

Response ID ANON-8PBM-MY29-8

Submitted to **Early years funding: changes to funding for 3 and 4 year olds**
Submitted on **2016-09-21 12:39:37**

Introduction

1 Welcome - would you like to provide your email address?

Email:

andrew.redding@bradford.gov.uk

2 Would you like to tell us the name of your organisation?

Organisation:

City of Bradford MDC

About you

3 We'd like to know which area of the early years sector your answers represent. Which of these categories best describes your role in the sector?

This is a drop down menu of different categories of respondent - from nursery to local authority:

Local Authority

If you have answered 'other' please provide more details::

4 In which region do you work?

A drop-down menu of the 9 regions of England:

Yorkshire and the Humber

5 If you are not responding as a local authority, which local authority you work in?

A list of all the local authorities in England:

Bradford

6 If you are a childcare provider, do you consider yourself to work in a:

7 If you are a childcare provider, how many children can your individual setting offer places to?

Not Answered

8 If you are a childcare provider, do you offer the free entitlement to:

Page 2 - Early Years National Funding Formula

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

Yes

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

Base rate (EYNFF) - Should a universal base rate be included in the early years national funding formula?:

Yes

Base rate (EYNFF) - Is 89.5% of overall funding the right amount to channel through this factor?:

No

11 Considering an additional needs factor...

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

Yes

Add needs - metrics - Do we propose the correct set of metrics?:

No

Add needs - metrics - Do we propose the correct weightings for each metric?:

No

12 Considering an area cost adjustment...

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

Yes

ACA - 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

13 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:

This box allows you to write an answer freely:

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.

Such a reduction in funding will have a significant negative impact on the ability of our providers, especially in the PVI sector, to continue to raise quality. We can provide evidence of the substantial increase in quality that has come from our additional investment in early years funding rates. It appears that we are now being penalised for this investment as our additional spending is removed from the Bradford District.

We would also like to make the point that nursery schools are not permitted to become academies currently and, as such, should continue to be seen in funding terms as schools rather than as businesses. Although the consultation suggests further consultation about nursery school funding, the intent of the proposals is very clear.

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.

14 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 disagree

Page 3 - Two technical questions

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

2YO - Should we retain the current two-year-old funding formula?:

No

2YO - Should we use the additional funding secured at the spending review to uplift local authorities' allocations based upon this?:

Yes

16 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

Page 4 - A high pass-through of local authority funding to providers

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

Yes

18 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

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

This box allows you to write an answer freely:

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.

Page 5 - How money is distributed from local authorities to childcare providers

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

No

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

Supplements - Should local authorities be able to use funding supplements?:

Yes

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

Yes

22 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%?

No, the cap should be higher than 10%

23 Should the following supplements be permitted?

Basket of supplements - Deprivation:

Yes

Basket of supplements - Sparsity / rural areas:

Yes

Basket of supplements - Flexibility:

Yes

Basket of supplements - Efficiency:

Yes

Basket of supplements - Additional 15 hours of childcare:

Yes

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

Metrics & amount - supplements - Deprivation:

Yes - over the metric they use, Yes - over the amount of money

Metrics & amount - supplements - Sparsity / rural areas:

Yes - over the metric they use, Yes - over the amount of money

Metrics & amount - supplements - Flexibility:

Yes - over the metric they use, Yes - over the amount of money

Metrics & amount - supplements - Efficiency:

Yes - over the metric they use, Yes - over the amount of money

Metrics & amount - supplements - Additional 15 hours of childcare:

Yes - over the metric they use, Yes - over the amount of money

25 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?

This box allows you to write an answer freely:

No response.

26 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?

This box allows you to write an answer freely:

No response.

27 If you think that 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:

This box allows you to write an answer freely:

No response.

28 Finally, for this page, if you want to explain a response you've submitted on this page in more detail, please do so here:

This box allows you to write an answer freely:

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.

Page 6 - Funding for disabled children

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

Yes

30 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

31 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

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

This box allows you to write your answer freely:

No additional response.

Page 7 - Funding for children with special educational needs

33 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)

Disagree

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

SEN - inclusion fund - Should local authorities be required to establish an inclusion fund?:

Disagree

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

Strongly agree

35 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:

This box allows you to write an answer freely:

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.

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

SEN - local authority role - The children for which the inclusion fund is used?:

Yes

SEN - local authority role - The value of the fund?:

Yes

SEN - local authority role - The process of allocating the funding?:

Yes

37 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

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

This box allows you to write an answer freely:

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.

Page 8 - Transitions to a new funding system

39 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)?

Strongly disagree

40 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?

Agree

41 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?

Strongly agree

42 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?

Strongly disagree

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

This box allows you to write an answer freely:

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.

Page 9 - Equality Assessment

44 Please provide any representations and/or 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.

This box allows you to write your answer freely: