



Bournemouth, Christchurch and Poole

Proposed Changes to the Early Years Single Funding Formula for the Free Entitlement for 2, 3 & 4 Year Olds from April 2019

14 November 2018

Consultation closes on 7 December 2018



1. Introduction

This document outlines the proposed changes to funding for the free entitlement for 2, 3 and 4 year olds, creating one single formula for all providers across Bournemouth, Christchurch and Poole (BCP) from April 2019. It also includes proposed changes to funding for children requiring extra support. The proposals in this document have been developed as a result of initial discussions with sector representatives, a list of these can be found in Appendix 1.

Local Government Reorganisation means that one unitary council will deliver services to Bournemouth, Christchurch and Poole residents from 1 April 2019.

The existing Councils in Dorset are working together to take decisions that improve the area, enhance residents' quality of life, and support sustainable public services for the future.

In preparing for the new Council there is a commitment that for service users and their families, service continuity is maintained and stakeholder/key relationships are sustained. However, it does mean that funding changes need to be made for the early years free entitlements to achieve consistency across all providers in the new Council area.

2. A New Early Years Single Funding Formula (EYSFF) for BCP

From 1 April 2019 the new BCP Council will be required to operate a new EYSFF, which will mean changes to the funding rates paid to all providers. Currently the 3 authorities, Bournemouth, Christchurch (early years services provided by Dorset County Council) and Poole, operate different funding rates. BCP provider representatives have been working with officers to help formulate proposals on which to consult.

The government funding rate paid by the Department for Education (DfE) to the new local authority will be £4.30 per hour for 3 and 4 year olds and £5.23 per hour for 2 year olds. These amounts are the same as those previously paid to the 3 authorities since 2017 under the DfE's [Early Years National Funding Formula Operational guidance February 2018](#).

Funding for 2 year olds

Funding for 2 year olds will be at a single basic rate for all providers. There is no requirement for a separate deprivation supplement as all hours delivered under this funding are targeted at disadvantaged children. The £5.23 rate is to cover the basic rate to providers and a contribution to the cost of central functions such as checking the eligibility of children, marketing the free entitlement and providing funding to support children with special educational needs and disability (SEND).

The local authority will use 21p of this funding for these central functions, leaving £5.02 available for the funding rate for providers and any contribution to an SEND inclusion fund for 2 year olds.

Funding for 3 and 4 year olds

The operational guidance places requirements on local authorities, some of which are below:

- A minimum amount of 95% funding to be passed through to providers.
- A universal base rate for all types of provider, to be set by local authorities by 2019-20.
- The total value of supplements used must not be more than 10% of the total value of planned funding to be passed through to providers.
- Deprivation supplement is a mandatory requirement.
- Establishment of an SEND inclusion fund for allocation to providers.

The hourly funding rate for BCP from central government for the 3 and 4 year old free entitlement is to cover a range of services. The local authority must allocate funding to providers through a base-rate, a mandatory deprivation supplement (other supplements are possible), support for pupils with SEND as well as contribute towards the cost of central functions. These include checking eligibility for the additional 15 hours for working parents, and central SEN teams and support.

Whilst BCP is able to retain up to 5% of 3 and 4 year old funding for central functions supporting the free entitlement, we are proposing a lower level so that more can be allocated to providers. This will enable funding turbulence for providers, as a result of proposed changes, to be as low as possible to maintain the sufficiency of places. The amount retained for central functions is planned at 6p per hour (1.4%) of the

£4.30 funding rate, leaving £4.24 to distribute to providers, the method for which is discussed in this document.

3. Bournemouth, Christchurch and Poole Priorities

Many factors have driven improvement in the childcare sector in BCP including hard work from providers and central support teams. This has been supported by the effective use of funding to improve quality, flexibility and support disadvantaged children through the use of supplements.

The funding allocation received from government beyond the 2019-20 financial year will be determined as part of the next Spending Review. Therefore, this consultation is specifically for 2019-20. However, the over-arching principles set out in this consultation are intended to be carried into the foreseeable future. For this reason, it is important that providers take time to understand the proposals set out in this document and provide feedback so that the local authority can take this into consideration.

Our priorities/principles when setting a new formula are as follows:

- 1) Minimise the amount retained centrally, maximising funding to providers.
- 2) Using a supplement to support children with a background of deprivation, to narrow the attainment gap between the most disadvantaged children and their peers, at a level that will improve their outcomes.
- 3) Set a formula which allows providers to better forecast funding and business plan.
- 4) SEND funding for every hour the child attends a setting at a level to support improvements in their outcomes.

Our proposals to fund these areas will be further explained through the consultation document. The balance of funding will then be available for the base rate which must be the same for all providers.

QUESTION 1

Do you agree with these priorities?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would prioritise)

4. Current Funding Rates in 2018-19

This table and explanatory notes below show how the funding through the EYSFF is currently distributed by each BCP local authority.

Table 1: Current Hourly Funding Rates across BCP

	2018-19		
	Bournemouth	Christchurch	Poole
3 and 4 year Base Rate	£4.22	£3.89	£3.77 PVI
			£4.06 Childminder
			£3.82 Schools
Deprivation*	£0.01 - £0.20 Eligibility based on IDACI of provider	£0.11 - £0.77 Eligibility based on IDACI of children	£0.80 Eligibility follows child (2yo or EYPP)
Flexibility	-	-	£0.20
Sustainability	-	£0.50 - £1.00	-
Rurality	-	£0.19	-
SEND Inclusion**	£7.90	£500 per annum	£0.89
		£750 per term	£2.53
		£1,500 per term	£7.54
2 year	£5.00	£5.23	£4.88

Note:

IDACI = Income Deprivation Affecting Children Index (uses postcode data)

EYPP = Early Years Pupil Premium

PVI = Private, Voluntary & Independent providers

Deprivation Eligibility is currently determined as follows:

Bournemouth: The IDACI score of the provider postcode determines eligibility, with several levels of deprivation supplement available. If the setting is eligible for funding, the supplement applies for every child.

Christchurch: An average of the IDACI score of all child postcodes is calculated with several levels of deprivation supplement available. If the setting is eligible for funding, the supplement applies for every child

Poole: The supplement is added for those children that had formerly accessed 2 year old funding or those that are currently eligible for EYPP as a 3 or 4 year old. No IDACI scores are used and the supplement is only added to the rate of the child entitled.

SEND Inclusion is currently funded as follows:

Bournemouth: children are currently funded based on a funding scale, each point on the scale equates to £7.90. Evidence provided to an education officer panel distributes funding equitably depending on child's needs using SEND guidance.

Christchurch: providers receive three possible levels of funding per child agreed through a panel process; either £500 per annum, a maximum of £750 per term or a maximum of £1,500 per term dependent on hours attended and level of need.

Poole: providers are funded per hour for all free entitlement hours accessed, based on three levels of need which is determined by an Early Years Area SENCO; Band 1 £0.89p, Band 2 £2.53 and Band 3 £7.54.

5. Proposed New Formula for 3 and 4 Year Olds from April 2019

Use of Supplements

Ensuring high quality places for disadvantaged 2 year olds remains a priority for BCP as we believe it supports narrowing the attainment gap between the most disadvantaged children and their peers. We want our funding for 3 and 4 year olds to reflect this ambition by allocating resources to this group that will help providers make a difference. This can be done by the use of supplements to the base rate.

A number of supplements are possible with the current DfE guidance allowing the following:

- Deprivation (mandatory supplement); local authorities must use this supplement to recognise deprivation in their areas.
- Rurality or sparsity (discretionary supplement); to enable local authorities to support providers serving rural areas less likely to benefit from economies of scale.
- Flexibility (discretionary supplement); to enable local authorities to support providers in offering flexible provision for parents; this could, for example, be childcare wraparound care, out-of-hours provision, or to encourage a particular type of provider in an area (such as to meet a need for childminders).
- Quality (discretionary supplement); to support workforce qualifications, or system leadership (supporting high quality providers leading other providers in the local area); any system leadership supplement should be open and transparent in terms of the process for choosing the 'leaders', the funding arrangements, and the support to be provided.
- English as an additional language (EAL) (discretionary supplement).

Each current local authority applies the mandatory deprivation supplement differently, both in terms eligibility and the rate applied, as shown in Table 1.

In summary, Bournemouth currently use only the mandatory deprivation supplement, Dorset has a number of supplements including deprivation, sustainability and rurality and Poole has a higher deprivation rate than Bournemouth and Dorset and a flexibility supplement in 2018-19, the latter to help improve the offer for working parents over the holidays.

Supplements can help the local authority to target funding and manage the market. The local authority believes the flexibility supplement in Poole has achieved what it set out to do with the market having responded well to the increased demands from parents. It is therefore considered to be no longer required, releasing funding available for other elements of the funding formula.

Supplements used in Dorset for rurality, are not considered to be relevant in Christchurch with a sustainability supplement no longer permitted under the regulations from April 2019.

Meetings with provider representatives to date have indicated providers want to see a simple formula maximising the base rate. Any supplements that are included in the formula will take funding away from the base rate and only those with a clear impact should be included.

Proposal: Of the supplements available, BCP will use only the deprivation supplement in the new EYSFF in order to maximise the base rate.

QUESTION 2

Do you agree that BCP should use only the mandatory deprivation supplement from the list of the allowable factors above in the new EYSFF to maximise the base rate?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

Measurement of Deprivation

Discussions with the BCP Early Years working group supported a deprivation supplement that follows the child rather than determined according to levels of deprivation across all children in a setting. This approach is also favoured by the local authorities as there is evidence to demonstrate improved outcomes as a result. Local authority Good Level of Development data suggests that where deprivation funding is targeted, outcomes for these children are maintained or improved. While children who had received 2 year old funding and those that take-up EYPP have demonstrated greatest improvement since the introduction of the Early Years Foundation Stage Profile (EYFSP) measurement, they remain the group most at risk of low attainment.

It was also noted from discussions that using IDACI post code data to assess deprivation levels (see table 1) made it difficult for providers to estimate the funding they will receive. With eligibility being based on children previously funded as 2 year olds and/or receiving EYPP, providers are better placed to financially forecast income from the deprivation supplement. From the point of view of the local authority, this supports greater take up of funded places for 2 year olds – if providers

increase their intake of 2 year olds, they can be assured of a higher level of funding when the children become 3 and attract deprivation funding.

The supplement will apply to individual children, not to every child in attendance. We estimate that 25% of children will be eligible for the supplement using this methodology. In BCP IDACI postcode information will no longer be used to determine eligibility (as explained below table 1).

Proposal: Across BCP, the deprivation supplement will only be targeted to those children who have previously been funded as a 2 year old (at any BCP provider) or are currently eligible for EYPP as a 3 or 4 year old.

QUESTION 3

Do you agree that the deprivation supplement should follow those children that formerly accessed funding as 2 year olds and/or currently an EYPP child?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

Funding Rate for Deprivation

Nationally, 4% of funding on average was allocated through supplements in 2017-18, with 2% being the average for the deprivation supplement (a mandatory factor). As 25% of total hours are expected to attract the supplement, the cost to the basic funding rate is 1p for every 4p added to the deprivation factor. The table below shows potential scenarios for the proportion of funding allocated through the supplement at different levels of deprivation and the impact on the base rate (assuming no protection and allowing for an SEND Inclusion Fund as described later in the document).

Table 2: Formula Impact of Different Hourly Rates of Deprivation Funding

Base Rate	Deprivation Rate (to providers)	Cost of Deprivation Rate (to the £4.30 funding rate)	% of EYSFF relating to Deprivation	Notes
£3.93	£0.81	£0.20	4.7%	Broadly Poole current level
£3.96	£0.69	£0.17	4.0%	National ave. for supplements
£4.00	£0.53	£0.13	3.0%	Achieving £4.00 base rate
£4.04	£0.36	£0.09	2.1%	National average / Dorset CC
£4.08	£0.21	£0.05	1.0%	
£4.11	£0.08	£0.02	0.5%	Broadly B'mth current level
£4.12	£0.04	£0.01	0.2%	Minimum allowed deprivation

The table above highlights the current variation in local authority approach to deprivation. In setting the EYSFF for 2019 a balanced approach must be taken, and 3% represents the current BCP average.

Whilst maintaining a high base rate appears to be the preference of providers it is important that the rate set for this factor is at a level that will enable providers to make a difference to the outcomes for those children with the greatest need.

In modelling differing rates of deprivation supplement it was found that allocating 3% of total funding (53p per hour per eligible child), provided the least funding turbulence for providers, as well as being a middle ground of deprivation rates across the current 3 local authorities. A rate of 53p is also consistent with the government Early Years Pupil Premium rate, which was set at a level to make a difference to outcomes. Impact of other rates can be seen in appendix 2.

This level of deprivation funding will derive a base rate of £4.00 per hour

Proposal: The deprivation supplement is set at 3% of the funding received, to achieve a base rate of £4.00 and set deprivation at a level similar to EYPP, an amount which can demonstrate a difference in narrowing the gap.

QUESTION 4

Do you agree that the deprivation level set at 3% (53p) gives the right balance between supporting children and financially protecting providers?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

Special Educational Needs and Disabilities (SEND)

In addition to the EYSFF base rate and supplements, additional SEND funding is available to providers to further support their work with children, for example Disability Access Fund. Local authorities are also required to operate an inclusion fund, which represents a contribution to providers' existing resources to assist them in their duty to meet children's individual needs. For example, this fund may contribute to the purchasing of specialist equipment, resources or provide specialist support and in some instances could contribute towards staffing, for example enhanced ratios. The original purpose of this fund is not to fund one to one support, as evidence suggests that this can limit children's progress, however, this fund may contribute to this type of support if it is the appropriate intervention for a child.

The current arrangements for funding SEND from the inclusion fund for each existing local authority can be found in section 4 of this document.

Funded Hours

BCP want to support providers and children in line with the number of free entitlement hours attended, whether that is 1 hour per week or 30 hours per week. In doing so, the children that are supported through the Inclusion Fund under BCP will be those with most significant needs. The process to determine the level of need for a child is currently under review. The outcomes of this work will be shared with providers in the New Year.

Proposal: if a setting requires additional funding to support the needs of a 2, 3 or 4 year old child, the funding paid will match the number of early entitlement hours in attendance, up to 30 hours per week for 3 and 4 year olds and 15 hours per week for 2 year olds. Funding additional SEND support for 2 year olds is discretionary. BCP will continue to support those children.

QUESTION 5

Do you agree that the SEND funding paid should match the number of free early education hours in attendance?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

Funding Rates

When modelling the expected demand on this fund for 2019-20 current numbers of SEND children were considered and the number of hours of take up. To fund these children for all hours of provision taken up and to continue funding 2 year olds in the same way, a SEND Inclusion pot of £0.5 million will be required. A fund of this size would require 11p of the £4.30 (3 and 4 year olds) and 7p of the £5.23 (2 year olds) to be set aside and would mean that 2 tiers of funding can be created at £2.00 and £6.30 depending on the child's level of need.

This is a new distribution of SEND funding and reflects a reduction in the rates currently distributed by Poole and although the single rates used in Bournemouth and Christchurch are currently higher, they are not for all hours, so these providers are likely see an increase.

Table 3: Impact on the Base Rate of Different Hourly Rates of Inclusion Funding

Base Rate	Inclusion Fund	Tier 1	Tier 2
£3.96	£0.7m	£8.82	£2.80
£3.98	£0.6m	£7.56	£2.40
£4.00	£0.5m	£6.30	£2.00
£4.02	£0.4m	£5.04	£1.60
£4.04	£0.3m	£3.78	£1.20

Table 3 shows that changing the size of the fund will impact on the amount of funding available for the rest of the formula. For example, increasing the size of the inclusion fund by 20% (£100,000) so the rates become £2.40 and £7.56 per hour would require an extra 2p from the 3 and 4 year old formula, thus lower the base rate.

Proposal: The size of the inclusion fund to be set at £0.5m to include 2, 3 and 4 year olds

QUESTION 6

Do you agree that the level of inclusion funding proposed will provide the right balance between supporting your work with children with SEND and maximising the EYSFF for all children?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

6. Proposed New Formula - Summary

EYSFF from April 2019

The table below summarises the proposed BCP funding rates for early years education and childcare from 1 April 2019.

Table 3: Proposed EYSFF from 1 April 2019

3 and 4 year olds		
		Provider Rate
Base Rate	£4.00	Every child
Deprivation Supplement	£0.53	Per eligible child
SEN/D Inclusion Fund	£2.00 or £6.30	Per eligible child

2 year olds		
		Provider Rate
Base Rate	£4.95	Every eligible 2yo
SEN/D Inclusion Fund	£2.00 or £6.30	Per eligible child

QUESTION 7

The funding supplied to BCP by government will not change. Do you agree that BCP has achieved a good balance proposed for the EYSFF?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

Impact on Providers

The proposed EYSFF in Table 3 would result in the following estimated impact on providers according to their payment profile over the most recent complete academic year.

Table 4: Estimated Impact of Proposals on Provider Funding (based on funded hours for the 2017-18 academic year)

	Childminders	Other Settings	All Providers
More than 3% reduction	133	37	170
1.5% - 3% reduction	9	26	35
up to 1.5% reduction	7	30	37
up to 2% increase	9	30	39
2% - 5% increase	4	33	37
More than 5% increase	8	7	15
TOTAL	170	163	333

As can be seen in the table above, the impact on Childminders is significant, with reductions for some providers as high as 20%. However, in Poole these providers (80 childminders) would have been expecting a reduction as rates moved to a single universal base rate from April 2019. The reduction in base rate is less (with this proposal) than originally expected. In Christchurch (14 Childminders), supplements were used to increase childminder rates, linked to sufficiency and these would not have been allowable from April 2019.

Appendix 2 shows the percentage changes to average funding rates by type of provider depending on the level of deprivation set.

Potential Protection to Limit Funding Turbulence

The DfE has made it clear that they will not provide any additional government funding to help with protection, and this would need to be funded from the £4.30 rate received.

A potential protection supplement has been explored. If implemented, this would reduce the funding available for other formula elements. Those providers seeing increased funding under these proposals would see a lower level of increase to pay for the protection of other provider's rates.

For example, if all providers were protected to ensure losses did not exceed 3% of their average rate for 3 and 4 year olds, a reduction of 3p to the base rate would be required. If protection was applied to 2 year olds a further reduction in base rate would need to apply.

Provider representatives expressed the view that a reduction in base rate in order to protect some parts of the sector would not support BCP's aim of treating all providers equally in line with government universal base rate requirement. Providers also recognised that by protecting some parts of the sector there would be a reduction in base rate for all providers, thus creating more losses across BCP.

Any protection arrangement would need to be agreed by the DfE.

Proposal: BCP will not apply to government to include a protection supplement for providers.

QUESTION 8

Do you agree that a protection supplement should not be included within the EYSFF?

- ☐ Agree
- ☐ Disagree (please let us know why and what you would do differently)

QUESTION 9

Please use this section to provide any additional comments you wish to make.

7. Next Steps

We will review the outcome of this consultation with provider representatives at the BCP Early Years Funding Group in December and develop final proposals to be considered by BCP's Shadow Schools Forum in January. This body will then make a recommendation to the new Council. The final decision will be made by the Shadow BCP Council in February.

8. Timeline

14 November	Consultation papers emailed to the sector
19 November	Consultation event at the Somerford Children's Centre, Christchurch (7pm-8.30pm)
20 November	Consultation events at the Kinson Community Centre, Bournemouth (10am-11.30am, 4pm-5.30pm) and the EYCPD Venue (7pm-8.30pm)
22 November	Consultation events at the Dolphin Centre, Poole (10am-11.30am, 4pm-5.30pm, 7pm -8.30pm)
7 December	Consultation closes
17 December	Consultation outcome discussed at Early Years Funding Group
TBA January	Consultation outcome discussed at Shadow Schools Forum
TBA February	Shadow Council Members decide EYSFF
1 April 2019	Changes are implemented

The questions asked in this consultation are online and can be accessed [here](#). If you wish to contribute to this consultation you should complete the online form **by midnight Friday 7th December 2018**. If you would prefer a paper copy, please contact Fran Hadden childcare@poole.gov.uk

If you would like to discuss any of this information there is an opportunity for you to attend an informal consultation briefing at one of three venues across BCP, per the timeline above. Every provider is welcome to attend any briefing with:

- Mandy Gridley, Early Years Services Manager
- Jonathan Payne, EYFS Improvement Adviser
- Steve Ellis, Management Accountant - Children
- Iwona Onik, Early Years Funding Team Manager
- Darren Buckley, Senior Childcare Sufficiency and Funding Officer

We appreciate that some of the information in this consultation is quite technical in financial terms. You are all urged to attend a briefing session and each session is open to any BCP provider, you do not need to attend only your local one.

Please book your place through [CPD online](#) (Bournemouth and Poole) or [Dorset Nexus](#) (Christchurch) to confirm your attendance at one of these sessions.

Please note the closing date for the consultation is midnight Friday 7th December 2018. Any responses received after this time cannot be used as part of the reported feedback from the consultation.

During the consultation you may like to contact your Early Years Funding Group representatives, a list of which can be found in Appendix 1.

Day Nursery

<p><i>Bournemouth</i> Kelly Yates Dean Park Nursery k.yates@deanparkdaynursery.co.uk 01202 297275</p>	<p><i>Christchurch</i> Amy Alderson Tops Day Nurseries amy.alderon@topsdawnurseries.co.uk 07785 455420</p>	<p><i>Poole</i> Linda Duly Cuddles Day Nursery Shadow Schools Forum Rep linda@cuddlesnursery.co.uk</p>
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Preschool

<p><i>Bournemouth</i> Sue Johnson Jack in the Box Pre-school Shadow Schools Forum Rep info@jackintheboxbournemouth.co.uk 07970 377425</p>	<p><i>Christchurch</i> Angela Miller Pre-school on the Marsh Manager@preschoolonthemarsh.co.uk 07767 210278</p>	<p><i>Poole</i> Toby Evans Hoppers Pre-school toby@hopperspreschool.co.uk</p>
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Childminder

<p><i>Bournemouth</i> Carmela Coady bournemouthchildminder@hotmail.co.uk or carmela.coady@btinternet.com 07904 864172</p>
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<p><i>Poole</i> Fiona Whitwell fwhitwell@hotmail.com 07475 193023</p>

School Nursery

<p><i>Poole</i> Damian Hewitt Twin Sails Infant School and Nursery d.hewitt@hamworthyfirst.poole.sch.uk</p>

Table showing indicative average funding rates and funding changes by provider type across BCP at different levels of deprivation

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The first table shows the impact on the average rate for different groups of providers when considering different levels of deprivation.

A range of options have been shown - Poole currently funds approximately 5% through deprivation and Bournemouth approximately 0.5%

The % change shown is against the average rate for this group of providers.

The second table considers the average rate change at a provider level, showing the number of providers impacted at each level. As you might expect, the impact on other settings (childminders in Christchurch and Poole will have been expecting reductions to the rates) is relatively evenly spread as providers move to a single formula.

The proposal (3% of the funding rate targeted at deprivation) has been highlighted. In this option, the number of providers seeing a reduction in funding is minimised.

Note: - modelling is based on provider level 17-18 academic year data from each LA.

FAQ's

Why are you reducing funding for some providers?

When there is a change to the distribution of funding and the overall budget stays the same, changes to provider income are inevitable when comparing the 2018 rates to the proposed 2019 rates.

The government will not be increasing the funding rates to the Council when the new authority is created, nor will they supply additional temporary funding to enable a level of protection to be provided for higher historic funding levels of individual providers. The overall funding rate must provide for early years including support for children with SEND and those from disadvantaged backgrounds. Having a SEND Inclusion funded from within the EYSFF will be new for some providers but is now required and this will impact on the overall rate received.

Considering the impact this will have, we have kept the base rate as high as possible whilst keeping the deprivation supplement to a level that should still have a positive effect on disadvantaged children.

Providers are encouraged to maximise private income as free entitlement care is only part of a providers business. Several tools and sustainability guidance is available through [Childcare Works](#) and there is potential for Childcare Works to visit BCP and offer Business Support.

Why do we need any supplements? Can't the Deprivation Supplement simply stay in the base rate?

A supplement for deprivation continues to be mandatory in the funding formula to help children from deprived backgrounds catch up with their peers. The Early Years Foundation Stage Profile shows the progress made for children who start school achieving a good level of development and those from disadvantaged backgrounds are improving year on year.

BCP can apply up to 10% of the funding through the formula to supplements with BCP below this level, proposing 3%.

Why are you changing the way the deprivation supplement works? Before it applied to all my 3 and 4 year olds, now it's only specific ones.

The change to the supplement, following the children previously funded as 2 year olds or currently eligible for EYPP, means ongoing targeted funding to a specific disadvantaged cohort in order to make a difference. Providers can also be assured of an increased funding rate for specific children when they become 3. For instance, if you have a funded 2 year old you will know that child will attract the deprivation supplement when they turn 3, potentially with 30 hours entitlement if parents are eligible for extended entitlement. Having the supplement linked to a child also means places for those aged 2 are less vulnerable to being lost by increased demand for 30 hour places.

Why is SEND funding changing?

When the 30 hours extended entitlement was introduced in 2017 the funding rate did not increase, with the expectation of government that the funding rate already in place should be managed to fund extended entitlement SEND hours with providers. BCP want every funded hour to be matched with SEND inclusion funding, which means an alternative method, dependent on level of need, required to be developed within the overall funding envelope. If you have a 30 hours child, you will receive 30 hours SEND Inclusion too. In order to match funded hours, without more funding from government, we need to change the rates paid to accommodate this pressure. The alternative is to limit inclusion funded hours for 3 and 4 year olds and remove (the currently discretionary) SEND funding for eligible 2 year olds. Neither of which are proposed in this consultation.