

## **Progress on the implementation of the early years pilot**

### **1. Purpose of the Report**

The purpose of this report is to update members on the progress of the Early Years pilot.

### **2. Recommendation**

2.1 The Forum note the report

### **3 Background**

- 3.1 In June 2007, the previous Government announced that Local Authorities will be required to use a single local formula for funding Early Years provision in the maintained and private, voluntary and independent (PVI) sectors from April 2010. The Early Years Single Funding Formula (EYSFF) is intended to support the extension of the free entitlement for 3 and 4-year-olds from 12.5 hours to 15 hours per week, as well as to address inconsistencies in how the offer is currently funded across the maintained and PVI sectors. This will help to ensure that decisions about funding for maintained and PVI providers are transparent, and based on the same factors. While funding levels and funding methodologies do not have to be exactly the same for all providers, any differences must be justifiable and demonstrable. It has been common practice in PVI settings to charge parents for hours above the free entitlement are provided. Each PVI sets its own level of charging.
- 3.2 The Schools Forum set up a task group to consider the detail of the proposals for implementing the single funding formula and asked them to consider the possibility of charging for hours provided by maintained settings over and above the free entitlement. The group had representatives from the private, voluntary and independent sectors as well as primary and nursery schools. Officers supported them in their work.
- 3.3 Under the new proposals it is possible for maintained schools to charge parents if they wish to take up extra provision over and above the 15 free hours providing there is capacity.

### **4. Extension of the free entitlement – staffing Structures**

- 4.1 In order to assess the impact on staffing structures schools were asked if they would be willing to volunteer to be part of a Pathfinder Group to

trial various approaches and to test out how it would work for their individual schools. The schools who were part of the group were

- Chelwood
- John Stainer
- Hither Green
- Kelvin Grove
- Clyde Early Childhood Centre
- St William of York
- John Ball
- Rathfern
- Tidemill
- Myatt Garden

- 4.2 Early on in the pilot it was obvious that it was going to be virtually impossible to come up with one staffing model that would deliver what was required, because of the many variables that are specific to individual schools.
- 4.3 The pilot schools were chosen to provide a range of types of school to give as wide a view point as possible. The remit of this group was to trial what worked and what didn't, putting together the methodology that they have decided to use.
- 4.4 This work was collated and model staffing structures sent out to schools on 27 May 2010 so they could select the most appropriate to fit their circumstances.
- 4.5 The models may not be an exact fit for every school as each school is individual and has differences in staffing, financial restraints, opening times etc. The examples should be sufficient for schools to establish its direction of travel/.
- 4.6 The attached appendix show the different types of provision trialled by the pilot school. Another part of the agreement was that if a school chose to follow a particular model and wanted advice or to clarify how the system worked, they could call the contact from that school.

## **5. Full Time Places**

- 5.1 The impact of the reforms on full time provision for 3 and 4 years olds has been the focus of much of the development locally. The Schools Forum Early Years sub-group has explored the options for the continuation of full time provision or additional free hours, and to aid decision making identified the following principles:
- Full time education for under 5s is beneficial and should continue
  - Provision should be targeted at those children with greatest need

- The principle of equity of access to full time places across the sectors should be adhered to
- Any changes will have an impact upon the maintained sector and robust transitional arrangements are needed.
- The LA should only commission places where there is an assured level of quality.

5.2 Two rounds of Additional Free Hours offers have now taken place. In the first round 376 places were offered over 29 settings (21 schools and 8 PVI's). A letter was also sent to those schools that had not been offered places as well as a letter regarding the protection of existing full time place providers.

5.3 The second round of offers increased the total number of places offered to 545 across 45 providers (26 schools and 19 PVI's).

5.4 At the time of writing only the deadline for the first round of offers had been reached. Of the 21 responses received 13 settings had accepted 203 places between them whilst 8 settings had declined 90 places between them. Of this 90, 21 places have already been offered and accepted by an alternative provider.

## **6. Charging for services above the free entitlement**

6.1 The Mayor and Cabinet will consider a report on the maintained sector charging for provision over and above the 15 hours free entitlement on the 21 July 2010.

6.2 The working group set up by the Forum discussed charging at length and the debate has been around what rate schools should charge and whether there should be a common charging policy across the maintained sector in the authority or whether schools should make individual decisions. It is their work the report to the Mayor is based upon.

6.3 The Mayor will consider three basic options in setting a charge:-

- at a rate that would contribute to costs,
- a rate set to cover costs
- allow a free market with allow schools setting their own policy.

The following arguments will be considered

### **6.4 Charging Fees set at a rate that would contribute to costs (The basic rate provided by the formula - £4.41 per hour)**

6.4.1 The calculation of the charge is simple

6.4.2 It provides a standard charge across Lewisham. It would seem inherently logical for a Local Authority to be charging the same fee for the same service across the Borough.

6.4.2 The main conceptual disadvantage to this is that it appears that a subsidy is being provided, as the charge by the school maybe lower than cost. However it is actually selling surplus places that would not have otherwise have been used, so is in essence a contribution to costs that would have already have been incurred. Indeed any level of fee will be beneficial in comparison to an empty place. The only real disadvantage is if the paying places led to extra staff being required, resulting in extra costs that are not fully covered.

#### **6.5 Charging fees set at the level of funding provided to the school (Currently £4.41 to £6.15 per hour)**

6.5.1 The disadvantage is that each school receives within their formula allocation top up funding which varies depending on the school circumstances such as the local level of deprivation and the outcome of the Ofsted inspection. This will result in every school having a different level of funding. The current range of funding is from £4.41 to £6.15 per hour. It could lead to a circumstance whereby a parent may perceive that they were receiving the same service but having to pay more for it in some schools. This goes against standard charging policy across borough.

6.5.2 The advantage with charging at a rate that is the same as the funding level provided is that it will be near or at the level of costs. In setting the charging rate at the funding received by the school it would avoid being accused of either making a profit or providing a subsidy.

#### **6.6 No policy**

6.6.1 The schools would have complete freedom to set their own charge and this would bring them more into line with the way PVI's and Academies can operate.

6.6.2 It is difficult to assess the risks this will have on the long term sustainability of free entitlement.

#### **6.7 The issues above raise a number of points :**

- The charging policy of one provider may make its provision sustainable but the impact of these charges may destabilise the provision of another provider by drawing away customers.
- to make sure within the Borough there is always sufficient capacity to deliver the free entitlement. The risk is that a school would sell full time places and leave insufficient places for those children entitled to the free hours

- it would seem from a parent's perspective difficult to understand why two schools in the same locality should charge two different rates for the same service. All schools are funded on the same principles commonly so should charge commonly.

6.8 The recommendation to the Mayor is a standard charge is applied across the maintained sector and this is set at £4.50

## **7 Conclusion**

Currently early intervention for young children and their families is provided through Children Centres who are able to signpost families to appropriate childcare. The Coalition Government have signalled that they intend to change the Sure Start Children Centre programme but the full extent of the changes are unlikely to be known until the Comprehensive Spending review has been concluded. It is likely that the programme will no longer be a universal offer. If this is the case the free entitlement will be the major universal offer for young children and we will need to encourage increased uptake. The implementation of the reforms have been more complex and involved than anybody first thought. The progress will be continued to be monitored and if necessary reports brought back to the Forum.

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