

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

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**Date of Meeting:** 19 January 2010  
**Report of:** John Weeks, Strategic Director, People  
**Subject/Title:** Single Funding Formula for Early Years  
**Portfolio Holder:** Councillor Paul Findlow

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### **1.0 Report Summary**

1. This report updates Cabinet on recent developments and the response to the consultation on the proposed early years single funding formula and seeks approval to the revised formula for implementation as a pathfinder in Cheshire East from 1<sup>st</sup> April 2010.

### **2.0 Decision Requested**

- 2.1 Cabinet is requested to:

- (1) Note the response to the consultation on the early years single funding formula set out at Appendix 2; and
- (2) approve the early years single funding formula set out at Appendix 3 for implementation in Cheshire East as a pathfinder from 1<sup>st</sup> April 2010.

### **3.0 Reasons for Recommendations**

- 3.1 All local authorities must implement the early years single funding formula by April 2011 at the latest. In Cheshire East all of the necessary work with stakeholders has been carried out and the formula has been revised in response to consultation. Cheshire East's formula is ready to roll out from April 2010 and it is recommended that the local authority take up the government's offer to become a pathfinder in 2010-11. There could be cost implications in duplication of work and sustaining providers who have reshaped their provision in anticipation of the changes if this were delayed by a year.

### **4.0 Wards Affected**

- 4.1 Early years providers across all wards will be affected.

### **5.0 Local Ward Members**

- 5.1 All.

### **6.0 Policy Implications including - Climate change - Health**

- 6.1 One of the aims of the single funding formula is to create greater parity between the maintained and private, voluntary and Independent (PVI) sectors in the payment systems. As part of the development of the formula, it has become clear that there are some contradictions in the legislation around schools being able to charge parents for childcare outside of the free entitlement. DCSF has advised local authorities to develop their own policies in this area and the proposal is that Cheshire East develops a policy that will enable maintained nurseries to charge and puts them on a 'level playing field' with the PVI sector.

## **7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)**

- 7.1 None.

## **8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**

- 8.1 The single funding formula will be funded through the Dedicated Schools Grant. In addition, there is an indicative allocation of £1.8m from the Standards Fund in 2010/2011 to support the extension of the free entitlement from 12.5 hours to 15 hours per week. Based on the 2009/10 budget, officers are working on a notional budget for 2010/11 of £9,824,000 (excluding contingency and administration costs).
- 8.2 There are currently 23 maintained<sup>1</sup> and 179 private, voluntary and independent (PVI) early years providers. A financial impact assessment of the proposed formula on each sector is set out below.

Funding variance compared to 2009/10 PVI rate of £3.50 per hour	£	Number of settings					% in bottom 30% IDACI areas
		Day Nursery	Main-tained	Independent	Play group	Total	
Loss of >£1k	- 6k or more		5			<b>5</b>	
	- 3k to 6k		3		3	<b>6</b>	
	- 1k to 3k	9			11	<b>20</b>	
Less than £1k gain or loss		56			22	<b>78</b>	25%
Gain of > £1k	+1k to 3k	33	2		10	<b>45</b>	25%
	+3k to 6k	23	0	6		<b>29</b>	12.5%
	+6k & more	4	13	2		<b>19</b>	37.5%

- 8.3 One of the main concerns raised by early years providers who anticipate a budget reduction was the issue around reshaping their provision in time to meet the introduction of the new formula in April 2010. Guidance from the DCSF states that local authorities may fund transition costs for up to three years. It is

<sup>1</sup> South Cheshire Rural Nursery Consortium includes Audlem, Bridgemere and Wrenbury Primary Schools. As lead consortium member and budget holder, only Audlem is counted in these figures.

proposed to establish a self-financing transition plan whereby those projected to have increased budgets will only receive around 85% of the increase to lessen the impact on those facing budget reductions in year one by 50%. A full financial assessment of each provider by local area and with and without transitional funding is shown at Appendix 1.

- 8.4 Should Cheshire East proceed as a pathfinder from April 2010, there are no significant additional costs expected. As officers have been working with providers over recent months to reshape their provision around the introduction of the single funding formula from April 2010, some of these are likely to experience sustainability issues that would need to be supported financially if a decision was made to postpone the introduction of the formula to April 2011. In addition, a postponement to April 2011 could result in some duplication of effort, for example, the cost analysis of each sector may need to be repeated, which could cost of up to £25k.

## **9.0 Legal Implications (Authorised by the Borough Solicitor)**

- 9.1 The single funding formula will fund the free entitlement to early years provision for 3 and 4 year olds across all sectors which is the authority's statutory duty under Section 7 of the Childcare Act 2006. It will also assist with the authority's delivery of its duty to secure sufficient childcare under Section 6 of the Childcare Act 2006. The authority will commission PVI and maintained sector early years providers under the terms of contracts approved by the Borough Solicitor.

## **10.0 Risk Management**

- 10.1 The application of the single funding formula could overspend its allocated budget should participation increase beyond that forecast. Control measures have been put in place to reduce this risk by setting aside a contingency budget of approximately 5% of the total indicative allocation.
- 10.2 The reduced budgets for some providers could impact on their short term viability whilst they reshape their provision. The proposed transition funding should lessen the impact on these providers and officers will work with them around developing cost-effective solutions.

## **11.0 Background and Options**

- 11.1 In 2007 the government announced that all local authorities would be required to implement a single local formula for funding the free early years provision for 3 and 4 year olds in the maintained and PVI sectors from April 2010. The necessary paving legislation for the formula was included in the Apprenticeships, Skills and Learning Act 2009, which has recently completed its passage through parliament. The introduction of the early years single funding formula was welcomed by Members on all sides by both Houses.
- 11.2 In December 2009, the DCSF wrote to all local authorities to advise that the implementation of the formula had been postponed to April 2011 as a number

of local authorities were not ready to introduce the formula. Those who have completed the necessary work were invited to apply for pathfinder status.

- 11.3 At its meeting on 8th September 2009, Cabinet approved the draft formula set out below for further consultation.

<b>Factor</b>	<b>Application</b>	<b>Additions £ per hour</b>
<b>Base rate</b>	One rate to be applied to all children	3.20
<b>Flexibility</b>	No flexibility	0.00
	Flexibility within school day (6+ hours)	0.15
	Extended day (10+ hours)	0.20
	If providing over 50 weeks	0.05
<b>Deprivation</b>	Based on % of children attending setting from deprived area	0.005
<b>Quality</b>	If Early Years Professional (EYP) Status	0.15
	If Qualified Teacher Status (QTS)	0.25

- 11.4 The consultation was carried out over a 6 week period to 9th November 2009. This was through a combination of briefing and engagement sessions with early years providers and a consultation document that was posted to all relevant consultees. The consultation and background papers were also posted on the website and consultees were encouraged to respond electronically. The main consultees were headteachers and chairs of governors of all maintained settings with nursery provision, PVI providers of the early years free entitlement, childminder representatives, all Members of Cheshire East Council, East Cheshire Primary Heads Association, Unions and neighbouring authorities. The main issues raised through the consultation process are set out at Appendix 2.

- 11.5 Early years providers have engaged positively in the consultation process, mostly through the briefing sessions, which were attended by over 250 staff. Of the 215 questionnaires that were sent out, 72 valid responses were returned. The results of the consultation were considered by the Early Years Reference Group (EYRG) and Schools Forum and the endorsed formula proposal is set out at Appendix 3. The proposed changes from the draft are as follows:

- Increase in base rate from £3.20 to £3.25 per child per hour.
- Reduction in the flexibility eligibility from 6 and 10 hours to 4 and 6 hours.
- Removal of formula factor for those settings delivering over 50 weeks
- Increase in funding for those settings with an Early Years Professional from 15p to 20p per child per hour, ie, closer to the QTS rate of 25p
- Addition of £2k to the annual budget for each of the 21 settings in Cheshire East's rural areas (based on the latest available information which is the ward sparsity indicator from the 2001 census)
- Addition of 5p per child per hour for all settings judged by Ofsted as 'Outstanding'
- A self-financing transition plan whereby the budgets of those with the greatest variances will be adjusted to lessen the impact in year one.

- 11.6 The above changes would significantly lessen the impact on the sessional early years providers, whilst still incentivising the areas of quality, flexibility and deprivation and meeting the local authority's statutory duty to ensure sufficiency for parents of all 3 and 4 year olds who require a free early years place. Two examples of how the new funding will affect maintained nurseries with different circumstances are shown in Appendix 4.
- 11.7 There is one nursery school in Cheshire East. This is the setting that would be most affected if the formula were applied as it stands. However, DCSF has been very clear with local authorities that costs for these schools will be significantly higher and should be recognised in the formula. The presumption must be against closure. Officers have been working with the school to identify costs and with Finance to identify areas of the budget that relate specifically to nursery schools. It is proposed to add a lump sum payment to the formula allocation to cover the costs for this setting.
- 11.8 The area that prompted most debate as part of the consultation was around the quality factor. The recently published draft code of practice on the funding for early years recommends that funding decisions should take into account the Early Years Quality Improvement Support Process (EYQISP). This is a developing framework that was not possible to incorporate into the funding for 2010-11. However, this process is nationally consistent but sensitive to local quality assessments and support needs. Officers propose to continue to work with the EYRG to develop the quality factor around EYQISP to include for the 2011-12 formula.
- 11.9 The local authority must review its formula on a regular basis. Along with the quality factor, the other area identified for further work before 2011-12 is the additional costs around settings who have significant numbers of children for whom English is an additional language. Whilst we know that the costs associated with providing quality provision to these children are higher, there is not sufficient data available at present to form part of the formula. This data will be collected in 2010-11 for consideration in the following year.

## **12.0 Overview of Year One and Term One Issues**

- 12.1 None.

## **13.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

- Appendix 1 – Financial impact assessment of individual providers by area
- Appendix 2 – Summary of consultation responses
- Appendix 3 – Proposed Early Years Single Funding Formula 2010-11
- Appendix 4 - Examples of impact of the single funding formula on maintained nurseries
- Consultation files – Contains all responses to the consultation on the draft formula

- Implementing an Early Years Single Funding Formula: Practice Guidance (DCSF, July 2009)
- Letter from DCSF and Ministerial Statement – Postponement of the Early Years Single Funding Formula

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# **Early Years Single Funding Formula - Projections by area and provider for 2010-11**

Appendix 1

**Base rate** £3.25

**Flexibility supplements**

No flexibility £0.00  
4 hours and over (or) £0.15  
6 hours and over £0.20

**Pupils in deprived area**

£0.005

**Quality Supplements**

EYPS £0.20  
QTS £0.25  
Outstanding Ofsted rating £0.05

Data for each setting					
Provider	Area	Registered Places	Number of children claiming funding		
			Sum 2008	Aut 2008	Spr 2009
CONGLETON					
Cledford Primary School	Middlewich	52	52	41	51
Terra Nova Pre-prep Dept.	Holmes Chapel	0	0	57	53
Sandbach Community Primary School	Sandbach	26	26	13	19
Kids Comer Nursery	Sandbach	0	45	34	41
Adventure Pre-school and Adventure OOS Club	Congleton	24	25	18	26
Daintry Hall Day Nursery	Congleton	48	23	12	14
Apples & Pears DN and The Banana OOS Club	Sandbach	46	31	12	16
Nunu PLC	Holmes Chapel	62	44	28	36
Lilliput Farm Day Nursery	Sandbach	68	28	26	31
Nunu PLC	Sandbach	105	35	24	32
Somerford Kindergarten	Congleton	24	49	32	38
Highfield Hoppers Ltd	Alsager	46	43	26	34
Nyehome Nursery Schools Ltd	Sandbach	41	31	19	27
Busy Bees Pre-School	Congleton	26	22	20	27
Stepping Stones Pre-School	Congleton	44	35	14	20
Happy Days Club & Nursery School	Holmes Chapel	32	27	13	19
Holmes Chapel Community Pre-School	Holmes Chapel	24	38	26	28
Brereton Playgroup	Sandbach	12	18	9	14
Cranage Pre-school	Holmes Chapel	26	31	19	23
Coppice Pre School	Sandbach	24	24	16	24
Happy Days Nursery School	Holmes Chapel	40	26	14	18
Rainbow Pre-school	Sandbach	20	31	18	28
Tender Tots Nursery	Sandbach	50	18	9	11
Blue Skies Day Nursery	Alsager	72	14	9	8
Hilltop Day Nursery	Congleton	80	9	8	12
New Life Nursery Group	Congleton	40	37	24	31
Sandbach Heath (St.Johns) Playgroup	Sandbach	15	21	14	17
St. Gabriels Parish Playgroup	Alsager	20	28	20	26
Park Hall Day Nursery	Church Lawton	30	22	9	17
St. Mary's Catholic Pre-School	Congleton	25	43	28	32
Old Hall Day Nursery	Congleton	41	20	16	17
Woodlands Day Nursery	Congleton	38	19	8	14
The Nursery	Congleton	69	32	18	26
Rascals Pre-School Day Nursery (Congleton)	Congleton	29	11	6	10
Sally Anna's Day Nursery	Church Lawton	56	21	10	14
Little Scholars Pre School	Scholar Green	24	12	8	15
Town House Private Day Nursery	Alsager	47	14	15	19
Adventure Clubs Pre School	Mow Cop	14	17	12	15
Goostrey Pre School	Goostrey	24	30	17	24
Playbox Playgroup	Middlewich	26	30	9	12
Pips Day Nursery	Alsager	45	0	1	2
Rascals Pre-School Day Nurserv	Congleton	53	23	15	18

2009/10 Budget

£75,496
£100,254
£34,348
£71,127
£36,813
£27,615
£31,605
£60,953
£49,529
£47,481
£56,763
£61,740
£43,785
£41,706
£39,981
£33,632
£48,455
£17,283
£42,284
£40,058
£33,905
£37,968
£20,664
£18,225
£15,351
£44,189
£24,688
£33,138
£28,886
£60,197
£29,936
£22,733
£39,291
£13,449
£25,200
£23,342
£27,258
£33,395
£36,229
£31,482
£1,743
£30,681

Without Transitional Funding		
2010/11	Difference	% Difference
Projected Single Formula		
£100,716	£25,220	33%
£106,341	£6,087	6%
£40,404	£6,056	18%
£76,586	£5,459	8%
£41,292	£4,479	12%
£31,552	£3,937	14%
£35,411	£3,806	12%
£64,436	£3,483	6%
£52,965	£3,437	7%
£50,542	£3,061	6%
£59,591	£2,828	5%
£64,476	£2,736	4%
£46,466	£2,681	6%
£44,345	£2,639	6%
£42,473	£2,492	6%
£35,772	£2,140	6%
£50,531	£2,077	4%
£18,789	£1,506	9%
£44,304	£2,020	5%
£41,485	£1,428	4%
£35,842	£1,937	6%
£39,505	£1,537	4%
£22,113	£1,449	7%
£19,166	£941	5%
£16,283	£932	6%
£45,090	£902	2%
£25,476	£887	4%
£33,839	£701	2%
£29,549	£664	2%
£60,854	£658	1%
£30,514	£579	2%
£23,129	£397	2%
£39,665	£374	1%
£13,577	£128	1%
£25,320	£120	0%
£23,443	£101	0%
£27,301	£43	0%
£33,421	£25	0%
£36,229	£0	0%
£31,482	£0	0%
£1,718	£-25	-1%
£30,641	£-40	0%

Including Transitional Funding		
2010/11	Difference	% Difference
Projected Single Formula		
£96,933	£21,437	28%
£105,428	£5,174	5%
£39,496	£5,148	15%
£75,767	£4,640	7%
£40,920	£4,107	11%
£31,261	£3,646	13%
£35,140	£3,535	11%
£63,913	£2,961	5%
£52,450	£2,921	6%
£50,083	£2,602	5%
£59,167	£2,404	4%
£64,066	£2,326	4%
£46,064	£2,279	5%
£43,949	£2,243	5%
£42,099	£2,118	5%
£35,451	£1,819	5%
£50,220	£1,765	4%
£19,036	£1,753	10%
£44,001	£1,717	4%
£41,771	£1,714	4%
£35,551	£1,647	5%
£39,274	£1,306	3%
£21,896	£1,232	6%
£19,025	£800	4%
£16,143	£792	5%
£44,955	£767	2%
£25,343	£754	3%
£33,734	£596	2%
£29,450	£564	2%
£60,755	£559	1%
£30,427	£492	2%
£23,070	£337	1%
£39,609	£318	1%
£13,558	£109	1%
£25,302	£102	0%
£23,428	£86	0%
£27,295	£37	0%
£33,408	£13	0%
£36,229	£0	0%
£31,482	£0	0%
£1,731	£-12	-1%
£30,661	£-20	0%

Excalibur Play and Learn	Alsager	20	34	23	26	£45,854	£45,684	£170	0%	£45,769	£85	0%
Town House Private Day Nursery	Alsager	47	25	15	19	£32,172	£31,904	£268	-1%	£32,038	£134	0%
Leaps & Bounds Day Nursery	Middlewich	41	27	13	14	£28,697	£28,287	£410	-1%	£28,492	£205	-1%
Pikemere Pre-school	Alsager	18	28	20	25	£45,297	£44,650	£647	-1%	£44,973	£324	-1%
Black Firs Playgroup	Congleton	30	40	29	42	£61,016	£60,308	£707	-1%	£60,662	£354	-1%
Rainbow Day Nursery	Middlewich	68	42	28	38	£66,738	£65,785	£953	-1%	£66,261	£477	-1%
Wheelock Pre-School	Sandbach	20	45	38	42	£52,868	£51,850	£1,018	-2%	£52,359	£509	-1%
Mossley Pre-School	Congleton	52	55	40	42	£59,840	£58,690	£1,149	-2%	£59,265	£575	-1%
The Goslings	Sandbach	20	15	10	13	£16,275	£15,113	£1,163	-7%	£15,694	£581	-4%
Scholar Green Pre-School	Scholar Green	30	16	6	8	£21,144	£19,885	£1,259	-6%	£20,514	£629	-3%
Tommy Thumbs Pre School	Middlewich	26	50	27	34	£59,383	£57,883	£1,499	-3%	£58,633	£750	-1%
Elworth Pre-School Group	Sandbach	24	58	33	43	£66,003	£64,117	£1,886	-3%	£65,060	£943	-1%
Cranberry Primary School	Alsager	52	33	21	33	£64,668	£61,037	£3,631	-6%	£62,852	£1,816	-3%
Peter Pan Pre-School	Middlewich	35	32	26	31	£55,540	£51,573	£3,967	-7%	£53,556	£1,984	-4%
Marfields Primary School	Congleton	52	24	20	28	£61,660	£51,821	£9,839	-16%	£56,741	£4,919	-8%
<b>CREWE</b>												
Leighton Primary School	Crewe	104	99	81	104	£151,174	£212,398	£61,224	40%	£203,214	£52,040	34%
Hungerford Primary School	Crewe	52	51	50	52	£76,098	£110,855	£34,757	46%	£105,641	£29,543	39%
Gainsborough Primary & Nursery School	Crewe	52	51	51	50	£74,895	£108,838	£33,943	45%	£103,746	£28,851	39%
Wistaston Green Primary School	Crewe	52	52	39	47	£73,090	£106,381	£33,291	46%	£101,387	£28,297	39%
St Mary's Catholic Primary School, Crewe	Crewe	52	52	45	53	£76,699	£109,883	£33,184	43%	£104,905	£28,206	37%
EIC at Underwood West Children's Centre	Crewe	70	99	62	70	£149,783	£178,192	£28,410	19%	£173,931	£24,148	16%
Beechwood School	Crewe	26	26	24	26	£38,559	£57,046	£18,487	48%	£54,273	£15,714	41%
La Maternelle Wistaston	Crewe	48	79	59	68	£126,525	£139,524	£12,999	10%	£137,574	£11,049	9%
EIC at Monks Coppenhall Childrens Centre	Crewe	54	70	53	48	£108,686	£119,836	£11,151	10%	£118,164	£9,478	9%
Oakefield Primary School	Crewe	26	26	15	23	£36,755	£46,038	£9,283	25%	£44,646	£7,891	21%
EIC at Pebblebrook Children's Centre	Crewe	54	40	33	46	£80,829	£89,499	£8,670	11%	£88,199	£7,370	9%
Kidsunlimited Nurseries - Crewe	Crewe	132	44	19	30	£56,480	£61,321	£4,841	9%	£60,594	£4,115	7%
Pine Lodge Creche & Day Nursery	Crewe	70	44	29	35	£61,499	£65,830	£4,331	7%	£65,180	£3,682	6%
The Nursery (Wistaston)	Crewe	22	45	31	43	£63,746	£67,784	£4,039	6%	£67,178	£3,433	5%
Stepping Stones Day Nursery	Crewe	95	61	35	51	£85,029	£88,890	£3,861	5%	£88,311	£3,282	4%
The Willows Pre-school	Crewe	22	42	21	28	£48,815	£51,962	£3,147	6%	£51,489	£2,675	5%
Bridge Farm Day Nursery	Crewe	57	35	16	22	£39,900	£42,573	£2,673	7%	£42,172	£2,272	6%
Rascals Day Nursery (Crewe)	Crewe	40	15	9	13	£23,069	£25,246	£2,177	9%	£25,219	£2,151	9%
Starting Point	Crewe	50	18	8	19	£26,072	£28,306	£2,235	9%	£27,971	£1,899	7%
Victoria Pre-school	Crewe	16	18	15	20	£27,909	£29,823	£1,914	7%	£29,536	£1,627	6%
St. Peters Playgroup	Crewe	20	27	17	29	£45,875	£47,226	£1,352	3%	£47,023	£1,149	3%
Bright Stars Day Nursery	Crewe	39	29	20	33	£51,503	£52,836	£1,334	3%	£52,636	£1,134	2%
Tinks Children's Day Nursery	Crewe	55	23	9	14	£24,045	£25,247	£1,202	5%	£25,067	£1,022	4%
Church Coppenhall Pre-school	Crewe	30	44	37	43	£76,703	£77,669	£967	1%	£77,524	£822	1%
Danebank Community Pre-school	Crewe	24	44	18	29	£51,062	£51,906	£845	2%	£51,779	£718	1%
North Street Pre School	Crewe	30	23	20	31	£44,436	£44,799	£363	1%	£44,744	£308	1%
Little People Day Nursery	Crewe	65	28	20	29	£48,479	£48,416	£63	0%	£48,447	£31	0%
Little Stars at Shavington	Crewe	24	43	35	48	£67,757	£67,394	£363	-1%	£67,575	£181	0%
First Friends Pre School	Crewe	20	18	3	8	£16,947	£16,140	£807	-5%	£16,544	£404	-2%
Haslington Pre-School	Crewe	26	23	22	26	£34,839	£32,528	£2,311	-7%	£33,684	£1,155	-3%
The Croft Pre-School	Crewe	24	37	25	37	£48,014	£44,903	£3,111	-6%	£46,458	£1,555	-3%
Westminster Nursery	Crewe	104	60	44	58	£183,652	£165,196	£18,456	-10%	£174,424	£9,228	-5%
Rope Green Farm Day Nursery	Crewe	74	0	0	0		£0	£0		£0		
<b>KNUTSFORD</b>												
Bexton Pre-School Nursery	Knutsford	57	73	46	58	£97,167	£101,728	£4,561	5%	£101,044	£3,877	4%
Yorston Lodge School	Knutsford	32	38	31	27	£56,088	£59,641	£3,553	6%	£59,108	£3,020	5%
Egerton Pre School	Knutsford	30	41	34	37	£57,152	£59,956	£2,804	5%	£59,535	£2,384	4%
High Legh Pre School Nursery	Knutsford	40	23	22	26	£41,073	£43,420	£2,347	6%	£43,068	£1,995	5%
Alderley Day Nursery	Nether Alderley	62	5	3	5	£7,224	£9,121	£1,897	26%	£9,172	£1,948	27%
Rainbow Day Nursery - Mere	Knutsford	65	0	4	7	£7,791	£9,680	£1,889	24%	£9,735	£1,944	25%
Knutsford Day Nursery	Knutsford	62	26	18	23	£33,733	£35,846	£2,113	6%	£35,529	£1,796	5%
Sunnyside at Ashley School	Ashley	30	0	14	16	£33,318	£34,842	£1,524	5%	£35,080	£1,762	5%
Mobberley Pre-School Playgroup	Mobberley	30	26	17	18	£27,867	£29,292	£1,425	5%	£29,579	£1,712	6%
St. Vincents Pre School Playgroup	Knutsford	35	47	28	44	£71,190	£72,808	£1,618	2%	£72,565	£1,375	2%
Nether Alderley Afternoon Club And Preschool	Nether Alderley	16	18	12	14	£22,680	£23,060	£380	2%	£23,870	£1,190	5%



Manor Park School and Nursery	Knutsford	52	36	21	25	£59,855	£61,163	£1,308	2%	£60,967	£1,112	2%
Kids Allowed Limited	Knutsford	161	0	13	13	£11,414	£11,555	£142	1%	£11,534	£121	1%
Princess Street Pre-School Playgroup	Knutsford	24	22	15	20	£15,824	£15,931	£108	1%	£15,915	£91	1%
Popples Red Cross Day Nursery	Knutsford	42	19	14	18	£25,221	£25,221	£0	0%	£25,221	£0	0%
York Lodge Day Nursery	Knutsford	61	17	8	9	£19,095	£18,822	£-273	-1%	£18,959	£-136	-1%
<b>MACCLESFIELD</b>												
Prestbury CE Primary School	Macclesfield	52	50	40	51	£75,496	£99,675	£24,179	32%	£96,048	£20,552	27%
Upton Priory School	Macclesfield	78	61	37	56	£100,401	£111,833	£11,432	11%	£110,118	£9,717	10%
The King's School	Macclesfield	0	33	58	50	£95,503	£101,718	£6,215	7%	£100,785	£5,283	6%
Beech Hall School	Macclesfield	0	42	27	34	£62,213	£66,687	£4,474	7%	£66,016	£3,803	6%
The Kindergarten Day Nursery 2	Macclesfield	70	31	20	28	£41,832	£45,676	£3,844	9%	£45,099	£3,267	8%
Kidsunlimited Nurseries - Tytherington	Macclesfield	86	39	31	39	£58,065	£61,857	£3,792	7%	£61,288	£3,223	6%
Scamps Day Nursery Ltd	Macclesfield	98	41	23	35	£55,934	£59,651	£3,717	7%	£59,093	£3,160	6%
Cheekies Private Day Nursery	Macclesfield	60	7	9	12	£14,343	£17,436	£3,093	22%	£17,272	£2,929	20%
Footprints	Macclesfield	65	33	22	30	£42,935	£46,332	£3,397	8%	£45,822	£2,887	7%
Bosley Bobbins Pre-School Playgroup	Bosley	12	16	8	10	£17,514	£20,265	£2,751	16%	£20,152	£2,638	15%
Greenhills Pre School	Macclesfield	24	40	24	30	£52,731	£55,409	£2,678	5%	£55,008	£2,277	4%
Prestbury Day Nursery	Macclesfield	65	28	20	26	£44,184	£46,709	£2,525	6%	£46,330	£2,146	5%
Ivy Bank Pre School	Macclesfield	24	50	44	56	£76,764	£78,543	£1,780	2%	£78,276	£1,513	2%
Gawsworth Pre School Playgroup	Gawsworth	24	14	12	11	£18,624	£19,648	£1,024	6%	£20,136	£1,512	8%
Bollington Methodist Pre School	Bollington	24	23	19	22	£38,640	£40,296	£1,656	4%	£40,048	£1,408	4%
Ash Grove School	Macclesfield	52	33	22	21	£57,449	£58,948	£1,499	3%	£58,723	£1,274	2%
St. Johns Pre-School	Macclesfield	30	46	31	41	£59,987	£60,915	£928	2%	£60,776	£789	1%
Whirley Pre-School Group	Macclesfield	26	38	24	32	£49,508	£50,417	£909	2%	£50,280	£773	2%
Tiny Adventures Ltd	Macclesfield	53	20	12	22	£32,708	£33,408	£701	2%	£33,303	£596	2%
Sunflowers Under Fives	Tytherington	24	20	14	20	£29,565	£30,168	£603	2%	£30,078	£513	2%
Superkids Day Nursery	Macclesfield	52	5	4	5	£9,713	£10,129	£416	4%	£10,066	£354	4%
Christ the King	Macclesfield	20	22	16	23	£36,666	£36,957	£291	1%	£36,913	£247	1%
Heyday Pre-School	Macclesfield	30	18	7	13	£22,129	£22,272	£144	1%	£22,251	£122	1%
Allsorts Pre-School Playgroup	Bollington	16	12	7	8	£14,060	£14,060	£0	0%	£14,060	£0	0%
Macclesfield Day Nursery	Macclesfield	58	21	12	24	£32,424	£32,364	£-60	0%	£32,394	£-30	0%
The Kindergarten Nursery	Macclesfield	40	15	7	14	£19,373	£19,269	£-104	-1%	£19,321	£-52	0%
Twinkle Pre School	Macclesfield	12	9	5	6	£12,936	£12,797	£-139	-1%	£12,867	£-69	-1%
Stepping Stones Montessori Nursery School	Macclesfield	30	25	23	28	£41,636	£41,425	£-211	-1%	£41,530	£-106	0%
Little Scallywags Day Nursery	Macclesfield	56	29	15	20	£36,383	£36,071	£-312	-1%	£36,227	£-156	0%
Foundation Nursery Schools	Macclesfield	38	23	12	16	£29,642	£29,218	£-423	-1%	£29,430	£-212	-1%
Bollinbrook Pre-school	Macclesfield	16	34	21	25	£37,548	£36,810	£-738	-2%	£37,179	£-369	-1%
Paint Pots Playgroup	Macclesfield	24	17	10	11	£23,856	£22,791	£-1,065	-4%	£23,324	£-533	-2%
First Steps Nursery	Bollington	22	45	26	35	£52,479	£51,177	£-1,302	-2%	£51,828	£-651	-1%
Chelford Village Pre School	Macclesfield	24	15	10	15	£19,980	£18,553	£-1,427	-7%	£19,266	£-714	-4%
St. Albans Pre School	Macclesfield	40	55	43	59	£89,009	£87,571	£-1,437	-2%	£88,290	£-719	-1%
Sutton St James Pre-School	Macclesfield	32	24	17	22	£30,198	£28,731	£-1,467	-5%	£29,465	£-733	-2%
Rainow Pre School	Macclesfield	24	28	16	20	£26,009	£24,489	£-1,520	-6%	£25,249	£-760	-3%
Parkroyal Pre-School	Macclesfield	32	73	68	64	£95,653	£93,999	£-1,654	-2%	£94,826	£-827	-1%
Marton & District CE Aided Primary School	Macclesfield	52	32	20	22	£58,050	£54,020	£-4,030	-7%	£56,035	£-2,015	-3%
Broken Cross Community School	Macclesfield	26	16	10	16	£32,544	£28,403	£-4,141	-13%	£30,474	£-2,070	-6%
Puss Bank Primary School	Macclesfield	104	51	31	43	£114,478	£89,077	£-25,401	-22%	£101,778	£-12,700	-11%
Upton Beehive Club	Macclesfield	48	0	0	0		£0	£0		£0		
<b>NANTWICH</b>												
Millfields Primary and Nursery School	Nantwich	52	50	32	42	£70,082	£86,879	£16,797	24%	£84,359	£14,277	20%
Nyehome Nursery Schools Ltd	Nantwich	77	53	29	40	£74,246	£79,431	£5,185	7%	£78,653	£4,408	6%
Woodlands Nursery	Nantwich	95	43	31	39	£61,026	£64,711	£3,685	6%	£64,159	£3,133	5%
Rebecca's Day Nursery	Nantwich	13	13	5	8	£15,320	£17,101	£1,781	12%	£17,210	£1,891	12%
Wybunbury Pre School	Nantwich	20	32	15	24	£38,207	£40,390	£2,183	6%	£40,062	£1,856	5%
Brambley Hedge Day Nursery	Bunbury	31	21	10	19	£22,541	£24,218	£1,678	7%	£24,379	£1,839	8%
Sounds Active	Nantwich	22	19	17	25	£34,346	£35,855	£1,509	4%	£36,100	£1,755	5%
Wrenbury Pre-School Playgroup	Nantwich	24	31	11	19	£19,835	£20,418	£583	3%	£21,126	£1,292	7%
Roundabouts Day Nursery	Nantwich	37	0	5	5	£5,618	£5,767	£149	3%	£5,744	£127	2%
Little Angels Pre-School Nursery	Nantwich	20	34	23	33	£48,143	£48,143	£0	0%	£48,143	£0	0%
Audlem Tree House	Audlem	26	8	0	1	£3,402	£3,159	£-243	-7%	£3,281	£-122	-4%
Sunflowers @ St Anne's	Nantwich	25	30	18	29	£42,851	£42,408	£-442	-1%	£42,629	£-221	-1%

Parklands Day Nursery	Nantwich	139	44	35	46	£72,755	£72,093	£661	-1%	£72,424	£331	0%
Brine Leas Playgroup	Nantwich	20	24	13	16	£28,484	£27,670	£814	-3%	£28,077	£407	-1%
Willaston Playgroup	Nantwich	24	39	23	26	£45,371	£44,074	£1,296	-3%	£44,722	£648	-1%
Early Birds Pre-School Playgroup	Bunbury	32	43	22	37	£48,063	£46,690	£1,373	-3%	£47,376	£687	-1%
Nantwich Pre School Playgroup	Nantwich	32	49	30	41	£51,891	£48,365	£3,526	-7%	£50,128	£1,763	-3%
Wyche Primary School	Nantwich	52	26	20	26	£60,457	£53,138	£7,319	-12%	£56,798	£3,659	-6%
Audlem St James' CE Primary School	Audlem	78	53	31	53	£115,738	£93,565	£22,173	-19%	£106,651	£9,087	-8%
<b>POYNTON</b>												
Lostock Hall Pre School Nursery Limited	Poynton	24	25	17	22	£38,310	£40,499	£2,189	6%	£40,171	£1,861	5%
Pollyanna's Day Nursery	Prestbury	27	9	6	4	£8,568	£9,058	£490	6%	£8,984	£416	5%
Poynton Methodist Church Playgroup	Poynton	30	38	15	18	£31,784	£31,784	£0	0%	£31,784	£0	0%
Disley Under 5's Pre School Playgroup	Disley	32	26	12	17	£31,343	£31,343	£0	0%	£31,343	£0	0%
Brook House Farm Pre-School	Poynton	50	37	15	21	£41,591	£41,194	£396	-1%	£41,392	£198	0%
Blue Grass Purple Cow	Higher Disley	43	14	12	21	£28,025	£27,624	£400	-1%	£27,824	£200	-1%
First Steps Kindergarten	Poynton	50	23	12	15	£30,020	£29,591	£429	-1%	£29,805	£214	-1%
St. Pauls Pre School	Poynton	26	34	22	31	£42,074	£41,635	£439	-1%	£41,854	£219	-1%
The Civic Hall Playgroup	Poynton	20	13	6	7	£13,797	£12,812	£986	-7%	£13,304	£493	-4%
The Hollies Pre-School	Poynton	35	49	29	47	£71,001	£69,987	£1,014	-1%	£70,494	£507	-1%
Stepping Stones Pre-School	Poynton	20	38	19	26	£44,499	£43,228	£1,271	-3%	£43,863	£636	-1%
<b>WILMSLOW</b>												
Wilmslow Grange Comm Primary & Nursery School	Wilmslow	52	48	25	32	£64,066	£76,066	£12,000	19%	£74,266	£10,200	16%
Ashdene Independent Pre School	Wilmslow	48	75	43	56	£97,661	£103,440	£5,780	6%	£102,573	£4,913	5%
Pownall Hall School	Wilmslow	0	43	45	51	£86,453	£91,393	£4,940	6%	£90,652	£4,199	5%
The Ryleys Prep School	Alderley Edge	0	35	39	46	£73,544	£77,746	£4,202	6%	£77,116	£3,572	5%
Kidsunlimited Nurseries - Claimont	Wilmslow	96	50	23	31	£58,254	£61,583	£3,329	6%	£61,083	£2,829	5%
Rainbow Pre-School	Handforth	35	36	19	22	£48,300	£51,483	£3,183	7%	£51,005	£2,705	6%
Wilmslow Preparatory School	Wilmslow	0	32	30	29	£55,572	£58,748	£3,176	6%	£58,271	£2,699	5%
Alderley Edge School For Girls	Alderley Edge	0	25	27	30	£52,587	£55,592	£3,005	6%	£55,141	£2,554	5%
Oakenclough Children's Centre Nursery	Wilmslow	0	21	10	14	£29,390	£32,002	£2,612	9%	£31,610	£2,221	8%
Fun Frogs Day Nursery	Wilmslow	15	18	14	18	£29,610	£31,854	£2,244	8%	£31,517	£1,907	6%
Oaklands Dean Day Nursery and Pre-School	Wilmslow	44	69	39	46	£93,324	£94,953	£1,629	2%	£94,709	£1,385	1%
Lindow Out of School Club	Wilmslow	24	16	11	12	£20,916	£22,111	£1,195	6%	£21,932	£1,016	5%
Noah's Day Nursery	Handforth	20	17	10	9	£21,800	£22,734	£934	4%	£22,594	£794	4%
Wilmslow Methodist Pre-School	Wilmslow	48	50	29	41	£64,573	£65,496	£922	1%	£65,357	£784	1%
Kidsunlimited Nurseries - Summerfields	Wilmslow	91	38	22	27	£52,122	£52,370	£248	0%	£52,333	£211	0%
Wilmslow Day Nursery	Wilmslow	23	4	0	2	£3,276	£3,229	£47	-1%	£3,253	£23	-1%
Little Acorns Day Nursery	Handforth	122	52	28	42	£72,623	£72,479	£143	0%	£72,551	£72	0%
Alderley Edge Pre-School Playgroup	Alderley Edge	20	31	19	24	£42,368	£42,211	£157	0%	£42,289	£78	0%
The Orchard Day Nursery	Handforth	52	23	14	17	£32,771	£32,595	£176	-1%	£32,683	£88	0%
Kidsunlimited Nurseries - Total Fitness Wilmslow	Wilmslow	57	28	11	11	£28,508	£28,327	£181	-1%	£28,417	£91	0%
House of Rompa Day Nursery	Wilmslow	47	14	6	9	£15,267	£15,049	£218	-1%	£15,158	£109	-1%
Chapel Grange Montessori Nursery	Wilmslow	28	26	20	27	£42,683	£42,073	£610	-1%	£42,378	£305	-1%
Carnival Pre School and Nursery	Wilmslow	32	34	18	27	£44,495	£43,477	£1,017	-2%	£43,986	£509	-1%
Nursery Lane Pre-School	Wilmslow	21	21	16	16	£30,261	£28,100	£2,162	-7%	£29,180	£1,081	-4%
						<b>£9,294,463</b>	<b>£9,761,501</b>	<b>£467,038</b>		<b>£9,752,845</b>	<b>£458,382</b>	

Notes;

The number of children claiming the free entitlement at a setting may exceed the Ofsted Registered Places if morning and afternoon sessions are offered. The free entitlement can also be split between two Private / Voluntary / Independent settings.

Upton Beehive and Rope Green Farm Day Nursery are new settings and historical data is not available.

South Cheshire Rural Nurseries Consortium - Audlem, Bridgemere and Wrenbury.

Audlem, as the lead member of the consortium, employs the nursery staff on behalf of the three members. The consortium receives all its funding based on available places, unlike other maintained nurseries that receive a proportion of funding based on availability and occupancy.

## Draft Single Funding Formula - Summary of Consultation Responses

The following tables summarise the responses to the questionnaires. The text includes the feedback from consultation events. Of the 215 questionnaires sent out, 72 valid responses were returned as follows:

<b>Setting Type</b>	<b>Issued</b>	<b>Returned</b>	<b>%</b>
Full Day Care	138	34	25
Maintained Sector	25	9	36
Sessional	52	29	56
<b>All</b>	<b>215</b>	<b>72</b>	<b>33</b>

The information that follows sets out the responses to the questionnaires and consultation meetings against each of the formula factors.

### **Base rate**

There was a general acceptance that the same base rate should apply across all sectors, with 79% of respondents in agreement to this as follows.

<b>Setting type</b>	<b>Agree</b>		<b>Disagree</b>		<b>Not answered</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
Full Day Care	27	82	4	12	2	6
Maintained Sector	2	22	6	67	1	11
Sessional	28	93	2	7	0	0
<b>All</b>	<b>57</b>	<b>79</b>	<b>12</b>	<b>17</b>	<b>3</b>	<b>4</b>

Responses were higher from the PVI sector and 67% or 6 of the 9 responses from the maintained sector did not agree with one base rate. However, the same base rate was not considered a major factor at the engagement sessions or at the meetings with schools who are likely to be most affected by the proposed formula. Most felt that the base rate should be higher, although there was a general consensus that they did not want to lose any of the other factors. Most of the comments from maintained settings referred to the issue in relation to their inability to charge for additional sessions, which did not put them on a 'level playing field' with the PVI sector.

### **Flexibility supplement**

Although the table overleaf shows that more people agree than disagree with the way in which the flexibility supplement is determined, there was significant debate at the briefing sessions and many comments around the inability of some sessional providers to be more flexible with their accommodation or to ever be able to achieve the upper payment of 10 hours a day over 50 weeks. This was not considered to be in the interests of the child. Some providers indicated that it would be impossible to be able to offer a viable free place over 50 weeks, which made this factor unachievable.

<b>Setting type</b>	<b>Agree</b>		<b>Disagree</b>		<b>Not answered</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
Full Day Care	24	71	10	29	0	0
Maintained Sector	4	45	3	33	2	22
Sessional	17	59	12	41	0	0
<b>All</b>	<b>45</b>	<b>62</b>	<b>24</b>	<b>35</b>	<b>2</b>	<b>3</b>

### **Deprivation supplement**

More respondents agreed than disagreed with the deprivation factor. It was clear from those that disagreed that a number did not understand the way in which the local authority determines deprivation or the government drive to 'narrow the gap' in achievement between this group of children and their peers.

<b>Setting type</b>	<b>Agree</b>		<b>Disagree</b>		<b>Not answered</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
Full Day Care	22	65	12	35	0	0
Maintained Sector	5	56	2	22	2	22
Sessional	20	69	9	31	0	0
<b>All</b>	<b>47</b>	<b>65</b>	<b>23</b>	<b>32</b>	<b>2</b>	<b>3</b>

### **Quality supplement**

Only 56% of respondents agreed with the quality supplement. The maintained sector felt that the quality supplement for teachers should reflect the cost of paying teachers according to national pay and conditions. However, the main issue for the PVI sector was that the Early Years Professional (EYP) is a relatively new qualification which takes some time to acquire. PVIs felt that the enhanced rate for employing an EYP should equal that for a QTS, to enable settings to pay at a level which would mean they could retain good quality staff.

<b>Setting type</b>	<b>Agree</b>		<b>Disagree</b>		<b>Not answered</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
Full Day Care	19	56	14	41	1	3
Maintained Sector	4	45	3	33	2	22
Sessional	18	63	10	34	1	3
<b>All</b>	<b>41</b>	<b>56</b>	<b>27</b>	<b>38</b>	<b>4</b>	<b>6</b>

Many mentioned that other factors for quality should be explored. It was felt the Ofsted rating should be included for 2010-11, in particular acknowledging outstanding settings.

### **Alternative supplements**

Respondents were asked to identify any additional supplements that they felt should be included in the formula. The following were highlighted:

- Additions for being a rural setting

- Qualifications and experience of other staff members, eg, Level 3s
- SEN supplement to cover extra paper work that goes with providing the necessary support for each child with extra needs.
- Customer satisfaction
- Number of children with English as an additional language (EAL) attending setting and SEN number of pupils registered on Early Years Action/Early Years Action Plus - providing additional support for these pupils has financial implications.
- Ofsted grading, in particular outstanding settings
- Accreditation and use of an Early Years Quality Improvement Support Programme
- Attendance on courses
- Supplement for charity run pre schools
- Meals
- Outdoor play areas/facilities
- Consideration of rent/rates/mortgage reflecting the quality of the accommodation

### **Payment Process**

To respond to the introduction of the single funding formula, some adjustments to the current payment systems were also proposed, ie, reducing the number of headcounts dates. The consultation showed that only half of full daycare providers favoured this approach. Many of those at the consultation sessions did not agree with this change at the same time as introducing the formula.

### **Impact Assessment**

As part of the consultation, respondents were asked to judge the impact they expected the formula would have on their setting. The majority of settings felt that the formula would have an adverse effect, with the sessional providers expecting the biggest impact as follows:

	<b>Benefit</b>		<b>No Change</b>		<b>Adverse</b>		<b>Not answered</b>	
<b>Setting type</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
Full Day Care	8	24	7	21	15	43	4	12
Maintained Sector	1	11	0	0	7	78	1	11
Sessional	5	17	6	21	17	59	1	3
<b>All</b>	<b>14</b>	<b>19</b>	<b>13</b>	<b>18</b>	<b>39</b>	<b>55</b>	<b>6</b>	<b>8</b>

### **Transition**

One of the main concerns raised by providers was the issue around reshaping their provision in time to meet the introduction of the new formula in April 2010. There was a general feeling that there should be arrangements for funding transition costs for all affected providers. This is in line with DCSF guidance that states that local authorities may fund transition costs for up to three years.

**Proposed for Early Years Single Funding Formula 2010-11**

<b>Base rate Option 3</b>		
£3.25	£8,634,858	
Total	£8,634,858	87.90%

<b>Flexibility Option 2</b>			
4 hours and over	£0.15	£71,723	
6 hours and over	£0.20	£362,881	
Total		£434,604	4.42%

<b>Quality Option 4</b>			
Outstanding Ofsted	£0.05	£15,474	
EY Professional	£0.20	£9,866	
Qualified Teacher	£0.25	£362,718	
Total		£388,058	3.95%

<b>Deprivation Consultation</b>			
% of children living in bottom 30% national idachi SOA	£0.005	£214,049	
Total		£214,049	2.18%

<b>Nursery School Consultation</b>		
Lump sum	£47,933	
Total	£47,933	0.49%

<b>Rurality Proposal</b>			
Lump sum Classification: Rural 21 settings	£2,000	£42,000	
Total		£42,000	0.43%

Provisional pot	<b>£9,824,000</b>	
Formula Costs	<b>£9,761,502</b>	<b>99.36%</b>
Remaining	<b>£62,498</b>	<b>0.64%</b>

**Examples of impact of the single funding formula on maintained nurseries**

The following are actual examples.

**Maintained Nursery Provider A (fully occupied)**

Provider A has a 52 place nursery that is almost fully occupied over the year. Under the current payment system, they receive £76,098 per annum. This nursery has an outstanding Ofsted grading and 13.36% of children attending from a disadvantaged area. The school is projected to receive a budget of £93,477 under the single funding formula.

Number of places available	52
Number of places filled	52
Ofsted grading	Outstanding
% children from disadvantaged area	13.36%
Current budget	£76,098
Proposed budget	£93,477

**Maintained Nursery Provider B (less than half full)**

Provider B has a 104 place nursery that is less than half full with an average of 42 children attending over the year. Under the current payment system, they receive £114,478 per annum. This nursery has a satisfactory Ofsted grading and 20.37% of children attending from a disadvantaged area. The school is projected to receive a budget of £89,077 under the single funding formula before transition funding is applied, ie, marginally less than Provider A that has 10 more children.

Number of places available	104
Number of places filled	42
Ofsted grading	Satisfactory
% children from disadvantaged area	20.37%
Current budget	£114,478
Proposed budget	£89,077