



**Children, Young People
and Learning
Department**

RESPONDING TO DfE REFORM OF EARLY YEARS FUNDING

A CONSULTATION WITH EARLY YEARS PROVIDERS IN BRACKNELL FOREST

**9 DECEMBER 2016
TO 20 JANUARY 2017**

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Executive Summary

1. This consultation document sets out proposals from Bracknell Forest Council (BFC) for the local funding arrangements to be put in place next year in response to the reform of the national Early Years (EY) funding framework by Department for Education (DfE). Views are now being sought on these proposals from local providers.
2. The DfE is making changes in order to enable those parents that want to work more hours to do so. To this end, the free entitlement to education and childcare (the “free entitlement”) for 3 and 4 year olds will be extended from 15 to 30 hours per week for working families. There will be £1 billion of additional funding by 2019-20 to increase provider funding rates and encourage the development of the additional places that will be required to meet increased take-up.
3. The DfE will also be changing the way it funds local authorities (LAs) and has produced illustrative financial data which indicates that BFC will substantially gain from the changes, with an estimated 14.1% increase in per child funding rates compared to the national average increase of 8.3%. This equates to around £0.586m for the 15 hours free entitlement. A further £0.273m is expected in 2019-20 when the new arrangements are fully implemented, so £0.859m in total. At this point per child funding will have increased by 20.1%.
4. The changes proposed in this local consultation are intended to maximise quality of provision, increase the number of free entitlement hours and target support to children that need it the most to succeed, who providers then prioritise. They will result in an average increase in provider hourly funding rates of 14.1%. The new enhanced funding rates will also be paid to those providers choosing to deliver the extended entitlement between 15 and 30 hours for working families.
5. However, to ensure that where flexibility exists to make local decisions, the right choices are made, the Council is seeking views from providers on the proposals, in particular:
 - The value of the hourly base rate that must be paid at the same amount to all providers
 - The top up supplements that should be paid to providers delivering priorities
 - The criteria that should be used to determine eligibility for each supplement
 - The hourly rate that each supplement should be set at
 - Funding arrangements to be put into place to support children with a Disability Living Allowance
 - Funding arrangements to be put into place to support children with Special Educational Needs (SEN)
 - How much money should be spent on the EY support services that the Council should deliver
6. In respect of the free entitlement for 2 year olds, as this is a very recent development, the DfE will not be making any changes to current arrangements and are instead proposing to increase all LA per child funding rates by 7.1%. The council proposes to follow this approach and apply a 7.1% uniform increase to the current £5.10 hourly rate paid in BF, making a new rate of £5.46.
7. This is an important consultation that will have significant financial implications and all providers are therefore encouraged to complete a response so their views can be considered when final budget decisions are taken in March 2017.

Introduction

8. The purpose of this consultation is to gather views from EY providers and other interested parties on the council's funding proposals for April 2017. These need to be updated to reflect new requirements from the government. It builds on the briefing note sent to providers in September, with updates where appropriate, and includes firm proposals in respect of funding arrangements for EY providers and support services.
9. Unless otherwise stated, this consultation relates to 3 and 4 year olds only. The DfE are not proposing any significant changes to the funding arrangements for 2 year olds.
10. A range of supporting information is also available with this consultation. The following additional materials have been produced:
 1. A list of Annexes. This expands on the information contained in this, the main consultation document.
 2. A spreadsheet to illustrate the potential funding rates for providers to help understand the anticipated financial impact on them from the proposals being presented. Simple 'what if?' scenarios can also be performed against the other options presented in this document.
11. The consultation documents and supporting information from both the DfE and BFC can be found at the following BFC website address:

<http://schools.bracknell-forest.gov.uk/finance/early-years-funding-reform>
12. Due to the significance of this consultation, and the amount of paperwork involved, hard copies of this document, the separate list of annexes document and the response form will be printed and circulated to all providers.

Information sessions

13. This consultation will be supported by two evening briefings; on 10 January at 7.00 pm and 12 January at 6.00 pm. Both sessions will be held in the Forest Suite at Bracknell Sports and Leisure Centre, RG12 9SE and will explain the key issues raised and the potential implications. The sessions will address each question on the consultation and provide an opportunity for attendees to raise their own questions. The intended audience is those involved in the delivery of the free entitlement, including all providers in the private, voluntary and independent (PVI) ¹ sectors, head teachers and school ² governors. School bursars will be provided with a briefing at the 12th January 2017 Bursar Support Session.
14. If you plan to attend one of the evening briefing sessions, please can you include the date of the intended session in the title of your email and **reply by Monday 19 December to:**

early.years@bracknell-forest.gov.uk

¹ "PVI" is the term used in this document to mean all current and potential providers of the free entitlement other than council maintained schools or academies, this includes pre-schools, day nurseries, private nurseries, independent schools childminders and out of school providers.

² In this document "school" means a council maintained school or academy school providing the free entitlement.

Responses

15. A separate response form accompanies this consultation, and you are asked to return your signed, scanned reply **by Friday 20 January 2017** to:

education.finance@bracknell-forest.gov.uk

or by post to:

Education Finance, Bracknell Forest Council
Time Square, Bracknell, RG12 1JD

Who should respond to this consultation?

16. Providers of the free entitlement. For maintained schools, the response should be completed by the chair of governors, in consultation with the headteacher and other governors. Other interested parties such as childminders and out of school providers that are not currently registered for the free entitlement are also welcome to make a response.

Queries

17. If you have any queries on this consultation, please contact:

PVI sector providers:

Early Help Business Support Team

Tel: 01344 354027 or 01344 352187

Email: ehbs@bracknell-forest.gov.uk

School providers and other interested parties:

Education Finance

Tel 01344 354053

Email: education.finance@bracknell-forest.gov.uk

Background to Early Years Funding

18. Local Authorities (LAs) are currently funded by the DfE for most of their EY responsibilities through a specific grant called the Dedicated Schools Grant (DSG). The DfE determines how much each LA will receive and what the funding can be spent on.
19. There is a simple formula to calculate the distribution of money to LAs. Each receives a fixed amount of funding for every child taking up the 15 hours free entitlement³. The funding rate paid to each LA varies and reflects their individual spending levels in 2010 which was when the DfE first required LAs to fund providers of the free entitlement through a local EY funding formula.
20. The DfE also specifies that EY DSG can only be spent on relevant EY provisions and support services. There is a degree of local flexibility available for LAs and Schools Forums⁴ on the composition of the local EY funding formula, including the use of top up supplement payments where providers face additional costs or deliver national or local priorities and the extent to which funding can be retained by BFC to directly deliver EY services.
21. The amount of funding available for EY, and what it can be spent on, is therefore set by the DfE and not LAs. In 2016-17, BFC expects to receive around £4.126m of EY funding for 3 and 4 year olds with providers delivering 1,010,110 hours of free entitlement.

Early Years Funding: DfE proposals at a glance

22. The following text is taken directly from the 63 page DfE consultation document or the government consultation response, both of which have previously been circulated to providers, and which can be viewed at:

<http://schools.bracknell-forest.gov.uk/sites/default/files/assets/an-early-years-national-funding-formula-consultation.pdf>

National funding to local authorities

- Hourly funding rates (national average) will increase from £4.56 to £4.94 for three- and four-year olds (including the Early Years Pupil Premium, the Disability Access Fund (DAF), and supplementary funding for maintained nursery schools, and quality and expertise funding) and from £5.09 to £5.39 for two-year olds.
- The formula will include a minimum funding rate of £4.30 per hour for LAs that should ensure a minimum provider hourly funding rate of £4.00.
- A new early years national funding formula would allocate funding to local authorities for the existing 15-hour entitlement for all three- and four-year-olds and the additional 15 hours for three- and four-year children of eligible working parents.
- The formula would include factors for additional needs and an area cost adjustment to reflect variations in local costs.

³ LAs are funded for actual take up each January: April to August funding is based on the previous January; September to March on the January that falls within the relevant funding period.

⁴ Local authorities must constitute a local Schools Forum to consult with on budget and other financial matters relating to education. BF Schools Forum representation comprises head teachers, governors, SEN specialists, a 16-19 provider, an early years PVI provider and a Trade Union representative.

- While the majority of local authorities would see increases in their hourly funding rates, we would set a funding floor to ensure that no authority could see a reduction of more than -10% once the formula is fully implemented.
- We would also use transitional protections to ensure that no local authority could see an annual reduction in their hourly funding rates of more than -5% in any year.
- We propose all local authorities should be funded by the early years national funding formula, without any transitional protections, by 2019-20.

Local funding from local authorities to providers

- We would require that all local authorities pass 93% in 2017-18 then 95% in 2018-19 of early years funding to providers. This would maximise funding to childcare providers.
- Local authorities would use a universal base rate to fund providers for each hour of the free entitlement, by no later than 2019-20. This would bring about greater equality in funding between different types of provider.
- There would be supplementary funding of £55m per annum for maintained nursery schools for the duration of this Parliament.
- There would be a limited set of permitted funding supplements, limited to those which reflect drivers of cost and incentivise providers to meet the needs of parents. These supplements would be capped at 10% of the hourly funding rate.

Meeting children's additional needs

- There would be a new Disability Access Fund (DAF) to support disabled children to access the free entitlements, equivalent to £615 per child per year to support access to the free entitlement.
- Local inclusion funds for children with special educational needs must be established to support providers in driving outcomes for these children.
- The Early Years Pupil Premium will continue, although the delivery mechanism will be reviewed, alongside that of the DAF.

Bracknell Forest position and approach to EY funding

23. In general, the council welcomes the changes being introduced by the DfE to move towards a national funding formula for EY that uses clear and objective criteria consistently across the country, that necessarily reflects regional cost differences, ensures all areas are funded on the same basis and that high levels of funds are passed on to providers. The Council's response to the DfE consultation can be viewed at:

<http://schools.bracknell-forest.gov.uk/sites/default/files/assets/consultation-response-from-bfc-to-dfe-on-EYNSFF.pdf>

24. Arrangements regarding education funding in Bracknell Forest have been well established on the basis of a partnership with schools, other interested parties and the Bracknell Forest Schools Forum. Where significant changes are proposed from one year to the next, a consultation is undertaken with key stakeholders. As there have been no funding changes in recent years, with the DfE continuing to pay the same per child funding rate to LAs each year, there has been no scope to make changes to local

funding rates. Consultations on EY funding arrangements have not therefore been undertaken. However, significant changes are now required, and this document presents proposals for 2017-18.

25. With the DfE publishing final decisions on 1 December, it is now important that a local consultation is promptly undertaken in order to have sufficient time to seek and consider views from providers on how future arrangements should be structured locally
26. Final decisions on arrangements for 2017-18 are expected to be taken on 9 March. A timetable for this consultation and implementation of the agreed changes is set out in Annex 1 of the list of Annexes document.

Early Years Funding: determination of current arrangements in BF

27. Current funding arrangements in BF were established in 2010 in response to the then new government requirement that all LAs must introduce a single local Formula to fund providers for the free entitlement. It had to properly reflect the different structure and cost bases for EY provision in schools and PVI sectors so that the prevailing inconsistencies between the sectors were removed and that increased flexibility of provisions and the extension of the free entitlement were properly encouraged.
28. To guide the Council on this process, the Schools Forum established a representative group drawn from schools and the PVI sector in the ratio of 2 schools to 6 PVI settings, with the ratios of membership set in proportion to the overall number of providers in each sector. The Group analysed:
 - all providers to establish the existing baseline of provision and resourcing;
 - provider cost surveys to help identify cost bases and to inform on how funds should be distributed;
 - LAs that have introduced a funding Formula early through a national pilot scheme, so that good practices can be adopted;
 - guidance issued from the government to ensure that national policy requirements were incorporated.
29. In forming recommendations in respect of formula design and values, the following key principles were used by the Group:
 - To allow for proper business planning, the Formula must be transparent, stable and predictable in its delivery of funding;
 - A single basic hourly rate for all providers, with differential amounts for the schools and PVI settings where this is supported by reliable data;
 - Impact from individual business practices or choices will not to be reflected;
 - Hourly supplements to be made where justified to incentivise good practice and to promote national and local policy objectives;
 - The Formula must be affordable within the existing Early Years funding envelope.
30. Whilst a provider reference group was used to inform on the original implementation of the EY funding formula in 2010, the changes required for 2017-18, whilst significant, are considered to be a progression to the earlier work and therefore the reference group

has not been re-convened but rather the original key principles have been reviewed and updated to guide the approach now being taken.

Early Years Funding: current payments to providers and BF budgets

31. As set out above an EY Funding Group recommended a structure for the BF EY funding formula, which following consultation with providers was amended where responses identified improvements, with Table 1 below representing the final funding formula. The rates quoted in Table 1 and amount of funds allocated are based on the provisional 2016-17 budget and reflect subsequent changes to hourly funding rates agreed by the Schools Forum since 2010 as part of the usual budget setting process. Table 1 also sets out the value of budgets centrally managed by BFC.

Appendix 1 to this document sets out key Early Years budget data.

Table1: BF EY Funding with original 2016-17 budget data (estimate)

| Formula Factor | Hourly rate range | Total cost | Share of EY Formula |
|--|---------------------------------|-------------------|----------------------------|
| EY Funding Formula: | | | |
| Base rate | £3.17 or £3.71 | £3,524,690 | 90.6% |
| Supplements: | | | |
| <u>Deprivation</u> – Income Deprivation Affecting Children Index (based on child post code) | £0.11 to £0.32 | £124,100 | 3.2% |
| <u>Quality</u> - based on staff qualifications | £0.21 to £0.48 | £214,940 | 5.5% |
| <u>Flexibility</u> - based on availability over an extended day, choice of days attended, school holidays etc. | £0.05 to £0.035 | £27,340 | 0.7% |
| Total EY Funding Formula | £3.44 to £4.24 1,010,110 hrs | £3,891,090 | 100.0% |
| Average hourly provider funding rate | £3.85 | | |
| Council managed funds: | | | |
| Support to children with SEN - based on assessed needs, paid to providers | £7.20 or £9.00 | £27,000 | |
| Other budgets | | £207,910 | |
| Total Council managed funds | | £234,910 | |
| GRAND TOTAL | £4.08 | £4,126,000 | |

Table 1 excludes the Early Years Pupil Premium grant paid at £0.53 per hour for eligible children as this is funded through a separate grant which is not part of the DfE reforms.

32. More detail on the current elements of the BF EY Funding Formula and associated eligibility criteria are set out in Annex 2 of the list of Annexes document.

Basis of financial data used in the BF consultation

33. To help determine the potential impact from the national proposals, the DfE has published illustrative financial information at LA level. Whilst this is very welcome additional information, it does need to be viewed with caution due to the assumptions used which can produce out of date results. For example, the published hourly funding rates paid to LAs by the DfE are calculated from dividing the 2016-17 LA budget figures by January 2016 actual hours of participation. For BFC this divides 1.086m hours of participation into a £4.126m budget to give an hourly funding rate of £3.79. The BFC budget of £4.126m was in fact based on funding the estimated number of hours participation to be taken in 2016-17 of 1.010m (which is in line with the actual hours delivered in 2015-16), meaning a real average hourly funding rate of £4.08. The average hourly funding rate BFC expects to pay to providers in 2016-17 is £3.85 and clearly this level would not be affordable using the DfE calculation.
34. Unfortunately, in trying to provide realistic financial information there can be a lag in the information available to the DfE compared to that accessible in individual LAs. In order for the financial information presented in this consultation to reflect the most up to date and accurate picture, BFC data is generally used. Despite taking this approach, it needs to be bourn in mind that final amounts will almost certainly differ from those quoted in this document. This is because per child funding rates that are calculated from the number of hours of free entitlement delivered are all currently estimates as actuals for 2016-17 and 2017-18 are not yet known.

All amounts in this document attributed to individual providers should be viewed as an estimate and subject to change.

Early Years Funding: Proposals for BF

Overview

35. Reviewing the financial illustrations published by the DfE and updating where relevant to more up to date local data presents the following key points:
- Average national LA hourly funding rates in 2017-18 from all sources will increase from £4.56 to £4.94 (8.3%, this is a DfE calculation). This rate funds all expenditure and not just payments to providers.
 - BFC hourly funding rate for 2017-18 will rise from £4.08 (BFC calculation) to £4.66 (14.1%, DfE calculation). This is an increase in funding of around £0.586m.
 - LAs gaining the most from the changes will not receive the full increase immediately, but will need to contribute to a fund for 2 years to support LAs facing the largest funding reductions. This will ensure no LA receives an hourly funding reduction of more that 5% in each of the next 2 years which is intended to protect provider funding rates in those areas.
 - Once these transitional funding protection arrangements finish – expected for 2 years, so to April 2019 – LAs due to experience the largest gains from these changes will receive the full increase.
 - After the 2 year transitional funding period, BFC hourly funding rates are then expected to increase by another £0.27 to £4.93 (7.1%, DfE calculation), an overall increase in per child funding of 20.1%. This is estimated to amount to a further £0.273m on top of the £0.586m immediate gain, so £0.859m in total.

Local funding from BFC to providers – the proposed structure of the local EY Funding Formula and weightings to be applied to each factor

Key principles

36. The proposals from BFC are intended to maximise quality of provision, increase the number of free entitlement hours and target financial support to children that need it the most to succeed who providers then prioritise. The expectation is that proper targeting of financial support in EY settings now will result in more children achieving their full potential and fewer developing more complex and costly support needs. This approach reflects the key strategic aims of the council.
37. In considering the future EY funding formula, the following key principles have been applied, with those highlighted in bold font remaining from the original principles adopted when the EY Funding Formula was originally established in 2010:
1. **The Formula must be transparent, stable and predictable in its delivery of funding**, compatible with DfE requirements and efficient to manage;
 2. Data used for funding purposes e.g. the measure of deprivation in the deprivation supplement, must be readily available and objective in nature;
 3. **Hourly supplements to be made where justified to incentivise good practice**, or reflect an additional cost, **or promote national or local policy objectives**;
 4. **The Formula must be affordable within the existing Early Years funding envelope.**

Process undertaken to propose indicative provider funding rates

38. As set out above in paragraph 34, this document uses the illustrative 2017-18 funding allocations for BFC produced by the DfE, updated for the latest information, to model the potential financial impact at individual provider level. The figures are estimates which means that the amounts and rates quoted below will almost certainly need to be revised. Any requirement to update the amounts quoted here will be determined by the Schools Forum as part of the normal budget setting process and will take account of the latest information, including responses from providers to this consultation and requirements and guidance from the DfE.

Top-up supplements

39. The DfE requires at least 90% of EY funding formula funds to be allocated through the uniform base rate that must be paid to all providers. Therefore, top up supplements must aggregate to less than 10%. **Unless otherwise stated, top up supplements will apply equally to all providers, irrespective of type of setting.** The approach taken in this consultation is to consider which top up supplements should be used in BF, the approximate percentage of funds they should each distribute, with the remaining balance, which must be at least 90% of available funds available to fund the uniform base rate. Information on proposals for the uniform base rate are set out below from paragraph 49.

40. To apply a consistent approach to the use of top up supplements, the following 4 questions are considered for each available option:
1. Is there a need for the supplement to “**incentivise good practice, or reflect an additional cost, or promote national or local policy objectives**”?
 2. Are there “**readily available and objective**” measures to target funding to the children / providers that need it?
 3. What approximate proportion of funding should be allocated through the supplement? So how important is it?
 4. Should the supplement have a uniform funding rate or should it vary according to relative need?

Bold type above reflects wording from the key principles set out above in paragraph 36. Others relate to how the supplement should be calculated and allocated to providers.

This consultation considers the entire top up supplements that the DfE will permit LAs to use when allocating funds to providers.

Deprivation

41. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

LAs must include a deprivation factor in their local EY Funding Formula, so there is no choice. The DfE require this as a considerable portion of funds at national level (8% of the national EYNFF) are being channelled for children with disadvantage and low-level special educational needs. Supporting these children is also a high priority for BFC.

2. **Are suitable measures available to allocate funds?**

The DfE will permit LAs to use any measure of deprivation they chose. The most common measures available are Income Deprivation Affecting Children Index (IDACI) which is a geographical measure at post code level of deprivation calculated by the government from data on families on low income, Index of Multiple Deprivation, which uses 7 different measures of deprivation - Income, Employment, Health and Disability, Education, Housing, Living Environment and Crime - to determine an aggregate score for an area and commercially available products, such as ACORN or MOSAIC that classify postcodes into types based on census and other information using cluster analysis and various statistical methods to arrive at a deprivation rating. **The current BF EY Funding Formula uses IDACI and this is proposed to continue.** Annex 3 from the list of Annexes document provides more information on the available measures and their advantages and disadvantages and why IDACI is recommended to continue.

With the advent of the Early Years Pupil Premium (EYPP), more LAs are using this data as a measure of deprivation and a factor in their EY Funding formula. The main eligibility criteria to the EYPP are that the family is on income support or other income based benefits or the child is or has been looked after. Taking account of the emergence of this data, **it is also proposed to use EYPP eligibility in the BF EY Funding Formula.**

3. **How much money should there be allocated through this factor?**

It was agreed through the consultation when the current BF EY Funding Formula was established that around 3% of funds should be allocated through a deprivation measure. Table 1 above at paragraph 31 shows that

over time, the percentage has increased to 3.2% with the movement generally accounted for as hours of free entitlement delivered by providers in the most deprived areas have increased at a higher rate than providers in less deprived areas.

There is little meaningful objective data available to base the appropriate proportion of funds that should be allocated through a deprivation measure. However, there is substantial evidence available that confirms children from the most deprived areas need additional support to achieve the same levels of attainment as those from less deprived areas. The 2016 Early Years Foundation Stage profile judgements in BF show an average points score difference of 22.3 between the disadvantaged and non-disadvantaged.

With the government requiring this supplement, and distributing 8% of national funds through this measure, and with supporting disadvantaged children a key priority for BFC, the expectation must be for a relatively high percentage. **The recommendation is therefore to increase the proportion of funds distributed through the deprivation factor from 3.2% to 5%, with 4% to be allocated through the IDACI measure and 1% through eligibility to EYPP.**

4. Should the hourly top up rate be a fixed amount or variable?

As with all supplements, the intention is to target resources rather than pay them to all providers as the base rate provides for general costs that all providers are expected to experience, including those arising from relatively low levels of deprivation. Therefore, with the mandatory deprivation supplement, a decision needs to be taken on how to target resources.

In respect of the IDACI measure, the current EY funding formula only resources 60% of providers; those assessed as delivering the free entitlement in settings with the greatest concentration of deprived children. Furthermore, the hourly top up rate varies so that the top 10% are funded at 3 times the basic rate (Band 3), the next 25% at 2 times the basic rate (Band 2) and the final 25% at the basic rate (Band 1). Using this approach can move providers between top up rates purely as a result of changed scores at other providers, so in some instances, providers will move to a lower or higher top up rate when their average deprivation score is unchanged.

A more appropriate measure is considered to have IDACI scores as the funding threshold. In this way, a providers rate would only change if their score, and therefore deprivation measure changes, and would not be impacted by changes in deprivation occurring at other providers.

As the recommended IDACI deprivation measure scores geographical areas by relative severity, this provides a sound basis to vary the hourly top up rate as those with the highest scores will generally be facing the highest costs. In addition, the higher the concentration of children with deprivation in a setting, the greater impact on additional support needs as spare capacity to support more needy children is quickly absorbed. For these reasons, **a variable hourly rate is recommended to continue to be paid.**

IDACI provides a deprivation score for each post code area of between 0 where the probability of families receiving low income is zero, to 1, where there is a 100% probability of a family having low income. A score in the middle at 0.5 indicates a 50% probability that the family is receiving low income, and so on. **It is recommended that IDACI scores of 0.33, 0.25 and 0.2 are used to allocate 3 times the basic rate (Band 3 at £0.48), 2 times the basic rate (Band 2 at £0.32) and the basic rate (Band 1 at £0.16) respectively.** This equates to a setting having approximately 1 in 3

children from deprived families, 1 in 4 and 1 in 5 respectively. Providers with higher ratios would not receive top up funding.

In respect of the EYPP measure, this is proposed to operate by paying an hourly top up supplement to eligible children only. Based on actual head count data from calendar year 2016, this equates to around £0.77 per hour top up. This would be in addition to the £0.53 per hour providers receive for these children through the actual EYPP payment, so in total, an additional £1.30 per hour would be received.

Annex 3 from the list of Annexes document also shows the breakdown of IDACI and EYPP data by provider and the funding that would currently be received based on 4% of funds allocated through IDACI and 1% through EYPP. It should be noted that all this data will change based on the profile of actual children in the setting which could result in significantly different funds ultimately being allocated than that currently shown.

The current BFC EY deprivation supplement does not apply to childminders. This is because the low number of children receiving the free entitlement with childminders means an IDACI score from one child can have an undue influence on the average setting score. In light of the government focus on deprivation and the need to narrow the attainment gap, and the fact that childminders will face the same challenges from children from these backgrounds as other providers, childminders are now proposed to be eligible to a deprivation top up.

To reflect the issues set out above, the application of the deprivation factor for childminders is proposed to be applied in the same way as to all other providers to calculate the IDACI score for the setting, but funding will only be allocated when the score is at least 0.33 i.e. 1 in 3 children are considered to live in a low income family. In these circumstances, top up funding will be capped to Band 1, the lowest funding level, estimated at £0.16 per hour. Childminders will therefore only qualify for deprivation top up funding when they have relatively high levels of deprivation on the IDACI score, with the rate of funding paid at the lowest available hourly rate.

Childminders would receive funding for EYPP children in the same way as all other providers.

In respect of the mandatory deprivation top up supplement:

Question 1 – Do you agree that the Income Deprivation Affecting Children Index (IDACI) should continue to be used as the deprivation measure? (IDACI is a geographical measure of deprivation at post code level, ranked by severity of deprivation, calculated from government from data that identifies areas with the lowest levels of family income).

Question 2 – Do you agree that the Early Years Pupil Premium should be introduced as a new deprivation measure? (EYPP is measure of deprivation mainly based on low family income).

Assuming the deprivation supplement is measured by IDACI and EYPP:

Question 3 – What proportion of funds do you think should be allocated through the deprivation measure in the BF EY Funding Formula? Around 3% (£0.133m existing amount), 4% (£0.178m) or 5% (£0.222m and recommended amount)?

Question 4 – What relative weighting should be applied to IDACI and EYPP? IDACI at 80% and EYPP at 20% (recommended weighting), IDACI at more than 80% and EYPP less than 20%, or IDACI at less than 80% and EYPP at more than 20%?

Question 5 - Do you agree that funding should be further targeted so that providers with 1 in 3 children from a deprived background receive 3 times the basic rate (Band 3 at £0.48), those with 1 in 4 children from a deprived background 2 times the basic rate (Band 2 at £0.32) and those with 1 in 5 children from a deprived background the basic rate (Band1 at £0.16)?

Question 6 - Do you agree that to reflect the circumstances in childminder settings, the deprivation top up through the IDACI should only apply where data indicates at least 1 in 3 chance that the child(ren) are from deprived backgrounds (average score of at least 0.33), and that in such circumstances, funding will be applied at the lowest level, Band 1, estimated at £0.16 per hour? NB childminders would be funded on the same basis as all other providers for EYPP children.

Rurality / sparsity

42. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

This supplement is available as the DfE consider that in “some very sparsely populated areas, childcare providers may be delivering an important service to a very small number of local families. Where a childcare provider faces higher costs from operating at very small scale in sparsely populated areas – where that setting provides an important service to local families with no alternative source of childcare provision – we propose that LAs should have the discretion to offer a funding supplement to maintain the providers viability.” LAs are permitted to use this supplement as they see fit.

The council does not consider there are any providers in the borough operating within the circumstances that the DfE considers additional funding could be applied, **and it is therefore recommended that there is no justification for this supplement.**

In respect of a discretionary rurality / sparsity top up supplement:

Question 7 – Do you agree that there is no case to use a rurality / sparsity supplement in BF?

Flexibility

43. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

The draft statutory guidance from the DfE on flexibility makes clear that children should be able to take up their full entitlement to a funded place at times that best support their learning, and at times which fit with the needs of parents to enable them to work if they wish to do so. Therefore, to meet national priorities, a flexibility supplement needs to be paid in BF.

2. **Are suitable measures available to allocate funds?**

The DfE consider it appropriate for LAs to retain discretion over what kind of flexibility should be promoted locally. This could be to support growth in a particular segment of the local childcare market or could reflect a local definition for flexibility. This consultation proposes that the supplement links to a local definition of flexibility as follows, with proposed hourly supplements:

- a) No restrictions are placed on the hours or days when the free entitlement can be accessed and subject to availability, the setting seeks to meet any parental requests to change attendance patterns within six weeks of the request. **Top up at £0.15 per hour.**
- b) Parents are able to access the free entitlement across the year including at least 10 weeks of school holidays. **Top up at £0.10 per hour.**
- c) Parents are able to access the free entitlement across the year including at least 30 week ends. **Top up at £0.05 per hour.**

- d) Any other innovative methodology approved by the Director of Children, Young People and Learning. **Top up at £0.05 per hour.**

Annex 4 of the list of Annexes document provides more detail on flexibility.

3. **How much money should there be allocated through this factor?**

Around 0.7% of funds are currently allocated through this supplement. As this is a key national and local priority, it is proposed to increase this to around 1%. This is intended to widen parental choice over when the free entitlement can be accessed and to support the extension to 30 hours free entitlement to working families.

4. **Should there be a uniform hourly top up rate or variable?**

The proposed local definition to be used to assess provider flexibility includes a number of measures which means a degree of flexibility can be established. The proposal is therefore to pay increased levels of supplement to providers as they meet more eligibility criteria.

In respect of a discretionary flexibility top up supplement:

Question 8 – Do you agree that a flexibility supplement should be in place in BF?

Assuming a flexibility top up supplement is supported:

Question 9 – Do you agree with the local definition at Annex 4 of the list of Annexes document around providing the free entitlement without restrictions of hours or days of availability, including early and late in the day, during school holidays, weekends attempting to accommodate changes in patterns of attendance, and innovative arrangements agreed by the Director of Children, Young People and Learning?

Question 10 – What proportion of funds do you think should be allocated through the flexibility top up in the BF EY Funding Formula? Around 0.7% of total funds (£0.028m current level), 1% (£0.04m recommended level) or 1.5% (£0.061m)?

Quality

44. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

The DfE consultation excluded the option for a quality option, but taking account of free text responses “the government absolutely agrees the importance of ensuring quality and will therefore allow a discretionary quality supplement for workforce qualifications and system leadership”. System leadership is defined as supporting high quality providers leading other providers in the local area.

Table 1 above in paragraph 31 shows that £0.215m is expected to be paid through the BF EY funding formula for quality, as defined by workforce qualifications, making it the highest existing value supplement. The better qualified staff delivering the free entitlement, the expectation is better quality support to children and they are generally a higher cost to providers.

Therefore, to meet national and local priorities, and to reflect an additional provider cost, a quality supplement is recommended to be included.

2. **Are suitable measures available to allocate funds?**

Providers will be familiar with the current data collection exercise undertaken to gather information on workforce qualifications, with three bandings as follows.

- a) Grade B: Level 4 or above leading the Early Years Foundation Stage and 35% of staff with a level 3 or above.
- b) Grade C: Graduate (level 5 or 6) leading the EYFS Practice and 60% of staff at level 3 or above.
- c) Grade D: Qualified Teachers on Upper Pay Scale 2 or higher cost with 75% of staff at level 3 or above.

Reviewing current and recent rates of supplement paid to providers, in the last 3 years, only one provider has met the highest Grade D banding. Supplements should apply to a range of providers and due to the narrow application of this rate, it is proposed to be removed. Grade B banding relates to Level 4 qualifications and these are now below the level that the government consider should attract funding as evidenced in *Getting it Right First Time - Ofsted 2013*. Therefore Grade B is also proposed to be removed.

Grade C is proposed to continue, but split into two; for Level 5 Foundation Degree led settings; and for Level 6 Graduate led settings and above.

In terms of system leadership, which is about rewarding high quality providers leading other providers in the local area, this is a new option from the DfE and at this stage, more time is required to consider how this could be measured for effectiveness, and is not therefore proposed to be recognised in the BF EY Funding Formula at this time.

3. **How much money should there be allocated through this factor?**

With the deprivation supplement remaining the highest funding priority for BFC, and with the amount of funds that can be paid through the uniform base rate set at a minimum 90% of the total to be distributed, there will need to be a reduction in 2017-18 in the proportion of funds allocated through the quality supplement. It is therefore proposed that funds allocated through the quality supplement are reduced from 5.5% to 3% (£0.131m).

4. **Should there be a uniform hourly top up rate or variable?**

There is generally a link between the amount of pay a worker receives and the qualifications they hold and the quality of provision they deliver. Therefore, to ensure funds are properly targeted to providers facing the highest costs, the following Grades are proposed.

- a) Grade B: Level 5 Foundation Degree led settings. **Base rate.**
- b) Grade C: Level 6 Graduate led settings and above. **Base rate plus 30%.**

Annex 2 of the list of Annexes document provides detail on current funding rates. Note Grade A represents lower level qualifications and has a nil value hourly top up amount.

In respect of a discretionary quality supplement:

Question 11 – Do you agree that a quality supplement should be in place in BF?

Assuming a quality top up supplement is supported:

Question 12 – What proportion of funds do you think should be allocated through the quality top up in the BF EY Funding Formula? Around 2.0% of total funds (£0.087m), around 3% (£0.131m, and recommended level) or 5.5% (£0.240m, current amount)?

Question 13 – Do you agree that funding should be further targeted so that settings with Graduate Level 6 leaders receive base rate funding plus 30%, around £0.18 per hour, and those with Foundation Degree Level 5 leaders receive base rate funding at around £0.14 per hour and those with lower level leadership qualifications would not receive any top up funding?

English as an Additional Language (EAL)

45. In terms of assessing this supplement against the 4 key questions:

1. **Is there a need for this supplement?**

The October 2015 school census indicates that 6.2% of pupils have EAL and have been in school for no more than 3 years. These children are considered those most likely to need additional support for reasons of language and a similar proportion can be expected of children in early years settings. Providing for these children is likely to result in additional cost requirements. Therefore, the case for a supplement is evident.

2. **Are suitable measures available to allocate funds?**

The DfE uses Key Stage 1 and 2 EAL percentages as a proxy measure for likely numbers of EAL children in EY settings, and resources each LA on this data. However, at this time there is no reliable, objective data available that can then be used to accurately allocate funds to BFC providers through an hourly top up supplement.

The council currently meets the language needs of these children through a specialist contract with the Pre-School Learning Alliance that includes EAL support to settings and families that matches delivery to need. It also includes translation of the most prevalent languages, provides training and conferences for staff and families and assists with the settling in process and transition to school. The award of the contract demonstrated significant financial benefits above what could be expected from individual ad hoc purchases. In the absence of suitable data to allocate funds to providers, and the availability of a cost effect contract **it is recommended to continue with a centrally managed service to support children with EAL**

3. **How much money should there be allocated through this factor?**

The proposal is to continue with the current spend amount of £0.03m.

4. **Should there be a uniform hourly top up rate or variable?**

Not applicable.

In respect of a discretionary EAL top up supplement:

Question 14 – Do you agree that support to providers with EAL children should continue to be delivered through a specialist contract managed by BFC?

Supplements – other matters

46. Each provider's hourly funding amount of base rate, plus where relevant supplements, will be paid at the same hourly rate irrespective of how many hours of the free entitlement are delivered. Those delivering the additional 15 hours will be paid the same hourly rate no matter how many hours are provided, up to the maximum of 30.

Frequency of review of provider eligibility criteria

47. Whilst it is important to minimise the operating costs of the EY funding system, there is a case to make that provider eligibility to top up supplements should be regularly reviewed to ensure that correct hourly rates are paid, especially when increases are due. Hourly rates are currently reviewed and updated once a year, for the start of April. There is the option to update hourly rates each term, but this would require providers to supply relevant data 3 times a year and for the LA to review and verify it before changing payment rates.
48. The key points to consider before moving to termly updates to hourly rates are:
1. There would be extra work for providers to supply termly data returns to the LA;
 2. There would be extra work for the LA to review and verify the data.
 3. Payments to providers would be less predictable, with potential fluctuations in hourly rates now 3 times a year;
 4. With more dynamic and fluctuating supplements, providers would receive faster updates in funding to reflect any changing circumstances, so for example, funding adjustments in respect of changes in the deprivation measures, as would changes in a provider's flexibility offer.

In respect of updating provider eligibility to hourly top up supplements:

Question 15 – For each of the following top up supplements, do you prefer an annual or termly update to determine provider eligibility:

- a) Deprivation (requires LA activity)
- b) Flexibility (requires LA and provider activity)
- c) Quality (requires LA and provider activity)

Base rate

49. The approach taken in this consultation is to make recommendations on the amount of funds to be allocated through each of the top up supplements, with the remaining balance left for allocation through the uniform base rate. With 9% of funds recommended to be allocated through supplements as set out below, this means 91% will be delivered through the base rate. A summary of the estimated cost of top up supplements is as follows:
1. Deprivation supplement should allocate around 5% of funds;
 2. Flexibility should allocate around 1%;
 3. Quality of provision should allocate around 3%.

50. The DfE are proposing 2 key controls on how the hourly base funding rate should operate in the local EY funding formula:
1. It must be used to distribute at least 90% of funds.
 2. No later than from April 2019, the same uniform rate must be paid to all providers;
51. Paragraph 49 above sets out the proposal to allocate around 9% of funds through top up supplement, thereby ensuring that the minimum 90% threshold for the uniform base rate set by the DfE will be met. In respect of a uniform base rate, the current EY funding formula pays a differential hourly base rate with schools receiving £3.17 compared to the £3.70 paid to PVI providers.
52. Moving to a uniform base rate for April 2017, using 91% of available funds and assuming providers deliver the same number of hours of the free entitlement as at January 2016 indicates a new uniform hourly base rate of £4.00. This is an increase of £0.83 for schools and £0.30 for PVI providers.
53. In considering whether the uniform base rate should be fully implemented in April 2017, or on a phased basis to April 2019, **the recommendation is to fully implement the uniform base rate from April 2017**. This proposal is based on:
1. The additional funds being received that will ensure the increase to lower paid providers does not need to be funded from a reduction to those receiving higher rates;
 2. Avoiding a period of funding fluctuations to providers that would arise if the change is introduced on a phased basis.
 3. The DfE requirement is promptly implemented.

In respect of the uniform hourly base rate

Question 16 – Taking account of your views on the right amount of funds to be allocated through top up supplements, and having to cap the total to no more than 10% of funds, how much do you think should remain to fund the uniform hourly base rate? Below 91% of total funds, around 91% of funds (recommended level), or above 91%?

Question 17 – Do you agree that the uniform hourly base rate is introduced at April 2017 rather than being phased in over 2 years?

Summary impact from proposed recommendations

54. If all of the proposals in this consultation document are accepted, taking account of the assumptions used in generating the financial information, the following highlight changes are expected in provider funding rates:
1. 8 (13%) providers receive at least a 5% increase in hourly rate
 2. 32 (50%) providers receive at least a 10% increase in hourly rate
 3. 17 (27%) providers receive at least a 15% increase in hourly rate
 4. 15 (23%) providers receive at least a 20% increase in hourly rate

Note, the above analysis excludes the impact of the flexibility top up supplement as it is unknown which providers will deliver this option and to what level. Actual increases will therefore be higher than those indicated for providers delivering flexibility.

Appendix 2 of this document sets out a summary of current and potential provider funding rates.

Funding to be centrally managed by the Council

55. This section looks at services and budgets that are considered best delivered through central management by the council. The DfE have set a cap on the amount of such funds at 5% of the amount allocated through the EY funding formula. For BF, this will be around £0.27m in 2017-18. Where such funding ultimately ends up being passed on to providers, this is not counted within the cap. Paragraphs 56 to 67 below look at funding proposed to be centrally retained that is **OUTSIDE this cap**. Paragraphs 68 to 72 look at funding proposed to be centrally retained that is **INSIDE the 5% cap**.

Centrally managed funding **OUTSIDE** the 5% cap

56. The DfE consultation states that “the Government is clear that all children should be able to access their entitlement to childcare and that no child should have access to their entitlements restricted or denied because of special educational needs or a disability”. Clear proposals on how relevant children should be supported in these circumstances are included in the DfE consultation, of which more detail is set out below. In both instances, the DfE expects LAs to hold relevant funds in the first instance, before they are passed on to qualifying providers. As the funding ultimately reaches providers, the DfE proposes to exclude these amounts from the 5% cap on centrally retained funds. Paragraphs 57 to 60 set out funding proposals to support disabled children, with paragraphs 61 to 65 setting out funding proposals to support children with SEN.

Meeting children’s additional needs: Disabled Living Allowance

57. The Equalities Act 2010 requires LAs and all EY settings to make reasonable adjustments where these are required by disabled children. To provide a dedicated funding stream to support these requirements, the DfE will pay a targeted DAF fund to LAs that must then be passed on to providers for each child in receipt of a Disability Living Allowance provided they receive the free entitlement. Note four-year olds in primary school reception classes will not be eligible to DAF funding This would be paid as an annual lump sum rather than an increase to hourly funding rates with providers then responsible for making decisions about what the funding should be spent on. The DfE intend to monitor how the funding is spent in order to develop an evidence base of

best effect. Each eligible child will deliver to the provider the amount of funding provided by the DfE for this purpose, which is expected to be £615.

58. DAF funding will be allocated to providers once a year. Full £615 funding will be received irrespective of the number of hours free entitlement taken by children. Where eligible children split their free entitlement between providers, parents will need to nominate the main setting which will then receive all of the funding. If children move settings in year, the funding remains with the initial provider and the new provider does not receive any DAF. LAs are responsible for funding providers in their area for DAF eligible children, irrespective of where they live i.e. even where they live in other LAs.
59. Early Years providers are responsible for identifying eligible children. The parent declaration form template, due to be published alongside the Model Agreement in early 2017 will enable collection of the required information. BFC will require a copy of the child's disability living allowance award letter to verify eligibility and authorise the payment.
60. It is recognised that the DLA specific funding will not always cover the full costs of required support. Providers will still be responsible for supporting all children within their setting as per their duties under The Early Years Foundation Stage and Equalities Act 2010. In addition, where relevant, the LA will be available to provide additional support from budgets available to support children with high needs. In order for providers to be clear of their obligations and the circumstances when they can expect to receive additional financial support for disabled children, **a recommended policy has been developed to support disabled children, and this is set in sections 2 and 6 of Annex 5 of the list of Annexes document.** This proposes the following criteria must be met before a provider can request additional financial support from the council:
 1. All providers must demonstrate that they do not discriminate against, harass or victimise disabled children. Policies should evidence that settings are inclusive and all children will be welcomed regardless of disability.
 2. All providers must demonstrate that reasonable adjustments have been made, including the provision of auxiliary aids and services, to ensure that disabled children and young people are not at a substantial disadvantage compared with their peers. Examples of reasonable adjustments are:
 - Creating a communication friendly environment using alternative and augmentative communication (including signing and visual aids)
 - make spaces for children to spend time away from the group if required
 - Physical building adaptations where possible, depending on ownership and practicality of required works
 3. Schools must have published an accessibility plan setting out how they plan to increase access for disabled pupils to the curriculum, the physical environment and to information.

In respect of supporting children with disabilities:

Question 18 – Do you have any comments on the policy proposed to support children with disabilities, as set out in sections 2 and 6 of Annex 5 of the list of Annexes document?

Meeting children's additional needs: SEN Inclusion Fund

61. The DfE acknowledges that “the current funding system in the early years lacks the necessary structure and transparency to ensure that children with SEN receive the support that they need to develop while taking up the free entitlement.” It also believes that “a common feature of LAs and providers that are delivering effective support for children with SEN is a strategic and clear approach on how funding is allocated to meet additional needs.”
62. To facilitate this, the DfE will require LAs to set up a SEN Inclusion Fund to support the children they consider need additional support. The fund would be used to finance additional support for relevant children that would be passed on to providers, on a case by case basis. This would assist close working between LAs and providers to identify children with SEN and to ensure that appropriate support is in place
63. Again, in order for providers and parents to be clear of their obligations and the circumstances when they can expect to receive additional financial support, **a recommended policy has been developed to support children with SEN**, and this is set out in Annex 5 of the list of Annexes document, the key points of which are:
1. Child is known to the Child Development Centre (CDC)
 2. Child's current developmental levels
 - a) 3 prime areas for under 3's
 - b) 7 areas of EYFS for 3-5 years
 3. Provision map detailing interventions to date (over and above those offered to all children)
 4. Diagnosis/including medical needs
 5. Evidence of implementing recommendations from other professionals, e.g. CDC Officers, speech and language therapists
 6. Details of how the funding will be used to improve outcomes for the child
 7. Parental consent to apply for the fund
64. In terms of the amount of funds that should be included in any SEN Inclusion Fund, the DfE has identified that 6% of 3 and 4 year olds taking up the free entitlement have SEN. The intention of BFC is to continue to fund those children with an Education, Health and Care Plan from high needs budgets, and not EY specific funding. Nationally, this covers 0.7% of 3 and 4 year olds. As the 0-25 SEND Code of Practice states there is a graduated approach to supporting children with SEN, some of the remaining 5.3% of young children with SEN will need limited financial support that can ordinarily be met from hourly rate funding. **The recommendation is that the SEN inclusion fund should total around 1% of the amount allocated through the EY funding formula**, including the addition 15 hours, which is around £0.057m, and double current levels of expenditure. If this is insufficient, BFC would add funding set aside for High Needs Funding to compliment EY specific funding, subject to available resources.
65. The recommended SEN policy sets out 3 levels of additional support; low at up to 6 hours a week, moderate at above 6 and up to 9 hours a week, with high at above 9 and up to 15 hours a week, with criteria attached to each category. Low support requirements would attract £710, moderate £1,060 and high £1,770. The funding rates are based on £8.45 per hour staffing costs plus 10% employer on-costs, so £9.30 in total. Payments would be adjusted pro rata where a different number of hours were being delivered. In exceptional circumstances, alternative funding agreements may be appropriate, and these would be agreed on a case by case basis.

In respect of supporting children with special educational needs:

Question 19 – Do you agree that there should be 3 levels of additional support; low at up to 6 hours a week, moderate at above 6 and up to 9 hours a week, with high at above 9 and up to 15 hours a week?

Question 20 – Do you agree that in exceptional circumstances, alternative funding arrangements can be put in place?

Question 21 – Do you agree that it is reasonable to base the funding allocation on £9.30 per hour staff costs?

Question 22 – What level of funds do you think should be retained in the SEN Inclusion Fund for allocation to providers? Less than 1%, around 1% (£0.057m and the recommended amount), or more than 1%?

Question 23 – Do you have any comments on the proposed funding policy to support children with Special Educational Needs as set out in Annex 5 of the list of Annexes document?

Contingency

66. The DfE recognise “that it is reasonable for LAs to hold back contingency funds for in-year demographic growth and this should be counted in the high pass-through rate, because the money is eventually shared with providers.” BFC has previously held back funds for this purpose, as well as being able to support providers facing financial hardship where this relates to ensuring sufficiency of places for parents. It may also be required to help finance support to children with SEN and where providers become eligible to higher top up payments.
67. In the current year, a budget of £0.115m has been agreed for a contingency. In reviewing recent demand, less funds have been required than set aside in the budget. Therefore, it is proposed to reduce future provision to around 1.5% of funding, which equates to around £0.086m.

In respect of a contingency:

Question 24 – Do you agree that a contingency should be retained to meet the cost of in-year increases in take-up and to support providers facing financial hardship where this relates to ensuring sufficiency of places for parents and other in-year cost pressures?

Question 25 – If a contingency is supported, do you prefer it to represent around 1% of funds (around £0.057m), 1.5% (recommended level, and around £0.086m) or 2.0% (current amount, around £0.115m)?

Centrally managed funding **INSIDE** the 5% cap

68. The DfE recognises that “some retention of central spend is justifiable and appropriate. We recognise, for example, that LAs need to administer entitlements”. LAs also have a range of statutory duties to meet in respect of early years that can be financed from EY DSG income. In 2015-16, the average LA retention rate was 6% with over 30% of LAs retaining more than 10%.
69. The main duties that LAs need to meet include:
1. The duty to secure sufficient early years provision free of charge, including children with SEND or EAL.
 2. Duty to secure sufficient childcare for working parents or parents in education/training, including children with SEND.
 3. Duty to assess childcare provision.
 4. Duty to provide information, advice and training to childcare providers and prospective providers.
 5. Duty to maintain and develop a local EY Funding Formula
70. As well as statutory duties, there can also be a case for central council management of funds where area-wide organisation of services is beneficial or there are economies of scale, and therefore value for money benefits.
71. Taking these factors into account, and in order to provide some flexibility around what actual services are provided, to allow changes to be made as new issues or changes to current requirements emerge, it is proposed that funding to be centrally managed by the council should be set at a proportion of total funds. Taking account of current plans and requirements, the recommendation is that up to 3% of funds, around £0.16m, can be centrally managed by the council, with detailed proposals to be presented to the Schools Forum each year for agreement. The proposed limit is well within the 5% maximum set by the DfE, which equates to £0.27m.
72. The areas of expenditure envisaged to be centrally managed by the council would be:
1. The provision of information and advice to providers and parents, including the local offer (SEND).
 2. Planning and developing the support structure for providers, including the provision of specialist support to EAL children, the employment of Quality and Development Workers who assist providers with the quality of their provision and the sustainability of their business.
 3. Planning, developing and administering the EY funding formula, including gathering data, checking eligibilities, processing payments, maintenance of payment software and managing provider and parent queries.

In respect of funds within the 5% cap to be centrally managed by the Council:

Question 26 – Taking account of the council’s statutory duties, what level of funds within the 5% cap do you consider it appropriate for the council to centrally manage on behalf of providers? Do you prefer it to represent around 3% of funds (recommended level, around £0.16m), 4% (around £0.215m) or up to the maximum amount of 5% (around £0.27m)?

Early Years Funding: Proposals for 2 Year Olds

73. The DfE state that “funding for the most disadvantaged 2 year olds is already allocated on a fair and formulaic basis and is not covered by their proposals.” However, as part of government spending plans, the BFC hourly funding rate will increase by 7.1% from £5.10 to £5.46. The recommendation is to also increase provider hourly funding rates by 7.1%.

In respect of funding for 2 year olds

Question 27 – Do you agree that provider funding rates should be increased by 7.1%, the same amount as the funding rate paid to BFC?

Review

74. One of the outcomes from this consultation will be agreement to hourly top up rates for 2017-18: To have a proper understanding and evaluation of the impact of any changes implemented as a result of this consultation, and to consider whether any refinements are required, a review is intended to be undertaken with providers towards the end of 2017 in order for any changes to be considered by the Schools Forum as part of the 2018-19 budget setting process.

Next Steps

Results of Consultation

75. The results of this consultation will be summarised and presented to the Schools Forum on 9 March 2017, as part of the budget setting process. The report will be published on 2nd March 2017 on the council’s public access website at:

<http://democraticintranet.bracknell-forest.gov.uk/ieListDocuments.aspx?CId=187&MId=6554&Ver=4>

Any specific comments on the proposals made by individual providers will also be reported to the Schools Forum, but these will not be published on the public access website and will only be made available to members of the Schools Forum.

76. The Schools Forum will need to take a strategic approach in recommending the budget for the Executive Member to agree, including taking account of the overall level of resources. The Executive Member will make the budget decisions on 14 March 2017.

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Early Years Summary Budget Information

| 3 and 4 year olds | | | | | |
|--------------------------------------|-----------------------------|-----------------------------|--------------------------|---|---|
| Hourly / fixed funding rate | Funded hours per week | Funded weeks per year | Total funded hours | Total EXCLUDING additional 15 hours | Total INCLUDING additional 15 hours |

2016-17 Budget Information**BFC estimate for EY funding**

Existing 15 hours free entitlement funding

| | | | | |
|-------|----|----|-----------|------------|
| £4.08 | 15 | 38 | 1,010,110 | £4,126,000 |
|-------|----|----|-----------|------------|

Total BFC estimate of EY funding

| | | | | |
|--------------|--|--|------------------|-------------------|
| £4.08 | | | 1,010,110 | £4,126,000 |
|--------------|--|--|------------------|-------------------|

Total BFC estimate of EY Funding Formula allocation

| | | | | |
|--------------|--|--|------------------|-------------------|
| £3.85 | | | 1,010,110 | £3,900,490 |
|--------------|--|--|------------------|-------------------|

Total BFC estimate of centrally managed expenditure

| | | | | |
|--|--|--|--|-----------------|
| | | | | £225,510 |
|--|--|--|--|-----------------|

2017-18 Budget Information

| 3 and 4 year olds | | | | | |
|-----------------------------|-----------------------|-----------------------|--------------------|--|--|
| Hourly / fixed funding rate | Funded hours per week | Funded weeks per year | Total funded hours | Total EXCLUDING additional 15 hours | Total INCLUDING additional 15 hours |

DfE EY funding model:

| | | | | | | |
|--|--------------|----|----|------------------|-------------------|-------------------|
| Existing 15 hours free entitlement funding | £4.66 | 15 | 38 | 1,089,422 | £5,076,710 | £5,076,710 |
| Delivery of up to 15 additional hours (from Sept 2017) | £4.66 | 15 | 38 | 219,184 | 0 | £1,021,400 |
| Total DfE estimate of EY funding | £4.66 | | | 1,308,606 | £5,076,710 | £6,098,110 |

BFC adjustment to DfE funding model:

| | | | | | | |
|---|--------------|-------|----|------------------|-------------------|-------------------|
| Existing 15 hours free entitlement funding - REVISED HOURS | £4.66 | 15 | 38 | 1,010,110 | £4,707,110 | £4,707,110 |
| Delivery of up to 15 additional hours (from Sept 2017) | £4.66 | 15 | 38 | 219,184 | 0 | £1,021,400 |
| Total BFC estimate of EY funding | £4.66 | | | 1,229,294 | £4,707,110 | £5,728,510 |
| Current average rate | £4.08 | | | | | |
| Change | £0.58 | 14.1% | | | | |

For allocation through the EY Funding Formula:

| | | | | | |
|--|--------------|-----------|--------------------------|-------------------|-------------------|
| Basic rate | £4.00 | 91.00% | of total available funds | £4,040,440 | £4,914,640 |
| Deprivation supplement | £0.22 | 5.00% | of total available funds | £222,220 | £270,030 |
| Flexibility supplement | £0.04 | 1.00% | of total available funds | £44,440 | £54,010 |
| Quality | £0.13 | 3.00% | of total available funds | £131,310 | £162,020 |
| Total BFC estimate of EY Funding Formula allocation | £4.39 | (average) | | £4,438,410 | £5,400,690 |
| Current average rate | £3.85 | | | | |
| Change | £0.54 | 14.1% | | | |

2017-18 Budget Information

| 3 and 4 year olds | | | | | |
|-----------------------------|-----------------------|-----------------------|--------------------|--|--|
| Hourly / fixed funding rate | Funded hours per week | Funded weeks per year | Total funded hours | Total EXCLUDING additional 15 hours | Total INCLUDING additional 15 hours |

Funding to be managed by the Council

Outside the 5% cap of EY Funding Formula:

| | | | | | |
|--|------|--------------------------|----|--|---------|
| Ring fenced Disability Access Fund | £615 | per child with DLA | 40 | | £24,600 |
| SEN Inclusion Fund | 1.0% | of total available funds | | | £57,290 |
| Out reach: to support delivery of sufficient places for 2 year olds. | | | | | |
| Provider Contingency | 1.5% | of total available funds | | | £85,930 |

Within the 5% cap of EY Funding Formula: circa £270,000

| | | | | | |
|---|------|--------------------------|--|--|-------------------|
| BFC Services | 3.0% | Propose up to 3% maximum | | | £160,000 |
| Total BFC estimate of funding to be managed by the Council | | | | | £327,820 |
| Total BFC estimate of EY funding | | | | | £5,728,510 |

Current and potential provider hourly funding rates if all the proposals in this consultation are agreed and estimates accurate

| Ref | Provider | Current Funding Formula | | | | Revised Funding Formula | | | | Change in hourly rate | | | | | Ref |
|-----|--|-------------------------|--------------|---------|-------------------|-------------------------|--------------|---------|-------------------|-----------------------|--------------|---------|-------------------|--------|-----|
| | | Base rate | Depr-ivation | Quality | Total hourly rate | Base rate | Depr-ivation | Quality | Total hourly rate | Base rate | Depr-ivation | Quality | Total hourly rate | % | |
| 1 | Ascot & Cranbourne Pre-School | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.04 | £0.18 | £4.23 | £0.29 | £0.04 | -£0.09 | £0.25 | 6.16% | 1 |
| 2 | Binfield Jocks Lane Pre-School | £3.71 | £0.32 | £0.00 | £4.03 | £4.00 | £0.62 | £0.00 | £4.62 | £0.29 | £0.30 | £0.00 | £0.59 | 14.59% | 2 |
| 3 | Binfield Pre-School (Memorial Hall) | £3.71 | £0.00 | £0.00 | £3.71 | £4.00 | £0.05 | £0.00 | £4.05 | £0.29 | £0.05 | £0.00 | £0.34 | 9.08% | 3 |
| 4 | Birch Hill Pre-School | £3.71 | £0.11 | £0.00 | £3.82 | £4.00 | £0.35 | £0.00 | £4.35 | £0.29 | £0.24 | £0.00 | £0.53 | 13.77% | 4 |
| 5 | Birch Hill Primary School | £3.17 | £0.11 | £0.27 | £3.55 | £4.00 | £0.01 | £0.18 | £4.20 | £0.83 | -£0.10 | -£0.09 | £0.65 | 18.22% | 5 |
| 6 | Bramley Wood Day Nursery | £3.71 | £0.21 | £0.21 | £4.13 | £4.00 | £0.32 | £0.14 | £4.46 | £0.29 | £0.11 | -£0.07 | £0.33 | 8.06% | 6 |
| 7 | Busy Bees Montessori School | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.00 | £0.00 | £4.00 | £0.29 | £0.00 | -£0.21 | £0.08 | 2.04% | 7 |
| 8 | Chavey Down Pre-School | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.09 | £0.18 | £4.27 | £0.29 | £0.09 | -£0.03 | £0.35 | 8.87% | 8 |
| 9 | Cherry Town Nursery | £3.71 | £0.11 | £0.00 | £3.82 | £4.00 | £0.00 | £0.00 | £4.00 | £0.29 | -£0.11 | £0.00 | £0.18 | 4.71% | 9 |
| 10 | Children's House Day Nursery | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.00 | £0.18 | £4.18 | £0.29 | £0.00 | -£0.09 | £0.20 | 5.09% | 10 |
| 11 | College Town Infant and Nursery School | £3.17 | £0.00 | £0.27 | £3.44 | £4.00 | £0.04 | £0.18 | £4.22 | £0.83 | £0.04 | -£0.09 | £0.78 | 22.78% | 11 |
| 12 | College Town Montessori Nursery School | £3.71 | £0.11 | £0.27 | £4.09 | £4.00 | £0.17 | £0.18 | £4.35 | £0.29 | £0.06 | -£0.09 | £0.26 | 6.35% | 12 |
| 13 | Crown Wood Primary School | £3.17 | £0.11 | £0.27 | £3.55 | £4.00 | £0.19 | £0.18 | £4.37 | £0.83 | £0.08 | -£0.09 | £0.82 | 23.24% | 13 |
| 14 | Crowthorne Village Pre-School | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.10 | £0.18 | £4.28 | £0.29 | £0.10 | -£0.09 | £0.30 | 7.64% | 14 |
| 15 | Dolphin Nursery and Preschool, Bracknell | £3.71 | £0.11 | £0.00 | £3.82 | £4.00 | £0.16 | £0.00 | £4.16 | £0.29 | £0.05 | £0.00 | £0.34 | 8.94% | 15 |
| 16 | Eagle House School | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.00 | £0.00 | £4.00 | £0.29 | £0.00 | -£0.21 | £0.08 | 2.04% | 16 |
| 17 | Footsteps at St Josephs | £3.71 | £0.21 | £0.00 | £3.92 | £4.00 | £0.35 | £0.00 | £4.35 | £0.29 | £0.14 | £0.00 | £0.43 | 10.93% | 17 |
| 18 | Fox Hill Primary School | £3.17 | £0.21 | £0.27 | £3.65 | £4.00 | £0.44 | £0.18 | £4.62 | £0.83 | £0.23 | -£0.09 | £0.97 | 26.69% | 18 |
| 19 | Garth Under Fives Nursery | £3.71 | £0.21 | £0.21 | £4.13 | £4.00 | £0.38 | £0.00 | £4.38 | £0.29 | £0.17 | -£0.21 | £0.25 | 5.93% | 19 |
| 20 | Great Hollands Primary School | £3.17 | £0.32 | £0.27 | £3.76 | £4.00 | £0.51 | £0.18 | £4.69 | £0.83 | £0.19 | -£0.09 | £0.93 | 24.86% | 20 |
| 21 | Greengables Day Nursery | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.00 | £0.18 | £4.18 | £0.29 | £0.00 | -£0.09 | £0.20 | 5.09% | 21 |
| 22 | Harmans Water Primary School | £3.17 | £0.21 | £0.27 | £3.65 | £4.00 | £0.35 | £0.18 | £4.54 | £0.83 | £0.14 | -£0.09 | £0.89 | 24.26% | 22 |

| Ref | Provider | Current Funding Formula | | | | Revised Funding Formula | | | | Change in hourly rate | | | | | Ref |
|-----|---|-------------------------|--------------|---------|-------------------|-------------------------|--------------|---------|-------------------|-----------------------|--------------|---------|-------------------|--------|-----|
| | | Base rate | Depr-ivation | Quality | Total hourly rate | Base rate | Depr-ivation | Quality | Total hourly rate | Base rate | Depr-ivation | Quality | Total hourly rate | % | |
| 23 | Holly Spring Infant and Nursery School | £3.17 | £0.11 | £0.27 | £3.55 | £4.00 | £0.22 | £0.18 | £4.40 | £0.83 | £0.11 | -£0.09 | £0.85 | 23.88% | 23 |
| 24 | Jennetts Park Primary School | £3.17 | £0.32 | £0.48 | £3.97 | £4.00 | £0.51 | £0.18 | £4.69 | £0.83 | £0.19 | -£0.30 | £0.72 | 18.26% | 24 |
| 25 | Kids Inc Day Nursery | £3.71 | £0.00 | £0.00 | £3.71 | £4.00 | £0.00 | £0.00 | £4.00 | £0.29 | £0.00 | £0.00 | £0.29 | 7.82% | 25 |
| 26 | Little Acorns Montessori Ltd (Priestwood) | £3.71 | £0.32 | £0.27 | £4.30 | £4.00 | £0.52 | £0.14 | £4.66 | £0.29 | £0.20 | -£0.13 | £0.36 | 8.44% | 26 |
| 27 | Little Acorns Montessori Ltd (Winkfield) | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.01 | £0.18 | £4.19 | £0.29 | £0.01 | -£0.09 | £0.21 | 5.31% | 27 |
| 28 | Little Blossoms Childcare Harmanswater | £3.71 | £0.21 | £0.00 | £3.92 | £4.00 | £0.43 | £0.00 | £4.43 | £0.29 | £0.22 | £0.00 | £0.51 | 12.91% | 28 |
| 29 | Little Blossoms Childcare Holly Spring | £3.71 | £0.21 | £0.21 | £4.13 | £4.00 | £0.48 | £0.00 | £4.48 | £0.29 | £0.27 | -£0.21 | £0.35 | 8.53% | 29 |
| 30 | Little Blossoms Childcare Jennett's Park | £3.71 | £0.32 | £0.00 | £4.03 | £4.00 | £0.54 | £0.00 | £4.54 | £0.29 | £0.22 | £0.00 | £0.51 | 12.70% | 30 |
| 31 | Little Sandhurst Nursery Group | £3.71 | £0.00 | £0.00 | £3.71 | £4.00 | £0.03 | £0.00 | £4.03 | £0.29 | £0.03 | £0.00 | £0.32 | 8.73% | 31 |
| 32 | Meadow Vale Primary School | £3.17 | £0.32 | £0.27 | £3.76 | £4.00 | £0.35 | £0.18 | £4.53 | £0.83 | £0.03 | -£0.09 | £0.77 | 20.56% | 32 |
| 33 | Meadowbrook Montessori School | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.00 | £0.00 | £4.00 | £0.29 | £0.00 | -£0.21 | £0.08 | 2.04% | 33 |
| 34 | New Scotland Hill Primary School | £3.17 | £0.00 | £0.27 | £3.44 | £4.00 | £0.04 | £0.18 | £4.22 | £0.83 | £0.04 | -£0.09 | £0.78 | 22.65% | 34 |
| 35 | Newbold School | £3.71 | £0.21 | £0.27 | £4.19 | £4.00 | £0.35 | £0.18 | £4.53 | £0.29 | £0.14 | -£0.09 | £0.34 | 8.17% | 35 |
| 36 | Owlsmoor Pre-School | £3.71 | £0.11 | £0.27 | £4.09 | £4.00 | £0.29 | £0.18 | £4.48 | £0.29 | £0.18 | -£0.09 | £0.39 | 9.41% | 36 |
| 37 | Owlsmoor Primary School | £3.17 | £0.11 | £0.27 | £3.55 | £4.00 | £0.18 | £0.18 | £4.36 | £0.83 | £0.07 | -£0.09 | £0.81 | 22.85% | 37 |
| 38 | Paws Nursery School | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.00 | £0.00 | £4.00 | £0.29 | £0.00 | -£0.21 | £0.08 | 2.04% | 38 |
| 39 | Plus Three Nurseries at Farley Wood | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.20 | £0.18 | £4.38 | £0.29 | £0.20 | -£0.09 | £0.40 | 10.12% | 39 |
| 40 | Plus Three Nurseries at Martin's Heron | £3.71 | £0.21 | £0.00 | £3.92 | £4.00 | £0.43 | £0.00 | £4.43 | £0.29 | £0.22 | £0.00 | £0.51 | 13.02% | 40 |
| 41 | Plus Three Nurseries at Newell Green | £3.71 | £0.00 | £0.00 | £3.71 | £4.00 | £0.09 | £0.00 | £4.09 | £0.29 | £0.09 | £0.00 | £0.38 | 10.16% | 41 |
| 42 | Rectory Lane Nursery | £3.71 | £0.21 | £0.27 | £4.19 | £4.00 | £0.38 | £0.18 | £4.56 | £0.29 | £0.17 | -£0.09 | £0.37 | 8.93% | 42 |
| 43 | Sandhurst Nursery School | £3.71 | £0.11 | £0.27 | £4.09 | £4.00 | £0.16 | £0.18 | £4.34 | £0.29 | £0.05 | -£0.09 | £0.25 | 6.21% | 43 |
| 44 | Sandhurst Station Nursery RMA | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.00 | £0.14 | £4.14 | £0.29 | £0.00 | -£0.07 | £0.22 | 5.60% | 44 |
| 45 | Sandy Lane Primary School | £3.17 | £0.11 | £0.27 | £3.55 | £4.00 | £0.18 | £0.18 | £4.36 | £0.83 | £0.07 | -£0.09 | £0.81 | 22.84% | 45 |
| 46 | South Hill Park Pre-School | £3.71 | £0.11 | £0.27 | £4.09 | £4.00 | £0.23 | £0.18 | £4.41 | £0.29 | £0.12 | -£0.09 | £0.32 | 7.88% | 46 |
| 47 | Sports Centre Pre-School | £3.71 | £0.21 | £0.00 | £3.92 | £4.00 | £0.35 | £0.00 | £4.35 | £0.29 | £0.14 | £0.00 | £0.43 | 10.92% | 47 |

| Ref | Provider | Current Funding Formula | | | | Revised Funding Formula | | | | Change in hourly rate | | | | | Ref |
|-----|--|-------------------------|--------------|---------|-------------------|-------------------------|--------------|---------|-------------------|-----------------------|--------------|---------|-------------------|--------|-----|
| | | Base rate | Depr-ivation | Quality | Total hourly rate | Base rate | Depr-ivation | Quality | Total hourly rate | Base rate | Depr-ivation | Quality | Total hourly rate | % | |
| 48 | St.Michael's School House Nursery | £3.71 | £0.21 | £0.00 | £3.92 | £4.00 | £0.37 | £0.00 | £4.37 | £0.29 | £0.16 | £0.00 | £0.45 | 11.44% | 48 |
| 49 | Teddies Nurseries | £3.71 | £0.11 | £0.27 | £4.09 | £4.00 | £0.16 | £0.18 | £4.34 | £0.29 | £0.05 | -£0.09 | £0.25 | 6.21% | 49 |
| 50 | The Teepee Day Nursery | £3.71 | £0.11 | £0.21 | £4.03 | £4.00 | £0.32 | £0.18 | £4.51 | £0.29 | £0.21 | -£0.03 | £0.48 | 11.81% | 50 |
| 51 | The Ark Pre-School | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.00 | £0.18 | £4.18 | £0.29 | £0.00 | -£0.09 | £0.20 | 5.09% | 51 |
| 52 | The College Nursery | £3.71 | £0.21 | £0.27 | £4.19 | £4.00 | £0.48 | £0.18 | £4.66 | £0.29 | £0.27 | -£0.09 | £0.47 | 11.17% | 52 |
| 53 | The Oaks Creche and Pre-School MMC Ltd | £3.71 | £0.32 | £0.21 | £4.24 | £4.00 | £0.69 | £0.14 | £4.83 | £0.29 | £0.37 | -£0.07 | £0.59 | 13.84% | 53 |
| 54 | The Old School Day Nursery | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.00 | £0.14 | £4.14 | £0.29 | £0.00 | -£0.13 | £0.16 | 4.01% | 54 |
| 55 | The Pines Community Pre-School | £3.71 | £0.11 | £0.00 | £3.82 | £4.00 | £0.36 | £0.00 | £4.36 | £0.29 | £0.25 | £0.00 | £0.54 | 14.20% | 55 |
| 56 | The Pines Primary and Nursery School | £3.17 | £0.21 | £0.27 | £3.65 | £4.00 | £0.33 | £0.18 | £4.52 | £0.83 | £0.12 | -£0.09 | £0.87 | 23.75% | 56 |
| 57 | The Rowans Pre-School | £3.71 | £0.11 | £0.27 | £4.09 | £4.00 | £0.33 | £0.18 | £4.51 | £0.29 | £0.22 | -£0.09 | £0.42 | 10.30% | 57 |
| 58 | Uplands Primary School | £3.17 | £0.00 | £0.27 | £3.44 | £4.00 | £0.01 | £0.18 | £4.19 | £0.83 | £0.01 | -£0.09 | £0.75 | 21.77% | 58 |
| 59 | Warfield CE Primary School | £3.17 | £0.00 | £0.27 | £3.44 | £4.00 | £0.02 | £0.18 | £4.20 | £0.83 | £0.02 | -£0.09 | £0.76 | 22.07% | 59 |
| 60 | Whitegrove Pre-School | £3.71 | £0.00 | £0.21 | £3.92 | £4.00 | £0.06 | £0.00 | £4.06 | £0.29 | £0.06 | -£0.21 | £0.14 | 3.59% | 60 |
| 61 | Wildridings Primary School | £3.17 | £0.21 | £0.27 | £3.65 | £4.00 | £0.43 | £0.18 | £4.61 | £0.83 | £0.22 | -£0.09 | £0.96 | 26.36% | 61 |
| 62 | Winkfield Montessori | £3.71 | £0.00 | £0.27 | £3.98 | £4.00 | £0.00 | £0.18 | £4.18 | £0.29 | £0.00 | -£0.09 | £0.20 | 5.09% | 62 |
| 63 | Wooden Hill Primary and Nursery School | £3.17 | £0.21 | £0.27 | £3.65 | £4.00 | £0.33 | £0.18 | £4.51 | £0.83 | £0.12 | -£0.09 | £0.86 | 23.60% | 63 |
| 64 | Child Minders 3 & 4 year olds | £3.85 | £0.00 | £0.00 | £3.85 | £4.00 | £0.00 | £0.00 | £4.00 | £0.15 | £0.00 | £0.00 | £0.15 | 3.90% | 64 |

Notes:

Due to the range of rates that could be paid to individual childminders, only base rate funding is shown here. Individual providers can model their likely funding rate on the provider calculator spreadsheet.

Excludes impact of any flexibility supplement as what individual providers will be delivering is not known.