

**Meeting of the Early Years Working Group**  
**Wednesday 26<sup>th</sup> November 2008**  
***(3.00 pm, Conference Room 3, Building 2 at NLBP)***

<b><u>Attended</u></b>	Members:	Anthea Abery (Rosh Pinah, Maintained Nursery Class-Faith)
		Diana Rose (Kerem House, PVI Independent School)
		John Maxwell (Holly Park, Maintained Nursery Class)
		Julie Paice (Senior Childminding Co-Ordinator, LBB)
		Marina Economides (Bright Sparks Nursery, PVI Sessional)
		Perina Holness (Moss Hall, Maintained Nursery School)
		Sarah Vipond (Middlesex Uni, PVI Full Day Care)
		Sharon Lee (FRS, PVI Setting)
	LA Officers:	Stuart Gray (Principal Inspector, Chair)
		Diane Lewis (Early Years Inspector)
	Carol Beckman (School Funding Manager)	
	Zahid Parvez (Business Manager)	
	Sheila Abbott (Early Years and Extended Services Manager)	
Clerk:	Claire Gray (School Resources Support Officer)	
Observer Status:	Elizabeth Pearson (Schools Forum member)	
	Jodi Gurney (Schools Forum member)	
	Lisa Horne (Barnet Pre-School Learning Alliance)	
	Jill Smith (Barnet Pre-School Learning Alliance)	

<b><u>Not Present</u></b>	Members:	Elaine Rosenthal (Playsafe, PVI Sessional)
		Christine Read (All Saints N20, Maintained Nursery Class)
		Liz Bartlett (Wingfield, Maintained Children's Centre)
		Pauline Congdon (PVI Sessional)

	LA Officers:	Martin Baker (Acting Director of Children's Service)
		Akos Adu (Research & Management Information)

**1. Apologies for Absence**

1.1	Christine Read, Liz Bartlett and Pauline Congdon	
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**2. Minutes of previous meeting - 17<sup>th</sup> September 2008**

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2.1	<p>Corrections to the following items:</p> <p>6.1 now reads: 'As a result of the restrictions of teacher contracts, it was felt that the quality of provision would suffer, particularly at important handover times with parents. Also, the role and responsibilities of Nursery Nurses with regard to whole group supervision would need to be taken into consideration'.</p> <p>6.2 additional comment added: 'It is important that local negotiations should be undertaken with trades union representatives'.</p> <p>7.5 amended to read: 'DL advised that as an interim measure, DCSF guidance states that maintained settings can continue to provide 2 ½ hour sessions .....etc'.</p>	
<b>3. Matters arising</b>		
3.1	None.	
<b>4. Conference - 18<sup>th</sup> November 2008</b>		
4.1	It was apparent at the Early Years funding conference held on 18 <sup>th</sup> November that schools and settings would like more guidance and exemplar models on how arrangements have been implemented elsewhere.	
4.2	SG announced that Sheila Abbott will now become project manager of this extension to the Free Entitlement/formula programme, as this fits well with her current role on provision of extended services. SA will be particularly involved in practical issues of implementation within schools and settings and will draw up a project plan for the scheme.	
4.3	The EYWG will continue to meet and discuss project developments, but SA asked if members of the group were happy to liaise with her for further discussions and planning meetings outside the EY working group. This will also include development groups within wards or local areas with Parent Support Workers and the Locality Development officers that have been appointed by each of the Learning Networks. Members agreed to this request.	
<b>5. Members reports on consultations with other local authorities</b>		
5.1	DL advised that additional models, case studies and LA guidance from Pathfinder authorities are now available on the DCSF website. It was noted that PVI's currently have greater flexibility than maintained settings, and that further developments must be partnerships between providers within wards/local areas. However, SA commented that Barnet settings could take this opportunity to be creative in developing provision based on parental need and requirements for local children.	
5.2	DL advised members to examine the existing case studies now available, but if further information was required it was agreed that DL/PH would contact Pathfinders directly with any additional queries.	<b>DL/ PH</b>

5.3	DL/JG are visiting an exemplar setting in Peterborough on 27/11/08 and will feedback information from this visit. PH advised that from her enquiries with Worcestershire, it is the PVI's offering the flexibility and extension not the maintained sector at present. However, it was noted that the profile of the offering in Worcestershire is very different; NEF places are provided mainly by PVI providers in Worcestershire, with very few places offered in the maintained sector.	DL/ JG
<b>6. Cost analysis survey</b>		
6.1	CG thanked BPSLA staff for their efforts in assisting with the collection of cost information from PVI settings	
6.2	The results of the cost analysis survey (Appendix I) indicate that the average cost per child per hour for sessional PVI providers is £4.18, whereas this is £3.26 for Full Daycare providers. This difference seem to be higher due to higher vacancy levels at Sessional settings and the economies of scale at full daycare settings with longer opening hours. However, it is noted that some of these costs may be distorted where leaders/managers at voluntary providers are not taking salaries.	
6.3	These average costs equate to £10.45 per 2.5hrs at sessional settings, and £8.14 per 2.5hrs at full daycare providers. The current level of NEF is £8.66 per 2.5hr session for all PVI providers.	
6.4	Although this data was not considered to be totally accurate, it was concluded that there is insufficient time to continue the cost analysis survey. The Schools Funding Team must now move forward onto modelling formula funding options.	
<b>7. Main elements of a funding formula</b>		
7.1	CB tabled a paper (Appendix II) clarifying the basic elements contained within the current school formula, and the basis for the calculation of costs factored through the AWPU amount for nursery pupils; 95% of the AWPU reflects staffing costs based on the required adult:pupil ratios. There was also an explanation of items such as maintenance, energy items and resources, which constitute approximately 5% of the AWPU total.	
7.2	This document also compares the current AWPU per part-time pupil (£1587) in maintained settings with the full NEF value of £1645 per part-time pupil (maximum of £8.66 per session x 5 days x 38 weeks).	
7.3	There will also be an AEN funding element, based on deprivation levels for each setting, but this will not be attached to individual pupils.	
7.4	PVI representatives expressed concern that some may incur additional management/infrastructure costs (depending on the size of setting) that are not currently factored into the AWPU, and whether a such an element should also be included. This may well be considered as part of the formula funding modelling, but will only make a partial contribution as these costs will also need to be borne across non-NEF funded pupils. However, AA suggested that maintained nursery classes and maintained nurseries have deeper infrastructure costs that are not currently reflected in revised formula funding proposals.	

7.5	The current funding schemes mean that maintained schools and nurseries are advised of their budgets in February for the financial year commencing in April, whereas PVI claim NEF in arrears, and this funding is paid approximately 6 weeks into each term.	
7.6	Moving to a funding formula will mean that the majority of providers will be advised of their financial year budget allocations each February/March (e.g. February/March 2010 for FY budget 2010/11). However, settings who will be offering the extension to the most deprived 25% of pupils from September 2009 will receive notification of their budget allocation during February/March 2009.	
7.7	Further discussions will need to take place regarding the payment schedule options for PVI providers receiving their funding.	
7.8	The pupil data submitted by nurseries and maintained nursery classes will be changed w.e.f. January 2009 so that all data for nursery children will be recorded by 'hours of attendance', not p/t or f/t as at present. From January 2009, termly counts will also take place in maintained nursery classes/nurseries so that there will be parity between the maintained and PVI sector pupil counts.	
7.9	Representatives of maintained nursery classes/nursery schools expressed their concern about the expected reduction in funding due to the combined effect of termly pupil counts and participation-led funding. JM felt that the revised data collection requirements will adversely affect 2009/10 funding to maintained schools/nurseries, and this would be further compounded by the move to EY formula funding from 2010/11.	
7.10	JM stated that maintained schools and nurseries may need to offer chargeable extended services, to recover the shortfall in funding. However, ZP reminded schools that the Code of Practice must be adhered to when considering additional chargeable services.	
7.11	PH asked whether the DCSF/Ministers were aware of the difficulties being encountered in implementing the extension to NEF and the move to formula funding. CB advised that this information will certainly have been fed back to the department by the Pathfinders.	
7.12	Members asked what work had been undertaken to assess the overall number of places available at all settings in the authority, and the numbers of nursery-age children expected through demographic changes. There was concern that in some cases, providers will be competing for the same children. ZP advised that this information is published in the Childcare Sufficiency Assessment report which can be accessed online at <a href="http://www.barnet.gov.uk/childcare-sufficiency-assessment-report.pdf">http://www.barnet.gov.uk/childcare-sufficiency-assessment-report.pdf</a>	
7.13	JM asked if any additional capital funding might be available to support additional costs that might be required in the provision of the free entitlement extension. ZP advised that LBB has been allocated a total of £4.5m over 3 years to support capital investment projects.	
<b>8. Any Other Business</b>		
8.1	None.	
<b>Dates of future meetings</b>		

	3.30pm	28 <sup>th</sup> January 2009	(Training Room 5)
	3.00pm	25 <sup>th</sup> March 2009	(Training Room 2)
	3.00pm	6 <sup>th</sup> May 2009	(Training Room 5)
	3.00pm	1 <sup>st</sup> July 2009	(Training Room 5)

## APPENDIX I

### Early Years Working Group – 26<sup>th</sup> November 2008

#### Results of Questionnaire – Summer 2008

#### 1. Questionnaire sent to all settings represented in the Early Years Working Group

	No.	True	False	DK
Questionnaires sent	11			

Questionnaires returned	8			
Already offer 15 hours		4	4	0
Already offer flexibility		4	2	2
Introduce changes Sep 09	2			
Introduce changes Apr 10	3			
Introduce changes other/no answer	3			

### General observations:

- Private and voluntary organisations seem to be more able to offer the increased entitlement and flexibility than maintained schools
- Members have limited plans to provide the extended entitlement in conjunction with other settings or childminders
- Settings seem less sure about how they might provide additional flexibility than extending their session times.

### Follow Up

- This questionnaire is not necessarily representative of settings generally.
- Assuming that it is representative, it would indicate that settings are looking for clear practical advice on
  - How they should extend the entitlement to 15 hours
  - How they can offer more flexibility.
- It also suggests that settings are looking for a solution to manage the issue themselves rather than with a partner
- The DCSF has not provided guidance on this and is unlikely to do so.
- We need to discuss issues arising from different options in order to advise schools.

## 2. Results of Revised Cost Analysis - Autumn 2008

	No.	Average	Max	Min
Surveys sent out	About 200			
Surveys returned	38			
Average cost per hour		3.72	10.89	1.46

Average vacancies		16%	70%	0%
Maintained nurseries cp/h		5.26	6.76	4.46
Maintained schools cp/h		4.44	6.66	2.83
Sessional cp/h		4.18	10.89	1.46
Full Day Care cp/h		3.26	7.54	1.51

### General Observations

- The response has improved thanks to the intervention of BPSLA staff managing the data collection process on their visits to PVIs. Of PVIs 50% were full day care, 50% sessional.
- Despite providing a prompt sheet, some settings still seem to have misunderstood the form particularly in relation to their vacancy levels
- Full day care continues to show the lowest cost per hour – presumably because the non staff costs are spread over a larger number of children and over the whole year
- Sessional settings and maintained schools have similar cost levels, but the sessionals have the maximum cp/h costs caused by the enhanced impact of changes in occupancy
- Based on average per hour costs, maintained nurseries have the highest cost per hour – they have heavy management and infrastructure costs in relation to the number of children on roll
- The most expensive are children’s centres whose infrastructure includes the provision of community services.

### Follow Up

- To use this additional data from a range of settings to model a number of formula factors to include combinations of both a fixed and a variable ‘NEF AWPU’ (paper by Carol Beckman refers), a lump sum/premises element, AEN/SEN/Deprivation, and other uplifts (qualifications/training incentives).
- To continue to follow up investigations with other Pathfinder authorities regarding exemplar formulae.

Claire Gray  
19 November 2008

## APPENDIX II

Early Years Working Group – 26<sup>th</sup> November 2008

## Funding Formula – Basic Rationale

The funding formula for maintained schools includes the following elements. The amount per pupil (AWPU) is by far the largest part of every school's funding.

### Funding Formula 2008/9 for Under 5s

Amount per pupil

Additional for meal time supervision of full time pupils

Nursery basic entitlement per school

#### Infrastructure

Basic entitlement per school

Additional Educational Need

Statements

Free School Meals

Pockets of Deprivation

Internal areas

Grounds maintenance

Pitches/Play areas

Insurance

NNDR

Minimum Funding Guarantee

The AWPU for each part-time pupil is £1587 in 2008/9. This is made up as follows:

	2008/9	%
<b>TOTAL</b>	<b>1,587</b>	<b>100%</b>
Teachers	1,047	63%
Nursery Nurse	416	26%
Admin/Clerical	21	1%
Individualised Learning (Pupils)	26	2%
<b>Staffing</b>	<b>1,509</b>	<b>95%</b>
Energy, Water, etc	17	1%
Teaching resources, equipment and office supplies	33	2%
Bought in services - eg maintenance, bookkeeping	29	2%
<b>Non-staffing</b>	<b>79</b>	<b>5%</b>

These figures were developed some time ago and have been uplifted each year, but are still applicable now. The analysis below compares the basic costs of employing teachers and nursery nurses at the required adult-pupil ratios with the current AWPU.

	<b>Maintained</b>	<b>Private</b>
Children per adult	<b>13</b>	<b>8</b>
Teacher costs (average including oncosts)	53,933	
Nursery Nurse (average including oncosts)	28,890	28,890
Teacher cost per part-time pupil	1,037	-
Nursery Nurse per part-time pupil	386	1,254
Total direct staff costs	1,423	1,254
Difference from above	40	209

Nursery nurse full time contract 36 hours, free entitlement 12½hours

The pupil rate for private providers is a fixed rate of £1645 – nearly £60 higher than the maintained school AWPU, but private providers do not receive the additional funding that maintained schools receive beyond the AWPU, apart from statements and some additional need funding for specific children.

The Cost Analysis Survey conducted this year demonstrates that, on average, the current levels of funding roughly meet the costs of providing the free entitlement, although there is a wide range of variation of costs at different settings. Costs are particularly dependent on the level of vacancies.

Taking a fairly simple approach to a new funding formula we are currently considering the following elements:

Basic amount per pupil (AWPU) (as now, uplifted by 20%)
Additional educational need (based on deprivation levels for each setting)
Additional per pupil for flexibility (which is likely to introduce inefficiencies)
A small lump sum basic entitlement (£2915)
Statements
Maintained nursery schools would also need establishment costs

Additional educational need funding in the maintained school funding formula is currently about 8.5% of the total, and this amount is expected to be used the first 10 hours of provision for each statement.

Carol Beckman  
26 November 2008

