

Harrow Early Years Single Funding Formula (EYSFF) 2017-18

Second Consultation Document

People Services

December 2016

Introduction

1. This document is concerned with proposed changes to the Harrow Early Years Single Funding Formula (EYSFF) affecting primary schools with nursery classes, local authority nursery schools and private, voluntary and independent (PVI) nursery providers including childminders and playgroups offering 15 hour free entitlement places to 3 & 4 year olds

The deadline for the response to this consultation is Tuesday 3rd January 2017

How to respond: Please see Page 7 of this document

Background

1. The government launched a consultation for a new Early Years National Funding Formula in August 2016. That consultation can be found here:

https://consult.education.gov.uk/early-years-funding/eynff/supporting_documents/Consultation%20Document%20%20Early%20Years%20National%20Funding%20Formula%2011%2008%2016.pdf

The consultation stated that the main principles of the funding reform are to:

- Maximise funding to early years providers
 - Allocate funding fairly to LAs and different types of provider
 - Distribute funding efficiently and effectively to ensure value for money
 - Allocate funding transparently so LAs and providers can understand how their funding rates were derived
 - Target effectively additional funding to those children who need it
 - Allow adequate time to transition to the new funding arrangements
2. In October 2016 the Local Authority consulted with Harrow early years providers on the basis of the government consultation on the reform of EYNFF. Details of this can be obtained from the Harrow Early Year's Team.
 3. The government announced its consultation response on 1st December 2016. As a result of the consultation the government has made a number of changes to its original proposals. The response to the consultation can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/574040/Early_years_funding_government_consultation_response.pdf

The following principles underpin the National Funding Formula to be implemented from April 2017:

- Local authorities will be required to pass at least 93% of early years funding to providers in 2017-18.
 - Local authorities will use a universal base rate to fund different types of providers.
 - Local authorities will be able to use a limited set of funding supplements, with a total value capped at 10% of allocated budget to providers.
 - The government will not include supplements for efficiency or delivery of additional 15 hours.
 - The Early Years Pupil Premium will continue, as will the 2 Year Old funding for eligible children.
 - There will be a new Disability Access Fund [DAF] of £12.5m equivalent to £615 per child per year to support access to the free entitlements.
 - Legislation will be passed for local authorities to set up a local inclusion fund for children with special educational needs to support providers in driving outcomes for these children. This will be included in the Local Offer.
4. The LA is therefore required to conduct another consultation in light of these changes. The DfE advise that whilst this consultation needs to be meaningful it does not necessarily mean it needs to be undertaken over an extended time period. This is particularly the case if LAs already undertook preliminary planning on early years funding formulas in light of the August consultation.

Current Early Years Single Funding Formula

5. The EYSFF was updated and amended in April 2015 in consultation with providers.

Table 1 – Current 2016-17 Harrow EYSFF rates

Factor	Hourly Rate	% split	Description
Base rate	£3.60	83.92%	Universal
Graduate Leadership	£0.32	7.46%	EYP L6 or QT
Flexibility	£0.23	5.36%	Alternative to 5 morn/5 afternoons
Quality	£0.09	2.10%	Ofsted rated Good or Outstanding
Deprivation	£0.05	1.17%	Based on IDACI*
Total	£4.29	100.00%	

*Income Deprivation Affecting Children Index

EYSFF 2017-18 and beyond

6. On 1st December 2016 the government announced the hourly funding rates. The indicative total hourly funding rate available to providers in Harrow is £4.76. However, an SEND Inclusion Fund needs to be established from within this allocation and therefore the hourly funding rate through the formula will be lower than this.
7. At Appendix 1 modelling of the proposed funding formula has been undertaken. There are three scenarios and further details provided in subsequent paragraphs of this document. The following paragraphs ask questions about the proposed structure of the funding formula.
8. Funding must be distributed to providers via the local EYSFF based on an hourly rate made up of a base rate of a minimum of 90% and supplements up to a value of 10% of the total hourly rate.

Base rate

9. At present Harrow allocates only 83.92% through the base rate (see Table 1 above). This base rate is intended to be the same for PVI, maintained nursery schools and nursery classes in primary schools.
10. In addition to the base rate the DfE consulted on the continued use of funding supplements to channel additional funding to providers for particular purposes. Harrow currently includes 4 supplements (see Table 1 above). The total value of the supplements cannot exceed more than 10% of the total hourly rate available.

Supplements

Deprivation

11. Reflecting the higher costs of providing quality early education for children from backgrounds of socio-economic disadvantage, this factor remains mandatory. The LA is proposing to allocate 1% of the total hourly funding rate through this factor. Annex A shows the potential hourly rates this would generate.

Rurality/Sparsity

12. Recognising that lack of scale economics may lead to higher costs to providers operating in very small settings in sparsely populated/rural areas with limited demand. This is not an applicable factor for Harrow.

Flexibility

13. The DfE want providers to offer flexible childcare which fits around parents' working patterns, and therefore believe that provision of a 'stretched offer' including holiday care, 'wraparound' to extend the day or out-of-hours provision should be encouraged. The LA is proposing to allocate 4.5% of the total hourly funding rate through this factor. Annex A shows the potential hourly rates this would generate.

Quality

14. To reward and recognise providers who make optimum use of their income to provide high quality childcare, invest in their workforce and develop their business models. The LA is proposing to allocate 4.5% of the total hourly funding rate through this factor. Annex A shows the potential hourly rates this would generate.

English as an Additional Language

15. Harrow is not proposing to include this factor in its formula. This is because it is difficult to measure, data is not provided by all settings, and it is pupil-based and not a lump sum.

Meeting the needs of disabled children

16. Early years settings are under clear legal obligations to make reasonable adjustments to support disabled children to access entitlement but there is recognition that this can put additional cost pressures on providers. LAs should support settings to provide childcare to disabled children through use of the High Needs Block. This fund also covers children who have special educational needs.
17. In addition the Government proposes to introduce additional targeted Disability Access Funding to support providers to make reasonable adjustments and build capacity of the setting to support disabled children. The total fund is £12.5m per annum and would be paid to all providers for each participating child in receipt of DLA [Disability Living Allowance] at the rate of £615 per child. The LA would receive the DAF as a ring-fenced grant and would be responsible for passing a total amount directly through to providers for each eligible child.

Meeting the needs of children with special educational needs

18. There will be a requirement for LAs to establish an SEND inclusion fund for 3 & 4 year olds by April 2017 to support providers in improving outcomes for children with special educational needs. The fund will be focussed on children with lower level or emerging SEND, since those with more complex SEND can receive funding through the Education Health & Care Plan and through the high needs budget. LAs will be required to publish details of their eligibility criteria along with the planned value of the fund and the process for allocating funding to providers as part of the Local Offer. Funding will be passed to providers in the form of top up grants on a case by case basis.

Funding Options

19. At Appendix 1 there are three models which show options for top slicing early years funding to create an SEND Inclusion Fund and the impact on availability of funding for the hourly rates for the Early Years Single Funding Formula. For the purposes of consistency all models propose:

- Base rate 90%

- Supplements 10%, of which
 - * 1% Deprivation (IDACI)
 - * 4.5% Quality
 - * 4.5% Flexibility

20. Model 1

The proposal is to top slice 1% of overall funding for Early Years to create an SEND Inclusion Fund of approx. £109k.

21. Model 2

The proposal is to top slice 2% of overall funding for Early Years to create an SEND Inclusion Fund of approx. £218k.

22. Model 3

The proposal is to top slice 5% of overall funding for Early Years to create an SEND Inclusion Fund of approx. £545k

We plan to allocate funding to any child receiving SEND support

Consultation: Question 6

Which model do you agree would provide adequate funding for an SEND Inclusion Fund?

Timescales

The implementation date will be 1st April 2017.

This consultation closes on Tuesday 3rd January 2017

Responses to this consultation must be completed on the attached Consultation Response Form and sent to either:

Email: joan.ugwu@harrow.gov.uk – FIS Manager

Or

Post: FAO: Joan Ugwu

Harrow Council, Civic Centre 1, Station Road, Harrow, HA1 2XF

For queries, please contact: Joan Ugwu on 020 8416 8879

From the two consultations held the results were as follows.

First consultation 21st October 2016-30th November 2016

We had two provider responses and both wanted flexibility as a supplement.

We also consulted on SEND - one provider did not agree with top slicing for an inclusion fund, the other provider did.

Second Consultation- 13th December-3rd January

We had 2 Provider Responses –

Both providers do not want 'flexibility' as a supplement as not all providers are able to offer flexibility due to restrictions on the opening times of their premises. Both of these providers were unable to offer flexibility due to these restrictions.

Both providers wanted to keep quality as a supplement to support work force qualifications and system leadership. The providers suggested that we collected data from settings annually and distribute the funds termly to ensure quality is maintained.

We consulted on EAL (English as an additional language) and both providers agreed that this should not be included as a supplement.

APPENDIX 1

Indicative Early Years Funding Formula modelling

	Option 1 SEN Inclusion Topslice 1%		Option 2 SEN Inclusion Topslice 2%		Option 3 SEN Inclusion Topslice 5%	
	Hourly £	Total £	Hourly £	Total £	Hourly £	Total £
Funding available to providers	£4.76	£10,897,160	£4.76	£10,897,160	£4.76	£10,897,160
Topslice SEN inclusion fund		£108,972		£217,943		£544,858
Funding available to providers through formula	£4.71	£10,788,188	£4.67	£10,679,216	£4.52	£10,352,302
Base rate minimum 90%	£4.24	£9,709,369	£4.20	£9,611,295	£4.07	£9,317,072
Supplements 10%	£0.47	£1,078,819	£0.47	£1,067,922	£0.45	£1,035,230
Funding available to providers through formula	£4.71	£10,788,188	£4.67	£10,679,216	£4.52	£10,352,302
Breakdown of supplements						
- Deprivation (IDACI) 10%	£0.05	£107,882	£0.05	£106,792	£0.05	£103,523
- Flexibility 45%	£0.21	£485,468	£0.21	£480,565	£0.20	£465,854
- Quality 45%	£0.21	£485,468	£0.21	£480,565	£0.20	£465,854
Total Supplements at 10% of overall allocation	£0.47	£1,078,819	£0.47	£1,067,922	£0.45	£1,035,230
Annual sum per child (15h/week over 38wks)	£2,686.97		£2,659.83		£2,578.41	
Increase per annum compared to current maximum	£241.67		£214.53		£133.11	