

SLOUGH SCHOOLS' FORUM
3 July 2013

Early Years Two Year Old Funding Formula
(Director of Wellbeing)

1 PURPOSE OF REPORT

- 1.1 To inform Schools Forum on the current position regarding the Early Years Two Year old Funding Formula. This is a revised version compared to the version presented to the May 2013 Forum.

2 RECOMMENDATIONS

- 2.1 That the final version of the Early Years Two Year Old Funding Formula explained below is agreed and recommended to the local authority for implementation.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The DfE has increased the responsibility for local authorities to provide 15 hours free nursery education to the 20% most deprived two year olds from September 2013. This will rise to 40% in September 2014. The funding for two year old education has now been moved from the unringfenced Early Intervention Grant to the Early Years Block in the Dedicated Schools Grant (DSG). The current figure for Two Year Old funding in 2013-14 is £1,961,090.
- 3.2 A previous version of the funding formula was put to the May 2013 Forum but since then it has become clear that changes were needed to meet the needs of the providers and enable the council to meet the DfE's targets.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

5.1 Task and Finish Group

The Early Years' Task and Finish Group met three times to discuss the proposed new formula for both three and four year olds and two year olds. The Group had wide representation across the range of providers.

5.2 The Proposed New Early Years Funding Formula

Fundamental Principles

The new formula is divided into two main funding factors, These are Staffing and Central Costs. It is not considered necessary to have a Deprivation factor as the eligibility for receiving the free entitlement will be based on deprivation. If the government decides to introduce a further increase in entitlement then a deprivation factor may be necessary.

These factors combine to give an hourly funding rate. The factors are further explained below.

Staffing Factor

The Staffing Factor is divided into four types of provider. The rate for each provider is broadly based on staff/child ratios and the costs of staffing for each type of provider.

Type of Provider	Staffing Ratio	Proposed Hourly Staffing Rate £
Childminder	1 to 3	4.36
Nursery School	1 to 13	1.34
Primary School	1 to 13	1.34
Private, Voluntary, Independent (PVI)	1 to 4	3.27

Central Costs

Central Costs cover all of the non staffing costs. There are ratios calculated based on the type of provider and also the size of the provider based on place numbers. A ratio is first applied based on the type of provider (Type Ratio) and that ratio is then multiplied by a ratio based on the size of the provider (Size Ratio). The total of these ratios is then used to divide the available budget.

Type and size of Provider	Type Ratio	Size Ratio	Hourly Central Costs Rate £
Childminder - Large	0.15	1.00	0.19
Childminder - Medium	0.15	1.00	0.19
Childminder - Small	0.15	1.00	0.19
Nursery - Large	1.50	1.20	2.61
Nursery - Medium	1.50	1.10	2.40
Nursery - Small	1.50	1.00	2.18

Primary - Large	1.50	1.20	2.61
Primary - Medium	1.50	1.10	2.40
Primary - Small	1.50	1.00	2.18
PVI - Large	2.00	1.20	2.96
PVI - Medium	2.00	1.10	2.72
PVI - Small	2.00	1.00	2.47

The definitions of small, medium and large are below (not applicable to childminders):

Small	0-16 places
Medium	17-24 places
Large	25+ places

Funding Rates

The hourly funding rates are as follows:

Type of Provider	Staffing Costs £	Central Costs £	Total £
Childminder - Large	4.36	0.19	4.55
Childminder - Medium	4.36	0.19	4.55
Childminder - Small	4.36	0.19	4.55
Nursery - Large	1.34	2.61	3.95
Nursery - Medium	1.34	2.40	3.74
Nursery - Small	1.34	2.18	3.52
Primary - Large	1.34	2.61	3.95
Primary - Medium	1.34	2.40	3.74
Primary - Small	1.34	2.18	3.52
PVI - Large	3.27	2.96	6.23
PVI - Medium	3.27	2.72	5.99
PVI - Small	3.27	2.47	5.74

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal provisions are contained within the main body of this report.

Section 151 Officer – Strategic Director of Resources

- 6.2 The financial implications of the report are outlined in the supporting information.

Access Implications

- 6.3 There are no access implications.

7 CONSULTATION

Principal Groups Consulted

- 7.1 Early Years Task and Finish Group.

Method of Consultation

- 7.2 Three Task and Finish Group meetings with a mixture of early years providers and council officers.

Representations Received

- 7.3 Not applicable.

Contact for further information

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