

## Early Years Single Funding Formula 2018/19 – Monthly ‘Starters and Leavers’ Proposal

### Background

In our autumn 2017 consultation on Bradford’s Early Years Single Funding Formula for 2018/19, the Authority proposed that we would move to monthly starters and leavers counting at April 2018, replacing the current termly headcount methodology (and 2nd headcount for the 2 year old offer). From 1 April 2018, all providers would be required to submit information, at individual child level, on their actual delivery of entitlement hours on a monthly basis. This information would be submitted through the Bradford Provider Gateway. This would mean that funding would be calculated on actual hours delivered, adjusted for school holidays and where children take up their entitlement over extended weeks. Under this starters and leavers methodology, the number of hours delivered, rather than the headcount of children on roll, determines funding. Funding would be re-calculated monthly.

This system change was proposed as the Authority is concerned that our current termly headcount methodology is not responsive enough to manage effectively the requirements of the extended 30 hours entitlement. The Authority is also concerned that providers will become increasingly dissatisfied with the ‘swings and roundabouts’ nature of the termly headcount, where they may now be delivering 30 hours (rather than 15) that may not be captured by the termly censuses. However, it is understood that a monthly collection system potentially increases the volume of administration for both providers and for the Authority. So there is a benefit vs. burden assessment element to this proposal.

At the same time as moving to a monthly starters and leavers methodology, the Authority proposed to seek to simplify the basis of monthly payments for PVI providers, in particular by basing payments on the latest delivery information rather than on a Confirmed Indicative Budget that uses the previous year’s information. The ready reckoner would replace a pre-calculated budget statement for PVI providers.

### Consultation Outcome and Review

An analysis of the responses to the autumn 2017 consultation was presented to the Schools Forum on 6 December. One of the main areas of concern expressed within the responses was the additional complexity and administration brought by the move to the monthly starters and leavers counting system. It was reported that officers will be further assessing the burden vs. benefit of this proposal and that a report would be provided to the Forum on 10 January.

**This assessment has now taken place and we have concluded that the current termly headcount methodology should be retained in full in 2018/19. The proposed simplification of the payments system for PVI providers should be adopted.**

The Authority has concluded this from thinking about the following:

- From the consultation responses, as well as from feedback collected more widely, the Authority takes the view that providers on the whole have concluded that the additional burdens of a monthly system, as currently proposed in 2018/19, outweigh the benefits.
- The movement to actuals based funding will be a significant shift for providers. Providers would welcome the continuation of an ‘arithmetic’ formula basis to funding e.g. a child’s hours per week x by a set number of weeks per term. Providers would like this formula to be as simple as possible so that funding is profiled relatively evenly across the year and so that they do not need to manage and reconcile significant fluctuations in the values of monthly payments. The continuation of an arithmetic formula however, would remove the primary benefit of a starters and leavers system (which is that funding is responsive to actual delivery). It is also much more complicated to manage an arithmetic formula on a monthly rather than a termly basis. This will not help achieve simplification.
- The extended 30 hours offer still works currently within a termly framework and therefore, is not as flexible as we were planning for in terms of how quickly eligibility for this entitlement changes and how quickly our funding

system must respond. There may still be aspects where a termly headcount method does not respond to delivery as effectively as a monthly count would e.g. where additional hours are delivered over the summer holidays. However, on current framework, the effectiveness of a termly headcount is not reduced by as much as we thought it would be. As the 30 hours entitlement has only just begun to be delivered it is advisable to postpone any significant system change until the implications of this entitlement are more fully known. We are currently not clear enough about the possible knock on consequences of system change.

The Authority is still concerned however, to ensure that our early years funding system remains effective and therefore, proposes to continue to work with the Early Years Working Group and providers to monitor developments and to review whether system change would be beneficial in the future. The Authority will continue to develop the Bradford Provider Gateway and will be talking to PVI providers more about how information submitted through the Gateway can feed into the monthly payments system (so that initial payments are made on the latest information).