

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Schools Forum
DATE OF MEETING:	5 October 2016
SUBJECT:	Early Years National Funding Formula
REPORT BY:	Mark Popplewell (Head of Finance – Children's Services)
NAME OF CONTACT OFFICER:	Mark Popplewell
CONTACT OFFICER TEL NO:	01522 553326
CONTACT OFFICER EMAIL ADDRESS:	mark.popplewell@lincolnshire.gov.uk
IS THIS REPORT EXEMPT:	No
IS REPORT CONFIDENTIAL?	No

SUMMARY

The purposes of the report are to:

1. Provide a summary of the Early Years National Funding Formula consultation, and
2. Provide Lincolnshire County Council's response to the consultation.

DISCUSSION

Background

The Government announced on the 11th August 2016 a consultation for a national funding formula for early years. The consultation sets out the Government's intentions to deliver a fair and transparent

funding system that will be worked out on a formulaic basis moving away from the Local Authority (LA) historical funding allocations for early years.

The closing date of the consultation is the 22nd September 2016. The consultation can be found by accessing the following link:

<https://consult.education.gov.uk/early-years-funding/eynff>

Lincolnshire County Council's response to the consultation is outlined in Appendix 1 (page 4). The response has considered the implications of the changes for all early years' providers / schools in Lincolnshire and the Local Authority.

The key points from the consultation are as follows:

- The formula has three factors that will determine the amount of funding that each LA will receive per child. The three factors include:
 - Base rate: a universal base rate of funding for each eligible child to fund the cost of providing childcare (89.5% has been deemed an appropriate level of funding through this factor).
 - Additional Needs: to reflect the additional costs of supporting children with additional needs. This will be funded through Free School Meals eligibility; Disability Living Allowance, and English as an additional language.
 - Area cost adjustment: applied to the base rate and additional needs factors to account for the variations in costs of staff and premises. A multiplier is established for each LA to be applied against the basic rate for each factor.
- The formulaic funding arrangements will be implemented from April 2017 to fund the 15 hours early years free entitlement, and be extended to include the 30 hour entitlement for working parents.
- A two year transition period will exist for those LA's losing funding through the changes (5% reduction in 2017/18, and a further 5% in 2018/19). The intention is to bring all LA's onto the new formula by 2019/20.
- There will be a requirement to pass-through 95% of the overall early years funding to early years providers. To allow LA's to respond to this, 93% of funding will pass-through in 2017/18, increasing to 95% in 2018/19.
- LA's will remain responsible for determining and administrating local early years funding formula, but this must incorporate a 'universal base rate' of funding to all providers (i.e. no differentiate rate).
- Supplementary funding will be provided for LA's with nursery schools for two years due to the implications of having a universal base rate for all providers.
- LA's will be permitted to use supplement, such as deprivation, sparsity / rurality etc. Supplements will be capped at 10%.

The Government intends to implement the new national funding formula for early years in April 2017, therefore urge LA's to start discussions with early years providers about the proposals to implement a local early years single funding formulae. The LA will put forward all funding proposals to Schools Forum in January 2017.

RECOMMENDATION

The Schools Forum is asked to note the content of the report.

APPENDICES (if applicable) - these are listed below and attached at the back of the report.
Appendix 1 – Lincolnshire response to the consultation 'An Early Years National Funding Formula'.

BACKGROUND PAPERS			
PAPER TYPE	TITLE	DATE	ACCESSIBILITY
DfE's consultation 'An Early Years National Funding Formula'	'An Early Years National Funding Formula'	August 2016	https://consult.education.gov.uk/early-years-funding/eynff

Response ID ANON-8PBM-MPEZ-KSubmitted to **Early years funding: changes to funding for 3 and 4 year olds**Submitted on **2016-09-22 13:21:12****Introduction****1 Welcome - would you like to provide your email address?****Email:**

geraldine.o'neill@lincolnshire.gov.uk

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

Lincolnshire County 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:**

East Midlands

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:****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?:**

Unsure

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

Unsure

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?:

Unsure

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

Unsure

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)?:

Unsure

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:**

Comments relating to Question 9:

- Lincolnshire County Council supports the principle of delivering fair and transparent funding to Local Authorities. This however must be achieved through undertaking a detailed costing exercise which incorporates all the key cost drivers and delivery requirements to identify relative delivery costs.
- The Government's commitment is for a fair, transparent and evidenced-based funding arrangement for early years funding, but the consultation lacks any real detail into this 'evidence-based' approach for Local Authorities to consider and with a large number of the questions being closed, it questionable whether this is a real consultation and that the EFA actually do want Local Authorities views on shaping a funding formula that is fit-for-purpose and reasonably meets provider costs. The Government's 'Review of Childcare costs – the analytical report' (November 2015) provided a high level analysis of the findings, but lacked any real depth. The conclusions of the review 'found different types of providers (private, voluntary, school-based nurseries etc.) have different cost bases', which would be the case when Local Authorities receive different funding levels for providing early years education. What was missing from the consultation is what the £3.53 per hour per child is based on, namely, staffing ratios including supernumerary; typical size of operation; expected utilisation of available hours, etc., which would allow providers to shape their delivery models to operate efficiently, since the analytical report suggests there is 'considerable scope for providers to be more efficient in their practice, in order to manage their costs within the available revenue'.
- The overall funding envelope must be determined not by historical funding and marginally increasing the funding envelope, but by understanding the detailed costs through a zero-based budget review using an optimum model, which has considered providers of all sectors and Local Authorities. Having that level of detail will allow providers to benchmark their own costs against the model for each cost driver, and will allow the Government to fund providers fairly when additional cost burdens arise, such as the national living wage increasing up to over £9 per hour by 2020/21 or the pension auto-enrolment. Although the Government's consultation paper criticises Local Authority rates to providers as being inconsistent, but in Lincolnshire, the funding formula rates have developed through a zero-based budget review through understanding delivery costs and optimum delivery models, and any differences in the rates can easily be justified. Local Authorities would also expect the same of the Government.
- The consultation paper suggestions a £300m increase in funding, but the funding increase through the 15 hours entitlement funding appears to be only £121m from baseline activity work, plus other small funding streams and one-one transition funding for maintained nursery schools. The consultation refers to 'front loaded' the increase in the national average funding rate to give providers extra resources and help handle any cost pressures, including the national living wage – clarity is required on whether this investment is for living wage increases not only in the current year

but to 2020/21 when it will rise to over £9 per hour? If it does include all the national living wage rises for that entire period, Lincolnshire's new rate of £4.16 per hour (before central deductions and supplements) does not appear to meet these additional cost burdens on providers.

• The lateness of the consultation in the year is also a concern and for an April 2017 implementation, it does not allow for effective engagement with providers and Schools Forum, nor does it give the EFA time to consider Local Authority responses thoroughly and incorporate any changes before its implementation in April 2017.

Comments relating to Question 10:

- To deliver objective, transparent and fair funding to Local Authorities for distributing to providers, it would seem fair to allocate funding through a standard universal base rate. Interestingly, the consultation referred to childcare cost being broadly comparable for providers (although no mention of maintained nursery school was made), however the Government's Review of Childcare Costs found that different type of providers have different cost bases, therefore these statements are contradictory. Further clarity is required on this to ensure fair funding is achieved, whilst recognising the differing cost bases and make-up of Local Authority providers.
- Rather than looking at the total funding being distributed through these routes to determine whether it is the right amount, the requirement to substantiate the £3.53 per hour base rate and area cost treatment is more important. By getting this right, the overall funding going through this route will be acceptable. It is recognised that a high proportion of the funding will be through the base rate since this is where the delivery costs are.

Comments relating to Question 11:

- Low level high incidence special educational needs and deprivation should be supported through the national formula to recognise the differing characteristics across the Local Authority.
- The metrics identified appear reasonable; however it is unclear why the most common used metric of 'income deprivation affecting children index' dataset (IDACI) has been omitted. The IDACI indices is used in both early years and mainstream pupils deprivation funding to providers and schools respectively, therefore the expectation is that this would be the most suitable measure for determining deprivation funding for Local Authorities. There is no information disclosed on the rationale for selecting and dismissing deprivation metrics.
- It is difficult to provide a view about the weightings, as there is no evidence-base provided within the consultation document on the weightings being determined or the proportion of key stage 1 and 2 data being used. It is extremely disappointing by its absence and reduces the real output from having an effective consultation.

Comments relating to Question 12:

- There is recognition that providers face different labour and site costs across the country. The percentage of costs that relate to staffing is high for delivering childcare. However, there is no detail on how the 80% staffing level of the £3.53 base rate has been determined. The area cost adjustment is fundamental to the formula and its output across Local Authorities, therefore this needs to be open and transparent. The 'representative unit costs per contract hour' disclosed with the Review of Childcare Costs for each of the sectors show staffing costs below the 80% level, therefore it is not clear of how 80% has been determined. It is therefore requested that the zero-based budget review model determined for the national formula is openly disclosed to Local Authorities for review, since the 80% threshold fundamentally impacts Local Authority rates.
- The application of the area cost adjustment creates significant differences in funding across Local Authorities, therefore the measures used needs to be right for the formula to create fair funding to all providers across the country. The 'general labour market' measure is the biggest uncertainty since no evidence or justification has been provided to demonstrate it being a better measure than the 'teacher's pay scales', other than the correlation being stronger. Nor is it clear how the scoring value is calculated. The rateable values measure appears reasonable for premise costs. Local Authorities are assuming that the area cost adjustment calculations are undertaken annually to ensure funding is responsive, and even more significant is that Local Authorities will move away from the General Labour Market score of 1 (or £3.53 basic hour rate), as the national living rises year on year to reflect increases in staffing cost for front line delivery? The funding rates are significantly different across Local Authorities, but when reviewing the disadvantaged 2 year old rates, they are less diverse, therefore clarity is required on why different approaches have been applied?

Comments relating to Question 14:

- It is fair and reasonable to have a transition period to phase in a new funding formula. This will allow Local Authorities and providers time to react to the changing funding rates. A two year transition appears acceptable with protection for Local Authorities and providers to respond to the changing circumstance, however from year 3 this would be removed. If a 10% floor is locked into the funding rates for Local Authorities, the national funding formula will not achieve fairness in the funding, which is the main objective of these changes. It is unclear, whether this funding will be reinvested into early years funding. The lateness of the consultation as stressed above does cause concerns that these changes are being rushed in without having an effective consultation process.

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%?

Strongly disagree

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?:

Unsure

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?

Unsure

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:

Comments relating to Question 15:

- Altering the funding formula for 2 year olds will create even greater uncertainty for the sector and Local Authorities in supporting 2 year old pupil take up and outcomes. It is a concern if the Government is suggesting that there is no backbone to the 2 year old funding rates.
- Providing additional funding for disadvantaged 2 year olds from the existing Local Authority base rates should be evidenced-based. The 'Review of Childcare Costs' where providers delivered provision on the statutory ratios suggested that sufficient funding was being provided based on provider costs. The Government need to carefully consider the changing landscape, particularly around the national living wage increases to 2020/21. These uncertainties need to be addressed by the Government to allow providers to plan effectively in the future and develop strong and sustainable financial plans. The evidenced-based approach should allow the Government to release provisional hourly rates by Local Authority to acknowledge provider costs increasing due to the national living wage changes. Such a policy decision will have a greater impact on those Local Authority areas (with high deprivation, rurality) where labour pay levels are low, therefore their rates should see a greater increase.

Comments relating to Question 16:

- The Dedicated Schools Grant is being split up with the Schools Block being devolved directly to schools. Local Authorities have a defined funding envelope and reduced flexibility, therefore any change in hours will be a financial burden on Local Authorities, which will need to be funded by central Government.

Comments relating to Question 17:

- Through the creation of the early year's formula, the Government should have been able to determine an amount per hour based on a typical size, adopting particular ratios etc. that funds fairly all the key cost drivers to deliver an effective delivery model. Such an approach would make it clear what base line offer providers would be expected to deliver.
- The funding beyond this threshold should be for local decision-making through Schools Forum, since holding monies centrally for supporting activities (e.g. training) will allow for better economies of scale and reduced costs overall. Clarity is also required on whether inclusion funding would fall into the delegated amount to providers, since this could constrain LA's in holding any monies centrally.

Comments relating to Question 18:

- Without the details being provided of what the 95% funding rate would typically fund, it is difficult to make an informed judgement, but I understand the rationale based on the evidence provided of setting a minimum proportion.
- The Local Authority has statutory duties to support the sector; to ensure sufficiency and administer the early years sector arrangements, therefore this should be funded from a retained central fund. A formulaic approach to funding Local Authorities similar to that is being applied for the Education Support Grant should be adopted to help continue the support in making improvements in early years provision and support the Government's intentions in delivering 30 hours provision for working parents.

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%?

I'm unsure

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 amount of money

Metrics & amount - supplements - Sparsity / rural areas:

Yes - over the amount of money

Metrics & amount - supplements - Flexibility:

Yes - over the amount of money

Metrics & amount - supplements - Efficiency:

Yes - over the amount of money

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

Yes - 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:

We do not agree that efficiency should be included in the set of supplements.

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:

We do not agree that the additional 15 hours should be included in the set of supplements.

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:

EAL Supplement – this is a large contributing factor to provider costs and should be included. LA's can then determine a method for distributing this fairly across those providers with higher numbers of EAL families.

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:

Comments relating to Question 20:

- The consultation referred to childcare cost being broadly comparable for providers (although no mention of maintained nursery school was made), however the Government's Review of Childcare Costs found that different type of providers have different cost bases, therefore these statements are contradictory, and undermines the entire concept of a universal rate for providers.
- It is concerning that maintained nursery schools were missing from the Review of Childcare Costs and appeared to have been omitted when considering a universal base rate of funding for all providers. Maintained nursery schools have a high cost structure due to the requirement to have a head teacher; qualified teachers leading classes; payment of teaching assistants on GLEA pay scales; site factor arrangements, to name a few, which demonstrates the higher rate payable to nursery schools compared to other providers. Adopting a universal rate will undoubtedly impact the future viability of nursery schools, which is a concern when they are positioned in areas of high deprivation. The consultation intentions for nursery schools are a major concern and Local Authorities are unclear of their future, even allowing for the funding protection for two years. The consultation states that there is 'considerable scope for providers to be more efficient in their practice, in order to manage their costs within the available revenue', but with such a considerable drop in funding for nursery schools, how are they able to respond when they are governed by many requirements due to it being a school setting. Can the DfE provide further detail on such efficiency measures and models of operating in order to ensure MNS could be sustainable within the funding formula proposed?
- The Local Authority would support a universal base rate by type of provider where they have similarities and consistencies in their delivery models, but where differentials do exist between provider groups, this should be recognised within Government's early years funding formula.
- The consultation is titled 'an early year's national funding formula', but such flexibility will result in different rates and practices being applied by Local Authorities for providers.

Comments relating to Question 21:

- By allowing Local Authorities to use supplements, it allows greater flexibility to target resources to meet local needs.
- Through the creation of the early year's formula, the Government should have been able to determine an amount per hour based on a typical size, adopting particular ratios etc. that funds fairly all the key cost drivers to deliver an effective delivery model. Such an approach would make it clear what base line offer providers would be expected to deliver. Funding in excess of this could be channelled through supplements.

Comments relating to Question 22:

- There is recognition that providers would require a level of funding to provide their core delivery offer with funding in excess of this directed through supplements. Without the Government providing sufficient detail, it is unclear whether the percentage threshold is acceptable.

Comments relating to Question 23:

- We agree with Deprivation and Rurality only since the other characteristics should be expected as part of usual practice for early year's providers.

Comments relating to Question 24:

- Local flexibility is important to respond to local needs and achieve best outcomes. Supplements should be objective in nature, and to achieve greater consistency across Local Authorities the DfE should suggest the most suitable metrics for each supplement.

Comments relating to Question 25 & 26:

- We do not agree to this proposal since providers should be operating efficiently, and if the rate is set at the right level, providers will provide the offer of additional hours.

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?

Yes

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?

Yes

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:

- Guidance on the criteria needs to be more clearly defined, particularly on how providers spend this budget to measure impact. If this could be managed in a similar way to EYPP, Ofsted can monitor the impact of this expenditure. Evidence could be provided as part of the EHC Plan and process.
- If a Disability Access Fund is created, the expectations of what it supports needs to be clearly identified by the Government to ensure best outcomes are achieved to support disabled pupils.
- With the funding being a participation-led model, this funding stream should be allocated on take up.
- The outcomes need to be objective to enable them to be assessed and measured. Cross county agreements need to be put in place to ensure boundary issues are not a problem.
- Re-checking eligibility needs to be clarified.

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)

Strongly agree

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

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

Strongly agree

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

Strongly 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:

- Lincolnshire already has an Inclusion Fund in place and this is not currently a barrier as this is widely used and supports parents to access early years education for their child. In instances where out of county children with EHC Plans require inclusion support – it needs to be clarified which LA identifies that the child has a Special Educational Need, we would expect this to be the LA in which the child is a resident irrespective of the location of the setting. Funding should be attributed to the LA where children reside but with flexibility to fund out of county provision where children may attend.

- Inclusion Funding would contribute towards supply but there would still be a need to develop high quality, inclusive practice to ensure children's needs are met holistically.

- Lack of parameters set by the DfE and cross boundary agreements. If there isn't an agreed purpose of the funding or determined formula, this could be open to LA's implementing very different models.

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?

Agree

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:

- From the detailed analysis the Government has undertaken on the hourly rates, the DfE should use this information to determine expectations that providers should offer (i.e. similar to the notional SEN concept). SEND support in excess of this threshold however did not meet the criteria for EHC due to the level of need would be met from the inclusion fund in order to provide some additional to meet the needs of the child to enable access to early education. The fund value will need to be considered locally, but a formal panel of LA officers will need to be in place to ensure governance is maintained.

- All funding allocated to providers should be classified within the 95% delegation.

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)?

Strongly 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?

Neither agree nor disagree

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?

Neither agree nor 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?

Strongly disagree

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:

Comments relating to Question 39:

- It is fair and reasonable to have a transition period to phase in a new funding formula. This will allow Local Authorities and providers time to react to the changing funding rates. A two year transition appears acceptable with protection for Local Authorities and providers to respond to the changing circumstance, however from year 3 this would be removed. If a 10% floor is locked into the funding rates for Local Authorities, the national funding formula will not achieve fairness in its funding, which is the main objective of these changes. It is unclear, whether this funding will be reinvested into early years funding.

Comments relating to Question 40:

- Without the details being provided of what the 95% funding rate would typically fund, it is difficult to make an informed judgement, but we understand the rationale based on the evidence provided of setting a minimum proportion.

Comments relating to Question 41:

- Through the removal of MFG, the Local Authority will be able to alter the rates as long as the pass-through does not go below 95%.

Comments relating to Question 42:

- The consultation referred to childcare cost being broadly comparable for providers (although no mention of maintained nursery school was made), however the Government's Review of Childcare Costs found that different type of providers have different cost bases, therefore these statements are contradictory, and undermines the entire concept of a universal rate for providers.

- It is concerning that maintained nursery schools were missing from the Review of Childcare Costs and appeared to have been omitted when considering a universal base rate of funding for all providers. Maintained nursery schools have a high cost structure due to the requirement to have a head teacher; qualified teachers leading classes; payment of teaching assistants on GLEA pay scales; site factor arrangements, to name a few, which demonstrates the higher rate payable to nursery schools compared to other providers. Adopting a universal rate will undoubtedly impact the future viability of nursery schools, which is a concern when they are positioned in areas of high deprivation. The consultation intentions for nursery schools are a major concern and Local Authorities are unclear of their future, even allowing for the funding protection for two years. The consultation states that there is 'considerable scope for providers to be more efficient in their practice, in order to manage their costs within the available revenue',

but with such a considerable drop in funding for nursery schools, how are they able to respond when they are governed by many requirements due to being a school setting. Can the DfE provide further detail on such efficiency measures and models of operating?

- The Local Authority would support a universal base rate by type of provider where they have similarities and consistencies in their delivery models, but where differentials do exist between provider groups, this should be recognised within Government's early years funding formula.
- The consultation is titled 'an early year's national funding formula', but such flexibility will result in different rates and practices being applied by Local Authorities for providers.

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:

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