

PHASE ONE QUICK SURVEY SUMMER 2007 ANALYSIS OF RESULTS

1) Voluntary Sector

Data Collection

In autumn 2006 there were 257 pre-schools who received EYEF and were still operational in autumn 2007. Of these 64 financial 'health check' and 23 breakeven analysis forms were held by the county council for 87 voluntary pre-schools. These were used to calculate an approximate cost per funded child per hour for each of the settings. The calculation used:

- (a) Staff Costs (per session)
- (b) Premises Costs (per session)
- (c) Other Costs (per session - including consumables, administration etc)
- (d) Total funded sessions claimed (per week – autumn 2006 default)
- (e) No. of Sessions opened (per week)

Results – Cost per funded child per hour

The results from this analysis provided the following summary information for the cost per funded child per hour:

The costs per hour ranged from £13.73 for the highest cost to £1.67 for the lowest, the arithmetic average (or mean) cost was £3.73 and the central or median cost was £3.33 per hour. The difference between the arithmetic average and the median resulted from the small number of very high costs which were skewing the average cost. In this case the median cost is a much better measure to be used.

However the chosen methodology was subject to some major limitations. These were:

- A limited number of settings were included in the analysis due to the timing of the exercise. Additional voluntary settings could not be contacted directly because of the summer holidays.
- The results do not provide a complete picture of the financial operation of the settings as the figures do not take into account fees paid by three- and four-year-old children for extra sessions and lunch clubs.
- The information which was used was historical and referred to autumn 2006) so could be out-of-date.
- Not all costs may have been taken into account as some settings may not have included all their costs on the financial health check forms (e.g. Ofsted fees, insurance etc.).
- The breakeven/health checks held by the county council tend to come from settings experiencing some sort of sustainability problem. This could potentially lead to a bias in the results and may not be a true reflection of the majority of the voluntary providers in Devon.

2) Private & Independent Sector

Data Collection

During summer 2007, 75 day nurseries and independent schools were e-mailed asking if they would provide information for the funding review. The information requested was:

- (a) Postcode of setting
- (b) Hourly cost per three- to four- year old EYEF child.
- (c) Usual hourly fee charged for three- to four- year old child
- (d) Do you operate from rented or owned premises?

Results – Cost per funded child per hour

There was a poor response rate. Only 20 responses were received from the 75 e-mails sent out. It also became apparent in some of the responses received that settings were not clear on definition of 'unit cost'. Many referred to the fee that they charge and/or the hourly amount that we provide for EYEF as their cost. As a result only a small number of replies covering 10 full day nurseries were considered to be reliable. In view of the lack of response web sites were researched for published fee structures and opening hours, in order to make calculations on a further 54 settings.

The results from this analysis provided the following summary information for the cost per funded child per hour:

The costs per hour ranged from £7.66 for the highest cost to £1.80 for the lowest, the arithmetic average (or mean) cost was £3.48 and the central or median cost was £3.59 per hour. The arithmetic average and the median were much closer in this analysis but a small number of very low costs were pulling down the average cost. Again the median cost is a much better measure to be used.

However the chosen methodology in the private sector was also subject to some major limitations. These were:

- The results do not provide a complete picture of the financial operation of the settings as the figures do not take into account fees paid by three- and four-year-old children for extra sessions and lunch clubs.
- The information obtained from early year's websites may be out-of-date.
- Due to a lack of understanding of the concept of 'unit cost', some of the information received from settings was not reliable.
- The resulting calculations made from very limited and possibly unreliable information and therefore potentially unsafe.

DCSF GUIDANCE – 6 STAGE PROCESS

1. Plan the activity in consultation with provider groups

Findings from the preliminary research and proposals for this analysis were shared with the Early Years Funding Review Group as well as with other existing networks and meetings including the Early Years and Childcare Task Group. In addition input, feedback and advice from some of Devon's multi-site private nursery providers was obtained at various stages before and during the consultation.

2. Advertise the activity – engaging providers

An initial letter to all EYEF providers was sent early September. This was followed up early in October with a further letter explaining in more detail how the research was going to be carried out. This outlined the importance of the research, requesting co-operation from settings if they were asked to take part in the research and a copy of the questionnaire was attached. Early Years and Childcare Service District Co-ordinators were also briefed so that they could raise/promote the matter as an agenda item during networking meetings with providers.

3. Collect the data –developing the evidence base

The basic concept of calculation of Unit Cost is simple. This involves calculating the number of units of a product or service produced/delivered (in this case childcare hours) and apportioning total expenditure appropriately between those units.

Unit Cost for a pre-school service caring mainly for EYEF three and four year old children and providing a largely sessional service should be the most simple to establish.

The calculation is slightly more complicated in the case of an early years setting providing wraparound care, such as a lunch hour bridging two sessions. However the care is still for the same age range and it can be reasonably assumed that hourly costs per child would be the same for the whole service.

In contrast, a full day nursery operating a ten hour day for children with ages ranging from 0 – 5 years old, for a range of session times and lengths, is a far more complex service and requires a more complex calculation of costs per hour. The different age ranges require different minimum adult/child ratios under Ofsted National Standards and some costs, in particular those for staff, would be dependent on the age group of the child. Those child/staff ratios are as follows:

- Three children per member of staff for children under two years of age;
- Four children per member of staff for children aged two years;
- Eight children per member of staff for children aged three- and four-years of age.

It was not thought to be appropriate simply to divide all costs evenly among the total number of childcare hours.

As a result two questionnaires were developed, as were two systems for consulting with providers, one for full day nurseries the other for voluntary pre-schools, independent schools and childminders (See Appendix 3 and 4).

Voluntary pre-schools, nursery units in independent schools and childminders

Completion of the questionnaire was included in financial health check visits undertaken by Trio Childcare Connections (commissioned by the Early Years and Childcare Service to provide support and monitoring of pre school sector) during October and November. A training morning was held 4th October for the Trio Development Workers to explain what was required, introduce the questionnaire and give an opportunity to raise questions. It was expected that using this resource the Local Authority would be able to establish reliable figures from a good majority of these providers.

Private full day nurseries

Due to the added complexities of apportioning costs in this sector it was decided to approach a cross section of such providers, asking for their co-operation in meeting and completing the questionnaire. These visits would be undertaken by the three Business Support Officers who work within the Early Years and Childcare Service. We were aiming for a 40% sample of full day nurseries (30 nurseries from this survey and 10 from the previous one). A cross section was selected with regard to rurality, disadvantage and district spread.

4. Analyse the data – producing a unit cost

From the data received approximate costs for delivery of the free entitlement was derived for different categories of providers.

5. Present the analysis

The Early Years and Childcare Service discussed the draft findings of the analysis with the Early Years and Childcare Task Group and with a number of PVI providers as the analysis progressed.

The findings of the analysis will be presented to the Early Years Review Group in January and then SFIG (Schools' Funding Issues Group) and Schools Forum.

6. Publish the conclusion

The findings of the analysis will be published on the local authority website – with any financial data properly anonymised - alongside the terms of reference and the next steps to be taken and how this work will be progressed in line with Government guidance on funding reform.

Early Years Education Funding Review – Action Plan

Date	Action to be taken	Groups/individual involved
September 2007	Introductory letter sent to all early education funded providers	Early education providers; EYCS staff; support service staff
	Introduction and consultation on the process with Early Years and Childcare Task Group and Early Years Review Group	Representatives of early education providers; schools; EYCS staff; support service staff
	Draft proposal taken to Schools Funding Issues Group and Schools Forum	Head of EYCS; Head of Resources Strategies; Schools Forum
	Identification of data to be collected to inform analysis of cost	EYCS staff
	Sample survey design completed to include instructions, questionnaire design, method of collection, sample selection.	EYCS staff
October 2007	Second letter sent to all early education funded providers about proposed process	Early education providers; EYCS staff; support service staff
	Training of interviewers	EYCS staff
October-November 2007	Consultation with providers at Network meetings	EYCS staff; support service staff
	Collection of data	Support service staff; EYCS staff
	Creation of database, inputting of data	EYCS staff
November-December 2007	Analysis of data – ongoing as interviews are completed.	EYCS staff
January 2008	Final Report taken to Early Years Review Group, then SFIG and Schools Forum	EYCS staff
	Final report published on Devon County Council website	EYCS staff

APPENDIX 3 - Private Sector Questionnaire

Reforming the funding for the Free Entitlement to Early Education- Analysis of Unit Costs and Funding Survey

Background

The Department for Children, Schools and Families (DCFS) have instructed Local Authorities to review and revise how the free entitlement to early learning and care for three and four year olds is provided. This review will support the future extension of funding to 15 hours per week from the present 12 ½ hours and an increase in flexibility for parents/carers as to how those hours can be used.

Key issues to be resolved and timescales include:

- introducing a single formula for funding early year's provision in the maintained (schools) and private, voluntary and independent (PVI) sectors over the next two years and by April 2010 at the latest.
- Introducing a consistent pupil counting system between maintained and PVI sectors from April 2009
- In the short term and the subject and purpose of this questionnaire, carrying out an analysis of PVI costs.

Objectives of this survey/analysis of costs

Undertaking an analysis of the cost of delivering the free entitlement to nursery education for 3 and 4 year olds in the private voluntary and independent sector is a key staging post in the process of arriving at a single local formula for free entitlement by 2010. To complete this we are expected to produce and publish a document which includes an outline of the process, its findings and conclusions in the context of planned spending on the free entitlement, outcomes for children, sufficiency and sustainability.

This survey/questionnaire gives an opportunity for Early Years Education Funded settings to provide quality information on which we can base our report and future funding strategy. It will, in order to avoid additional meetings and visits, normally be completed in conjunction with the Trio Childcare Development Worker who supports your area, as part of their Healthcheck visit.

Data Protection Act 1998.

Information from this audit will be used in relation to the above analysis of costs, towards the report of our findings and to help in the process of arriving at a single local funding formula.

It may be used more widely for other childcare related statistical purposes, registered by the County Council under Data Protection legislation.

The information provided for either of the above purposes will not be done in a way that will identify any individual setting.

Individuals have the right of access to personal data held about them by the County Council.

This information will be disclosed only to those persons authorised to see it and use it for the above purposes and will be securely stored.

1	Please enter details of your organisation	Name of Provider organisation	
		Ofsted Number	

2	Please enter the name of the person completing the survey	Name of Respondent	
---	---	--------------------	--

3	Please enter the position held by the respondent (e.g. owner, manager, etc.)	Position of respondent in Provider organisation	
---	--	---	--

4	Please indicate which sector your setting is in	Please tick the relevant box to indicate whether you are a Private (P), Voluntary (V) or Independent (I) setting	P	V	I
	And please indicate the type of Day Care provided	Please tick the relevant box indicating whether you provide Sessional (Sess), Full Day Care (FDC) or Childminding (CM) provision	Sess	FDC	CM

5	Please indicate the ownership structure of your organisation (Note – not relevant for Independent schools)	<i>Ownership Structure</i>	<i>Please tick whichever applies</i>		
		- Privately owned and managed			
		- Member of larger privately-owned group			
		- Voluntary committee managed			
		- Member of larger voluntary sector group			
		- Other, please specify (e.g. church owned)			

6	Please specify the ages of children who attend	Age range attending (please tick all the boxes which apply)	under 2 years	2 years	3 and 4 years	5 years & over
---	--	---	---------------	---------	---------------	----------------

7	Please specify the opening hours of your setting and the total hours open per week. Please enter the total hours worked by staff during the autumn 2007 headcount week.	Opening hours	
		Total Hours open per week	
		Total Hours worked by staff per week	

8	Hours attended by children and hours worked by staff – use autumn 2007 headcount week	Insert total hours attended each day by children within each age group in Table 1 below. Insert total hours worked by staff within each age group in Table 2 below.
---	---	---

Hours Attended - Children				
Age:	< 2 years	2 years	3/4 years	5 years & over
Mon				
Tues				
Wed				
Thurs				
Fri				

Hours Worked - Staff				
Age:	< 2 years	2 years	3/4 years	5 years & over
Mon				
Tues				
Wed				
Thurs				
Fri				

9	Please indicate the number of weeks open per year and details of Early Years Education Funded sessions and weeks	Number of weeks open per year	
		Number of EYEF weeks offered per year	
		Number of EYEF sessions offered per week	

10	Please provide a breakdown of your costs based on your latest full year accounts, using the following headings if possible. Please round to the nearest pound.	<i>Costs (total for business) based on your latest full year accounts or last full year of operation</i>	<i>Total - £s</i>
		- Employees (including agency staff costs)	
		- Premises (including rent, rates, heating, lighting etc.)	
		- Transport	
		- Supplies & Services (all bought in goods & services)	
		- Agency & Contracted Services (including all professional services such as legal & accounting, payroll)	
		- Recharges (including interest & payments for group services; e.g. share of administration overhead if relevant)	
		- Other (including Ofsted membership, Insurance etc.)	
		Total Costs (total of all of the above)	
	Please indicate the accounting year the costs relate to	Accounting Year	

APPENDIX 4 – Voluntary/Independent Sector Questionnaire

Reforming the funding for the Free Entitlement to Early Education- Analysis of Unit Costs and Funding Survey

Background

The Department for Children, Schools and Families (DCFS) have instructed Local Authorities to review and revise how the free entitlement to early learning and care for three and four year olds is provided. This review will support the future extension of funding to 15 hours per week from the present 12 ½ hours and an increase in flexibility for parents/carers as to how those hours can be used.

Key issues to be resolved and timescales include:

- introducing a single formula for funding early year's provision in the maintained (schools) and private, voluntary and independent (PVI) sectors over the next two years and by April 2010 at the latest.
- Introducing a consistent pupil counting system between maintained and PVI sectors from April 2009
- In the short term and the subject and purpose of this questionnaire, carrying out an analysis of PVI costs.

Objectives of this survey/analysis of costs

Undertaking an analysis of the cost of delivering the free entitlement to nursery education for 3 and 4 year olds in the private voluntary and independent sector is a key staging post in the process of arriving at a single local formula for free entitlement by 2010. To complete this we are expected to produce and publish a document which includes an outline of the process, its findings and conclusions in the context of planned spending on the free entitlement, outcomes for children, sufficiency and sustainability.

This survey/questionnaire gives an opportunity for Early Years Education Funded settings to provide quality information on which we can base our report and future funding strategy. It will, in order to avoid additional meetings and visits, normally be completed in conjunction with the Trio Childcare Development Worker who supports your area, as part of their Healthcheck visit.

Data Protection Act 1998.

Information from this audit will be used in relation to the above analysis of costs, towards the report of our findings and to help in the process of arriving at a single local funding formula.

It may be used more widely for other childcare related statistical purposes, registered by the County Council under Data Protection legislation.

The information provided for either of the above purposes will not be done in a way that will identify any individual setting.

Individuals have the right of access to personal data held about them by the County Council.

This information will be disclosed only to those persons authorised to see it and use it for the above purposes and will be securely stored.

1	Please enter details of your organisation	Name of Provider organisation	
		Ofsted Number	

2	Please enter the name of the person completing the survey	Name of Respondent	
---	---	--------------------	--

3	Please enter the position held by the respondent (e.g. owner, manager, etc.)	Position of respondent in Provider organisation	
---	--	---	--

4	Please indicate which sector your setting is in	Please tick the relevant box to indicate whether you are a Private (P), Voluntary (V) or Independent (I) setting	P	V	I
	And please indicate the type of Day Care provided	Please tick the relevant box indicating whether you provide Sessional (Sess), Full Day Care (FDC) or Childminding (CM) provision	Sess	FDC	CM

5	Please indicate the ownership structure of your organisation (Note – not relevant for Independent schools)	<i>Ownership Structure</i>	<i>Please tick whichever applies</i>		
		- Privately owned and managed			
		- Member of larger privately-owned group			
		- Voluntary committee managed			
		- Member of larger voluntary sector group			
		- Other, please specify (e.g. church owned)			

6	Please specify the ages of children who attend	Age range attending (please tick all the boxes which apply)	under 2 years	2 years	3 and 4 years	5 years & over
---	--	---	---------------	---------	---------------	----------------

7	Sessions – use autumn 2007 headcount week	Insert times of sessions and numbers attending in each age group in the grid below
---	---	--

	Morning					Lunch				Afternoon				
Times:														
Age:	< 2 yrs	2 yrs	EYEF 3/4 yrs	Other 3/4 yrs	5 yrs & over	< 2 yrs	2 yrs	3/4 yrs	5 yrs +	< 2 yrs	2 yrs	EYEF 3/4 yrs	Other 3/4 yrs	5 yrs & over
Mon														
Tues														
Wed														
Thurs														
Fri														

8	Please indicate the number of weeks open per year and details of Early Years Education Funded sessions and weeks	Number of weeks open per year	
		Number of EYEF weeks per year	
		Number of EYEF sessions per week	

9	Please provide a breakdown of your costs based on your latest full year accounts, using the following headings if possible. Please round to the nearest pound.	<i>Costs (total for business) based on your latest full year accounts or last full year of operation</i>	<i>Total - £s</i>
		- Employees (including agency staff costs)	
		- Premises (including rent, rates, heating, lighting etc.)	
		- Transport	
		- Supplies & Services (all bought in goods & services)	
		- Agency & Contracted Services (including all professional services such as legal & accounting, payroll)	
		- Recharges (including interest & payments for group services; e.g. share of administration overhead if relevant)	
		- Other (including Ofsted membership, Insurance etc.)	
		Total Costs (total of all of the above)	
Please indicate the accounting year the costs relate to	Accounting Year		