

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)?
It is important to recognise the need for a national funding formula for Early Years in the same way as it is planned for schools. At present the funding differences between Local Authorities are as diverse for Early Year funding as they are in the Schools Block. As an Outer London Authority, again Bromley fund itself receiving not only one of the lowest levels of funding compared to other outer London borough, but also being funding at less than half the amount of most of the Inner London boroughs, some of which are our immediate neighbours.
Many of the costs faced by our providers are in line with London levels, especially in terms of rent, rates, and staffing costs. The proposed increase would allow us significantly increase the level of funding our settings receive, at a time when we had been looking at the possibility of having to reduce our funding levels. We feel this will have a very positive impact on our EY settings, at a time where they are facing significant financial pressures.
2. To what extent do you agree with the proposed funding floor limit, so that no LA would face a reduction in its hourly funding of greater than 10%?
It would seem reasonable to protect the (higher) levels of funding by imposing a limit as long as this does not impact on those LAs who will benefit from increased funding. It should also be noted that those LAs in receipt of higher funding levels have had the benefit of these for a number of years.
3. Considering a universal base rate of funding which does not vary by local area, should the universal base rate be included in the early years national funding formula?
Yes -Bromley's own previous research, whilst not current, has found this premise to be correct.
4. ..is 89.5% of overall funding the right amount to channel through this factor?
Whilst 89.5% would appear to be in the right ballpark, it does beg the question as to whether it might be simpler to administer (and only marginally less accurate) to use 90%
5. Considering an additional needs factor.. . should an additional needs factor be included in the early years national funding formula?
Yes we would support this as it allows for a differential level of funding to be targeted at specific issues.
6. Do we propose the correct basket of metrics?
In principle yes, although we would question what the impact of UIFSM may have on the deprivation measure as Bromley has seen a significant decrease in fsm applications since this was introduced.
7. Do we propose the correct weightings for each metric?
Again in principle yes, although the deprivation elements forms the largest proportion and as detailed in the previous comment could be impacted by UIFSM.
8. Considering an area cost adjustment... should the early years national funding formula include an area cost adjustment?
It is important that an area cost adjustment is used to reflect the additional costs faced by EY settings in inner and outer 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)?
The adjustment should be based on the GLM measure and rateable values as staffing costs and rates are two of the main areas where there are cost differences.
10. To implement the increased hourly rate for the two year old free entitlement.. should we retain the current two year old funding formula?

LA officers felt that the current two year old funding mechanism was not particularly clear and transparent and that it might be better to take this opportunity to extend the 3 and 4 year old funding methodology to include 2 year old funding as many of the issues are the same.

11. Should we use the additional funding secured at the spending review to uplift local authorities allocations based upon this?
Yes definitely. Like many other LAs, Bromley has been funding settings for 2 year olds at a higher hourly rate than that funded by the DfE (£6.00 per hour compared to £5.28). We had been looking at the possibility of having to reduce this level of funding as pressures on the DSG and the potential ringfencing of the blocks has meant that this would not have been viable in the long term, so this would help to sustain the higher level of funding.
12. 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?
Bromley currently only provides 15 hours of free entitlement and plans to continue to do so (subject to the introduction of the additional 15 hours childcare) – we are aware that other LAs may historically have funded more than 15 hours in particular areas in the past but may not be able to continue to do this once the blocks within the DSG are ringfenced.
13. Should the Government set the proportion of early years funding that must be passed on to providers?
Yes – this funding is aimed at the provision of early years education and as such the majority of the funding should be passed on directly to the providers. Bromley’s current expenditure reflects this and in fact currently exceeds this target level.
14. Do you think that 95% is the correct minimum proportion of the money that should be passed from local authorities to providers?
95% would seem to be a reasonable level.
15. Should local authorities be required to give the same universal hourly base rate to all childcare providers in their area?
Yes – Bromley has been using the same base rate for all providers for a couple of years.
16. Should local authorities be able to use funding supplements?
Yes but only at the margin ie the 10% that is proposed. Currently Bromley’s supplements sit at around 13% but we have already been looking at ways to simplify the formula which would result in reducing this percentage.
17. Should there be a cap on the proportion of funding that is channelled through supplements?
Yes
18. If you agree that there should be a cap on the proportion of funding that is channelled through supplements, should the cap be set at 10%?
10% would seem to be a reasonable level to ensure fairness and also to help minimise the complexity of some LA formulas. This would seem to be a logical set towards the inevitability of a national EY funding formula.
19. Should the following supplements be permitted? Deprivation, sparsity/rural areas, flexibility, efficiency, additional 15 hours?
 - *Deprivation – yes - currently it is mandatory for LAs to have a deprivation supplement and we believe that this should continue.*
 - *Rurality/Sparsity – Bromley does not have cause to use this as a supplement so cannot comment on this*
 - *Flexibility – no – whilst the LA understands the principle of this and have previously used this as a supplement, we have ceased to use it as in practice we found it hard to administer and check for eligibility at a time where formulas need to be simplified.*
 - *Efficiency – no – as again this would not be easy to manage*
 - *Additional 15 hours – no – this would be adding another level of complexity which would be difficult to manage*

- *The LA is of the view that the EY years funding formula should be as simple as possible and that any supplements that are used should conform to the SMART principles, whereas some of the options that you are proposing would be neither particularly specific nor measurable. We feel that it is more important to get the base rate right, and once this is right there is less need for a large number of additional supplements.*
20. When using funding supplements, should local authorities have discretion over the metrics they use and the amount of money channelled through each one?
Yes, subject to the limit on the number of supplements and the amount that can be channelled through them.
 21. If you agree that efficiency/additional 15 hours should be included in the set of supplements, do you have a suggestion of how it should be designed?
We do not support this as an additional supplement
 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?
*We cannot suggest any other supplements other than to suggest that any supplements should be both simple and SMART.
(Questions 23 -31 to be answered by LA officers at the Phoenix centre)*
 23. Should there be a Disability Access Fund to support disabled children to access their free entitlement?
 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?
 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.
 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 (is children who do not already have an EHC plan)
 27. When it comes to establishing an inclusion fund, should local authorities be required to establish an inclusion fund?
 28. Would an inclusion fund help improve the supply of appropriate support children receive when in an early years setting?
 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
 30. When it comes to the SEN inclusion fund, should local authorities be responsible for deciding a) the children for which the inclusion fund is used, b) the value of the fund and c) the process of allocating the fund?
 31. 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 purpose of the 95% high pass-through?
 32. To what extent do you agree with the transition approach proposed for the Early Years National Funding Formula (money distributed from the Government to local authorities)?
The LA understands the need for some transitional protection and supports this as long as it does not impact on other LAs potential increases
 33. To what extent do you agree with the transition approach for the high pass-through of early years funding from local authorities to providers?
We understand that this may take time for some LAs not adjust their formulas to meet the proposed targets
 34. 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?

We are not sure of the principle behind this statement – If LAs are currently passing through less than the new limit then it would make sense that there is no (immediate) need for the MFG to continue, however if LAs already pass through a higher percentage of funding there is a risk that some settings could be negatively impacted by a change in the funding formula

35. 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 understand that this may take time for some LAs not adjust their formulas to meet the proposed targets

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

None