

**Schools Forum – Tuesday 5<sup>th</sup> February 2008**

**Report of the Director of Children’s Services**

**Update on Early Years Provider Reference Group**

**Purpose of Report**

1. The purpose of this report is to provide Schools Forum with an update on recent progress on the work of the Early Years Provider Reference Group.

**Budget Working Group Discussed**

2. No.

**Action for Schools Forum**

3. To note the contents of the report.

**Attachments to Report**

4. Appendix A - Report on the cost of delivering the free entitlement to nursery education in the PVI (Private, Voluntary and Independent) sector.

Sue Coates  
Senior Principal Accountant  
Children’s Services Accountancy  
22 January 2008

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**Purpose of Report**

1. The purpose of this report is to provide Schools Forum with an update on recent progress on the work of the Early Years Provider Reference Group.

**Background**

2. A report was presented to Schools Forum on 11 December 2007 which reported the progress so far of the work of the Early Years Reference Group which was established to undertake work in readiness for implementation of changes to funding delivery of the free entitlement to nursery education as detailed below:
  - By April 2009 the introduction of a single method of counting pupils in both the maintained and PVI (Private, Voluntary and Independent) sector.
  - By April 2010 to introduce a single local formula for funding early years provision in both the maintained and PVI sectors.
  - The requirement by DCSF for an exercise to be undertaken to provide an analysis of the costs of providing the free entitlement to nursery education in the PVI sector. This report is to be presented to Schools Forum prior to the setting of budgets for 2008-11 (Spring 2008).
3. Analysis of data collected from PVI providers has now been completed and a report detailing the findings is attached at Appendix A. It is a requirement of the DCSF that the report is presented to Schools Forum and published prior to 31<sup>st</sup> March 2008.
4. In summary, data collection questionnaires were issued to 89 providers, 44 responses were received (49%), and of those received 27 (30% of total issued) were fully complete and returned within designated timescales. Thus the findings have been based on data representing 30% of the total PVI providers.
5. The findings indicate that costs vary according to the type of provision, and average costs per annum are as follows: Private sector £1,236, Voluntary sector £1,104 and Childminders £891.

6. These average costs are lower than the Nursery Education Funding (NEF) payments Dudley make termly to the PVI providers, which equates to £1,493 per annum in 2007/08. However findings show that there are three providers for whom costs are greater than the amount of NEF funding received. Based on these findings it is proposed that NEF is increased at the required inflationary rate for 2008/09.
7. The DCSF technical guidance for 2008/09 requires that the schools budget, plus funding for PVI providers, must increase by at least the same percentage as the schools budget as a whole. This calculation is not yet available.
8. A further meeting of the Early Years Reference Group will be held shortly to discuss the findings and content of the report. The final report will be published on the Dudley website before 31<sup>st</sup> March 2008 in compliance with DCSF requirements.
9. A similar exercise has also been undertaken to establish costs of provision in the maintained sector. The analysis of this data is still being undertaken and outcomes will be reported to the Early Years Reference Group in due course.
10. Both sets of data will provide a base for future work leading to the introduction of a single funding formula for all Early Years provision, which will be compulsory from April 2010. However, it is felt that the exercise will need to be repeated at some point in the future in order to provide more complete and robust data which reflects changes which will become effective during the next two years, i.e. From September 2008 -Early Years Foundation Stage changes and the introduction of a single point of admission for maintained nurseries, and by September 2010 – introduction of both the flexible offer and the extended offer for nursery education.
11. The Early Years Reference Group will continue to meet and undertake further work towards developing a single funding formula during the coming months, progress will be reported to Schools Forum as and when necessary.

## **Finance**

12. The funding of schools is prescribed by the DCSF through the School Finance (Amendment) (England) Regulations 2007.
13. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 the Schools Forums (Amendment) 2005 Regulations and the Schools Forums (England)(Amendment) Regulations 2008.
14. From 1<sup>st</sup> April 2006, the Schools Budget is funded by a direct DCSF grant: Dedicated School Grant (DSG).

## **Law**

15. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

## **Equality Impact**

16. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

## **Recommendation**

17. Schools Forum to:

- Note the report regarding the cost of delivering the free entitlement to nursery education in the PVI (Private, Voluntary and Independent) sector and the requirement to publish the report by 31<sup>st</sup> March 2008.
- Support the proposal, detailed in paragraph 6, to increase the NEF payments for 2008/09 by the required inflationary increase, which are yet to be determined.



**John Freeman**

**Director of Children's Services**

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