

Meeting of the Early Years Working Group
Wednesday 6th May 2009
(3.00 pm, Training Room 5, Building 2 at NLBP)

Attended	Members:	Diana Rose (Kerem House, PVI Independent School)
		Sharon Lee (FRS, PVI Setting)
		Sarah Vipond (Middlesex Uni, PVI Full Day Care)
		Liz Bartlett (Wingfield, Maintained Children’s Centre)
	LA Officers:	Sheila Abbott (Early Years and Extended Services Manager)
		Diane Lewis (Early Years Inspector)
		Carol Beckman (School Funding Manager)
		Zahid Parvez (Business Manager)
		Jill Smith (Locality Development Officer, West Network)
	Clerk:	Claire Gray (School Resources Support Officer)
	Observer Status:	Elizabeth Pearson (Schools Forum member)
		Lisa Horne (Barnet Pre-School Learning Alliance)
Not Present	Members:	Elaine Rosenthal (Playsafe, PVI Sessional)
		Anthea Abery (Rosh Pinah, Maintained Nursery Class – Faith)
		Perina Holness (Moss Hall, Maintained Nursery School)
		Pauline Congdon (Little Acorns, PVI Sessional)
		John Maxwell (Holly Park, Maintained Nursery Class)
		Christine Read (All Saints N20, Maintained Nursery Class)
		Jodi Gurney (Schools Forum member)
		Julie Paice (Senior Childminding Co-Ordinator, LBB)
		Marina Economides (Bright Sparks Nursery, PVI Sessional)
	LA Officers:	Martin Baker (Acting Director of Children’s Service)
		Stuart Gray (Principal Inspector, Chair)
		Akos Adu (Research & Management Information)

1. Apologies for Absence.

1.1	Apologies were received from Perina Holness, John Maxwell, Julie Paice, Christine Read, Stav Yiannou and Stuart Gray.
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2. Minutes of previous meeting – 1st April 2009.

2.1	The following comment has now been added to Item 6.1 of the minutes of the previous meeting: <i>‘PVI representatives raised concerns about charges for additional services, and suggested that further guidance to parents should clarify justifiable additional services which may be charged for by providers, subject to the revised Code of Practice’.</i>
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3. Matters arising.

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3.1	Any matters arising are included in the agenda items.	
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4. Proposed paper for the Schools Forum		
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4.1	<p>Members received a copy (Appendix I) of a paper to be presented at the next Schools Forum meeting, proposing the elements that would be used to calculate Phase I funding (non formula) from September 2009, and the factors that would come into effect under the Single Early Years Funding Formula (SEYFF) from April 2010. CB explained how timescales have now been adjusted to ensure cabinet involvement and approval, as elected members have expressed an interest in the new proposals. Phases I and II will now be dealt with as two separate projects, so as not to delay funding to Phase I providers.</p> <p>The proposals for the Phase I pilot funding (2009/10) require endorsement at today's meeting by the EYWG of a paper to be presented to Schools Forum for ratification on 12th May, and presented at the May Cabinet briefing.</p> <p>Phase II will involve full consultation with providers between June and August 2009; reports on the consultation and a review of the Phase I pilot will be presented to both the EYWG and Schools Forum for approval in the autumn term; final proposals will be presented to Cabinet in January 2010 to enable estimated budgets to be issued in March 2010 (in line with the current school budget cycle).</p> <p>SA/CB confirmed that Phase I providers will receive one-off start-up funding, and settings will be monitored during the Autumn term so that implementation models can be evaluated. Phase I providers will also be expected to act as 'hub and spoke' models of good practice to support the rollout to Phase II settings.</p>	
4.2	EYWG members unanimously agreed that the proposals should be presented to Schools Forum for ratification.	

5. Draft Consultation document		
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5.1	<p>CB presented a draft version of the consultation documents that will be circulated to all providers, and ran through each of the questions that needs to be addressed prior to implementation of the Single Early Years Funding Formula (SEYFF). Members proposed some minor alterations to the wording in the consultation papers, and the corrected documents are attached at Appendix II.</p> <p>It was noted that the consultation document has been drawn up without three key documents (Code of Practice, Regulations for changes to school budget shares, and Regulations regarding pupil counts) yet to be issued by the DCSF, and that any requirements issued by the DCSF at a later date may need to be incorporated into the SEYFF when making final recommendations to the Schools Forum and to Cabinet.</p> <p>CB will be addressing all the forthcoming Learning Network meetings, raising awareness amongst both schools and PVIs that responding to this consultation is crucial to the implementation of the SEYFF. It was agreed that although maintained providers are familiar with responding to local authority consultations, PVIs may need additional support and guidance to become involved. Members agreed to promote completion of the consultation document at all EY network meetings.</p>	
5.2	EYWG members unanimously agreed that the plan for Phase 2 and the single funding formula should be presented to Schools Forum for ratification on 12 th May.	
6. Any other business.		
6.1	SA thanked Carol Beckman and Claire Gray for the amount of work they have put into this project and asked that this should be recorded in the minutes.	
Dates of future meetings		
	<p>3.00pm 1st July 2009 (Training Room 5)</p> <p>3.00pm 30th September 2009 (Conference Room 3)</p> <p>3.00pm 11th November 2009 (Training Room 2)</p>	

APPENDIX I

The attached will be presented to the Schools Forum on 12th May with the agreement of the Early Years Working Group

• 6: Report of the Early Years Working Group	
Author	Carol Beckman
Position	Schools Funding Manager
Date	12th May 2009

The Early Years Working Group has been working for a year on the extension to the free entitlement for 3 & 4 year olds from 12½ to 15 hours per week with increased flexibility. The group has representatives from all types of settings – maintained and private and the work has included:

- Shared understanding of issues facing different types of provision
- Discussion of costs in different settings
- Lessons learned from pathfinder authorities
- DCSF guidance
- Options for increasing the amount of provision for each child
- Options for increased flexibility
- Fees and charging
- Elements of a single funding formula
- Maintaining quality and effective monitoring of EYFS

• **6.1: Pilot Funding for Phase 1 Providers**

From September 2009, the DCSF requires that the 25% most deprived 3 & 4 year olds will have access to an additional 20% (2½hrs) of early education on a flexible basis. In order to meet this in Barnet, 42 schools and settings have been chosen to extend their offer and flexibility from next term. The list comprises 15 private settings, 5 children's centres and 22 school nursery classes which serve children from the most deprived areas. Every Barnet school and setting currently providing the free entitlement has been contacted so that they know whether they are in Phase 1 or will not have to comply until September 2010.

Sheila Abbott and her team are working with the Phase 1 settings (most of which are in the west of the borough) to help them decide on issues such as what their offer to parents will be; what changes they will need to make to staff contracts; and what physical changes will need to be made to classrooms.

All Phase 1s will require additional funding and in 2009/10 £880,000 is available, comprised of a £480,000 ring fenced Standards Fund Grant and £400,000 reserved in the ISB generated by the first phase of the change from nursery place funding to attendance funding. £100,000 has been earmarked for central costs associated with introducing the change. Although the Single Consistent Funding Formula will not be brought in until April 2010, some of the elements of the suggested formula are included in the proposed funding for Phase 1s. However it must be emphasised that the 2009/10 funding scheme will not be the same as that for 2010/11 – there may be other elements, alternative weightings between factors and different funding rates.

The table below shows the proposed funding for Phase 1 providers for the period September 2009 – March 2010 inclusive - this is in addition to the budget share already announced for schools and the standard rate of £8.97 per 2½ session in PVI's and Children's Centres.

PHASE 1 Pilot - Additional Funding from SEPTEMBER 09		
Element	Details	Cost (£)
Additional 2½ hours per week – 20% extra on the AWPU or NEF rate (£330 per annum on AWPU, £340 per annum on the PVI rate)	Schools to receive an additional 20% Nursery AWPU funding if they are offering 20% more provision per child. Children's Centres and PVI's will be able to claim up to 15 hours per child per week from September.	290,000
Deprivation Deprivation is closely correlated with low attainment and additional educational needs. (£56 per child per annum on average)	The DCSF require that deprivation is a factor in the single funding formula. We propose to calculate an average IDACI score for each setting linked to the postcodes of each child taking up the free entitlement.	84,000
Flexibility The more flexibility offered the more difficulty the setting will have in maximising occupancy and monitoring the EYFS (£95 per annum per child for Level 1)	Phase 1 schools and settings will offer 1 of three levels of flexibility: Level 0: Parents offered five mornings or five afternoons of 3 hours each. Level 1: Parents able to choose any five morning and / or afternoon sessions Level 2: Parents able to choose three 5 hour sessions each week The funding rate for Level 2 would be double that of Level 1. No funding for Level 0.	84,000
Basic Entitlement £100 per child per annum up to a maximum of £3000.	This has been an element of the school funding formula for over 10 years and is designed to recognise the additional burden of managing admissions and other administration associated with running a nursery. As schools already receive this, the extra cost is only for PVI's	16,000
Phase 1 Start-up - £200 per part time equivalent (PTE) child claiming the free entitlement	This grant is an incentive to Phase 1s to take a leading role in this new initiative, acting as pathfinders for providers entering the scheme next year. The money should be used for any one-off startup costs, but not ongoing expenses as the grant will not be available in following years.	306,000
	TOTAL	780,000

Recommendation: The Schools Forum endorses the above funding scheme for Phase 1 providers of the extension to the free entitlement.

• **6.2: Single Funding Formula from April 2010 and Consultation with Providers**

From April 2010, all local authorities must have in place a single consistent funding formula for all providers of the free entitlement. Funding must be based on actual attendance, rather than places and must include an element for deprivation.

Barnet began preparing for this change in 2007 by consulting with maintained schools on the move from place to participation funding. As a result, 2009/10 is a transition year in which nursery schools and classes are funded for a number of children halfway between places and participation.

Private providers (PVI) and children’s centres (CCs) are already funded by participation for the free entitlement, and they make termly claims. From 2010/11 maintained schools will also be funded on termly counts but PVI and CCs will benefit from a formula that reflects their needs more closely than a single flat rate per child.

The government has still to publish the following documents

- New Code of Practice for providing the free entitlement
- Changes in regulations for school budget shares including the Minimum Funding Guarantee (primary legislation involving parliament)
- Regulations or guidance on counting nursery attendance for funding purposes

Lessons learned from the Phase 1 pilot will need to be incorporated into any final proposal but at present the Early Years Working Group recommends a formula with the following elements:

Basic Rate	Funding for first 12½ hours of provision replacing the school age weighted pupil unit (AWPU) and the nursery education funding (NEF) rate – about £1700 per pupil
Funding for extension	A 20% premium on the Basic Rate
Deprivation	A premium on the basic rate for the additional educational need typically arising from deprivation
Flexibility	A premium on the basic rate for the additional costs and lower occupancy arising from higher levels of flexibility of offer
Qualifications	A premium on the basic rate for the additional costs from employing more highly qualified staff which will raise the quality of offer.
Basic Entitlement	A small amount (maximum £3000) for all providers recognising the administration and management involved in providing the free entitlement

To ensure all providers are treated equitably, we will also look at the totality of funding available to schools and settings – schools receive standards funds and private settings receive grants for training and SEN.

Many private providers charge 'top-ups' at present (i.e. they only offer sessions of 3 hours or more and charge a higher than usual fee for additional childcare to make up any difference between the setting's fee rate and the LA funding). We expect the new Code of Practice to strengthen the requirement that the free entitlement should be free at the point of delivery wherever it is taken up. This is a major worry to many private providers.

Neither the DCSF nor the EYWG has any wish to cause financial difficulty to any settings, although it is recognised that the new formula cannot support uneconomic businesses. Even so, because there is not sufficient money to fund at the fee level many settings will need extensive support in the transition period in order to prevent them from opting out completely.

We should not underestimate the level of disruption these changes will bring to some schools and settings, especially those small private providers who may already be struggling financially. Unfortunately, unlike maintained schools, private providers are still reluctant to engage in discussions about funding and running costs.

Nevertheless it is vital that we consult fully with all settings and allow them give us their views before final decisions are taken on their future funding and any conditions associated with it.

Whilst awaiting DCSF regulations, this summer we will consult all schools and settings on the principles of the proposed funding formula. We will launch the consultation at the beginning of June, giving providers half a term to respond. In the autumn we will carry out an assessment of the pilot, discuss the results of the assessment and consultation at the Early Years Working Group (EYWG) and make recommendations to the Schools Forum in December. The Schools Forum's recommendations will be presented for approval by cabinet in January 2010. This gives three months to make adjustments before the beginning of the new financial year 2010/11.

Recommendation: That the Schools Forum agrees to support this approach to the development of early years funding for 2010/11 and beyond, and monitor progress over the next 9 months.

APPENDIX II

PROPOSED CHANGES to FUNDING ARRANGEMENTS FOR FREE OF CHARGE EARLY YEARS PROVISION (NURSERY FREE ENTITLEMENT)

SINGLE EARLY YEARS FUNDING FORMULA (SEYFF)

PAPER A

BACKGROUND INFORMATION FOR PRIVATE, VOLUNTARY AND INDEPENDENT SETTINGS (PVI_s)

Background and Summary

The Government is introducing major changes to the way early years settings are paid to provide free places for three and four-year-olds. These leaflets explain how the London Borough of Barnet is proposing to introduce these changes in April 2010, so that you can make your views known. The deadline for responses is 31st August 2009.

What is a single early years funding formula and why do we need one?

New government requirements were announced in June 2007 to address substantial inconsistencies in how the free entitlement is currently funded across the maintained and PVI sectors. At the moment, PVI settings are paid exactly according to the number of children who attend, while maintained settings are paid according to the number of children in nursery classes/schools at the January school census date. The single early years funding formula (SEYFF) is designed to bring the two sectors together, and both should now be funded using the same system.

When will the EYFF start?

April 2010.

Where is the money coming from?

The London Borough of Barnet has been allocated limited additional DCSF funding to implement the move to a funding formula, and

- to provide for the additional costs incurred as a result of the extension to the free entitlement
- to support settings that offer flexible arrangements in response to parental demand

- to include an amount of funding in recognition of deprivation factors

How would the system change compared to what we have at the moment?

The biggest change for PVI settings is that they would get an annual budget estimate before the beginning of each financial year based on expected pupil numbers. This estimate would then be corrected, based on the termly census returns of actual pupil numbers. Although most of the money would be based on the number of children, there would be additional factors, such as deprivation and flexibility supplements.

What will stay the same?

The basic idea of funding all settings according to the number of eligible children remains. Estimated funding, followed by corrections, will apply to all providers

Pupil counts

Every setting will be required to submit pupil data on a termly basis, as PVIs do at present. The funding formula will ensure that the data submitted is used on the same basis across all providers.

What difference will it make to the paperwork?

Arrangements will be similar to the current requirements, as we still need to carry out a pupil census each term in order to work out any adjustments that will be applied to annual estimated budgets. However, depending on the results of this consultation, fewer adjustment forms are likely to be required as adjustments will be made based on termly pupil census data. (The impact on costs to certain providers such as Childminders may require more regular adjustments, and therefore some adjustment forms may still be required).

How will I actually get the money?

A budget statement would be sent to each setting before the start of the financial year to estimate how much the setting would get, and this will be updated 4 times per year (after each pupil count). The money would then be transferred to your bank account in instalments.

How has Barnet decided what to include in the SEYFF?

A lot of preparation has gone into the SEYFF, including a cost sampling analysis and the discussions around a number of formula factors and supplements. We worked with a number of leaders/managers from across the early years sector to develop this model further and all the work was discussed at the Early Years Working Group (which is made up of representatives of early years settings). The Schools Forum (which includes school and PVI Early Years representatives) has also ratified the proposals for consultation.

Why is there a separate version of this document for PVI settings?

The key difference between this version and the one for maintained schools is this overview. Schools have had annual budgets for many years and colleagues in schools are used to responding to consultations about proposed changes to the school funding formula each year. We felt that colleagues in PVI settings would appreciate this brief overview before reading the rest of the document which starts on the next page.

How can I give my views?

You can do this by completing the attached response form, or you can download this document from www.funding.barnet.lgfl.net. As well as general views, we are asking providers to respond to a number of proposals that are explained in the document. Responses must be returned to the Schools Funding Team by **Monday 31st August 2009**.

Please return your completed form by email, fax or post to:

Claire Gray

claire.gray@barnet.gov.uk

School Resources and Support Officer

School Funding Team

Building 4, NLBP

Oakleigh Road South

London N11 1NP

F: 0870 889 6799

PROPOSED CHANGES to FUNDING ARRANGEMENTS FOR FREE OF CHARGE EARLY YEARS PROVISION (NURSERY FREE ENTITLEMENT)

SINGLE EARLY YEARS FUNDING FORMULA (SEYFF)

PAPER B

FUNDING PRINCIPLES

Background

The government announced in June 2007 that local authorities will be required to use a single local formula for funding early years provision in the maintained and PVI sectors from April 2010. This will support the extension and increased flexibility of the free entitlement for 3 and 4 year olds, and address substantial inconsistencies in how the offer is currently funded across the maintained and PVI sectors.

'Early years settings' include a wide range of provision – maintained nursery schools, classes and Children's Centres; private voluntary and independent (PVI) pre-schools, day nurseries, schools and registered childminders. All of these are able to participate in the national scheme of free places for three and four-year-olds, using the Early Years Foundation Stage of the National Curriculum.

The PVI and maintained funding systems have developed completely separately, so despite the common functions, there are currently fundamental differences between sectors in their funding arrangements:

- Maintained settings are funded for the whole of the financial year on the basis of the school census pupil numbers, from the previous January; PVI settings are funded each term, based on that term's pupil numbers. PVIs must also report pupils who leave or join mid-term.
- Maintained school funding includes additional allowances for factors such as special educational needs and deprivation, whereas PVI funding is based on a standard rate per pupil applicable to all providers without any additional allowances.

The Establishment of Key Principles

The DCSF has issued the following guidance:

- Local Authorities must not perpetuate the continuation of one rate for PVIs and one for the maintained sector
- It will be compulsory to include deprivation as an additional factor or 'supplement'
- Supplements should also be considered for qualifications and flexibility, as these are key national priorities
- All providers must have indicative budgets before the start of each financial year
- Funding must be based on planned attended hours and then adjusted to reflect actual attendance

The Early Years Working Group propose the following model, which meets the Key Principles:

Issue	Conclusion
Base Rate per pupil	All providers should receive the same annual Base Rate per pupil to provide the 12½ hours basic free entitlement, based on 5 x 2½ hour sessions x 38 weeks per year for each eligible pupil
2½ hour extension funding	All providers should receive a 20% uplift on the Base Rate per pupil to provide the 2½ hours per week extension for each eligible pupil
Basic Entitlement per pupil	This is an element of funding that is designed to recognise the additional burden of managing admissions and other administration associated with running a nursery and has been allocated to maintained settings for a number of years through the school funding formula. PVI providers would receive this funding on the same basis as maintained settings.
Deprivation Supplement	A supplement based on the deprivation scores for each setting derived from the postcode of children taking up the free entitlement.
Flexibility Supplement	All providers should be entitled to receive a flexibility supplement in recognition of the additional costs and lower occupancy associated with more flexible

	options. Funding would depend on the level of flexibility provided at the setting.
Qualifications Supplement	A premium on the basic rate for the additional costs of employing more highly qualified staff.

ADDITIONAL INFORMATION FOR MAINTAINED SETTINGS ONLY

Interaction with the existing primary school funding

It is intended to keep the interaction of the SEYFF with the existing primary school formula as simple as possible.

Lump Sum

The Basic Entitlement lump sum is currently the same for all primary schools regardless of whether or not they have nurseries. Therefore no change is proposed to the primary school lump sum.

Floor area

The current site specific data provides the floor areas for schools including nursery areas, so a nominal amount would be removed from the areas funded through the school funding formula (100 sq.m per 26 place nursery or multiples thereof). The SEYFF has no floor area based funding.

Pockets of deprivation

It is proposed that the nursery school/class children would be removed from the calculation of 'Pockets of deprivation' funding within the school funding formula. However, the new SEYFF will provide a Deprivation supplement based on the profile of nursery pupils at each setting.

Other Issues

There are some minor other “whole school” factors in the primary formula which do not lend themselves to breakdown between nursery and the rest of the school e.g. funding per Newly Qualified Teacher (NQT). It is not proposed to make any changes to these.

Special Schools

Please note that Special Schools with Nursery places are not affected by any of the SEYFF changes.

PROPOSED CHANGES to FUNDING ARRANGEMENTS FOR FREE OF CHARGE EARLY YEARS PROVISION (NURSERY FREE ENTITLEMENT)

SINGLE EARLY YEARS FUNDING FORMULA (SEYFF)

PAPER C

• CONSULTATION QUESTIONNAIRE:

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- How to respond to the consultation

Please answer all or some of the questions on pages 3-6 in conjunction with the Explanatory Notes. You are welcome to add any further comments that you may have. The responses will be collated and reported to the Early Years Working Group

and Schools Forum in September/October 2009, and agreed changes will be incorporated into the Single Early Years Funding Formula for 2010.

If you need clarification of any points to enable you to complete the consultation, please do not hesitate to contact either Carol Beckman, Schools Funding Manager on 020 8359 7636 or Sheila Abbott, Early Years & Extended Services Manager on 020 8359 4743.

Thank you for participating in this consultation, and we will ensure that a summary of the responses and final proposals are posted on the Barnet funding website.

Please send your completed form by email, fax or post to:

Claire Gray

School Resources and Support Officer
School Funding Team
Building 4, NLBP
Oakleigh Road South
London N11 1NP

Telephone 020 8359 7377
Email: claire.gray@barnet.gov.uk
Fax 0870 889 6799

This consultation closes on Monday 31st August 2009.

Your name:	
Your setting:	
Your position with the setting:	Head / Deputy / Bursar / Governor / Manager / Owner / Other
Your contact details:	

Proposal 1	Base Rate per pupil	See Explanatory Note 1
It is proposed that a single Base Rate per pupil per hour should apply to all providers. This rate would also be applied to the 2½ hour extension.		

Agree

Disagree

No Opinion

Comment:

Proposal 2	Basic Entitlement per pupil	See Explanatory Note 2
It is proposed that a Basic Entitlement is paid to all providers on a per pupil basis up to an agreed maximum.		

Agree Disagree No Opinion

Comment:

Proposal 3	Deprivation supplement	See Explanatory Note 3
It is proposed that the SEYFF allocates deprivation funding to all providers based on the total IDACI score of the setting.		

Agree Disagree No Opinion

Comment:

Proposal 4a	Flexibility supplement	See Explanatory Note 4
Do Levels 0, 1, and 2 cover the flexible options that you expect to offer your parents? If not, what additional levels of flexibility will be provided?		

Agree Disagree No Opinion

Comment:

Proposal 4b Flexibility supplement	See Explanatory Note 4
We currently expect Level 1 to generate approximately £40 per pupil per annum. We are proposing that the funding rate for Level 2 would be double that of Level 1. Do you agree? If you think there should be different levels of flexibility, what weighting should apply?	

Agree **Disagree** **No Opinion**

Comment:

Proposal 5a Qualifications supplement	See Explanatory Note 5
Do you agree that a £1500 lump sum/£50 per pupil is a reasonable level of funding to recognise professional qualifications?	

Agree **Disagree** **No Opinion**

Comment:

Proposal 5b Qualifications supplement	See Explanatory Note 5
Should the qualifications supplement be allocated as a lump sum or on a per pupil basis?	

Lump Sum **Per pupil** **No Opinion**

Comment:

Proposal 6	Funding adjustments for changes in pupil numbers	See Explanatory Note 6
Which of the three adjustment options would you prefer?		

No mid-term adjustments **Mid-term adjustments (optional)**

Mid-term adjustments (compulsory) **No Opinion**

Comment:

Proposal 7	Payment frequency	See Explanatory Note 7 - PVI and Childminders only
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This proposal seeks the views of PVI providers and Childminders as to whether they would prefer their payments:

- Monthly
- Termly
- Half-termly

Monthly **Termly** **Half-termly**

Comment:

Other Comments

Do you have any other comments you wish to make about the Single Early Years Funding Formula? If so please use the space below – continuing on a separate sheet if necessary.

Comment:

Thank you for contributing to this consultation.

PROPOSED CHANGES to FUNDING ARRANGEMENTS FOR FREE OF CHARGE EARLY YEARS PROVISION (NURSERY FREE ENTITLEMENT)

SINGLE EARLY YEARS FUNDING FORMULA (SEYFF)

PAPER D

EXPLANATORY NOTES FOR COMPLETING THE QUESTIONNAIRE

The proposed Barnet formula provides a standard hourly rate per pupil, and a series of supplements to reflect the specific profiles of different providers. Children are entitled to 12½ hours per week free entitlement x 38 weeks per year, rising to 15 hours per week free entitlement in 2010.

We are seeking the views of all providers regarding the following proposed formula issues:

Note 1 - Base Rate per pupil

Barnet proposes a single hourly base rate to replace the current school age weighted pupil unit (AWPU) and the nursery education funding (NEF) rate, expected to be approximately £3.60 per hour.

Proposal 1	Base Rate per pupil
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It is proposed that a single Base Rate per pupil per hour should apply to all providers. This rate would also be applied to the 2½ hour extension.

Note 2 - Basic Entitlement allocation

A Nursery Basic Entitlement has been an element of the school funding formula for a number of years and is designed to recognise the additional burden of managing admissions and other administration costs associated with running a nursery, including the submission of pupil census data to the local authority. In order to ensure parity between sectors, it is proposed that this funding is extended on a per pupil basis to all providers, to a maximum amount similar to the figure currently received by schools with maintained nursery classes (£3000 per annum in 09/10) i.e. approximately £100 per pupil

Proposal 2	Basic Entitlement per pupil
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It is proposed that the Basic Entitlement is paid to all providers on a per pupil basis up to a maximum limit of 30 eligible free entitlement children
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Note 3 - Deprivation funding

It will be compulsory that the SEYFF to include deprivation as an additional factor or supplement, as there is a high correlation between high deprivation and Additional Educational Need. The current school funding formula already has an element for deprivation, which is calculated using the IDACI score (Income Deprivation Affecting Children Index), a government measure of deprivation calculated at postcode level. Pupils are matched to their home neighbourhood using their postcodes and the total scores attributed to each child give the deprivation score for that setting. In Barnet, the average IDACI score for an Early Years setting with 20 pupils is about 1.0, generating approximately £1000 per annum. (Further details of how IDACI is calculated can be viewed in the 2009/10 guidance page at <http://cms.barnet.lgfl.net/web/bqfl/funding-finance/guidance>)

Proposal 3	Deprivation supplement
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It is proposed that the SEYFF allocates deprivation funding to all providers based on the total IDACI score of the setting.

Note 4 - Flexibility funding

One of the key national priorities in extending the free entitlement is to provide more flexibility for parents. Although not a statutory requirement, the DCSF 'strongly expects' that flexibility should be incentivised through the new formula. It is recognised that greater flexibility increases providers' costs.

Pilot settings are adopting one of three levels of flexibility from September 2009, but it will be expected that Phase II providers will undertake a survey of parental need to assess if these options meet local demand.

Level 0 – Parents allocated five mornings or five afternoons per week (No flexibility)

Level 1 – Parents able to choose any combination of 5 x 3 hour sessions

Level 2 – Parents able to choose three 5 hour sessions per week

Using these three levels, funding rates would be 0 for Level 0, with increased rates for greater flexibility.

Proposal 4a	Flexibility supplement
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Do Levels 0, 1, and 2 cover the flexible options that you expect to offer your parents? If not, what additional levels of flexibility will be provided?

Proposal 4b	Flexibility supplement
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We currently expect Level 1 to generate approximately £40 per pupil per annum. We are

proposing that the funding rate for Level 2 would be double that of Level 1. Do you agree? If you think there should be different levels of flexibility, what weighting should apply?

Note 5 - Qualifications supplement

The DCSF is keen to incentivise settings employing highly qualified staff who will help to deliver positive outcomes for children. We recognise that this will incur additional expense.

The Early Years Working Group propose that a qualifications premium is allocated to those settings employing more highly qualified staff which will raise the quality of the offer. It is envisaged that if settings employ leaders who have completed a recognised Early Years graduate qualification (as defined by the CWDC), this would generate an amount of £50 per pupil or a lump sum of £1500 per annum.

Proposal 5a Qualifications supplement

Do you agree that this is a reasonable level of funding to recognise professional qualifications?

Proposal 5b Qualifications supplement

Should the qualifications supplement be allocated as a lump sum or on a per pupil basis?

Note 6 - Funding adjustments for changes in pupil numbers

Following on from estimated budget allocations, funding will be adjusted based on the termly pupil census. PVI's can currently submit adjustment claims when children arrive, leave or change their attendance hours mid-term. Maintained schools cannot do this at present. There are three options:

1. No mid-term adjustments permissible
2. Mid-term adjustments (optional)
3. Mid-term adjustments (compulsory)

Proposal 6 Funding adjustments for changes in pupil numbers

Which of the three adjustment options would you prefer?

Note 7 - Payment frequency

The government requires that providers will be issued with an estimated budget allocation before the start of each financial year on 1st April and payments to PVI's will be made in regular instalments. This approach provides more stable and predictable funding than is currently available to PVI settings.

Payments to Maintained schools and Children's Centres will remain the same as currently received.

Proposal 7	Payment frequency	PVIs and Childminders only
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This proposal seeks the views of PVI providers and Childminders as to whether they would prefer their payments:

- Monthly
- Termly
- Half-termly

