



Bournemouth, Christchurch and Poole

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

**Outcomes and Analysis of the Consultation
December 2018**

The consultation paper and online link for response was emailed, on 14 November, to 369 providers within the current local authorities of Bournemouth, Christchurch and Poole (BCP). 3 reminders encouraging participation were issued during the consultation period.

Total issued 369

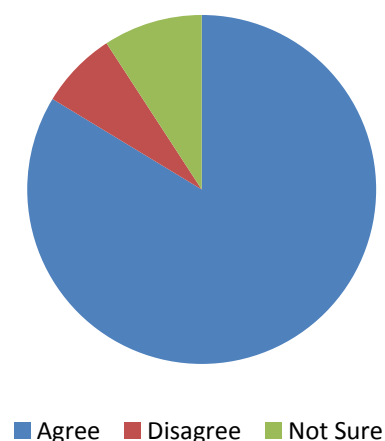
Type of Setting	Total Issued	Response (Number)	Response (%)
All Respondents	369	98	27%
Childminders	210	52	25%
Day Nursery	73	23	32%
Pre School	68	19	28%
School Nursery	11	3	27%
Independent Nursery	7	1	14%

The outcome from each question asked within the consultation is summarised below, with a BCP response to the feedback left by providers.

Q1. Bournemouth, Christchurch and Poole Priorities

Do you agree with these priorities?

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	82 (84%)	7 (7%)	9 (9%)
Childminders (52)	45 (86%)	1 (2%)	6 (12%)
Day Nursery (23)	16 (69%)	5 (22%)	2 (9%)
Pre School (19)	17 (89%)	1 (5.5%)	1 (5.5%)
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from Providers

The majority of providers that responded agreed with the priorities BCP had set when creating a new EYSFF for the new council.

The responses that did not agree raised concern over the proposed base rate, the pending rises in other costs running a business and the level of supplements. There was comment that the priorities did not provide equality across all children in attendance. 2 providers felt that the proposal fulfilled none of the priorities; that the governments funding rate of £4.30 was too low and that children with need, as described in the priorities are already supported

by other means through government. Another provider felt the SEND funding for every hour priority is not achievable at the hourly rate proposed in the document.

Local Authority Response

As a clear majority of respondents agreed with the priorities BCP set, the proposed formula used to distribute the funding is found to have been accepted. BCP is committed to keeping the central retention of funds to a minimum, keeping the pass through rate at 98%, above the minimum allowable of 95%. It is clear from the consultation that providers are united in communicating that the governments £4.30 for 3 and 4 year olds is too low. BCP recognises the challenges that this presents the early years market. This is outside the influence of BCP and the focus of this consultation is the distribution of the £4.30.

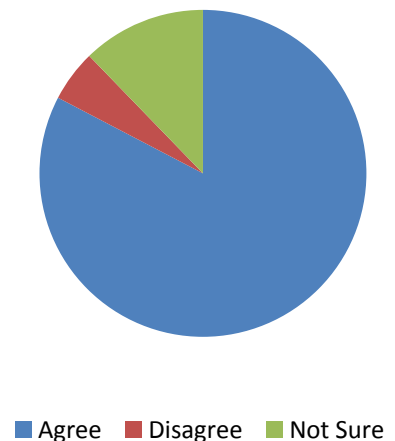
The deprivation supplement in 2019/20 is a mandatory part of the formula. BCP propose to minimise the administration of the supplement (thus passing more on to providers) and having the supplement follow the child does give some forecasting ability for a provider for children transitioning from 2 year funded to 3 and 4 year funded.

SEND funding is proposed to pay for every hour a child attends, up to 30 hours, which is a statutory requirement set by the DfE.

Q2. Use of Supplements

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

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	81 (83%)	5 (5%)	12 (12%)
Childminders (52)	42 (81%)	-	10 (19%)
Day Nursery (23)	18 (78%)	4 (17.5%)	1 (4.5%)
Pre School (19)	18 (95%)	-	1 (5%)
School Nursery (3)	2 (67%)	1 (33%)	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from Providers

The majority of providers that responded agreed that only 1 supplement should be used for the formula. Of those that were unable to agree, most were unsure. Of those that disagreed, 1 shared the opinion that quality should be included, however misunderstood that the supplement was *not* linked with the Ofsted outcome during inspection. 2 providers felt the deprivation supplement should be 1p and the determination of eligibility is based on parent's needs rather than the child's needs. Another shared the opinion that flexibility and rurality still had importance.

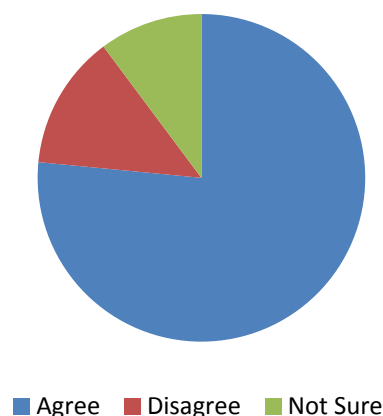
Local Authority Response

As a clear majority of respondents agreed with the proposal, the use of only 1 supplement, from the range made available by the DfE, is found to have been accepted by the sector. The quality supplement is to support workforce development, rather than added support given for a good or outstanding Ofsted inspection. Some entitlement to EYPP or 2 year funding does in fact rely on a child's status, but clearly if household income a measure of deprivation (albeit determined at a point in time), there needs to be an assessment of parental income. Quality, flexibility and rurality had been mentioned once in this document as a whole and, as such, BCP is minded to use only a deprivation supplement for the EYSFF 2019/20.

Q3. Measure of Deprivation

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?

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	75 (77%)	13 (13%)	10 (10%)
Childminders (52)	37 (71%)	6 (12%)	9 (17%)
Day Nursery (23)	16 (70%)	6 (26%)	1 (4%)
Pre School (19)	18 (95%)	1 (5%)	-
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from Providers

The majority of providers that responded agreed with the proposal. Those that did not agree fed back concerns that the family circumstances of some children will have changed between the ages of 2 and 3 or 4 and that a deprivation supplement may no longer be appropriate for those children. Conversely there would be other children that did not qualify for 2 year old funding originally, have a change in family circumstances and that change was not significant enough for EYPP to be applicable as a 3 or 4 year old. 10 providers would like eligibility to be reassessed to ensure the supplement reaches the correct children and two providers were concerned that the supplement wasn't going to reach children where the parents had been eligible for 2 year funding, but elected not to take up the entitlement.

Local Authority Response

A clear majority of respondents agreed with the proposal that the deprivation supplement is paid to those that were formerly a funded 2 year old or a current EYPP child. Providers that disagreed were concerned that children transition to be 'no longer deprived' or chose not to take up an entitlement earlier in their child's early education. Those children that had

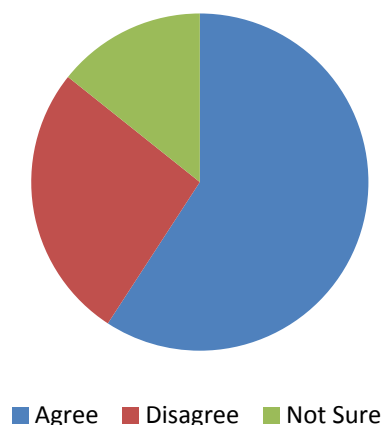
received 2 year old funding and are eligible for EYPP are the lowest achieving group at the end of the Early Years Foundation Stage. Targeting the mandatory deprivation fund for children demonstrated improvements in children's outcome.

While it is acknowledged that there will be children that fall in and out of entitlement, the supplement will still reach the vast majority, while minimising administration for BCP and providers. As such, BCP is minded to add a deprivation supplement to the record of children that had formerly been funded as a 2 year old (with any BCP provider), or those that qualify for EYPP as a 3 or 4 year old.

Q4. Funding Rate for Deprivation

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

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	58 (59%)	26 (27%)	14 (14%)
Childminders (52)	30 (58%)	12 (23%)	10 (19%)
Day Nursery (23)	12 (52%)	10 (43.5%)	1 (4.5%)
Pre School (19)	12 (63%)	4 (21%)	3 (16%)
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from Providers

The majority of providers that responded agreed with the proposed rate, although approximately a quarter of respondents disagreed. Of those that disagreed there were 12 providers commented that the supplement should be lowered to increase the base rate for all providers which would support sustainability and benefit all children with a provider. Without a higher base rate, all children will in some way be disadvantaged. 2 providers were concerned that their 2 year old cohort is so small, they would not benefit from an enhanced funding rate for many children at all, threatening their sustainability moving from their current funding rate. Others stated that the change in base rate, due to high Deprivation supplement would mean the charges they attach to funded hours would have to rise to counter the fall in base rate year on year. 4 providers suggested an alternative rate varying between 0.2% and 1% of the EYSFF, but the majority of those that disagreed wished to see a lower deprivation rate than that proposed. 1 provider felt that EYPP engagement for children of deprivation was poor.

Local Authority Response

The majority of respondents agreed with the proposed rate of 53pph. When modelling the possible outcomes of a new EYSFF, BCP officers had specifically looked at how changing the percentage rate of deprivation up or down would affect the BCP early years sector as a whole. From the options modelled and shared in the consultation document, the 3% (53p)

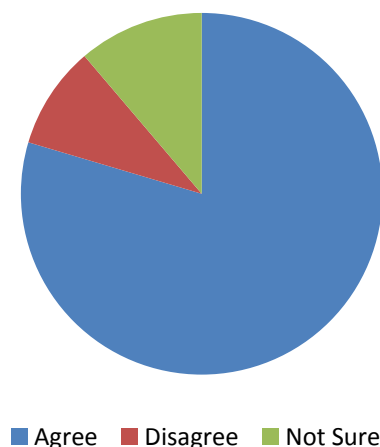
model saw the least negative effect on the sector as a whole. Proposing the supplement as 53pph rather than an alternative amount, thus placing more in the base rate, does have an impact, but the impact is felt by the least number of providers overall. To support engagement of EYPP, BCP will take steps to renew marketing of the benefits of EYPP once the new council is in operation.

While the majority agree, with 26 of a potential 369 providers responding with a disagreement BCP recognises the challenges for providers. Given that the proposed rate results in the fewest providers negatively impacted, BCP is minded to use 13p of the EYSFF and add a 53p deprivation supplement to eligible children.

Q5. SEND Funded Hours

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

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	78 (80%)	9 (9%)	11 (11%)
Childminders (52)	43 (83%)	1 (2%)	8 (15%)
Day Nursery (23)	17 (74%)	5 (22%)	1 (4%)
Pre School (19)	14 (73.5%)	3 (15.5%)	2 (1%)
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from providers

The majority of providers agreed with this proposal. Of those that disagreed, 3 commented that the rates proposed were not adequate or not enough to cover 1 to 1 care whilst 2 providers raised inequality for SEND children that do not qualify for more than the universal 15hrs per week (yet attend over 15hrs and privately pay for those added hours), suggesting that in fairness 15 hours should be the maximum funded hours per week. 2 providers felt SEND should not be funded from the EYSFF at all at the expense of universal early education funding. 1 preference was to fund a maximum of 15hrs, reducing the needs placed upon the SEND budget.

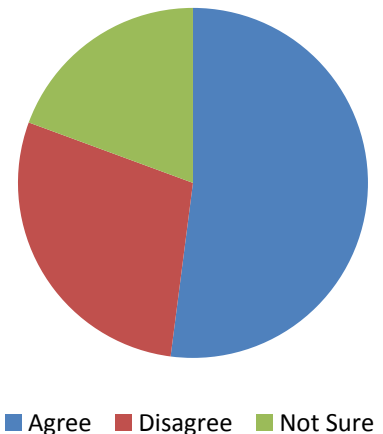
Local Authority Response

A clear majority of respondents agreed to the proposal that SEND funding should be matched to funded entitlement hours. The comments on 1:1 care will be addressed under Q6, below. Some parents may not use their full 30hrs entitlement if there was a limit to the SEND support in place and, with the majority of those that responded approving this proposal, BCP is minded to match SEND funding to every funded hours accessed for 2, 3 and 4 year olds.

Q6. SEND Funding Rates

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

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	51 (52%)	28 (29%)	19 (19%)
Childminders (52)	31 (60%)	7 (13%)	14 (27%)
Day Nursery (23)	10 (43.5%)	12 (52%)	1 (4.5%)
Pre School (19)	6 (32%)	9 (47%)	4 (21%)
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from Providers

Although the majority of providers that responded agree with this proposal, 29% disagreed and 19% were unsure. Several were unable to make an informed decision to this proposal as they hadn't received any information on the criteria for the entitlement. 13 providers felt the Inclusion Budget was too high, preferring more in the base rate for all children. 7 respondents were concerned that the hourly rate was too low to support children with SEND, comparing the hourly rate proposed to the cost of 1:1 support. 1 provider suggested mitigating the level of funding BCP proposes with greater support by the local authority to providers that have SEND children. Providing an advice line, more qualified SENCO's and information for providers on other sources of funding available (charitable organisations linked with specific disabilities). 2 providers suggested reducing the SEND budget, per the supplied table in the document, to accommodate at least £4.02 as a base rate.

Local Authority Response

A smaller majority of respondents agreed with this proposal. The criteria for the 2 tiers of funding will be made available to providers in the New Year. Several respondents highlighted the hourly rate compared to the cost of 1:1 care however the inclusion fund is not intended to cover the cost of 1:1 care. To increase SEND funding payments there would need to be a reduction in the base rate. Providers should consider that this is a contribution to the delivery cost and should be seen in conjunction with the funding already received for the child. Potential examples below:

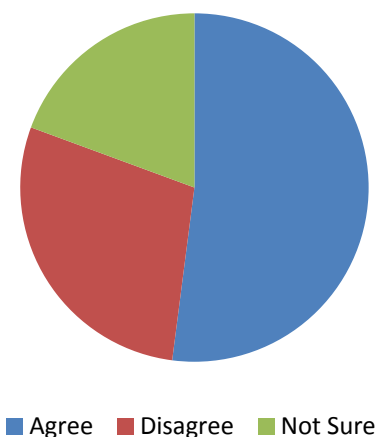
Base rate	Tier 1 SEND	Tier 2 SEND	Deprivation	EYPP	DAF (£615 / 570hrs)	Total £ph
£4.00	£2.00					£6.00
£4.00	£2.00		£0.53			£6.53
£4.00	£2.00		£0.53	£0.53		£7.06
£4.00		£6.30				£10.30
£4.00		£6.30	£0.53			£10.83
£4.00		£6.30	£0.53	£0.53		£11.36
£4.00		£6.30	£0.53	£0.53	£1.08	£12.44

With 28 of a potential 369 providers disagreeing, BCP is minded to fund SEND children at a rate of £2.00 and £6.30 per funded hour as a contribution to the required added care, per criteria which is to be confirmed.

Q7. EYSFF from April 2019

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

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	51 (52%)	34 (35%)	13 (13%)
Childminders (52)	30 (58%)	13 (25%)	9 (17%)
Day Nursery (23)	9 (39%)	13 (57%)	1 (4%)
Pre School (19)	8 (42%)	8 (42%)	3 (16%)
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



Feedback from Providers

Although the majority of providers that responded agree BCP that has achieved a good balance, 35% disagreed and 13% were unsure. 30 providers cited the low base rate level and several in turn voiced that there was a serious threat to the viability of trading from April. 5 providers felt the 5p contribution to High Needs needed reviewing, within any reduction placed back into the base rate. Several repeated that the SEND element was too high and a third of those disagreeing stated that a lower Deprivation supplement should be considered (achievement and attainment will still be found if all children are treated equally). 11 providers are very concerned with the 2019 rises in minimum wage, pensions and other running costs. 4 providers also raised the word 'free' in their comments, explaining that their charges to parents will need to rise to ensure viability and that the public need a better understanding of the childcare funding position.

Local Authority Response

A majority of respondents agreed, however this question raised the most disagreements in the consultation. We know that the £4.30 received by government is not going to increase in the final year of the 3 year budget from the DfE. Many providers are experiencing demand on that £4.30 that had not been there before, as described throughout the consultation paper.

Several expressed levels of monetary loss for their provision which is regrettable, however in some instances providers may not have considered the average rate potentially received across all children (including those with a deprivation supplement of 53pph) in those calculations. Providers that find a loss of income year on year should be aware that 1 further 30hr child could bring an additional income of between £4,560 and £5,164 per year and attracting those new children should be part of any business plan going forward.

The contribution to High Needs does have an impact on the base rate and BCP officers are fully aware that this is a difficult decision for the Council. Providers are aware that the proportion of contribution or any at all, is a decision made by Elected Members. Appeals by providers to lower the SEND rates and deprivation supplement rate are referenced above.

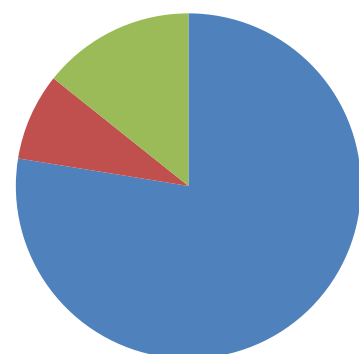
The rising costs for providers running their own business are recognised, however the funding rate given to the BCP will not rise. The Local Authority is seeking written advice from the DfE concerning the word 'Free' and is fully aware of the move to 'Funded' by several Local Authorities in England. In the meantime, BCP is committed to ensuring parents are made aware that they should expect to make a contribution to costs, beyond the free early education part of care, through marketing, a new parent/carer declaration form and the website. It is important to flag that all Local Authorities regardless of 'Free' or 'Funded' have a statutory obligation to ensure that any charges raised are not a condition of accessing a place with a provider. BCP officers are aware that providers are proactive in lobbying government in respect of changes to the text of statutory guidance, removal of business rates and increased funding rates to the sector.

With 34 of a potential 369 providers disagreeing, BCP is recommended to implement the EYSFF proposed in the consultation is implemented with effect from 1 April 2019.

Q8. Potential Protection to Limit Funding Turbulence

Protecting some providers will lower the base rate by 3p; do you therefore agree that a protection supplement should not be included within the EYSFF?

Type of Setting	Agree	Disagree	Not Sure
All Respondents (98)	76 (78%)	8 (8%)	14 (14%)
Childminders (52)	38 (73%)	4 (8%)	10 (19%)
Day Nursery (23)	19 (83%)	3 (13%)	1 (4%)
Pre School (19)	15 (79%)	1 (5%)	3 (16%)
School Nursery (3)	3 (100%)	-	-
Independent Nursery (1)	1 (100%)	-	-



■ Agree ■ Disagree ■ Not Sure

Feedback from Providers

The majority of providers agreed with this proposal. Of those that disagreed, feedback was given by concerned childminders expecting a reduction in early education funding, expressing the hard work they put in to ready children for school whilst in the main being a lone worker. 2 providers acknowledged the protection given would ultimately mean a lower base rate, but clearly exclaimed the reduction in early education funding would have to be passed to parents; affecting children of deprivation SEND most.

Local Authority Response

A clear majority of respondents agreed with the proposal that there should not be a protection supplement at the cost of a lower base rate. BCP acknowledges the hard work from all providers in giving our children the best start to their education. The references to the base rate have been acknowledged above. Therefore BCP is minded not to include a protection supplement as part of the new EYSFF.

Q9. Additional Comments

Feedback from Providers

There were 41 additional comments left by providers, the majority of which restated those comments left throughout the consultation. 8 comments cited the base rate proposed for BCP and 7 questioned the contribution to High Needs. 7 providers mentioned central government acknowledging the £4.30 was a government decision and seeking removal of the word 'free'. A provider wished to highlight that childminders should be allowed a ratio of 1:4, which would support their business. Another provider asked if the proposed EYSFF could be phased in over several terms to reduce the impact. 2 providers asked why the central retention for 2 year old funding was a much higher percentage than that of 3 and 4 year old funding. Some providers were concerned that the proposal makes it more difficult to recruit highly qualified staff or threatens the quality of a provision.

Many respondents felt the proposed rates, combined with other rising costs from April, were a serious threat to sustainability leaving no choice but to raise charges for parents accessing the entitlement. Some wanted to express that there is too much funded childcare for parents or that the criteria for some working families is set too high, meaning less funding for those that need it.

Local Authority Response

Many providers used this opportunity to express their concerns with the proposals and to emphasise that there is not enough funding allocated to the sector from central government. BCP officers have worked closely with provider representatives to present a new EYSFF but it is of course impossible to satisfy every provider. There is only £4.30 available and £5.23 for 2 year olds and bringing together 3 varying formulas across BCP for 2019 has been a challenge. It is acknowledged there are providers negatively affected by the new formula. EYSFF was drafted with genuine intention to have the very least impact on the providers for BCP. BCP is committed to supporting all providers and will engage positively with those that request business support through local, national and DfE links.

A phased approach over several terms was explored by officers, however there was a requirement that every provider received the same funding rate for April 2019 and protection in itself was discounted due to the potential reduction in base rate required. In terms of the central retention being higher from the 2 year olds budget, this is because there is more work involved with marketing and administering entitlement but also that proportionately the budget for 3 and 4 years olds and 2 year olds is very different in scale. Several comments through the consultation related to government policy, rather than things that could be affected locally. Those providers are encouraged to raise their points directly to the DfE.

2019/20 is the third year of the DfE's three year early year funding allocation. The governments spending review for 2020 funding takes place next year, by which time there may be a new funding rate for BCP to consult upon.