

REPORT TO THE EARLY YEARS REFERENCE GROUP (EYRG)
COST SURVEY UPDATE

1. PURPOSE

1.1 To update the EYRG on the current position on the cost survey.

2. BACKGROUND

2.1 As part of the introduction of the new funding arrangements for early years the DCSF requested LA's carry out a cost survey of early years providers.

2.2 This was designed to inform the work required for the introduction of a single funding formula.

3. CURRENT POSITION

3.1 Cost Survey Questionnaire Circulation

(a) Following the EYRG meeting in November 2007 all PVI providers were circulated with a cost and provision questionnaire to complete with their individual information. Providers were assured that information would be treated confidentially.

(b) The EYRG met in February 2008 to consider the returns. The level and content of the responses was disappointing. At this meeting it was agreed: -

- For the PVI providers, given the low level of response (<25%) to the questionnaire, to reissue the survey to those providers yet to reply for completion by 31st March 2008.
- To issue a similar survey to the maintained sector for completion by 31st March 2008.

(c) The current number of responses received is as follows: -

PROVIDER	TOTAL NUMBER OF PROVIDERS	NUMBER OF RETURNS RECEIVED	%	NUMBER WITH SOME FINANCIAL ANALYSIS INCLUDED *	%
Maintained	56	20	36	16	29
Private	177	72	41	48	27
Voluntary	108	50	46	47	44
Independent	14	10	71	7	50
Childminders	13	6	46	3	23
TOTAL	368	158	43	121	33

* These include partial as well as full completion. The number fully completed is less than the number indicated.

3.2 Conclusions

(a) These returns have been analysed and in terms of the costs provided the following issues are evident: -

- Despite the inclusion of guidance notes, there has been significant different interpretation by individual providers on the completion of the analysis.
- Some costs are only part completed and some have not been apportioned between the free entitlement and paid provision.
- There are a number of staffing models within and between sectors.
- Attempts to convert the submissions to a cost per hour shows a significant variation within and between sectors.
- In common with a number of other LA's, the benefit and effectiveness of completing the costing exercise, particular over such a large market, can be questioned.
- For the costs analysis to be of any use there would need to be significant further work and liaison with individual providers.
- The variations in the costings do not readily lend it to be useful in trying to set an average provider cost within the sectors for both staffing and non-pay costs.

(b) Analysis has shown initial variations in costs by provider for Non Staffing Costs Per Hour to be: -

Type	Range £	Mean £	Median £
Private	0.04 to 1.51	0.29	0.30
Voluntary	0.05 to 3.33	0.34	0.27
Independent	No information	No information	No information
Childminder	0.12 to 0.33	0.20	0.15

This has been calculated from those returns with full financial analysis of non-staffing costs against hours open and occupancy.

(c) There will need to be further discussions on these issues with the EYRG.

4. RECOMMENDATION

The EYRG considers the issues as required.

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