

NORTH LINCOLNSHIRE COUNCIL

CABINET

**CHILDCARE SUFFICIENCY DUTIES – SINGLE FUNDING
FORMULA**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 2.1 The Childcare Act 2006 requires the Local Authority to implement an open and transparent funding mechanism to underpin the provision of free and flexible early education for 3 and 4 year olds in all settings from April 2011.
- 2.2 North Lincolnshire has been identified as a pathfinder authority to pilot the funding mechanism.
- 2.3 To adopt the pilot funding formula as the basis for funding settings recurrently.

2. BACKGROUND INFORMATION

- 2.1 The 2006 Childcare Act identified a range of new and amended duties to be introduced via a phased timetable of implementation. Within the range of duties there was a small subset of Sufficiency Duties. These are:
 - Sufficient child care places for all children plus a choice of provision for young people up to 16 years or up to 18 years if young person has Special Educational Needs
 - An increase to the nursery education entitlement from 33 weeks to 38 weeks for 3 and 4 year olds
 - An increase in the hours of the entitlement from 12 .5 hours per week to 15 hours for 3 and 4 year olds
 - A flexible choice for parents how they access the 15hours eg 5 morning of 3 hours per session, or 2 .5 days to equal 15 hours, or any combination in agreement between the parent and the provider.
 - One single funding formula for all early years provision based on uptake.

It is the Local Authority's responsibility to ensure sufficient provision is available for local need. To date this has been achieved but is under constant review to ensure any changes are responded to in a timely manner.

- 2.2 The final measure to be implemented as part of the "2006 Child Care Act is the requirement to develop and introduce an 'Early Years Single Formula Funding process. The formula must:

- Be an 'open and transparent funding mechanism'
- Provide greater equity of funding across all early years providers. [Pre schools, private nurseries, schools and independent schools.]
- Support 'flexibility' so that parents can select how they would like to access their 15 hours a week over a minimum of 38 weeks.
- Reflect the consultation carried out with all early years providers.
- Allocate the payment of Early Years Grant Funding on 'take up of provision', which will be calculated by a termly 'headcount'.

2.3 The Early Years Single Funding requirement becomes statutory from April 2011

2.4 The LA has carried out extensive consultation across all settings to identify the challenges faced in terms of identifying a transparent funding formula for all settings providing the free entitlement for all 3 and 4 year olds.

2.5 As a result of the consultation process an agreed Single Funding Formula has been established in agreement with all early years' providers, the Schools' Forum and Local Authority Children and Young Peoples finance team.

2.6 This funding formula has been piloted as part of the authority's Path Finder Status'. The opportunity to pilot the funding formula has given the authority to refine the formula to address any unintended consequences. A number of adjustments have been agreed with the providers from the non-maintained (voluntary and private sector) and maintained sectors (school).

2.7 A contingency fund has been agreed with Schools' Forum to provide ongoing transitional support for all settings. It is evident that there are still small anomalies across settings, which have funding implications. There is an agreed process for resolution and this will ensure the Local Authority will meet the statutory sufficiency duties.

3. **OPTIONS FOR CONSIDERATION**

3.1 To approve the use of the funding formula developed in the pilot stage.

3.2 Not to approve the use of the funding formula developed in the pilot stage.

4. **ANALYSIS OF OPTIONS**

4.1 **Option 1**

Advantages:

Would enable the local authority to

- Agree indicative budgets for all settings to be in place from the new financial year.
- Support all settings to review their business plan and budgets. Settings would have time to make any adjustments.
- Be confident of the work done on meeting the sufficiency duty.

Disadvantages

Limits the opportunity of the local authority to consider and respond to any unintended consequences from implementing the funding formula as currently developed.

4.2 This would:

Advantages

- Would have more time to consider and respond to any unintended consequences from implementing the funding formula.

Disadvantages

This would

- Delay the provision of financial information to settings.
- Interrupt the planning undertaken by settings and could delay younger children's access to early year education and care.
- Delay the creation of flexible options of provision to match parental needs
- Reduce the opportunity for early years providers to develop their offer to increase choice options for local families

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 There are no additional costs to North Lincolnshire Council.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 The long term aim of this statutory duty is to maximise children's well being and life chances and work towards all children receiving the very best start in life

7. OUTCOMES OF CONSULTATION

7.1 Consultation has taken place with Children and Young People's Scrutiny Panel, HR, Finance, the Schools' Forum, governing bodies, head teacher consultations and consultations with the private and voluntary sector. The outcome of the consultation has produced an agreed process to allocate and support the introduction of an Early Years Single Funding Formula.

8. RECOMMENDATIONS

8.1 That Cabinet approves the implementation in 2011-12 of the Early Years Single Funding Formula which was developed in the 2010-11 pilot phase for all early years' providers.

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Background Papers used in the preparation of this report:

Raising Standards – Improving Outcomes Statutory Guidance, Statutory Guidance Sufficiency Duties, Statutory Guidance Children’s Centres.