

TITLE OF REPORT: Early Years Single Funding Formula

Purpose of the Report

1. The purpose of this report is update Schools Forum on the outcome of the Early Years Single Funding Formula Consultation that took place in January 2023.

Background

2. In January 2023 Schools Forum approved the consultation document to be sent out to all early years settings on the integration of the Teachers Pay and Pension Grant (TPPG) into Gateshead's Early Years Single Funding Formula (EYSFF).
3. 30 responses were received, 16 from school and 14 from the private, voluntary, and independent (PVI) sector with the below results.

Consultation Questions	Yes	No	Don't Know
Q1. Do you accept the proposal to allocate 88% of the funding available for the EYSFF to the universal base rate?	17	12	1
Q2. Do you accept the proposal to keep the deprivation supplement at 5% of funding available?	27	2	1
Q3. Do you accept the proposal to keep the quality (qualification) supplement at 5% of available funding?	27	2	1
Q4. Do you accept the proposal to create a second quality supplement to distribute the former TPPG set at 2% of available funding?	16	13	1

4. There were several comments on individual questions and general comments that can be found in appendix 1.

Proposal

5. It is proposed to update Gateshead's EYSFF to:-
 - 88% of funding allocated to the universal base rate
 - 5% of funding for the deprivation supplement
 - 5% of funding for the quality supplement based on qualification level
 - 2% of funding for an additional quality supplement for nursery classes in mainstream schools on a flat hourly rate

Recommendations

6. That Schools Forum approves the proposed updates to Gateshead's EYSFF that will allocate the former TPPG to nursery classes in mainstream schools.

For the following reasons:

To enable Gateshead's EYSFF to be updated to allocate the former TPPG to mainstream nursery classes and to enable early years budgets to be calculated and disseminated to all settings.

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Appendix 1

Q1. Do you accept the proposal to allocate 88% of the funding available for the EYSFF to the universal base rate?

Setting Comments

S9 The consultation paper is misleading and over-complicated.

S10 The increase for the PVI looks to be about 0.05p which is not sustainable or acceptable going forward.

S12 We need extra funding to support us to remain open.

S14 Consultation Paper is misleading

S16 Reducing the percentage allocation to 88% from the current 90% for the Universal base rate will make it impossible for us to afford to pay our staff and running costs. Rising rent, heating, electricity, water and resources costs as well as other consumables combined with the proposed increase in the minimum wage coming into force in April will make our setting unsustainable. The suggestion of a cut in the percentage for the Universal base rate is simply impossible to comprehend and will cripple PVI settings to an extent they will have no alternative but to close their doors.

We cannot take anymore reductions in funding and as I understand it the 2% reduction is to then to be reallocated to school nurseries under creating a second quality supplement to distribute the former TPPG, how are PVI settings to continue if our funding is reallocated to school nurse settings?

Q2. Do you accept the proposal to keep the deprivation supplement at 5% of funding available?

Setting Comments

S9 Deprivation needs to be supplemented

S14 Happy to supplement deprivation

S16 I do want to see deprived areas supported in every way necessary.

Q3. Do you accept the proposal to keep the quality (qualification) supplement at 5% of available funding?

Setting Comments

S9 Quality and Qualifications are very important in Early Years

S14 Happy to supplement quality and qualifications

S16 High quality staffing makes an enormous difference to the learning that children receive in a setting. Teachers who work in the PVI settings are paid far less than Teachers in School Nursery settings, although this is unfair, at least there is something to recognise that high quality education is rewarded. Any reduction in this may result in highly qualified and experienced staff leaving the sector at a time when recruitment into Early Years is struggling.

Q4. Do you accept the proposal to create a second quality supplement to distribute the former TPPG set at 2% of available funding?

Setting	Comments
S2	This money is for ALL settings not just maintained and the formula should ensure it reflects this
S5	This will not benefit the PVI sector at all.
S9	PVI Nurseries have to pay wages and pensions. Our wages have increased by 38% since 2017 by enforced National Living Wage increases. But funding has NOT increased to cover this.
S10	This will not benefit the PVI sector at all.
S12	This money should be available for all not just maintained nursery classes
S14	PVI have wages to pay & pensions. We need to increase our wages to ensure they are in line with rises in living wage from April.
S15	Teachers pension contribution should not be supplemented/paid from the Early Years funding money. I always thought teachers salary would be covered by the government. Early Years PVI settings also have staff pensions and wages to pay, yet this seems to be disregarded in preference of school based staff. The PVI settings do not have a dedicated union, however this does not mean we should be treated with such disregard in terms of the budget restraints we are barely surviving under, with all our rising bills and running costs. Sadly, I find myself questioning if this is a means of satisfying the Teacher's Unions at the expense of PVI settings, resulting in PVI settings unable to afford to run and driving many to close their doors. I understand that Schools have stretched budgets, as do we, but to take from PVI's to prop up the schools nurseries will only result in PVI's closing. This seems to be a quick fix sweetener to stop schools taking strike action within days of this consultation results form closing date. Is this why this document has been pushed through just before the Christmas break and pushed out quickly to PVI's with a January deadline?
S16	

General Comments

Setting	Comments
S1	During such difficult times, funding is key to ensuring quality provision for our youngest children. Thank you for ensuring that this is done fairly.

The document is very difficult to understand but it seems that money is being clawed back from PVI settings to give to maintained settings which is simply wrong. To quote your document

- S2 “If the formula is not changed and targeted at nursery classes most PVI settings funding would increase by £0.10 per hour,”
We desperately need this money to remain viable and feel strongly that we should not have it taken from us to give to nursery classes in schools where there is a far bigger budget to absorb it and where the staff are getting a fair wage, unlike the PVI sector where we can barely afford to pay minimum wage. The funding formula was supposed to remove discrepancies and these proposals appear to introduce them again which is unacceptable
- S3 Looking at the proposed allocation of funds for 2023/2024 it seems there is only a 1% increase over last year’s funding. However, this does not seem to be in line with the rising costs of living and the National Minimum Wage which has increased by 10%. We would appreciate if you could take this into consideration for the coming financial year by increasing the overall funding allocation for our setting.
- S4 Looking at the proposed allocation of funds for 2023/2024 it seems there is only a 1% increase over last year’s funding. However, this does not seem to be in line with the rising costs of living and the National Minimum Wage which has increased by 10%. We would appreciate if you could take this into consideration for the coming financial year by increasing the overall funding allocation for our setting.
- S5 Due to increase in cost of living, higher utility bill, food costs and the national minimum wage for PVI providers there should be a higher increase in the funding rates than 0.01p and 0.06p, or should be more in line with last year which was overall 0.16p for 3 & 4 Year olds and 0.21p for 2 year olds. As providers it is becoming unsustainable to provide care and education for funded children and we may be forced to cap our funded places that we offer. Many of our funded 2, 3 & 4 years come and are vulnerable, with some having additional and safeguarding needs which requires a higher demand on staff and administration. We offer full day funded childcare with flexible sessions which can be stretched all year round – this allows parents to go to work. Your proposal is very complicated to understand and as you have not finalised what you are giving us how can you expect us to agree it – your proposal is not realistic for PVI providers and yet again seems to be directed towards school nurseries.
- S6 I feel all of these are essential to maintain high quality provision in Gateshead.
- S7 No after sitting in the forum meeting last week, it would appear you have gone to every length to support this and make this fair for all Carole so thanks!

S8 Due to increase in cost of living, higher utility bill, food costs and the national minimum wage for PVI providers there should be a higher increase in the funding rates than 0.01p and 0.06p, or should be more in line with last year which was overall 0.16p for 3 & 4 Year olds and 0.21p for 2 year olds. As providers it is becoming unsustainable to provide care and education for funded children and we may be forced to cap our funded places that we offer. Many of our funded 2, 3 & 4 years come and are vulnerable, with some having additional and safeguarding needs which requires a higher demand on staff and administration. We offer full day funded childcare with flexible sessions which can be stretched all year round – this allows parents to go to work. Your proposal is very complicated to understand and as you have not finalised what you are giving us how can you expect us to agree it – your proposal is not realistic for PVI providers and yet again seems to be directed towards school nurseries.

S9 The consultation paper has been cut and pasted from the DFE document on funding. It is misleading and difficult to understand. There is a section in bold implying a figure of £5.00, which is very misleading. From calculations it appears that our current funding will increase by only 4pence per child. If our calculations are correct, this is not nearly enough to cover current increases in costs and it is insulting. We are obliged to increase the National Living wage paid to our staff by almost 10% in April 2023. Combined with the increased cost in heat and light, resources and food, this increase will have a huge impact on our running costs. Our staff deserve more than the living wage and could earn more working in a supermarket. They are highly trained and dedicated, but we cannot afford to pay them what they deserve. Our breakfast club and after-school club help to subsidise our income so we are currently nearly sustainable, but parents are cancelling places because they cannot afford to pay for wraparound care with the increasing cost of living. The Government funding for Nursery children is woefully inadequate to cover our costs and will not allow us to break even – we would run at a loss and be unsustainable without the wraparound income from older children. We are demoralised and disheartened at the lack of support and the lack of acknowledgement of our value to Early Years Children.

S10 Due to increase in cost of living, higher utility bill, food costs and the national minimum wage for PVI providers there should be a higher increase in the funding rates than 0.01p and 0.06p, or should be more in line with last year which was overall 0.16p for 3 & 4 Year olds and 0.21p for 2 year olds. As providers it is becoming unsustainable to provide care and education for funded children and we may be forced to cap our funded places that we offer. Many of our funded 2, 3 & 4 years come and are vulnerable, with some having additional and safeguarding needs which requires a higher demand on staff and administration. We offer full day funded childcare with flexible sessions which can be stretched all year round – this allows parents to go to work. Your proposal is very complicated to understand and as you have not finalised what you are giving us how can you expect us to agree it – your proposal is not realistic for PVI providers and yet again seems to be directed towards school nurseries.

S11 The consultation paper is cut and paste from the DfE document on funding. This is not easy to understand and very misleading. The section in bold which shows a figure of £5 is misleading. When we have tried working out the formula, it seems we will be getting a 4p increase on the current funding? If this is correct this is an insult. We have to increase staff wages from April as many are struggling on the little wages they are currently on, and the living wage will increase. This will have a massive impact on our setting along with the rising costs of utilities, resources, food, and the list goes on. We are struggling to keep our staff due to the poor wage rate. We also have staff looking to seek alternative work away from childcare (the hourly rate stacking shelves in a supermarket is more than we can offer). There is no incentive for well qualified staff to do this job anymore. Due to the after affects of lockdown we have many children needing additional support which also has a massive impact on our setting. We are on the brink of failing our families and children as we are not able to fully support and help them. The system is very much broken with very little support and funding. Our setting is a charity and therefore rely solely on funding to run, with such a poor increase of 1% this may not be viable for much longer. If this is the case Birtley will lose a community based outstanding provision with excellent links to local schools. We have 4 very experienced team members who have 45 years experience between us. Staff morale across early years is at an all time low due to low wages, excessive workload, and very poor financial support from the LA. Our amazing team have always been (and will continue to be despite the struggles) enthusiastic about their roles but the lack of job security is taking its toll.

S12 I feel the consultation document is confusing and hard to follow, we need more clarification which is easier to follow / understand, we desperately need extra money / funding as a setting to remain viable and sustainable with the increase in living wage, increase in bills, resources etc...
Funding should be equal and not taken from PVI sector to then be given to school nursery classes.
I feel due to lack of funding and rising cost of staff wages and bills, PVI sector will struggle to function, and many may be forced to close.

S13 Although we appreciate that this is the best possible solution/ option, it does not go anywhere near the real costs of meeting a nursery provision.

S14 The consultation paper is cut and paste from the DfE document on funding. This is not easy to understand and very misleading. The section in bold which shows a figure of £5 is misleading. When we have tried working out the formula, it seems we will be getting a 4p increase on the current funding? If this is correct this is an insult. We have to increase staff wages from April as many are struggling on the little wages they are currently on, and the living wage will increase. This will have a massive impact on our setting along with the rising costs of utilities, resources, food, and the list goes on. we have staff going on maternity leave and we are struggling to recruit due to the poor wage rate. WE have staff looking to seek alternative work away from childcare (the hourly rate stacking shelves in a supermarket is more than we can offer). There is just no incentive for well qualified staff to do this job anymore. We have a high cohort of SEND children this year which also has a massive impact on our setting. We are failing our families and children as we are not able to support and help them. The system is very broken with very little support and funding. These children need specialist support and provisions (not the little on offer from our LA). The cost impact on time, staffing and resources can not be sustained by our setting this breaks our hearts to see the failings to our families and we on the front line have to see this every day. We have breakfast and out of school facility in our setting which subsidises our pre-school but for how much longer? We may need to consider the future of our pre-school as we cannot allow the lack of funding to send us under. This will leave lots of 3 & 4 year olds without provision of Outstanding Quality. In all the years we have been doing this job which we "loved" we have never felt more demoralised with the uncertainty of the future of our setting. This has a massive impact on our lovely staff too.

S15 I understand that answering those questions may not affect the funding hourly rate. I am still rather confused about what it'd mean to choose "yes" whether it would affect our funding money. We are facing large increased costs from every directions, like everyone else. I won't be able to increase the nursery fees enough to cover all those increased costs. I know the funding won't go up by much from April 2023. If the funding has been increased then I wouldn't have to increase our nursery fees by as much. i don't even know how to tell parents about a £8 to £10 fee increase per day, I am concerned we'll start losing families because no one can afford to pay £60 to £62 a day for childcare If you have any further questions, I am happy to answer them.

First of all I am concerned about the rushed nature of this consultation document, it has been hastily put together and seems purposefully confusing to the readers. It could seem, that it is trying to confuse and also blindside the managers of PVI's. Numerous phone calls have been placed to even understand the nature of its contents.

I am concerned PVI's will not respond in the required time frame for this consultation as it seems very ambiguous and difficult to understand with a tight deadline to reply. Why is the only figure in bold £5.00? My answer is to simply and purposefully mislead the readers, this is not what is being proposed to the sector as the new hourly rate, not by a long shot.

S16

The proposed percentage reduction in the Universal base rate and reallocation of funding to school nursery settings together with the uncaring regard for our most needed sector is upsetting and cannot be taken. It seems an option for the government to find the money in order to satisfy the teachers who have threatened strike action.

Any reduction in percentage allocation funding will force some already cash scarce PVI's to close their doors. Under such tight budgets providing a good education, learning and development programme will prove untenable. Staff deserve better, management deserve better and most of all our youngest students deserve to have their formative years supported with a good level of funding, where the correct early intervention and support can result in a child progressing and reaching their potential when they move onto school.

We love our jobs but seeing the proposed changes in the funding formula is demoralising for both us and our staff, it also raises questions regarding our ability to continue providing Pre-School education for those within our care.