Waltham Forest

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	**SCHOOLS FORUM** **15 JANUARY 2014**	Agenda Item	**8**
Report Title	**Feedback on consultation for Early Years Single Funding Formula for 2014-15 and Ratify Quality Supplement for 2013-14**		
Decision/ Discussion/ Information	For Information and Decision		
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Appendices	Appendix A: Consultation responses on Early Years Single Funding Formula for 2014-15. Appendix B: Quality Bandings and Assessment for 2013-14		

1. SUMMARY

1.1 This report provides feedback on the Early Years Block funding factors for 2, 3 and 4 year olds for 2014-15. Schools Forum on 13 November 2013 agreed to consider the relative weightings for Age Weighted Pupil Unit (AWPU), Quality Supplement and Deprivation. The consultation also asked for views on the AWPU funding rate for Maintained Nursery Schools being brought into line with average funding rates for London.

1.2 During 2013-14, Early Years settings were consulted on the basis on which settings were graded for Quality Supplement. This report asks Schools Forum to ratify the basis proposed for the purposes of calculating the final payment for 2013-14.

2 RECOMMENDATIONS

That Schools Forum notes:

2.1 The responses to the consultation questions on the factors used in the Early Years Single Funding Formula as shown in Appendix A. A majority of respondents agreed each proposal.

That Schools Forum decides:

2.2 To maintain the relative weighting of AWPU at 88% for 2014-15.

2.3 To maintain the relative weighting of the Quality supplement at 7% for 2014-15.

2.4 To maintain the relative weighting of Deprivation at 5% for 2014-15.

2.5 That the Quality supplement should be based solely on OFSTED judgement for 3 and 4 year olds for 2014-15.

2.6 That the Quality Supplement should be 10% of AWPU if OFTED judgement is good and 15% of AWPU if OFSTED judgement is outstanding for 2014-15.

2.7 To maintain the funding rate for 2 year olds at £6.00 per hour for 2014-15, to be reviewed for 2015-16.

2.8 To maintain an additional capital lump sum of £200 per new place created.

2.9 That the AWPU rate for Maintained Nursery Schools (MNS) be increased from £5.85 per hour to £6.04 per hour.

2.10 To approve the following quality indicators for 2013-14:

- Quality Assurance Scheme accreditation/participation
- OFSTED inspection outcomes
- Quality of Workforce

2.11 To agree that Child-minders are funded as PVIs for 2013-14 and 2014-15.

3 REASON

3.1 From 2013-14, the funding arrangements for schools changed by the introduction of the funding blocks.

3.2 The Local Authority together with Schools Forum is responsible for setting the Early Years Single Funding Formula (EYSFF) for all early years settings in the borough. The Early Years Task and Finish Group of Schools Forum proposed to review EYSFF. A number of recommendations were made to Schools Forum on 13 November 2013, subject to consultation.

3.3 In addition, the Early Years Task and Finish Group met on 12 December 2013 and agreed that the formula should be kept simple and transparent, ensuring that AWPU gives all settings sufficient funding for a good provision of education. It was also agreed that the Deprivation supplement should be based on postcode addresses to support those children from deprived families. The Quality supplement should remain as encouragement to settings to raise their performance to the OFSTED judgement of 'Good' or 'Outstanding'. It was decided that a question on child minder rates should be included as presently there is no agreed rate. Instead, the PVI, AWPU rate is being used, which may not appropriate for a single child minder, who may have to carry out functions that might have otherwise been shared in larger settings.

3.4 In 2013 settings were consulted on how quality bands will be used to grade settings for the Quality supplement. Appendix B gives more detail on how these will be applied. This will be used for the final reconciliation for 2013-14.

4 BACKGROUND

4.1 Under the new funding arrangements, the Government has established an Early Years Block which includes the funding for free education for 3 and 4 year olds. The local funding formula used in 2013-14 has been revised and simplified following guidance from the DFE. Funding is based on hourly rates for Base (88%), Quality (7%) and Deprivation (5%).Schools Forum agreed to consult on the relative weightings now that comparative data is available from across London.

4.2 From April 2013, funding for free education for two year olds has been paid as a separate grant within the Dedicated Schools Grant. For 2013-14 the level of funding is that shown below:

Two –Year Old Funding 2013-14:

Statutory Target funding (951)	£2,863,299
Trajectory Funding (beyond target)	£1,124,054
Capital Funding	£ 974,147

4.3 Schools Forum at its meeting in February 2013 agreed that the level of funding paid to early years providers should remain at £6.00 per hour for 2013-14, although the level of funding being paid to Waltham Forest was only equivalent to £5.28 per hour – a shortfall of £0.72 per hour. The main reason for retaining the rate at £6.00 per hour (plus an additional lump sum of £200 per new place created) was that this was the rate quoted to establishments

who had signed up to provide places in 2013-14. It is expected to take a while to achieve the statutory target of 951 and there was likely to be underspends in the first half of 2013-14 as number of children receiving free education of 15 hours per week rose towards the statutory target. Therefore, it is possible to retain the existing funding rates for 2014-15. However this must be reviewed for 2015-16 as funding will be based on participation rather than places.

4.4 At the Early Years Task and Finish Group concern was raised about the financial viability of the remaining three MNS. It was agreed that current funding arrangements will be reviewed and that options will be considered. A report was produced showing the current position; comparisons with other MNS in London; options for the short term and long term and recommendations.

4.5 It was recommended that the AWPU rate be adjusted from £5.85 per hour to £6.04 per hour. This was agreed by Schools Forum subject to consultation on 13 November 2013. It was also recommended that the three MSNs carry out a cost and activity analysis; and to look at different ways of working with partners and other Early years providers

4.6 The Quality supplement currently accounts for 7% of all funding. It was agreed after consultation that different indicators will be used in the assessment of the quality of settings.

5 CONSULTATION

5.1 The Early Years Task and Finish group was formally initiated by the September 2013 Schools Forum and included primary heads, a nursery head, a nursery governor and PVI settings. The group met twice, on 3 October and 24 October, before a report was submitted to the November 2013 Schools Forum. The group met again on 12 December, so that the views of the Early Years PVI conference of 21 November could be considered.

5.2 The consultation document was issued on 2 January 2014 with a closing date of 9 January 2014. There were a total of 103 responses was received from all settings. Appendix A shows a summary of consultation responses.