

Early Years Single Funding Formula 2020/21 Outline of Consultation Proposals

Introduction

Our proposed approach for 2020/21 continues to incorporate our response to the changes that began from April 2017 as a result of the Government's national early years funding reform. The most significant widespread change for Bradford resulting from this reform has been the reduction in the value of the Universal Base Rate supporting the delivery of the 3 & 4 year old universal and extended entitlements. In 2017/18, we were also required to re-direct a proportion of spending from our Deprivation and SEND supplement to the Universal Base Rate in order to comply with new restrictions. In 2018/19 and 2019/20, we have allocated reserves (one off monies) held within the Early Years Block to protect the value of the Universal Base Rate at its current year level, which is £4.11 per hour. The funding of maintained nursery schools has remained protected across 2017-2019 as the DfE has provided a specific supplement for this purpose.

We explained within our consultation last year that, at the point we have 'exhausted' Early Years Block reserves, where we continue to spend 9.5% of our EYSFF for 3 & 4 year olds on the Deprivation & SEND supplement, our 3 & 4 year old Universal Base Rate could be lower than £4.00 per hour. This could be uplifted by reducing the proportion of the EYSFF spent on the Deprivation & SEND supplement. Benchmarking indicates that the national average spending on supplements in 2018/19 was 4.4%, and the average of our statistical neighbours was 5.7%, compared against our current 9.5%. We indicated this time last year that it was likely, if the maximisation of the Universal Base Rate is viewed to be the main priority for our EYSFF going forward, that our Deprivation and SEND supplement rates would need to reduce to these averages from April 2020 in order to protect our Universal Base Rate at least at the current £4.11.

We are exploring the introduction of a new single Gateway for all providers to use to submit all their entitlement delivery information to the Authority. A version of the gateway is currently used by all providers to submit their 2 year old information and by PVI providers to submit their 3&4 year old information. When fully developed, the information submitted through this gateway will be used for the calculation of all EYSFF allocations for all providers, replacing the DfE Termly Censuses as the source of delivery information for schools and classes. There are significant advantages, both for providers and for the Local Authority, to the collection of information via a gateway and many local authorities already use this approach. We aim to begin a pilot (a dry run) during 2020 with a view that we could move to full use of this gateway for summer term 2021. We will keep providers informed of how this work develops.

The DfE announced DSG rates of funding for local authorities for early years for 2020/21 on 31 October 2019. The DfE has confirmed:

- Bradford's rate of funding from the DfE for the 3&4 year old entitlements has increased from £4.57 to £4.63 per hour. This represents an increase of + 1.31% (+ £0.06). The standard increase applied to all authorities is + £0.08 per hour. Bradford's increase is only + £0.06 due to the removal of £0.02 of protection remaining in our settlement from the April 2017 changes.
- Bradford's rate of funding from the DfE for the 2 year old entitlement has increased from £5.20 to £5.28 per hour. This represents an increase of + 1.54% (+ £0.08). All local authorities have been allocated a + £0.08 uplift in their rates of funding for 2 year olds.
- Early Years Pupil Premium (EYPP) remains at £0.53 per hour and Disability Access Funding (DAF) remains at £615 in 2020/21.
- The specific additional supplement that is allocated to protect the funding of maintained nursery schools at 2016/17 levels will be allocated for the full 2020/21 financial year. Previously this was only confirmed up to the end of August 2020. The written statement to Parliament submitted by Nick Gibb on 31 October stated that, "I can also confirm today that supplementary funding for Maintained Nursery Schools (MNS) will continue, at its current rate, for the whole of the 2020-21 financial year. I can also confirm that the government remains committed to funding for MNS in the longer term; and that any reform to the way they are funded in future will be accompanied with funding protections."

The following uncertainties remain for 2020/21 and beyond:

- The DfE has not yet published its operational guidance for local authorities on the construction of Early Years Single Funding Formula for 2020/21. Although we would not now expect the DfE to make any technical changes for 2020/21 to the workings of the EYSFF, or to the restrictions that apply, we cannot confirm that further changes will not be directed. We will keep providers informed in the event that material changes in the workings of the EYSFF are directed and affect our arrangements as set out in our technical statement.

- The rates of funding Bradford will receive from the DfE for both the 2 year old and the 3&4 year old entitlements after 2020/21.
- The absolute position of the funding of maintained nursery schools after 2020/21 – what ‘reform’ will mean and what levels of protection will be put in place (and for how long).

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- We will continue our current termly headcount methodology (and 2nd headcount for the 2 year old offer) for 2020/21. Although we do not propose to revisit for 2020/21 the option suggested previously to move to a monthly counting arrangement (a ‘starters and leavers’ approach), the introduction of a new single Bradford Provider Gateway for the collection of information from all settings will provide further opportunities for us to explore the pros and cons of moving at a point in the future to a counting arrangement that is more sensitive to the movement of children and fluctuations in numbers during the year.
- In response to provider feedback, we will make a small adjustment to the payment profile for PVI providers for the spring term 2021. This will mean that 25% of the estimated funding for the spring term will be paid in each of the 3 months December, January and February, leaving the final 25%, together with an adjustment for any differences between estimated and actual funding confirmed from the January census, to be paid in March.
- We will continue in 2020/21 to pass through to providers 100% of the nationally set funding rates for the Early Years Pupil Premium (confirmed at £0.53 per hour) and the Disability Access Fund (confirmed at £615 per year).
- We will go ahead with the planned increase in the contribution from the Early Years Block to early years high needs activities. We transferred £0.3m of cost from the High Needs Block to the Early Years Block in 2019/20. We will transfer £0.6m in 2020/21.
- Regarding the Early Years SEND Inclusion Fund (EYIF):
 - EYIF will continue in 2020/21 to be fully funded from the Early Years Block. A budget of £1.50m has been held in 2019/20. We will consult in more detail with the Schools Forum on the value of budget required for 2020/21.
 - We will continue to apply to all providers the holistic SEND Inclusion Fund approach that was introduced in 2019/20. A separate survey for PVI providers, as well as for schools that were included in the pilot, has been conducted and feedback from this survey, alongside responses to this consultation, will inform our final EYIF approach for 2020/21.
 - 2 year olds will continue to be eligible for EYIF. We indicated in last year’s consultation our intention that, where EYIF continues to be extended to eligible 2 year olds going forward, we would top-slice the 2 year old flat rate of funding of £5.20 per hour to provide for this. We do not propose however, to enact a top-slice in 2020/21; the cost of 2 year old access to EYIF will continue to be met from the 3&4 year old Early Years Block budget supported by one off monies.
- Regarding the **2 year old entitlement**, providers in 2020/21 will continue to be funded on a single flat rate per hour with no additional supplements. This rate was £5.20 in 2019/20, which meant that 100% of the rate of funding the Authority receives from the DfE for the 2 year old entitlement is passed on to providers. The DfE has confirmed that Bradford’s rate of funding for 2 year olds in 2020/21 at DSG level has been uplifted by 1.54% (+ £0.08) to £5.28 per hour. **We propose to pass this uplift onto providers in full by setting our 2 year old funding rate at £5.28 per hour for 2020/21.**
- Regarding funding the **3 & 4 year old entitlement**, whilst recognising that reserves / one off monies are still currently available and will be deployed in 2020/21, we do propose to begin to take incremental action, which is aimed at both reducing the reliance on one off monies and maximising the value of our Universal Base Rate over the medium term. To this end, we propose:
 - To begin to reduce the proportion of our 3 & 4 year old EYSFF that is allocated via the Deprivation & SEND supplement, with the intention to reduce this down by April 2022 to the average of our statistical neighbours, which is currently rounded at 6% (5.7%). Our current proportion is 9.5%. We propose to reduce down to the 6% average in three steps over three years, with the proportion reduced from 9.5% to 8.0% in 2020/21, and then indicatively down to 7.0% in 2021/22 and then to 6.0% in 2022/23. Further explanation of this proposal, and a view of its impact and how this sits against the position found in other authorities, is given in paragraphs 2 and 3 below.

- **To continue to employ one off monies to set the 3 & 4 Year Old Universal Base Rate (UBR) in 2020/21 at £4.19 per hour.** This is an uplift of 1.95% (+ £0.08) on the £4.11 set for 2019/20. The uplift of + £0.08 passes through to providers more than the £0.06 increase Bradford has received from the DfE at DSG Early Years Block level. Decisions on the deployment of one off monies after 2020/21 will be considered as part of next year's consultation work. We can only continue to uplift the value of the UBR in future years where we take action to reduce the proportion of the EYSFF spent on supplements.
- Not to introduce any more supplements (in addition to deprivation) into our 3 & 4 year old EYSFF. These supplements would dilute further both the Universal Base Rate and the Deprivation & SEND rates at a time when we see our priority to be to maximise the value of the UBR for all providers.
- Regarding the funding of the **3&4 year old entitlements in Maintained Nursery Schools**, we propose that the protected base rate is uplifted in line with the general settlement and that the other elements of the protection funded by the DfE's supplement are carried forward at existing levels, so:
 - The protected setting base rate for maintained nursery schools is set at £5.78 per hour in 2020/21. This is the current protected £5.70 (which is carried forward from 2016/17) uplifted by £0.08 per hour in line with the uplift delivered in the 3&4 year old Universal Base Rate for other providers.
 - The Deprivation and SEN supplement rates for each nursery school will continue to be retained at their 2016/17 values.
 - The nursery school lump sum sustainability supplement will continue to be calculated on existing variable values using the current methodology.