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To: Directors of Children's Services  
Cc: Local authority early years and children's  
centre lead officers; Directors of Public Health

Dear Colleagues

### **Payment by results for Sure Start Children's Centres**

I am writing to let you know about a forthcoming opportunity for your local authority to take part in trialling payment by results for Sure Start Children's Centres. As you may be aware, payment by results schemes are being considered across Government. They are an important part of the Government's ambitions to improve public services and value for the taxpayer. We share a common goal to focus resource on what works.

Sure Start Children's Centres are now funded through the Early Intervention Grant. The Government wants to use payment by results to incentivise a focus on the proposed core purpose of children's centres: to improve child development and school readiness among young children and to reduce inequalities. This includes identifying, reaching and supporting the most disadvantaged families to improve their parenting aspirations and skills and to promote family health and life chances. It will be crucial to explore the potential to join up with other payment by results schemes being developed across Government.

The Government recognises the challenges inherent in this type of work - whilst payment by results has a strong theoretical basis, it has not been widely used in children's services to date. The Government wants therefore to take development forward in partnership with local authorities and the early years sector. I am pleased that the Children's Improvement Board has agreed to oversee the work. As you may know, the Children's Improvement

Board is a consortium of ADCS, the Local Government Group, SOLACE (the local authority chief executives' organisation) and the Department for Education. It is leading the arrangements for the development of a sector-led model of improvement support and challenge for children's services, as well as providing governance for its operation. The Children's Improvement Board has asked Serco and C4EO to support the payment by results trial local authorities on its behalf. The Government has also been working closely with the Department of Health to ensure appropriate alignment with policy around the Health Premium, and will continue to do so.

The Government anticipates that the trials will develop approaches to payment by results at both local and national level (i.e. local authority to children's centre, and Department for Education to local authority). There will be development funding for around 15 – 30 trial local authorities, to be determined based on the size and range of proposals received (this will be in addition to Early Intervention Grant funding allocations for 2011-12 and 2012-13). Overcoming data and measurement challenges will be a key focus. The trials do not need to be restricted to children's centres alone. We would like to see links made where appropriate to activity relating to Community Budgets and the health visitor Early Implementer Sites. I hope the progress of the trials will generate a strong evidence base from which Ministers can make decisions about how best to roll out payment by results more widely, from 2013-14.

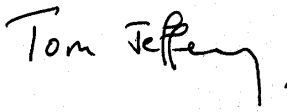
### **Would you like to hear more?**

Your local authority is invited to send a representative to a half day workshop, which will give you more information about the application process. There will be opportunities to discuss with others how the trials should operate and potential payment by results measures. The workshops will take place on the 21<sup>st</sup> June (London), 22<sup>nd</sup> June (Birmingham) and 23<sup>rd</sup> June (Leeds). Please contact Katerina Charalambous ([Katerina.charalambous@local.gov.uk](mailto:Katerina.charalambous@local.gov.uk)) to book a place by 17 June. You are welcome to bring a colleague from the health service.

Following these workshops, local authorities will be invited to submit applications. The Children's Improvement Board would like to see innovative proposals which will help to develop workable models that can be adopted by other areas. It is not necessary, at this stage, for all trial areas to have highly developed systems for evidencing outcomes for children's centres. Our intention is that the arrangements are trialled in a range of local authorities which are geographically and demographically diverse. The Children's Improvement Board will consider applications from groups of local authorities, where this offers the potential to maximise learning and efficiencies through partnership working.

The decision on the selection and funding of trial areas will be taken by Ministers in the Department for Education later in the summer, based on advice from the Children's Improvement Board to ensure that an appropriate range of local authorities are selected.

I hope this proposition is of interest, and I look forward to hearing from you.



Tom Jeffery.

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Department for Education