

Bradford Local Authority Draft Response to Early Years National Funding Formula Consultation

1. Should there be an early years national funding formula (to distribute money from Government to each local authority)?

- ☒ Yes
☐ No
☐ Unsure

2. 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 ☒ No ☐ Unsure ☐

Is 89.5% of overall funding the right amount to channel through this factor? Yes ☐ No ☒ Unsure ☐

3. Considering an additional needs factor...

Should an additional needs factor be included in the early years national funding formula? Yes ☒ No ☐ Unsure ☐

Do we propose the correct set of metrics? Yes ☒ No ☐ Unsure ☐

Do we propose the correct weightings for each metric? Yes ☒ No ☐ Unsure ☐

4. Considering an area cost adjustment...

Should the early years national funding formula include an area cost adjustment? Yes ☒ No ☐ Unsure ☐

Should that adjustment be based on staff costs (based on the General Labour Market measure) and on nursery premises? Yes ☒ No ☐ Unsure ☐

costs (based on rateable values)?

5. If you have any comments or recommendations for alternative metrics or weightings to be used in the early years national funding formula, please explain here:

Supporting the needs of vulnerable learners must be placed at the heart of the new funding system.

We agree that an Early Years NFF, which allocates consistent amounts of funding to local authorities for children with the same levels of need is fair. However, also critical to fairness is that the correct weighting (uplift) is applied to the funding of children with additional educational needs, recognising in particular the clear correlations between levels of deprivation, lower pupil outcomes and higher costs. We argue very strongly against these NFF proposals, which appear to inadequately weight additional educational needs, both as funding is passed to local authorities in the DSG and as funding is then allocated to individual providers through local formulae. It appears that these proposals are focused on flattening the distribution of funding in support of childcare policies. We in Bradford have taken decisions previously to spend more of our DSG in our Early Years Block in order to support early intervention especially for vulnerable groups. As a result, our funding rates in our Early Years formulae have been higher than national averages. It now appears that we will be penalised for these decisions. The NFF proposals, at April 2019, will take £3m out of our Early Years Block (10%) and we conclude that one of causes of this is a flattening of the distribution of funding that comes from the inadequate emphasis on deprivation.

Firstly, the weighting applied to AEN in the DSG formula should be greater than 10%. We currently allocate 13.2% of our Early Years Single Funding Formula for additional educational needs and we would suggest that the DSG NFF weighting should be at least at this level.

Secondly, a cap on the value of supplements in each authority's formula, set at 10%, is far too low if this is to incorporate deprivation alongside all other supplements. As we currently allocate 13.2% of our formula resource to deprivation, to comply with new requirements, we would need to reduce our deprivation spending to at least 10%, and reduce this by more if we wished to fund additional supplements in support of Government policies. A reduction from 13.2% to 10% means that we would be allocating £1.1m less to our providers in targeted AEN resources on current rates. Further resource will be lost as we respond to the £3m reduction.

Thirdly, there is clear evidence that Universal Infant Free School Meals has affected the robustness of the FSM measure in the primary phase. This is a point that we made in our response to the Schools Block NFF consultation. Despite our work to counter this, Bradford's October 2015 Census has recorded a reduction in FSM numbers in primary schools and academies (to the extent that we would have spent £530,000 less out of a budget of £18.9m on this formula factor). For this reason, unless other national action is taken e.g. automatic FSM enrolment, we strongly argue that an area based measure, preferably the Index of Multiple Deprivation, is used in the Early Years NFF, not FSM.

Fourthly, we ask the DfE to clarify whether the data that will be used to calculate the NFF at DSG level will be based on snapshot annual figures or rather on e.g. EAL 3 as is the case in the Primary formula. We would support the use of EAL 3, rather than an annual snapshot, so that the value of Early Years Block is protected on a sliding scale basis from the impact of significant year on year data changes.

6. 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%?

- ☒ Strongly agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

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

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

No ☐

Unsure ☐

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

No ☐

Unsure ☐

8. 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
- ☐ No
- ☐ Unsure

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

- ☒ Yes
- ☐ No
- ☐ Unsure

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

- ☒ Yes, I agree
- ☐ No, 95% is too high
- ☐ No, 95% is too low
- ☐ Unsure

11. If you would like to explain a response you've submitted on this page in more detail, please do so here:

The consultation modelling indicates that the 10% floor would give Bradford £0.02 per hour at April 2019. As such, it is providing little protection against our reduction in funding on our 2016/17 baseline.

We understand, as the 5% protection mechanism will be applied in 2018/19 to the reduced 2017/18 DSG rates of funding, that we will see the majority (all but £0.02) of our reduction from April 2018. This gives us only 1 financial year of transition.

The consultation is also somewhat unclear about the future position of the nursery school supplement, indicating that this will be in place for "at least" 2 years and further consultation will take place.

In the face of this sharp profile of reduction, and uncertainty, we would argue that the 10% floor needs to be set higher e.g. at 5% over the 2017/18 and 2018/19 periods. First and foremost however, one of the key causes of reduction - the inadequate emphasis on deprivation – must be reviewed.

We would support the continuation on an on-going basis of a floor on the total value of reductions year on year, which is what we understand the floor will be (though explicit clarification of this would be helpful). However, if this floor is to guard against on-going year on year fluctuations that may come from data changes, then it needs to reference the position in the preceding year, rather than going back to reference the 2016/17 baseline.

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

- ☒ Yes
☐ No
☐ Unsure

13. Considering funding supplements that local authorities could choose to use (above the universal base rate)...

Should local authorities be able to use funding supplements? Yes ☒

No ☐

Unsure ☐

Should there be a cap on the proportion of funding that is channeled through supplements? Yes ☒

No ☐

Unsure ☐

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

- ☒ Yes, I agree with a 10% cap
☐ No, the cap should be higher than 10%
☐ No, the cap should be lower than 10%
☐ I'm unsure

15. Should the following supplements be permitted?

Deprivation	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>
Sparsity / rural areas	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>
Flexibility	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>
Efficiency	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>
Additional 15 hours of childcare	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>

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

Deprivation	Yes - over the metric they use <input checked="" type="checkbox"/>	Yes - over the amount of money <input checked="" type="checkbox"/>	No - over the metric they use <input type="checkbox"/>	No - over the amount of money <input type="checkbox"/>	Unsure when it comes to metrics <input type="checkbox"/>	Unsure when it comes to the amount of money <input type="checkbox"/>
Sparsity / rural areas	Yes - over the metric they use <input checked="" type="checkbox"/>	Yes - over the amount of money <input checked="" type="checkbox"/>	No - over the metric they use <input type="checkbox"/>	No - over the amount of money <input type="checkbox"/>	Unsure when it comes to metrics <input type="checkbox"/>	Unsure when it comes to the amount of money <input type="checkbox"/>
Flexibility	Yes - over the metric they use <input checked="" type="checkbox"/>	Yes - over the amount of money <input checked="" type="checkbox"/>	No - over the metric they use <input type="checkbox"/>	No - over the amount of money <input type="checkbox"/>	Unsure when it comes to metrics <input type="checkbox"/>	Unsure when it comes to the amount of money <input type="checkbox"/>
Efficiency	Yes - over the metric they use <input checked="" type="checkbox"/>	Yes - over the amount of money <input checked="" type="checkbox"/>	No - over the metric they use <input type="checkbox"/>	No - over the amount of money <input type="checkbox"/>	Unsure when it comes to metrics <input type="checkbox"/>	Unsure when it comes to the amount of money <input type="checkbox"/>
Additional 15 hours of childcare	Yes - over the metric they use <input checked="" type="checkbox"/>	Yes - over the amount of money <input checked="" type="checkbox"/>	No - over the metric they use <input type="checkbox"/>	No - over the amount of money <input type="checkbox"/>	Unsure when it comes to metrics <input type="checkbox"/>	Unsure when it comes to the amount of money <input type="checkbox"/>

17. If you agree that efficiency (efficient business practices that provide excellent value for money) should be included in the set of supplements, do you have a suggestion of how should it be designed?

No response.

18. If you agree the delivery of the additional 15 hours of free childcare should be included in the set of supplements, do you have a suggestion of how should it be designed?

No response.

19. Finally, for this page, if you want to explain a response you've submitted on this page in more detail

The gist of our responses to this set of questions is to assert the strengths of local determination of formula arrangements.

We strongly argue that authorities should be given scope to take decisions locally on the values, and methodologies for the allocation, of Early Years Block supplements, under clearer restrictions aimed at increasing consistency and transparency.

Regarding a single universal base rate, in our development of our Early Years Single Funding Formula, we looked closely at the possibility of a universal rate but concluded that the cost structures of different settings (schools, classes and PVI) were too divergent for a single rate to work effectively. The aims of formulae simplicity and consistency must be balanced against the necessity for formulae to put the right amount of money in the right places. The result is that we have 3 different, but simple, setting base rates. We assert that decisions on base rates, including whether to adopt a universal base rate, and whether to continue to fund nursery schools, should be made at local level and should not be imposed by a NFF.

Regarding a cap on the value of supplements in each authority's formula, 10% is far too low, if this is to incorporate deprivation alongside all other supplements. As we currently allocate 13.2% of our formula resource to deprivation, to comply with new requirements, we would need to reduce our deprivation spending to at least 10%, and reduce this by more if we wished to fund additional supplements in support of Government policies. A reduction from 13.2% to 10% means that we would be allocating £1.1m less to our providers in targeted AEN resources on current rates. Further resource will be lost as we respond to the £3m reduction.

We would ask that the DfE clarifies whether it is proposed for a cap to take effect from April 2017. This is not clear from our reading of the consultation document. It is also not clear whether sustainability supplements (for nursery schools, in particular) can continue at April 2017. It is crucial that we have clarity on both these matters. We would suggest that it is not practical to introduce these proposed restrictions on supplements before April 2019 and would ask that the DfE continues to allow authorities to use their current set of supplements (including nursery school sustainability) during the transition period.

We would like to take the opportunity in this response to note that the DfE's proposals for the NFF across the DSG, as they currently stand, mean that in 2 out of the 3 existing DSG Blocks – the Early Years and the High Needs Blocks – local authorities will continue to manage formulae arrangements. Firstly, we would question whether it can still be asserted that funding into local authorities relating to statutory duties can be removed because authorities will not have formula funding responsibilities in the future. Secondly, it has obviously been identified by the DfE in its Early Years and High Needs Block NFF proposals that an effective funding system needs to continue to be managed locally with local flexibility. We again question why this principle is ignored for the proposals for the Schools Block NFF. We argue that consistency can be achieved in ways other than the total removal of all local-decision making on Schools Block formula funding e.g. in further tightening of Regulations, which is what is being proposed here.

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

- ☒ Yes
☐ No
☐ Unsure

21. 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?

- ☒ Yes
☐ No
☐ Unsure

22. 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
☐ No
☐ Unsure

23. If you want to explain a response you've submitted on this page in more detail, please do so here:

[No additional response.](#)

24. 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)

- ☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☒ Disagree
☐ Strongly disagree

25. When it comes to establishing an inclusion fund...

Should local authorities be required to establish an inclusion fund?

Strongly agree ☐ Agree ☐

Neither agree nor disagree ☐

Disagree ☒

Strongly disagree ☐

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

Strongly agree ☒ Agree ☐

Neither agree nor disagree ☐

Disagree ☐

Strongly disagree ☐

26. 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:

A key barrier will be identifying and sustaining a sufficient value of resource for inclusion as the significant reductions in the Early Years Block hit and when we continue to be under funded against need in our High Needs Block. Another key barrier will be the capacity of local authorities to manage assessment processes that will be required to effectively manage the allocation of a fund. The solution is to address the under funding within the High Needs Block at the same time as re-shaping formula arrangements in the other 2 DSG Blocks.

27. 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 <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>
The value of the fund?	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>
The process of allocating the funding?	Yes <input checked="" type="radio"/>	No <input type="radio"/>	Unsure <input type="radio"/>

28. 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?

- ☒ Agree
- ☐ Disagree
- ☐ Unsure

29. If you want to explain a response you've submitted on this page in more detail, please do so here:

The gist of our responses to this set of questions is to assert the strengths of local determination of formula arrangements.

Inclusion funding (as we have now in Bradford) is 100% delegated to early years settings but it is held as a centrally managed fund at the start of the year. It should not count towards the 5% that can be retained.

30. 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 propose to cap local authority reductions in hourly rates to 5% in 2017-18 and 5% 2018-19.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neither agree nor disagree

- ☐ Disagree
- ☒ Strongly disagree

31. 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?

Our proposal is that, once fully implemented, 95% of early years funding allocated to local authorities will be passed directly to childcare providers. We recognise however that moving directly to 95% may be challenging for some areas. We therefore propose to transition the policy, starting at 93% in 2017-18 and moving to 95% by 2018-19.

- ☐ Strongly agree
- ☒ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

32. 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?

The high pass-through of funding from local authorities to childcare providers (proposed as 95% once implemented) would provide a firm guarantee of funding to the front line. As such, we propose it should replace the minimum funding guarantee for the early years, as it becomes unnecessary.

- ☒ Strongly agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

33. 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 recognise that, for some local authorities, moving to a universal 'per child' base rate of funding to providers will be a significant change. We therefore propose to allow local authorities until 2019-20 to implement this while encouraging them to do so sooner if possible and monitoring their progress.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☒ Strongly disagree

34. If you want to explain a response you've submitted on this page in more detail, please do so here:

We understand, as the 5% protection mechanism will be applied in 2018/19 to the reduced 2017/18 DSG rates of funding, that we will see the majority of our reduction from April 2018. This gives us only 1 financial year of transition. We argue that the 5% in 2018/19 should still be calculated against the 2016/17 baseline rather than the 2017/18 reduced rates, so that authorities that are losing have at least further year of protection.

We do not agree with the imposition under NFF of a universal base rate at provider level. However, if this is to be required, we would agree that authorities must be given until at least April 2019 to develop and implement this.

It is critical that the DfE gives clearer information on the life of the funding of the nursery school supplement, and expectations on the continuation of nursery schools, in order for authorities to develop their options around a universal base rate and supplements. If further consultation is to take place (as suggested in the consultation document), then this needs to take place quickly so that authorities and schools can move ahead with greater certainty.