

Appendix 1 – Draft Barnet response to national Early Years National Funding Formula consultation

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

A: Yes, this is fairer across the country.

2. 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%?

A: LAs affected will find this difficult to manage and either impact on services to Under 5s or to other areas of education spending. Those areas will find it particularly difficult to incentivise provision of 30 hours. The protection should be closer to the mainstream schools MFG, i.e. -1.5% per annum.

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

3. Should a universal base rate be included in the early years national funding formula?

A: Yes, this makes sense as long as there is an area cost adjustment.

4. Is 89.5% of overall funding the right amount to channel through this factor?

A: This seems an unusually exact figure, but about 10% for supplements seems about the right balance between stability of funding and recognition of additional costs at settings.

5. Should an additional needs factor be included in the early years national funding formula?

A: Yes, this is needed to channel additional money to LAs with higher proportions of children in danger of underachieving due to family circumstances.

6. Do we propose the correct basket of metrics?

A: It is most important that LAs can be assured that any data used will be accurate and complete. It is not clear why the Early Years Pupil Premium, a relatively small amount, is needed separately from additional needs factors. It would be simpler to add a LAC supplement and absorb EYPP into the national and local formulae. Further information is needed to understand how the data has been arrived at, and disappointing that the data will not reflect the characteristics of the nursery population but a wider age range. Rather than using free school meals, which may be inaccurate at KS1 due to universal infant free meals, an index of multiple deprivation such as IDACI could be used with data derived directly from the early years census. Unless the distribution of Disabled Living Allowance to under 5s varies across the country, it is not clear why this metric is needed in the national formula.

7. Do we propose the correct weightings for each metric?

A: Although they seem reasonable there is no explanation of how the weightings were calculated.

Considering an area cost adjustment...

8. Should the early years national funding formula include an area cost adjustment?

A: Yes, this is essential with a national hourly rate. Provider costs for both premises and labour vary across the country and are particularly high in London.

9. Should that adjustment be based on staff costs (based on the General Labour Market measure) and on nursery premises costs (based on rateable values)?

A: Staff costs. Although both are a pressure for providers, premises costs can sometimes be offset by economies of scale and other activities and services offered by the setting. Labour costs are directly related to the number of children cared for and cannot be offset by other services.

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

10. Should we retain the current two-year-old funding formula?

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A: The formula has not been clearly explained or consulted on, and does not generate enough to incentivise and manage the provision.

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

A: Yes, it seems illogical to increase the 3 & 4 year old funding rates without a matching increase for two year olds, especially as many LAs are still finding it difficult to recruit providers.

Considering the differential in staffing ratios for under 3s, the funding rates should mirror that differential.

Considering the Dedicated Schools Grant...

12. Should the free entitlement be capped at 30 hours for children of eligible working parents and 15 hours for all other children?

A: Yes, this reflects the entitlement. LAs which wish to offer more generous provision should find other sources of funding, rather than take money from LAs which do not.

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

A: As long as it is set at a reasonable level, yes.

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

A: That level suits this LA, but may be difficult elsewhere. Providers could be destabilised if they receive a bit more income from the formula, but then find they have to buy in services they previously received free. The result could be lowering of standards and outcomes. The change should be introduced more gradually.

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

A: Yes, Barnet has successfully operated this since the introduction of the Single Early Years Funding Formula, although there have been temporary nursery school supplements which are decreasing each year.

16. Should local authorities be able to use funding supplements?

A: Yes, this is essential to recognise the needs of children at different settings, in the same way as is established for older children in schools.

17. Should there be a cap on the proportion of funding that is channelled through supplements?

A: No, this is unnecessary regulation especially as all providers are themselves consulted on the formula. Local authorities will find their own ideal proportion. However, if this is a precursor to a national funding formula for individual providers, it does make sense to be planning for a smooth transition.

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

A: 10% is too low, we would prefer 15% to allow for local variations.

19. Should the following supplements be permitted? Deprivation, sparsity / rural areas, flexibility, efficiency, additional 15 hours

A: Not efficiency as it is unclear how it can be objectively measured, especially at private settings and academies. Other supplements are fine.

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20. When using funding supplements, should local authorities have discretion over the metrics they use and the amount of money channelled through each one?
A: Yes, LAs need this flexibility to respond to the local market mix and delivery methods. However, anything which helps LAs in their data collection is of course welcome.
21. If you agree that efficiency / additional 15 hours should be included in the set of supplements, do you have a suggestion of how should it be designed?
A: It is not clear what 'Efficiency' actually is and how it could be objectively measured across the range of providers from childminders to big nursery chains. Incentivising provision of the 15 hours should only be necessary in LAs where the hourly rate for all children is static or falling, but even then, incentives should be a temporary measure in place until sufficient places are available in the locality.
- More information is needed on how the 30 hour entitlement will be administered, e.g. how will parents have to back up their claim for the additional 15 hours?; will entitlement cease the moment one parent becomes unemployed or will it continue for the term / year?; what role does the LA play in ensuring claims are not fraudulent?; how are single parent families and separated couples assessed?; will state maintained schools and academies be required to offer 30 hours automatically?; can providers refuse to provide 30 hours to a child already on roll when the new entitlement starts in September 17?*
22. If you think 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.
A: The allowance for any provider with a child in receipt of disabled living allowance would be best administered as a supplement, although outside any limit on the total proportion of funding. There is also the question of whether there will be any change in SEN provision for under 5s in special schools or special resourced units, or whether these can remain outside the system, funded via place plus
23. Should there be a Disability Access Fund to support disabled children to access their free entitlement?
A: All funding for settings to improve access for children (and staff/parents) is welcome, but the size of this grant when spread across all LAs and settings is too small to be very effective. Moreover, much of the money will go to maintained schools and academies which arguably, should already have facilities in place.
24. 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?
A: This seems logical so long as this will effectively capture the full range of disability including autism, hearing, speech and language impairment and chronic illness as well as physical disability.
25. 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?
A: No, the EYPP administration is already fiddly and does not need further complication.
26. 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)
A: We agree that there is a lack of clarity and proposals that make it clearer to parents/carers and providers how they can access financial support are welcomed.

When it comes to establishing an inclusion fund...

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27. Should local authorities be required to establish an inclusion fund?

A: Funding should be available for under 5s in the same way as for older children, with clear rules for entitlement. Having a separate ringfenced fund only for under 5s is not necessary, especially as the need in this age group can vary considerably from year to year.

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

A: In general, where there are barriers for providers, they are likely to be due to lack of information on who qualifies, how to apply and how much will be paid, not the existence of a ring fenced fund.

29. 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: Barnet has already addressed this area and put procedures in place successfully.

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

30. The children for which the inclusion fund is used?

A: Yes

31. The value of the fund?

A: Yes

32. The process of allocating the funding?

A: Yes

33. 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?

A: No. Many providers are very small and could not buy in services at reasonable cost separately.

34. 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)?

35. *A: Whilst not a problem in Barnet it could be too fast for some LAs to manage*

36. 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?

A: Whilst not a problem in Barnet it could be too fast for some LAs to manage

37. 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?

A: The early years MFG will not be manageable for LAs which are losing funding, but in the longer term, the MFG should remain to ensure stability of funding for providers.

38. 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?

A: Whilst not a problem in Barnet as we already have a single base rate, this is likely to cause particular turbulence in some LAs and providers, which in turn could affect provider participation.

39. Please provide any representations / evidence on the impact of our proposals for the purposes of the Public Sector Equality Duty (Equality Act 2010). The protected characteristics are: age;

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disability; gender reassignment; pregnancy and maternity; race (including ethnicity); religion or belief; sex and sexual orientation.

A. *None*