances for MNSs in London. The three MNSs in Waltham Forest were on average 35% smaller than the average MNSs in London.
- 4.10 The Task & Finish Group agreed to recommend that as a short-term solution, the AWPU rate for Maintained Nursery Schools should be raised by 19p per hour which on current numbers would cost approximately £30,000.
- 4.11 After some discussion on possible longer-term solutions, it was agreed to ask the Local Authority to consider the best options for the long-term sustainability of the MNSs in Waltham Forest for further discussion.

5. CONSULTATION

- 5.1 At its meeting on 12 December the Task & Finish Group will consider the outcomes of the consultation with Early Years settings at the Early Years conference on 21 November with final decisions being taken at Schools Forum in January 2014.