

EARLY YEARS REFERENCE GROUP

Minutes of the meeting held in the Amber Room, Civic Offices on Thursday 15 September 2016 at 9.30am

Present: Anne Ball – Olney Pre School
Anne Blake – Wendy House, Emerson Valley
Julie Dodds - MK Focus
Lynne Johnson – Sub Committee Manager – Pre School Learning Alliance

Natalie Fowler – Knowles Nursery School

Marie Denny – Head of Service, Education Sufficiency and Access **(Chair)**

Julie Godwin – Early Years Placement Officer

Michelle Hibbert – Principal accountant (Schools)

Natasha Hutchin – Deputy Finance Manager MKC

Belinda Woodcock - Early Years Improvement Partner

Sue Puddifoot – Note taker

1. Introduction, welcome and apologies

Apologies had been received from Zoe Raven – Acorn Childcare and by Lizzie Bancroft – Loughton Manor School after the meeting.

Rosemarie Jones, Headteacher, St Mary Magdalene Catholic Primary School and Carol Taylor, Regional Director, Childbase were absent.

Marie welcomed all to the meeting and introductions were made. Marie also explained the group was to concentrate on financial matters with reference to Schools Forum, to make sure the sector had a voice in being funded appropriately.

2. Review of minutes of 9 June 2016

The minutes of the meeting held on 9 June 2016 had been circulated and were agreed as a correct record. There were no matters arising.

3. Early Years Single Funding Formula – Consultation on the proposed changes to early years funding

3.1 a) Formula components

Marie handed over to Natasha who explained that there would be an Early Years National Funding Formula i.e. every local authority would be funded on a similar basis for three and four year olds (a universal base rate with some local factors applied), local authorities would have some discretion as to how this was passed onto providers so a local funding

formula would remain. The two year old funding formula would stay the same.

There was scope to have up to 5% as central funding ongoing (7% in 2017-18) and the changes in formula must be fully implemented by 2019-20. Changes could start to take effect from April 2017 but local authorities could chose to transition to the new formula across the two years. Feedback was sought.

Currently, different basic rates were used for different provider types but the DfE disagreed with this and proposed to have the same rate for every provider. However, it was noted that there would be no more than a 5% reduction in the hourly rate each year against the 2016-17 baseline to ensure stability of funding to providers.

Natalie, from Knowles Nursery School, explained the extra costs a stand alone maintained nursery school incurred; it had to have a Headteacher, and at least one qualified teacher on the premises, CPD, resources, pension costs and implement School Teachers pay awards. Schools provided high quality early years education and may have other agencies running within them. Primary schools with nursery classes received the same rate but these schools also had access to Schools Block funding.

The question was posed 'why have stand alone maintained nursery schools?' Natalie explained that these schools provided early years specialists and concentrated solely on the education of very young children. Other schools' priority was usually the older end co-horts.

Natasha also pointed out that the lump sum element within the existing formula would not be allowable (significantly affecting nursery schools and less so primary schools with nursery classes). Natalie explained this would deprive her nursery school of some £68k (the current lump sum payable under the formula). There would be at least two years of transition funding for nursery schools while they 'explore how to become more sustainable' and it was understood that more information on this would follow the consultation, giving examples in due course. Options may include re-organisation, federation or absorption.

In the short term nursery schools would not be affected (should the supplementary funding remain at the level indicated in the consultation) but the long term direction was that they would need to change in how they operated to remain financially viable.

Natasha went on to explain that the proposal was to have 89.5% of all early years formula funding as a base rate with the remainder added as additional needs which could be decided at local authority level. There was currently a deprivation factor in the formula and this would remain as a compulsory factor going forward and the method of allocation could be decided by local authorities. Belinda asked if this factor should be

monitored more closely to see what impact it made. Some data was collected and this could be looked at again. The consultation was about the principle of the formula and whether the group agreed or disagreed with the proposals at this stage. The local authority (in consultation with the sector) would have to consider deprivation funding factors and other elements of the changes in more detail. The simpler the allocations were, the easier providers would find it to forecast their financial position.

The group was in favour of having deprivation funding.

Looking at local issues, other factors that could be included were:

- Flexibility factor – how flexible providers were (not popular)
- Rural factor – based on distance to the next provider (only used by a small number of local authorities) and also not felt necessary
- Efficiency – way of rewarding more efficient providers making optimum use of income (how to judge and what about the quality?) Belinda gave the views from a conference she had attended which had discussed the equality measure (rather than efficiency) and how this would impact on providers regarding Ofsted and quality of provision.

It was also proposed that up to 5% be retained as central funding. In Milton Keynes, there was none at present as the early years team had been paid by the General fund (council tax payers). It was also pointed out that some local authorities held some 20% as a central fund and this proposal would impact upon them adversely. The principle behind the formula was for as much funding as possible to be passed onto providers and therefore 5% of central funding seemed to be deemed reasonable by the group.

Funding an early years team from the DSG rather than the General fund was discussed. Julie explained that she was getting more questions and the service was currently a traded service. They were doing their best with the current resources.

Another supplement to consider was delivery of the additional 15 hours of free childcare. The group discussed this and pointed out that for PVI's providing 30 hours, money would be lost.

In summary, 90% of funding would be allocated by the base rate and 10% was to decide, with deprivation being part of this. In stimulating the market for the 30 hour provision, as promoted by government, further places would be required and would growth funding be used for this as opposed to creating an element of the funding formula that "rewards" providers who are able to offer 30 hours.

It was felt that money from the base rate should be used for the children with greatest need, not for set-up costs. The market should be

stimulated through the growth fund, therefore incentivising through the formula was not popular.

Disability funding would be ringfenced and linked to the Disability Living Allowance and administered in a similar way to the EYPP.

3.2 b) Central Funding

The group discussed whether to retain 5% as central funding and agreed this would be a good idea. It was clarified that this could not be used towards a lump sum for nursery schools. This aspect would affect other local authorities more who currently held a significant amount of central funding. The central fund must legitimately support early years. Belinda reported that 90% of Milton Keynes settings were good or better last year but they currently had limited support and these successes may reduce in future without good support.

Consequently, 95% of funding would be passed on to providers.

Natalie and the Interim Headteacher of Moorlands Nursery School would make their own responses regarding nursery schools and Penn Green would also be making strong submissions with a view that maintained nursery schools would get specialist status in the Schools Block.

Natasha explained the two different funding streams for maintained schools and nursery schools for clarity.

Another aspect was the use of a disability access fund, which the group agreed with and felt that the receipt of Disability Living Allowance would be the best way to allocate this funding. The consultation outlined a requirement to set up an inclusion fund, which was currently applied in Milton Keynes but funded by the High Needs Block. However, this was difficult, particularly for child minders, to access. By using the early years block of funding to support some or all of this fund, some pressure on the High Needs Block could be released.

Part of how local authorities were funded was an element on need which was based on the FSM and EAL dataset. The group also discussed EAL funding and should white British boys be included in groups of disadvantage. This covered how to identify early stages of language development and allocation of funds for speech and language. Marie and Natasha commented that in order for funding to be calculated and passed from local authorities onto providers, there would need to be an existing dataset to base funding calculations on, and they were not aware of any that would cover this area.

3.3 30 hour take up

There was the flexibility to fully implement the 30 hour offer and the DfE wanted as many children to get to providers as soon as possible from the start date of September 2017. However, there was no information on what the take up may be and this remained difficult to forecast and would need to be carefully considered when a formula was produced to ensure hourly rates were not set too high and have to subsequently be reduced.

The opinion was expressed to keep the formula as simple as possible and to implement as soon as the local authority got their funding, bringing everyone up to the base hourly rate.

Julie informed the group that there was some data from the last academic year regarding funded and non-funded hours to use but it was not known if those entitled to 30 hours would take up in excess of the current 15 hours being accessed.

Providers asked if they had to offer 30 hours or up to 30 hours and Marie clarified that the local authority had to provide access to 30 hours of free childcare. The group discussed how this could be achieved and was funded and clarification would be required on rates. Sufficiency was also a concern and it was suggested to circulate a questionnaire (which was distributed to the group for comment) to be sent to all settings enquiring about their capacity and any accommodation issues.

It was also noted that although all new schools opening this year had in built nursery provision, it was not known what the nature of this would be as it would be up to each of the providers to decide.

3.4 Post headcount adjustments

Some local authorities administered adjustments throughout the year and some did not make adjustments at all. There were usually only small changes with a headcount day held mid term. Did this effect provider take up? The group commented that this was a problem regarding two year olds as they were a continuous intake. There was also a knock on effect regarding staffing issues. The process would be kept and reviewed but assessed to see if it could be made more efficient.

3.5 Budget information for providers

Natasha explained that this was a paper led process and asked if there would be any objections to putting this online. There were none.

There had been three bids made for capital funding for providers but this had now reduced to two.

The group expressed their concern in having consultations during the holidays. The deadline for responses was 22 September 2016 and all would be encouraged to submit their views, especially if there were specific concerns.

4. Future Meeting Dates

With reference to the minutes of the Schools Forum meeting of 30 June 2016, future meetings of the group would now be arranged as and when they became necessary.

Action – Chair/Clerk

The meeting concluded at 11.05pm.