

**An early years national funding formula
Government consultation
Respond by: Thursday 22 September**

Questions (p27):

- Should there be an early years national funding formula (to distribute money from central government to each local authority)?

Yes. This is something we have wanted for a number of years to address inequalities in funding across the country.

- To what extent do you agree with the proposed funding floor limit, so that no local authority would face a reduction in its hourly funding rate of greater than 10%?

We strongly disagree with this.

Capping at 10% means the inequalities that currently exist will continue. This means that local authorities and childcare providers who have historically received the most funding will continue to do so.

The historically inflated funding that some authorities and their childcare providers are receiving is being subsidised by the remaining authorities and childcare providers. This is an unfair situation that needs to be addressed properly and by limiting the reduction to 10% only a partial redress is achieved.

There is no desire to see providers in LAs that would receive significant funding reductions having to manage the change too abruptly, so an extension to the transition period beyond the proposed 2 year period whilst removing the arbitrary 10% floor will allow for a redress of the existing inequalities in a measured way.

It would be easier to answer this question if it was clearer from the consultation what the % funding losses from moving to the EYFF were by each LA.

Questions (p27):

Considering a universal base rate of funding which does not vary by local area...

- Should a universal base rate be included in the early years national funding formula?

Yes. This will place all local authorities and childcare providers, nationally, on an even footing and helps to address historic inequalities.

- Is 89.5% of overall funding the right amount to channel through this factor?

We agree this should be a high percentage because it reflects the fact that all providers across the country face similar core costs. The consultation does not make clear why 89.5% should be used...

Questions (p30):

Considering an additional needs factor...

- Should an additional needs factor be included in the early years national funding formula?

Yes. This factor is important to ensure resources are targeted at the children most in need.

- Do we propose the correct basket of metrics?

Yes. We agree with the metrics outlined in the consultation.

FSM is a confusing metric now that FSM is universal in Key stage 1 it would be helpful to use the Pupil Premium data.

- Do we propose the correct weightings for each metric?

Not possible to make an informed comment as there is no basis presented to support why the weightings are chosen.

Questions (p31):

Considering an area cost adjustment...

- Should the early years national funding formula include an area cost adjustment?

Yes. This should help address variances in regional costs which have been evidenced in many studies.

- Should that adjustment be based on staff costs (based on the General Labour Market measure) and on nursery premises costs (based on rateable values)?

Yes. The, evidence available demonstrates provider costs vary by these factors.

Questions (p32):

To implement the increased hourly rate for the two-year old free entitlement...

- Should we retain the current two-year-old funding formula?

Yes this appears to be the most appropriate way of allocating funds.

- Should we use the additional funding secured at the spending review to uplift local authorities' allocations based upon this?

Yes however the uplift is insufficient to cover the high cost of delivering places for two years olds, due to staffing ratios being double, i.e 1:4 for 2 year olds and 1:8 for 3 and 4 year olds

Considering the Dedicated Schools Grant...

- Should the free entitlement be capped at 30 hours for children of eligible working parents and 15 hours for all other children?

Yes. This is appropriate.

Questions (p35):

- Should Government set the proportion of early years funding that must be passed on to providers?

Yes. It is appropriate for the government to set this proportion to ensure equality nationally in the calculation of funding rates paid to providers.

- Do you think that 95% is the correct minimum proportion of the money that should be passed from local authorities to providers?

Yes. This will enable LA's to cover additional costs for delivering both support to providers and administration of early education funding.

Question (p36):

- Should local authorities be required to give the same universal hourly base rate to all childcare providers in their area?

No. We do not agree with the government findings that all types of childcare providers have similar operating costs. There will be significant differences in building/running costs i.e. business rates / rent where maintained provider costs are usually funded through the main school budget, but private providers need to meet in full, and employee costs arising from different staff : child ratios required in different setting types. Addressing these differences is not possible through the allowable supplements being proposed. We believe that this condition will unfairly penalise some providers.

Question (p39):

- Should local authorities be able to use funding supplements?

Yes. This allows local authorities to address local variances in costs and need.

Questions (p39):

- Should there be a cap on the proportion of funding that is channelled through supplements?

Yes. Although it is important to ensure local authorities can address local variances, it is also important to maintain equalities nationally.

- If you agree that there should be cap on the proportion of funding that is channelled through supplements, should the cap be set at 10%?

Yes. This appears appropriate as it is the current average (median) amount of all LAs.

Questions (p43):

- Should the following supplements be permitted? Deprivation, sparsity / rural areas, flexibility, efficiency, additional 15 hours

- **Deprivation:** we agree with this supplement as it will target the most vulnerable families using the EYPP measure
- **Sparsity / rural areas:** whilst this is not a supplement we expect to use in our authority, we can see the need for this in other areas
- **Flexibility:** whilst we see the need for flexibility, we need to investigate the needs of families and how this would work locally
- **Efficiency:** The descriptions are insufficient to enable us to judge and enforce this effectively. Whilst we support our providers to have effective and sustainable business models, we also promote high quality childcare.
- **Additional 15 hours:** Whilst there will be a benefit to paying a supplement to providers to deliver the additional 15 hours, the supplement will be paid for by reducing funding for the universal 15 hours. As a result of this supplement, it will penalise providers that are unable to deliver the additional 15 hours due to circumstances beyond their control.

• When using funding supplements, should local authorities have discretion over the metrics they use and the amount of money channelled through each one?

Yes. This will be part of our local consultation with providers and parents.

• If you agree that efficiency / additional 15 hours should be included in the set of supplements, do you have a suggestion of how should it be designed?

Insufficient information in the consultation to understand what this supplement means.

• If you think any additional supplements should be permitted which are not mentioned here, please set out what they are and why you believe they should be included.

Questions (p47):

• Should there be a Disability Access Fund to support disabled children to access their free entitlement?

Yes. We agree there should be a Disability Access Fund to improve inclusion for children with disabilities.

• Should eligibility for the Disability Access Fund be children aged 3 or 4 which are a) taking up their free entitlement and b) in receipt of Disability Living Allowance?

No. Any children aged 2, 3 or 4 years old in receipt of the free entitlement and DLA should be eligible for the disability access fund.

• When it comes to delivering the funding for the Disability Access Fund, is the most appropriate way the existing framework of the Early Years Pupil Premium?

Yes. We agree with this framework, however, without the requirement to recheck eligibility.

However, there is a caution. A provider may commence a works programme to facilitate a child to access the free entitlement. The child may then move the funding ceases the next term and they are committed to paying for works no longer needed for the intended child.

Questions (p51):

• To what extent do you agree that a lack of clarity on how parents / childcare providers can access financial support results in children with special educational needs not receiving appropriate support? (We mean children who do not already have an Education, Health and Care Plan)

We do not agree that this is a problem locally. We have appropriate systems in place and are currently reviewing to ensure we meet new funding requirements. We cannot answer this question in a national context.

When it comes to establishing an inclusion fund...

• Should local authorities be required to establish an inclusion fund?

Yes, we already have this in place.

• Would an inclusion fund help improve the supply of appropriate support children receive when in an early years setting?

Yes, we already have this in place.

- If you envisage any barriers, arising from existing practice or future proposals, to introducing a new requirement on local authorities to establish an inclusion fund, please tell us what they are and how they might be overcome.

Our current arrangements match the proposals in the consultation document and cannot envisage any barriers.

When it comes to the SEN inclusion fund, should local authorities be responsible for deciding...

- The children for which the inclusion fund is used? **Yes, in partnership with providers.**
 - The value of the fund? **Yes, in partnership with providers.**
 - The process of allocating the funding? **Yes, in partnership with providers.**
- Where specialist SEN or SEND services are delivered free at the point of use, should they be considered as funding passed directly to providers for the purposes of the 95% high pass-through? **Yes as it is important to be able to allocate sufficient funds and not be concerned about exceeding a central expenditure limit if significant funding is required.**

Question (p53):

- To what extent do you agree with the transition approach proposed for the Early Years National Funding Formula (money distributed from Government to local authorities)?

We do not support a 10% floor as previously noted. All LAs should move to the national funding formula. A 5% per annum maximum loss seems a reasonable limit, but there should be no time limit in moving all LAs fully to the formula.

Question (p53):

- To what extent do you agree with the transition approach proposed for the high pass-through of early years funding from local authorities to providers?

A phased introduction to cap is supported to enable LAs a little more time to adapt.

Question (p54):

- To what extent do you agree that our proposals on the high pass-through of funding from local authorities to childcare providers makes the existing Minimum Funding Guarantee for the early years unnecessary?

We consider an MFG an appropriate control to the protection of the base rate only. Any MFG should not apply to supplements as these are designed to support providers meeting specified criteria. If their circumstances change, then it is appropriate to change their funding.

Question (p54):

- To what extent do you agree with the transition approach proposed for introducing the universal base rate for all providers in a local authority area?

We agree with the transition approach.

Question (p55):

- Please provide any representations / evidence on the impact of our proposals for the purposes of the Public Sector Equality Duty (Equality Act 2010). The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race (including ethnicity); religion or belief; sex and sexual orientation.

We have not identified any other protected characteristics that are not included in your impact assessment.