

Schools Forum

Title: Buckinghamshire Early Years Single Funding Formula (EYSFF) - Version 2

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Local members affected: All

Summary

In December 2016, government confirmed the outcome from the Early Years National Funding Formula (EYNFF) consultation, confirming the funding allocation for Buckinghamshire from April 2017. Buckinghamshire County Council (BCC) is now required to consult with the sector and agree a local formula – EYSFF.

A [consultation was launched on 12th December](#), closing on 3rd January to allow time to summarise and bring results to School Forum Funding Group (SFFG) on 6th January. BCC shared the indicative allocation and possible illustrations with the sector through a series of meetings in the summer term; the final allocation has not changed with the exception of the additional allocation for maintained nursery schools (MNS) which has decreased by £40,125k (18.8%). A meeting was also held with Early Years Forum on 19th December where the local consultation questions were debated and responses recorded.

Government has confirmed the final payment and funding arrangements for a new fund – Disability Access Fund (DAF). The disability access fund aids access to early years places by, for example, supporting providers in making reasonable adjustments to their settings and/or helping with building capacity (be that for the child in question or for the benefit of children as a whole attending the setting). Three- and four-year-olds eligible for the DAF will be entitled to receive a one-off payment of £615 per year. The DAF is not based on an hourly rate and is an additional entitlement. Early years providers are ultimately responsible for identifying eligible children. Local authorities must record details about DAF allocations on the annual s251 budget return to the EFA.

Summary of responses:

Question	On line responses	EY Forum response	Total responses
Number of responses	42 (65%)	23 – 3 groups (35%)	65

The response rate is very low in comparison to previous EY consultations and this is likely to be indicative of the short timetable given by DfE and time of year due to the holiday period.

Deprivation Supplement – Mandatory:

	On line responses	EY Forum response	Total responses
1. Do you agree that BCC allocates the right amount of funding to deprivation?			
Too much	17%	9%	14%
About right	71%	33%	78%
		33%	
		24%	
Not enough	12%	0	8%

	On line responses	EY Forum response	Total responses
2. Which deprivation model do you support?			
Current model	21%		14%
Model 1	12%		8%
Model 2	57%	YES	72%
Other - specify	10%		7%
Other options were not explained by the respondents.			

Model 1 - Reduce all deprivation rates by 10p, increase base rate 9p

Model 2 - Reduce all deprivation rates proportionally - increase base rate by 9p

Although 78% of providers agreed that the current level of funding for deprivation is about right, allocating £623k to deprivation, 72% of providers then agreed that Model 2, which reduces the overall budget to £212,522 but with all providers getting some allocation, as the most appropriate model. Model 2 would allocate an average of 5p per hour to deprivation, increasing the money available for the base hourly rate by 9p.

Local authorities can choose the amount of funding to channel through this supplement as long as the total value of all supplements used does not exceed the 10% cap.

Recommendation: Adopt Model 2

Optional Supplements:

	On line responses	EY Forum response	Total responses
3. Do you agree that BCCs local formula should include an optional supplement for:			
Rurality	71% - No	NO	81% - No
Flexibility	74% - No	NO	83% - No
Quality	57% - No	YES x 2 NO x 6 NO NO	66% - No
EAL	52% - No	YES x 4 NO x 4 No YES/NO – 50/50	57% -No

The sector has responded not to include any optional supplements. EAL was the most closely contested option in response to the growing pressures that EAL presents to providers. Government has included EAL as part of EYNFF universal formula calculation in determining the overall EYNFF rate for Buckinghamshire.

Recommendation: No optional supplements

Maintained Nursery Schools:

Buckinghamshire has two maintained nursery schools, one of which has an annexe. EYNFF states that LAs must fund all providers through the same base hourly rate except for maintained nursery schools (MNS) who can be funded at a higher level until the end of this government meaning all providers will be on the same base hourly rate by no later than 2019-20.

MNSs in Buckinghamshire are currently funded through a lump sum of £55k per site plus £30k for the annexe plus an enhanced hourly rate of £4.59. The MNS additional funding is not sufficient to maintain funding at this level. MNS allocations have been calculated as the difference between current MNS LA funding and the new LA rate less central spend.

DfE MNS allocation calculation		Comments
MNS budget 16-17	638,064	Lump sums , hourly rate, deprivation
MNS hours 16-17	105,077	184.35 PTEs
Hourly rate 16-17	£6.07	
Provider hourly rate: Central spend based on 16-17	5.67%	
EYNFF 17-18 inc. 30H	26,590,530	£1,507,683 central spend 5.6%

EYNFF less central spend	25,082,847	
PTEs 17-18	10,053	Inc. 30H
Provider equivalent hourly rate for 17-18	£4.38	
MNS less provider hourly rate	£1.69	
MNS lump allocation	£177,580	£173,229 – actual allocation based on Jan 16 census

The formula assumes that MNS funding will not increase in line with new LA allocations.

BCC has rebuilt our two nursery schools and added an annexe to Bowerdean Nursery School to meet demand for new places. The MNS allocation affords the LA to continue to fund the lump sums but needs to reduce the enhanced hourly rate to 30p which would equate to a base rate of £4.55.

Recommendation:

MNSs receive a lump sum of £55k per school per year and £30k for Mapledean annexe. MNS 3 & 4 year olds are funded at the base hourly rate of £4.55.

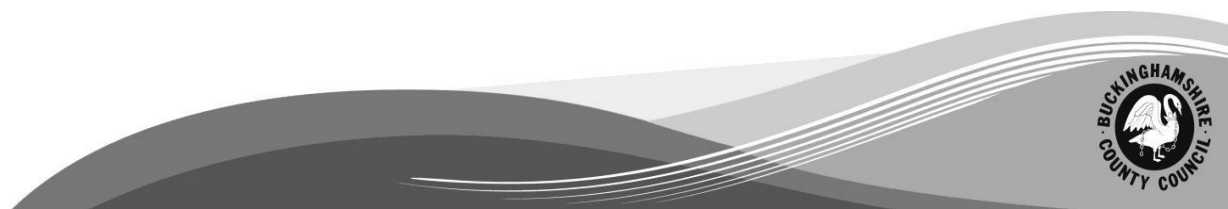
BCC will provide support to the MNSs to support future budget forecasting.

High Needs Funding – Inclusion Fund:

	On line responses	EY Forum response	Total responses
4. How strongly do you agree that the current criterion for High Needs Funding (HNF) is appropriate to improve outcomes for children?			
Very strongly agree	17%		11%
Strongly agree	17%	√ ↑	29%
Agree	48%	↓	37%
Disagree or strongly disagree	19%	√	24%

	On line responses	EY Forum response	Total responses
5. Does BCC allocate an appropriate amount of funding to HNF?			
Too high	2%	↑	7%
About right	69%	√ ↓	68%
Too low	29%	↓	25%

77% of responders agreed that the criterion for HNF is appropriate and 68% agreed that the amount of funding is also appropriate.



Comments generally requested that funding be made available sooner to support swift intervention and staff training and recruitment. Consideration should be given to funding the provider to manage interventions and training rather than to a particular child would be helpful. Some responders felt that the criteria for HNF should be reviewed and funding more proportionate depending on the level of need.

Recommendation: Local authorities (LAs) are required to introduce an Inclusion Fund. In Buckinghamshire this will replace the current HNF allocations for children with emerging SEN. More complex and EHCPs will continue to be funded from the HNF Block. An Inclusion Fund will be established from the EY Block. The current spend of £428k should be increased to £475k to support those children who will be eligible for 30 hours from September 2017. Any underspend will be carried forward and ring fenced to EY Block.

The criteria for funding and the process should be reviewed as part of the wider BCC SEN review programme.

Central Spend – High Pass-Through Funding:

	On line responses	EY Forum response	Total responses
6. How much does your setting feel is an appropriate amount for BCC to use for central spend for 3 & 4 year olds in 2017/18?			
7%	21%		14%
6%	29%	√√√√	33%
5%	40%	√√√√√	44%
4%	5%	√	8%
Less than 4%	2%		1%

The greatest number of providers supported 5% central spend which would allow BCC to keep central spend in line with current expenditure whilst also meeting government monitoring policy for compliance of High Pass Through.

High pass-through (amount passed to providers through the formula) requirement is 93% in 2017-18 moving to 95% from 2018-19. This means that centrally retained funding (for central services or services in-kind) combined with any funding movement out of the early years block will be constrained to a maximum of 7% in 2017-18 and 5% from 2018-19. (Compliance will be monitored by the EFA on outturn data).

Recommendation: a budget allocation of 5% for central spend is agreed. Individual budget lines will be approved by School Forum.

Charging for services:

	On line responses	EY Forum response	Total responses
7. Would your setting be willing to pay for the following service support to reduce central spend?			
Training, reduction in subsidy	55% - Yes	YES, YES, NO	59%
Quality Improvement	55% - Yes	YES, No, YES	59%
Business & regulation support	43% - Yes	YES/NO, NO, NO	34%
Safeguarding advice	17% - Yes	NO	11%
Qualifications – reduction to bursaries	55% - Yes	No reduction Needs reviewing* YES	47%
Charge for network meetings	5% - Yes	NO	3%

Most providers commented that they could only contribute towards central services if the base hourly rate increases significantly.

Safeguarding, network meetings and business advice were generally considered to be essential core requirements and in the interest of BCC to maintain these free of charge to meet our statutory functions.

Overall there was a strong consensus valuing central services and support to providers. Some providers raised concerns about some duplication between BCC and BLT and the need for some support to be better targeted and more responsive to need.

Recommendation: BCC will continue to provide or commission support services to providers. BCC will undertake a further review of EY central support and report back to EY and School Forum on future options.

Contingency Fund:

	On line responses	EY Forum response	Total responses
8. Do you agree that BCC should set up a contingency fund?			
Yes	79%	10	81%
No	21%	2	19%

	On line responses	EY Forum response	Total responses
9. If an allocation is established, how much should be allocated?			
£500,000	10%	Didn't ask this question	10%
£300,000	31%		31%
£150,000	38%		38%
£0	21%		21%

There was strong support (81%) to set up a contingency fund with a value between £150-300k.

Recommendation: A contingency fund of £200k will be established and ring fenced to EY providers. Any underspend will be carried forward and ring fenced to EY Block.

Payment Timetable:

	On line responses	EY Forum response	Total responses
10. What is your preferred payment timetable?			
Monthly	33%	2	27%
Half-termly in advance	60%	9	65%
Other	7%	1	7%
Comment: - Termly in advance			

The majority of providers, 65%, prefer to remain with the existing half-termly in advance for payments. Government strongly recommends that LAs fund childminders on a monthly basis. Operating two different payment systems could be problematic so it is recommended that this decision is delayed until the revised LA Statutory Guidance for Early Years is published in the New Year to consider the wording of the regulation.

Recommendation: Early years providers on non-domestic premises will continue to be funded half-termly in advance.

Schools will nursery provision will continue to have an annual indicative budget with monthly payments. School payments will be adjusted termly based on head count. Schools with community nursery services which have previously been funded on a half termly basis will move to this model from April 2017 as they no longer have a separate Ofsted registration.

Childminders – if the updated LA Statutory Guidance allows the LA discretion to pay childminders half-termly in advance, this model will continue. If the LA is required to move to a monthly model then we will have to implement the requirement.

Two Year Old Central Spend:

	On line responses	EY Forum response	Total responses
11. How much do you feel is an appropriate amount for BCC to use for central spend for 2 year olds in 2017/18?			
7%	24%	Didn't ask this question	24%
6%	2%		2%
5%	41%		41%
4%	17%		17%
Less than 4%	15%		15%

The greatest number of providers supported 5% central spend which would allow BCC to keep central spend in line with current expenditure.

Recommendation: a budget allocation of 5% for central spend is agreed. Individual budget lines will be approved by School Forum.

Other Comments:

Many providers have raised the priority of having the hourly rate as high as possible whilst maintaining some LA support. Providers feel that government has not increased funding sufficiently to meet increases in costs.

Some provider feel that locally purchased bulk training by the setting may support better team learning as the message is consistently received across staff and is sometimes more affordable. Otherwise providers feel they don't have sufficient income to purchase support.

Overall Recommendation:

School Forum is asked to agree each of the recommendations outlined above.

The recommended changes have now been modelled. 3 settings will have a decrease in excess of 1%. I recommend that an MFG change of 1% is agreed at a cost of £11,818 and funded from the contingency fund.

Implementing the recommendation would produce the following position:

	Budget Allocation	Hourly Formula	Comments
Universal 3 & 4 year olds	£22,401,519		
Additional 30 Hours – 7/12ths	£4,189,011		
Total	£26,590,529	£4.64	Amount to LA
Buckinghamshire's EYSFF:			
Base hourly rate	£24,373,481	£4.25	
Deprivation	£212,522	0.05	Allocated on family economic criteria
Optional supplements	0	0.0	
Contingency	£200,000	0.03	Allocated on setting criteria
Inclusion Fund	£475,000	0.08	Allocated on child criteria
Central spend 5%	£1,329,526	0.23	
Total	£26,590,529		
High pass through rate		£4.41	
Additional 3 & 4 YO allocations:			
Maintained Nursery School	173,229	£140,000 0.30	Lump sum Enhanced hourly rate
EY Pupil Premium	£114,365	£0.53	Per pupil per hour
Disability Access Fund	£92,250	£615	Per pupil per year
2 year old funding:			
LA Allocation	£3,518,785	£5.71	Amount to LA
5% central spend	£175,939	0.28	
Provider rate	£3,342,846	5.43	Provider rate
Central spend:			
	2016-17	2017-18 3 & 4 s	2017-18 2 year olds
Central overheads	44,180	39,735	5,265
Data and payments	124,800	128,035	16,965
Place Development	610,974	565,000	50,000
Qualification grants	304,000	200,000	50,000
Staff support for place development and to maintain existing places	217,550	396,756	53,709
Total	£1,301,504	£1,329,526	£175,939