

WHAT IS THE EARLY YEARS SINGLE FUNDING FORMULA?



On the 26 July 2010, a Ministerial Statement disclosed that all Local Authorities (LAs) would be required to implement the EYSFF from April 2011, in order to improve fairness and transparency in the system and to support diversity of provision.

To support better outcomes for children at age five, the DfE requires LAs to introduce a more consistent funding arrangement for the maintained and non-maintained sectors from April 2011. This will improve fairness and transparency in the way that funding is allocated to providers. LAs are therefore required to design and implement a single local funding formula across all sectors for the three and four year old free entitlement of early year's provision.

The DfE has documented the Government's expectations for the EYSFF in the form of guidance, which has provided assistance to LAs on how the formulae should be designed and implemented. Officers have also worked with a number of LAs that had piloted the new arrangements, to draw upon good practice and lessons learned.

Key points to note are:

- There is no requirement for the Early Years Single Funding Formula (EYSFF) to provide the same rate of funding to all sectors. The unavoidable costs that providers / sectors face vary, so a single rate would not be fair or reflective of the needs of providers and would not cover the costs of delivering the free entitlement.
- The funding formula must be based upon participation rather than places purchased. This will provide greater consistency between maintained and PVI providers.
- A deprivation factor is required by regulation. Other supplements should be considered to ensure the EYSFF supports wider early years policy objectives, in particular supplements should be considered as a means for incentivising improvements in service provision i.e. the EYSFF should recognise the costs associated with quality and encourage a culture of continuous improvement.

The LA adopted the following approach in line with DfE' guidance:

- Develop a typical cost model for each setting type, based on agreed staffing ratios and setting characteristics.
- The typical cost model considers all the activities it takes to provide the free entitlement and costs these. Each activity should be costed for each category of setting. Some costs may be common to all categories of setting, whereas some may apply to only one category.

The theoretical cost model approach takes into account the same factors when deciding the level of funding for each sector, and any differences between the sectors can be justified and relate to demonstrable cost differences. The base rates

have been established from an analysis of existing and anticipated / forecasted costs that take into account setting structures and characteristics.

Key points to note:

- For the maintained sector, there is a legal requirement for a 1:13 staffing ratio in each nursery class, which will equate to one Qualified Teacher and one Teaching Assistant for each class of 26 children.
- The DfE has confirmed that head teacher costs can be included within the EYSFF for the maintained sector (i.e. unavoidable cost).
- The staffing ratio for the PVI sector is 1 to 8. It is proposed that this will consist of one Graduate Leader and three Nursery Assistants for 24 children. The Graduate Leader does not deliver free entitlement, but supports the operations of the PVI setting by being a supernumerary.
- Qualified teachers and Graduate Leaders have been assigned to the main teacher pay scale, which will provide transparency between the sectors and will help drive quality in settings by having staff with the appropriate level of qualifications. Teaching Assistants have been assigned to the GLEA pay scales through using equated pay.
- For all sectors, the roles of staff have been analysed to assess how many hours are required to support the delivery of the free entitlement, e.g. in terms of set up time, delivery, administration, SENCO, etc. This has then been costed at appropriate rates of pay.
- Non-staffing costs in each sector have also been analysed to ensure that these will be funded adequately.
- There are no plans to increase or reduce the funding currently available from the Dedicated Schools Grant for early years provision, through introducing the EYSFF.