

**Government
Response to the
Children, Schools and
Families Committee
report on Early Years
Single Funding
Formula
(April 2010)**



Department for Children, Schools and Families

Government Response to the Children, Schools and Families Committee report on Early Years Single Funding Formula (April 2010)

Presented to Parliament
by the Secretary of State for Children, Schools and Families
by Command of Her Majesty

April 2010

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Introduction

1. The Children's, Schools and Families Select Committee published the report of its inquiry into the Early Years Single Funding Formula (EYSFF) on 24 March 2010.
2. This is the Government's response, which responds to the Select Committee's overall conclusions and its specific recommendations.

Response to the Report

3. The Government wishes to thank the Select Committee for their interest in the Early Years Single Funding Formula. The Government welcomes the Select Committee's report, which will be of considerable value in taking forward the EYSFF. The Government fully supports the Select Committee's clear view that the EYSFF is an important part of improving and sustaining a range of high-quality early learning and childcare provision locally, and the report will be of considerable help in securing this in every local authority.
4. The Government welcomes the Select Committee's overall conclusion that the underlying principles of the EYSFF are sound, and that it should bring greater transparency than the current funding arrangements. The Government wholeheartedly agrees with the conclusion that the EYSFF can bring substantial long term benefits for children and families – if it is implemented effectively and carefully. Ensuring this is the case will be a key focus in the lead up to universal implementation by local authorities in April 2011. It is very much in this spirit that the Government also welcomes, the Select Committee's conclusion that the decision to delay implementation by a year (from April 2010 to April 2011) and run a pathfinder in preparation was correct. The new pathfinders announced in February 2010 will build on the success of the pilots in demonstrating more widely that successful local implementation of the EYSFF is achievable. The Government will work with the pathfinders to support all local authorities to deliver the formula confidently and successfully in April 2011.
5. The Select Committee report highlights the important contribution made by maintained nursery schools, and points to the steps taken by the Government to protect this invaluable provision and support their ongoing sustainability. Maintained nursery schools are an important part of the childcare and early education landscape and it is helpful for the Select Committee to have recognised the firm stance the Government has taken on supporting them.

Response to Specific Recommendations

Every local authority should include a quality supplement in its single funding formula, and the level of that supplement should be credible and not minimal. We recommend that the Department specify in future guidance to local authorities that a quality supplement is mandatory. At the very least, local authorities which have decided that a quality supplement is unnecessary should be challenged by the Department. (paragraph 80)

6. The Select Committee report recommends that the quality supplement should be made mandatory. The Government certainly agrees that the EYSFF should form part of local authorities' strategies for driving up the quality of early years provision and supporting continuous improvement. This is made clear in our guidance and the role of the free entitlement in improving quality is expanded upon further in the newly published *Code of Practice for Local Authorities on Delivery of Free Early Years Provision for 3 and 4 year olds*. The EYSFF guidance (*Implementing the Early Years Single Funding Formula: Practice Guidance July 2009*¹) explains that pilot authorities found a quality supplement an effective way to incentivise improvements in quality. We recognise, though, a quality supplement has a potential role in not only incentivising but also rewarding quality. This is something which the Government will be looking closely at in the pathfinder authorities, and future guidance will revisit the quality supplement in the light of the experience of the pathfinders.

The implementation of Sir Jim Rose's proposals to encourage entry to primary school in the September following a child's fourth birthday will have far-reaching consequences for early years funding. The distinction between early years and primary education is being blurred: some four-year-olds will be in school while others will be in early years settings. The former will be funded by local authorities according to the schools funding formula, the latter through the early years single

¹ Practical guidance to assist local authorities to implement their EYSFF can be found at the following link; <http://www.dcsf.gov.uk/everychildmatters/resources-and-practice/IG00611/>

funding formula. We question whether this is fair or logical, and we recommend that the Government examine whether a unified funding system should be introduced for all children aged from 2 to 11 years old. (Paragraph 119)

7. The Select Committee recommended consideration of the merits of a unified funding system for children aged two to eleven years. The Select Committee will no doubt be aware the Government recently issued a consultation document on the future distribution of the Dedicated Schools Grant, which funds provision for pupils aged between 3 and 16. The Government is proposing that, within the allocation for each local authority, there will be an unringfenced block for early years settings including nursery classes within primary schools. This would be calculated according to the characteristics of the pupils and the higher costs associated with pay and sparsity in some areas, but would not be affected by the way a local authority has chosen to configure its provision. The Government believes this is the best way forward.

We recommend that the Government review all early years single funding formulae – whether proposed or implemented - by the autumn of 2010. In particular, the Government should assess:

- The use made by local authorities of the quality supplement, with a view to making it mandatory;*
 - The supply of cost information, with a view to requiring private, voluntary and independent settings to supply that information if they are to receive payments for provision under the free entitlement;*
 - The impact on Children’s Centres, to inform the development of Phase 3 centres and the evolution of Phase 1 and Phase 2 centres; and*
 - Whether local authorities are setting formulae which assume unrealistic rates of take-up. (Paragraph 125)*
8. The Select Committee rightly recognised the importance of effective implementation, and recommended that the Government review all formulae by the autumn of this year. The Government supports the principle that underlies this recommendation - that effective implementation is critical and the Government should work to ensure this is achieved. Fundamentally, however, the EYSFF is for local agreement between local authorities and childcare providers, guided by particular

local priorities and circumstances. This being the case, the Government does not believe it would be appropriate or practical to review the detail of every local authorities proposed formula. The Government do see an important role for the Government in reviewing the readiness to deliver of local authorities not already doing so, and the Department for Children, Schools and Families (DCSF) will work closely with Government Offices in continuing to support and, where necessary, challenge local authorities on their preparedness. There is also an important role for Government Offices in working with pathfinder local authorities both to disseminate best practice and learn lessons from implementation. The DCSF will also ensure that details of pathfinder formulae are shared.



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