

Committee:	Schools Forum
Meeting Date:	13 October 2016
Title:	Consultation on an early years national funding formula
Author:	Fiona Heath and Alison Manning
Decision making / consultative / information:	Information

What is the Forum being asked to decide?

1. There are no decisions to be made as the paper is for information only.

Reason for recommendation

2. There is no recommendation as the paper provides information on the consultation on an early year’s national funding formula.

Alternative options

3. There are no options as the paper is for information only.

Who will be affected by this decision?

4. Although the paper is not decision making, all early years providers; schools, private, voluntary and independent providers (PVI), high needs providers, the children of Suffolk, their parents, businesses and the local authority will be affected by the outcome of the consultation.

Main body of the Report

Background

5. The government consultation on the “early years national funding formula and changes to the way the three and four year old entitlements to childcare are funded” was launched on 11 August 2016.
6. A link to the consultation is <https://consult.education.gov.uk/early-years-funding/eynff>
7. Responses were required by 22 September 2016.
8. The proposed model is based on each Local Authority receiving different rate per hour, based on local factors such as workforce costs. Of this funding 95% must be passed on directly to providers though a standardised formula. This

formula cannot reflect the quality of provision as measured by the skills of the staff as we do in our current formula.

9. The planned implementation date of the formulaic funding is April 2017.

Impact of the proposals

10. Whilst the general principles outlined in the consultation are mostly positive, the final funding allocation for Suffolk would be a significant reduction; approximately £3m (10%) over a two-year period i.e. by 2019/20.
11. The impact of this reduction is that many of our providers will be funded at a lower hourly rate than currently e.g. providers with the highest level of qualifications, currently receive an hourly rate of £4.24 per hour which will fall to less than £4.00 per hour.
12. This would result in a real terms funding reduction for many providers, which would force many to leave the market as their businesses would become unsustainable.
13. The potential impacts of the reduction in funding for Suffolk are summarised below:

Risk of Not Meeting our Statutory Duty for Sufficiency of Provision

14. Suffolk has a good track record of providing early years places for those who need it. The number of eligible 2-year-old children taking up a place was the highest in the East region at 80% at the end of the spring term 2016. We were also over the national level for 3 and 4 year olds; this was 96% in Suffolk compared to 95% in England.
15. For Suffolk providers a reduced level of funding will make it hard for providers to offer the universal entitlement of fifteen hours per week, let alone create incentives to offer thirty hours a week for working families. Suffolk is at a high risk of not being able to meet its statutory duty to secure sufficient childcare places.

Long Term Economic Impact

16. If we cannot deliver the offer of thirty hours a week for lower income working families, then this will have a long term economic impact on the whole county. There will be parents prevented for working though lack of childcare, and this will limit economic growth.

Worse Outcomes for Children

17. Early indications would suggest that the outcomes this year for children at the end of the Early Years Foundation Stage (EYFSP) have improved again, compared to our results in 2015 and are also better than England. In addition, the gap between those children eligible for free school meals and those not eligible has narrowed.

18. The proposals would stop us rewarding provision with higher qualified staff though a higher funding rate, and so would jeopardise this progress as these well-funded settings would see the highest level of funding reduction.
19. Central support services used by providers will have to be further reduced.

Reduced Quality provision

20. Currently 90% of the early years and childcare providers delivering the free entitlement in the private, voluntary and independent (PVI) sector in Suffolk are judged Good or better by Ofsted. This will be put at risk by the new funding arrangements as these settings, which have the best qualified staff, will see the biggest reductions in funding.

21. Finally, the timescales for the implementation of the National Funding Formula are extremely challenging given there will be a 5% reduction in funding from April 2017 (and a further 5% reduction in April 2018); especially as the local authority wants, and needs to be encouraging providers to offer the additional 15 hours.

Responses

22. An event was held on 19 September for the Early Years Consultative Forum and members of Schools Forum to explore the detail of the DfE's funding assumptions and formulate a joint consultation response (Annex A).

23. In addition to this response, key stakeholders including all early years providers, representative groups and trade unions were strongly encouraged to respond individually to the consultation.