



# Early Years Funding: Arrangements proposed for Bracknell Forest from April 2017

<http://schools.bracknell-forest.gov.uk/finance/early-years-funding-reform>

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# Areas to be covered

- Key areas of change from the DfE
- BFC approach to the reforms
- Summary of the potential financial implications from the proposals
- Review of BFC consultation questions
- Illustrative impact on BF providers
- Timetable
- Questions from the audience

# DfE Changes – Policy Overview

- Add £300m of additional funds a year for 3 years to increase hourly payments to providers and fund the additional hours
- Change the way EY funds are allocated to councils and providers to ensure a consistent, fair share of money is received by all, with extra for those that need it the most
- From September 2017, extend the free entitlement for eligible working families to 30 hours per week

# DfE Changes - Requirements

- The local EY Funding Formula must:
  - Have at least a 95% “pass through” rate of funds to providers
  - Pay all providers the same hourly base rate which must also distribute at least 90% of funds
  - Must include a top up supplement for deprivation, others for flexibility, quality, sparsity and EAL children can be used if appropriate
- LAs must develop and maintain:
  - Disability Access Funds (DAFs)
  - SEN Inclusion Funds



# BFC approach to the changes

## Key priorities:

1. Target financial support to children that need it the most to succeed who providers then prioritise
2. Increase the number of free entitlement hours
3. Maximise quality of provision
4. Maximise the amount of funds paid to providers

# BFC approach to the changes

## Developing the Early Years Funding Formula:

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 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 level of funds received for Early Years

# BFC approach to the changes

## Suitability of the available top up supplements:

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?
4. Should the top up have a uniform funding rate or should it vary?

# Financial implications in BFC

## From the national reforms

- BFC 2017-18 hourly funding rate to increase by 14.1% compared to average national increase of 8.3%
- Funding gain of £0.586m (excluding the cost of the additional 15 hours from September)
- Further 7.1% increase in BFC hourly funding rate expected in 2019-20, so over the 2 year period, 20.1% increase (£0.859m)



# Financial implications in BFC

From the BFC proposals (based on 2016-17 data)

- 14.1% average increase in provider funding rates for 3 and 4 year olds from £3.85 to £4.39, 7.1% for 2 year olds from £5.10 to £5.46 i.e. same as increases from DfE
- Additional £0.055m funds set aside to support children with disability and / or low level SEN
- £0.086m contingency to fund in-year increase in number of hours / cost of top ups and providers in financial hardship

# Financial implications in BFC

## Proposed Provider Hourly Funding Rates

- Uniform base rate: £4.00
- Deprivation IDACI: £0.16, £0.32 or £0.48
- Deprivation EY Pupil Premium: £0.77
- Flexibility: £0.05, £0.10, £0.15, £0.20, £0.25 or £0.30
- Quality: £0.14 of £0.18

# Financial implications in BFC

## Other support to high needs children

- Providers funded for “Low” need SEN children at £710 per term, “moderate” need at £1,060 per term, and “high” need at £1,770 per term.
- Providers funded at £615 (full year) for each child eligible to a Disability Living Allowance
- English as additional language (EAL) children will continue to be supported through BFC managed contract

# Financial implications in BFC

From the BFC proposals (based on 2016-17 data)

- DfE requirement for the same amount of hourly base rate to be paid to all providers, plus allocating at least 90% of funding results in PVI providers receiving average increases of 8% with schools at 23%  
i.e. PVI base rate up 7.8%, schools up 26.2%
- Half of providers receive increases of up to 10%, half receive increases above 10%

# BFC consultation questions

## The Early Years Funding Formula:

### *Deprivation supplement (questions 1-6)*

1. To be used?: Mandatory by DfE.
2. To be measured by: IDACI scores and eligibility to EY Pupil Premium
3. How much money?: 5%: 4% by IDACI and 1% by EYPP. Total circa £0.222m
4. Specific targeting?: IDACI only, with childminders eligible to lowest rate

# BFC consultation questions

## The Early Years Funding Formula:

### *Flexibility supplement (questions 8-10)*

1. To be used?: Yes
2. To be measured by: Definition at Annex 4 of the list of Annexes document (p14)
3. How much money?: 1%, circa £0.04m
4. Specific targeting?: Yes as defined in Annex 4 of the list of Annexes document

# BFC consultation questions

## The Early Years Funding Formula:

### *Quality supplement (questions 11-13)*

1. To be used?: Yes
2. To be measured by: Leadership qualification
3. How much money?: 3%, circa £0.131m
4. Specific targeting?: Yes. Foundation Degree Level 5 leaders receive £0.14 per hour, Graduate Level 6 leaders and above £0.18 per hour.

# BFC consultation questions

## The Early Years Funding Formula:

### *Sparsity supplement (question 7)*

- To be used?: No, not appropriate to BF.

### *EAL supplement (question 14)*

- To be used?: No, continue to provide support through an external contract managed by BFC.

### *Provider eligibility to supplements (question 15)*

- Termly update or annual?



# BFC consultation questions

## The Early Years Funding Formula:

### *Uniform base rate (questions 16-17)*

- Balancing figure after proposals for top up supplements at 91%, £4.00 to all providers.
- Implement fully at April 2017 or phase in over 2 years?

# BFC consultation questions

Funds to be managed by BFC *outside* 5% cap:

*Disability Access Fund (DAF) (question 18)*

1. Mandatory requirement of DfE at £615 per child
2. Do you agree with 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 (p18 and 21-22)?

# BFC consultation questions

Funds to be managed by BFC *outside* 5% cap:

*SEN Inclusion Fund (questions 19-23)*

1. Mandatory requirement of DfE.
2. Funding to be based on “low” support needs of up to 6 hours a week, “moderate” of up to 9 hours and “high” of up to 15 hours as per draft funding policy at Annex 5 of the list of Annexes document
3. Other arrangements to apply by exception
4. Hourly provider funding rate of £9.30
5. Allocate 1% of funds, circa £0.057m

# BFC consultation questions

Funds to be managed by BFC *outside* 5% cap:

*Provider contingency (questions 24-25)*

- To meet the cost of in-year increases in take-up / changes in eligibility to top ups and to support providers facing financial hardship
- Allocate 1.5% of funds, circa £0.086m

Funds to be managed by BFC *inside* 5% cap:

*BFC Statutory etc. duties (question 26)*

- Allocate 3% of funds, circa £0.16m

# Illustrative Impact on providers

- Up to 5% increase (7 providers):
  - 5 no longer receive qualification supplement (have Level 4 leaders), 1 gets lower quality, 1 no longer gets deprivation
- 5-10% increase (24 providers):
  - 19 get lower quality of which 14 partially offset the loss with higher deprivation, 5 receive low increases in deprivation, 1 receives low increase in deprivation and less quality, 1 receives no supplements now or before

# Illustrative Impact on providers

- 10-15% increase (15 providers):
  - 10 get higher deprivation, 5 get higher deprivation and less quality
- Over 15% increase (17 providers):
  - All schools, so benefit from 26% increase in base rate. 16 also receive higher deprivation and less quality. 1 receives less deprivation and less quality

# BFC consultation questions

Funding for 2 year olds:

*Hourly funding rate (question 27)*

- To be increased by 7.1%, from £5.10 to £5.46 per hour, the same increase in funding rate as paid by the DfE to BFC



# Timetable

- 20 January: deadline for responses to BFC consultation
- 23 January to 20 February: responses analysed, final proposals formulated
- 1 March (approx): proposals posted on BFC public access website
- 9 March: Schools Forum considers proposals
- By 31 March: Providers receive confirmation of funding rates
- Late 2017: Review of impact / affordable



# Questions?

