

## Response ID ANON-8PBM-MJG6-B

Submitted to **Early years funding: changes to funding for 3 and 4 year olds**  
Submitted on **2016-09-22 12:22:21**

### Introduction

**1 Welcome - would you like to provide your email address?**

**Email:**

carolesmith@gateshead.gov.uk

**2 Would you like to tell us the name of your organisation?**

**Organisation:**

Gateshead Council

### About you

**3 We'd like to know which area of the early years sector your answers represent. Which of these categories best describes your role in the sector?**

This is a drop down menu of different categories of respondent - from nursery to local authority:

Local Authority

If you have answered 'other' please provide more details::

**4 In which region do you work?**

A drop-down menu of the 9 regions of England:

North East

**5 If you are not responding as a local authority, which local authority you work in?**

A list of all the local authorities in England:

Gateshead

**6 If you are a childcare provider, do you consider yourself to work in a:**

**7 If you are a childcare provider, how many children can your individual setting offer places to?**

Not Answered

**8 If you are a childcare provider, do you offer the free entitlement to:**

### Page 2 - Early Years National Funding Formula

**9 Should there be an early years national funding formula (to distribute money from Government to each local authority)?**

Yes

**10 Considering a universal base rate of funding which does not vary by local area...**

**Base rate (EYNFF) - Should a universal base rate be included in the early years national funding formula?:**

Yes

**Base rate (EYNFF) - Is 89.5% of overall funding the right amount to channel through this factor?:**

No

**11 Considering an additional needs factor...**

**Add needs - metrics - Should an additional needs factor be included in the early years national funding formula?:**

Yes

**Add needs - metrics - Do we propose the correct set of metrics?:**

No

**Add needs - metrics - Do we propose the correct weightings for each metric?:**

No

## 12 Considering an area cost adjustment...

**ACA - Should the early years national funding formula include an area cost adjustment?:**

Yes

**ACA - Should that adjustment be based on staff costs (based on the General Labour Market measure) and on nursery premises costs (based on rateable values)?:**

No

**13 If you have any comments or recommendations for alternative metrics or weightings to be used in the early years national funding formula, please explain here:**

**This box allows you to write an answer freely:**

Q10 For Gateshead in the illustrative funding allocations, the universal base rate after ACA equates to 88.73% of total funding. Therefore to enable 89.5% of total funding to be allocated via a base rate to providers would mean reducing funding available for FSM as the DLA fund is proposed as a ring fenced grant.

Q11 We agree with an additional needs factor, however we do not agree with using DLA as the metric as we consider the level of SEN required to access DLA is too high a threshold. There is also some concern that this metric is not suitable for very young children who may not yet have progressed through the assessment process, but still have high levels of need.

Q12 We agree that there should be some form of ACA, however the use of the general market rate does not take into account that nursery classes and nursery schools must employ qualified teachers. The other issue is rateable value of nursery premises. Does this include schools, settings that are in rented accommodation or run out of church halls or community centres? It would not be equitable to have a metric that does not include the schools sector. For Gateshead the split in pupils attending settings is 51.6% in the schools sector and 48.4% in PVI settings.

It is difficult to comment on other metrics or weightings until they are fully understood. However possible other metrics should already be easily available to settings, LA's or central government. The ACA metric that is proposed is also different to that used for mainstream school funding which is also part of the Dedicated Schools Grant.

**14 To what extent do you agree with the proposed funding floor limit, so that no local authority would face a reduction in its hourly funding rate of greater than 10%?**

Agree

## Page 3 - Two technical questions

**15 To implement the increased hourly rate for the two-year old free entitlement...**

**2YO - Should we retain the current two-year-old funding formula?:**

Yes

**2YO - Should we use the additional funding secured at the spending review to uplift local authorities' allocations based upon this?:**

Yes

**16 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?**

Yes

## Page 4 - A high pass-through of local authority funding to providers

**17 Should Government set the proportion of early years funding that must be passed on to providers?**

Yes

**18 Do you think that 95% is the correct minimum proportion of the money that should be passed from local authorities to providers?**

Unsure

**19 If you would like to explain a response you've submitted on this page in more detail, please do so here:**

**This box allows you to write an answer freely:**

Q18 Whilst recognising the importance of passing on very high proportion of early years funding to providers, as Gateshead has always done, the DfE need to recognise that LA's officers workload has increased significantly in recent years during times of significant budget reductions. LA's have implemented the 2 year old offer and the distribution of EYPP which has created considerable amounts of additional work. The extended entitlement and the DLA proposals will significantly add to workloads.

We are unsure about the 95% proposal as there are inter-relationships between the different blocks of the DSG, and until the proposals for the mainstream block, the central block and the high needs block are known it is difficult to quantify if 95% pass through will be feasible without affecting services provided to early years settings.

## Page 5 - How money is distributed from local authorities to childcare providers

**20 Should local authorities be required to give the same universal hourly base rate to all childcare providers in their area?**

No

**21 Considering funding supplements that local authorities could choose to use (above the universal base rate)...**

**Supplements - Should local authorities be able to use funding supplements?:**

Yes

**Supplements - Should there be a cap on the proportion of funding that is channeled through supplements?:**

Yes

**22 If you agree that there should be cap on the proportion of funding that is channeled through supplements, should the cap be set at 10%?**

No, the cap should be higher than 10%

**23 Should the following supplements be permitted?**

**Basket of supplements - Deprivation:**

Yes

**Basket of supplements - Sparsity / rural areas:**

Yes

**Basket of supplements - Flexibility:**

No

**Basket of supplements - Efficiency:**

No

**Basket of supplements - Additional 15 hours of childcare:**

No

**24 When using funding supplements, should local authorities have discretion over the metrics they use and the amount of money channeled through each one?**

**Metrics & amount - supplements - Deprivation:**

Yes - over the metric they use, Yes - over the amount of money

**Metrics & amount - supplements - Sparsity / rural areas:**

Yes - over the amount of money

**Metrics & amount - supplements - Flexibility:**

Unsure when it comes to metrics, Unsure when it comes to the amount of money

**Metrics & amount - supplements - Efficiency:**

Unsure when it comes to metrics, Unsure when it comes to the amount of money

**Metrics & amount - supplements - Additional 15 hours of childcare:**

No - over the metric they use, No - over the amount of money

**25 If you agree that efficiency (efficient business practices that provide excellent value for money) should be included in the set of supplements, do you have a suggestion of how should it be designed?**

This box allows you to write an answer freely:

**26 If you agree the delivery of the additional 15 hours of free childcare should be included in the set of supplements, do you have a suggestion of how should it be designed?**

This box allows you to write an answer freely:

**27 If you think that 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:**

This box allows you to write an answer freely:

We believe that there should be a qualification supplement. All settings should be encouraged to employ staff with higher skill levels irrespective of setting. In general, individuals with higher levels of qualifications will require a higher rate of pay, and therefore to remove the barrier to employee more skilled staff, LA's should be able to have a qualification supplement.

Funding is also being allocated on the basis of EAL children, however EAL is not a supplement that is proposed for allocating funding to settings.

**28 Finally, for this page, if you want to explain a response you've submitted on this page in more detail, please do so here:**

**This box allows you to write an answer freely:**

Q20 If the base rate is set too high and there is no scope for additional supplements, this will be a significant disadvantage to the schools sector that have to employ qualified teachers on teachers terms and conditions and therefore in general have higher staffing costs. All schools must also have a headteacher; again this is not a requirement for non-school settings.

Q21 We agreed with the supplements, however the 10% cap would not work in Gateshead as actual supplementary funding is 11.27% of the illustrative total funding, and this could disadvantage settings with higher levels of FSM and EAL children, as the remaining allocation factor of DLA is proposed as a ring-fenced funding.

Q23 After exploring a flexibility supplement when we designed our current EYSFF we found that it would be too complex to design and administer a system that could be applied consistently and accurately without very resource intensive processes.

After considering an efficiency supplement we felt that this would be very subjective and it would be very difficult to design and monitor any efficiency metric.

All free hours should be funded at the same level. If a child attended multiple settings for their 30 hour entitlement how could it be determined which hours were which?

## **Page 6 - Funding for disabled children**

**29 Should there be a Disability Access Fund to support disabled children to access their free entitlement?**

Yes

**30 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?**

No

**31 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?**

Unsure

**32 If you want to explain a response you've submitted on this page in more detail, please do so here:**

**This box allows you to write your answer freely:**

Q29 we do believe there should be a disability access fund.

Q30 We agree that the supplement should only be available to children accessing their free entitlement, however we consider the condition that they are in receipt of DLA too high a threshold, as children with lower levels of need or currently undergoing the application process would benefit from additional funding.

Q31 We were unsure. We agreed that the funding should be ring-fenced, but disagreed with the annual allocation as children can move settings. Another concern is how the data would be gathered, and how would the individual children be identified to the different settings. Therefore it is difficult to either agree or disagree without further information.

## **Page 7 - Funding for children with special educational needs**

**33 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? (We mean children who do not already have an Education, Health and Care Plan)**

Neither agree nor disagree

**34 When it comes to establishing an inclusion fund...**

**SEN - inclusion fund - Should local authorities be required to establish an inclusion fund?:**

Neither agree nor disagree

**SEN - inclusion fund - Would an inclusion fund help improve the supply of appropriate support children receive when in an early years setting?:**

Agree

**35 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:**

**This box allows you to write an answer freely:**

We think having an inclusion fund is a good idea, however until detailed modelling of the proposals can be undertaken it is difficult to ascertain where funding for this fund would come from, as our high needs block of the DSG is fully utilized and there has to be at least 95% pass through to settings.

**36 When it comes to the SEN inclusion fund, should local authorities be responsible for deciding...**

**SEN - local authority role - The children for which the inclusion fund is used?:**

Yes

**SEN - local authority role - The value of the fund?:**

Yes

**SEN - local authority role - The process of allocating the funding?:**

Yes

**37 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 purposes of the 95% high pass-through?**

Unsure

**38 If you want to explain a response you've submitted on this page in more detail, please do so here:**

**This box allows you to write an answer freely:**

We were unsure about this proposal as detailed modelling and consideration of services currently provided need to be carefully considered. If funding was delegated to providers, they may not buy back the high quality specialist services provided by the LA.

## **Page 8 - Transitions to a new funding system**

**39 To what extent do you agree with the transition approach proposed for the Early Years National Funding Formula (money distributed from Government to local authorities)?**

Agree

**40 To what extent do you agree with the transition approach proposed for the high pass-through of early years funding from local authorities to providers?**

Agree

**41 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?**

Strongly disagree

**42 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?**

Agree

**43 If you want to explain a response you've submitted on this page in more detail, please do so here:**

**This box allows you to write an answer freely:**

Q40 Agree with this proposal as detailed modelling has not yet been undertaken to review the turbulence the proposals will cause Gateshead settings.

Q41 MFG still needs to exist to protect all settings that will lose funding under the new proposals. The high % pass through will not protect all settings, and they will need time to adapt to the funding changes in an already very difficult financial environment where staff costs have continued to rise and funding has remained stagnant.

Q42 The universal base rate does not take into account the different cost drivers that different settings have, e.g. having to pay staff on different terms and conditions. Also Gateshead's universal base rate is below the 89.5% pass level stated in the consultation as is actually 88.73 of Gateshead's total funding before any admin top slice. If the full 89.5% was to be passed through the base rate, then this could disadvantage settings with high levels of deprivation.

## **Page 9 - Equality Assessment**

**44 Please provide any representations and/or 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.**

**This box allows you to write your answer freely:**