**Schools’ Forum**

**Item No. 3a**

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| **Report title:** | **Early Years Consultation Responses** |
| **Date of meeting:** | **13 November 2020** |

**Executive summary**

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| This report summarises the responses to the autumn 2020 Early Years Consultation held via online survey with early years providers and sets out the proposed changes to the Early Years funding formula from April 2021.  **Schools Forum are asked to:**   * **Consider the feedback from the autumn 2020 Early Years Consultation;** * **Consider and comment on the proposed changes to the 2021-22 Early Years funding formula.** * **Make a recommendation to the Local Authority the 2021-22 early years funding formula in respect of:** * Base rate and supplement options for funding formula * Deprivation criteria * Central services and SEN Inclusion Fund from 2-year-old hourly rate * Link between EYNFF base rate and local base rate * **Vote on retention of 5% of 3- and 4-year-old allocation for central services** |

1. **Early Years Block/Early Years National Funding Formula**

Funded parental entitlements for childcare for 2-, 3- and 4-year olds is financed by the Early Years (EY) Block of the Dedicated Schools Grant (DSG).

The DSG is paid to Local Authorities based on an hourly base rate calculated using the Early Years National Funding Formula (EYNFF).

Local authorities are then expected to set their own local formulae to pay providers for funded hours claimed by parents. The local formula has a base rate with a combination of mandatory and optional supplements, and inclusion funds.

Additionally, local authorities have duties to support the market/providers, for which up to 5% of the nationally allocated funding can be retained to enable these.

The EY DSG allocation is calculated from an hourly base rate using the Early Years National Funding Formula (EYNFF). The formula was first introduced in April 2017 and the allocation is calculated from previous take up of funded places and then adjusted to reflect actual take up during the year. The base rates in the EYNFF increased in April 2020 by 8p to £3.73 per hour for 3- and 4-year olds and £5.28 for 2-year olds. This was the first increase in the base rate since April 2017 and was passed on in full to providers in Norfolk.

**1.1 Norfolk’s Current Formula**

The current formula for distributing EY DSG was set locally in line with DfE requirements after consultation with providers following the introduction of the EYNFF in April 2017. The formula has not changed since then, except for passing through the 8p uplift in funding in April 2020.

The current formula per hour includes for 3- and 4-year-old funding:

* A base rate of £3.73 per hour;
* A deprivation supplement of 25p for children living in the 10% most deprived and 15p for the 11-20% most deprived parts of the county using the IDACI index.;
* A flexibility supplement of 20p paid to providers who enable families to access at least 7.5 hours of funded early education for at least 2 days a week;
* A quality supplement of 20p paid to Childminders with a level 3 qualification and settings funded on a 1 to 8 basis with a level 6 qualification. The identified qualification must be considered full and relevant.  The DfE Early Years Qualification List is used to determine this, and a certificate requested to verify that this supplement can be paid.

The inclusion of a deprivation supplement is mandatory, but the amounts and methodology are locally determined.

Flexibility and quality supplements are discretionary. The flexibility supplement was introduced in 2017 to encourage providers to expand their opening hours to meet the needs of working parents alongside the introduction of 30 hours funding. The quality supplement was introduced to increase the proportion of well qualified staff in early years to drive system led improvement in quality.

£0.985m (2.7%) of 3- and 4-year-old funding is allocated to funding additional SEND and inclusion needs.

On top of this allocation 53p is allocated to every child who is eligible for Early Years Pupil Premium.

5% of 3- and 4-year funding is retained by the local authority and contributes to the staffing costs for advice, support, finance and portage. The support includes:

* Support all early education, childcare and out of school care
* Business, start-up, development, financial management, governance
* EYFS Framework, quality, SEND, Home Learning, Ofsted support
* Early Education Funding, DfE grants and support
* E-mail, telephone, toolkits, surgeries visits, online, training
* Co-ordination and specialist input into the peer support programme

The 2020-21 budget for these services is shown in the table below, with NCC contributing in excess of £1.6m towards these services and support for the whole early years sector in the 2020-21 financial year. The budget is split between DSG and local authority funded elements but, in reality, the two are hand-in-hand and in many cases elements could be funded from the DSG or from the local authority in line with the regulations and guidance:

|  |  |  |
| --- | --- | --- |
| **NCC Early Years Service & Finance** | **Centrally Retained DSG** | **LA Contribution to Service** |
| Early Years Staff Costs | £1.536m | £0.129m |
| Early Years Finance Staff Costs | £0.157m | £0.037m |
| Contribution to Portage | £0.161m |  |
| Training Programme and Projects |  | £0.745m |
| Resources |  | £0.055m |
| Funding Panel |  | £0.375m |
| Contribution to Speech and Language Contract |  | £0.265m |
| **TOTAL** | **£1.854m** | **£1.606m** |
| **£3.461m** | |

**1.2 Early Education Funding for 2-year-olds**

This funding is available to children/families who meet certain criteria (for example families in receipt of benefits such as income support and children looked after by the local authority or with a statement of special educational needs) See <https://www.gov.uk/help-with-childcare-costs/free-childcare-2-year-olds> for full details.  The rate paid in Norfolk in 2020-21 is currently £5.28 per hour, which is 100% of the funding received, as a base rate without any use of supplements or a SEN Inclusion Fund for 2-year-olds.  To offer this funding to families, settings must be judged at least a “good” by Ofsted.

**1.3 Special Educational Needs (SEN)**

Every Local Authority must have a SEN Inclusion fund to support early years providers in meeting the needs of funded 3- and 4-year old children with SEN.  In addition, funding is available to children with an Education Health and Care Plan.

**1.4 Previous Outturns**

Lower than expected take up, particularly in relation to 30 hours funding, resulted in final outturn underspends reported to Schools Forum of (£3.527m) and (£2.526m) respectively for 2017-18 and 2018-19 and, in line with DfE expectations and the DSG rules, was used to offset the overspend on the High Needs Block. These reported underspends were later adjusted by the Education Skills and Funding Agency in July 2018 and 2019 to reflect the outcome of the spring census returns by reducing the Early Years Block allocation in the same year.

In 2019-20 the take-up of places was lower than originally estimated and adjustments were made in the 2019-20 accounts to the allow for the estimated clawback by the DfE in July 2020 and to earmark funding to support providers financially at the outset of the Covid-19 epidemic. Therefore, the reported position was a (£0.004m) underspend. The final clawback was (£0.038m) lower than estimated.

**1.5 Market Pressures**

Since 2017, Early Years providers have been subject to several new central government initiatives that have had a significant impact on provision.

Although the numbers of children taking up the extended offer (30 hours) is high, this initiative has seen a reduction in the number of fee paying places available with places being filled by children accessing the extended offer, for which providers only receive the funded hourly rate. The hourly rate currently paid is, in many instances, less than a provider would charge.

Other factors have given rise to increased costs for all providers, including National Living/Minimum Wage, pension contributions, apprenticeship contributions, increased business rates, utilities and rent charges.

Locally and nationally, campaign groups have challenged central and local government about funding for early years. Locally, this has included challenge that not all the available funding has been allocated to providers. This is a challenge the local authority has taken very seriously and, whilst the underspend has been primarily due to take-up being lower than budgeted, NCC has sought to undertake detailed review of the current formula.

**1.6 Formula Review Approach**

Work to review the formula commenced during the Summer term 2020. Initially work had been planned to take place much earlier in the term, but the Covid-19 pandemic diverted resources both within the local authority as well as within the provider market.

A four-step plan was put in place to ensure that all providers had the opportunity to contribute in the early stages of the review, as well as during a formal consultation upon a proposed formula:

1. Funding Discussion Groups open to all providers. At the end of the Summer term 2020 we hosted virtual meetings where all providers were encouraged to share their views.
2. An extensive internal review and benchmarking exercise, comparing our methodology, allocations and formula with statistically similar local authorities.
3. A review of the outcomes from the Funding Discussion Groups and the internal review and benchmarking exercise by a re-established Early Years Reference Group. This newly established group was made up of representatives identified by local authority officers and early years representatives on Schools Forum as representative of the diverse range of providers and contexts in Norfolk.
4. Formal consultation on changes to Norfolk’s Early Years Dedicated Schools Grant Funding Formula during the Autumn term.

There will be an annual review testing reasonableness of assumptions vs actuals, which may result in future base rates being increased or decreased to ensure that Norfolk’s EY block is sustainably managed. Regular review ensures that the risk of significant underspends or overspends, after the Education and Skills Funding Agency adjustments in July each year, is reduced.

1. **Early Years Funding Formula Consultation**

**2.1 Survey Questions**

An online survey was held with early years providers from Monday 5th October to Monday 26th October 2020.

The following options for the 2021-22 Early Years funding formula base rates and supplements were consulted on:

**Option 1 –** Keep the current arrangements of having two optional supplements (quality and flexibility) at the current rates of £0.20 and increase the base rate by £0.07.

**Option 2 -** Keep the current arrangements of having two optional supplements (quality and flexibility) but increase the base rate by £0.19 reducing the amount paid through supplements to £0.10.

**Option 3 -** Remove the current two optional supplements (quality and flexibility) to further increase the base rate by £0.30.

**Option 4 -** Keep the current arrangements of having two optional supplements (quality and flexibility) at a reduced rate of £0.10 and introduce a new £0.10 supplement for settings operating in a rural location and increase the base rate by £0.13 reducing the amount paid through supplements.

**Option 5 -** Remove the current two optional supplements (quality and flexibility) and introduce a new £0.10 supplement for settings operating in a rural location and increase the base rate by £0.24 by reducing the amount paid through supplements.

We also asked for feedback on the following elements of the funding formula:

* Deprivation criteria;
* Central services/SEN Inclusion top-slice from 2-year-old hourly rate;
* Link between EYNFF base rate and the local base rate.

**2.2 Consultation Responses**

The Local Authority received completed responses from 106[[1]](#footnote-2) individual OFSTED registrations to the online survey. Of these responses:

* 47 were from childminders
* 21 were from private providers
* 20 were from voluntary providers
* 2 were from independent providers
* 3 were from academies
* 7 were from maintained schools
* 6 selected ‘other’ specified as:
* 1 Charity
* 1 Childcare on domestic premises
* 1 Committee run
* 1 Independent charity
* 1 NCC day nursery
* 1 Social enterprise

We asked providers what percentage of income is funded via early education entitlement. The responses were as follows:

|  |  |  |
| --- | --- | --- |
| **Income via early education entitlement** | **Number of providers responding in this income bracket** | **Percentage of providers responding in this income bracket** |
| **Up to 25%** | 22 | 21% |
| **25.01% to 50%** | 28 | 26% |
| **50.01% to 75%** | 21 | 20% |
| **Over 75%** | 35 | 33% |

**2.3 Funding Formula Options: Use of Supplements**

In our survey, we asked early years providers to rank options for the use of supplements in the 2021-22 Early Years funding formula as detailed in section 2.1 above.

Indicative hourly rates were provided within the consultation document (table below), and in addition typical expected outcomes were provided for each type of provider (shown on the next page), along with a calculator to enable providers to determine indicative funding for each option based on estimated number of funded hours.

**Indicative Rates:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **Base Rate** | **Quality** | **Flexibility** | **Rural** | **Plus**  **Deprivation**  **where criteria is met** |
| **1** | £3.80 | £0.20 | £0.20 |  |
| **2** | £3.92 | £0.10 | £0.10 |  |
| **3** | £4.03 |  |  |  |
| **4** | £3.86 | £0.10 | £0.10 | £0.10 |
| **5** | £3.97 |  |  | £0.10 |

**Typical expected outcome for different types of provider based on indicative base rate**

Shading indicates significant increase (green for more than +5p) / decrease (yellow for more than -5p). Highest rate in bold.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Childminder, Pre-school, Day Nursery, School Provision (1:8 ratio)** | **OFSTED registrations[[2]](#footnote-3)** | **2020/21**  **Model** | **Opt 1** | **Opt 2** | **Opt 3** | **Opt 4** | **Opt 5** |
| Located in an urban area receiving no supplements | 21 | £3.73 | £3.80 | £3.92 | **£4.03** | £3.86 | £3.97 |
| Located in an urban area receiving the flexible supplement only | 101 | £3.93 | £4.00 | £4.02 | **£4.03** | £3.96 | £3.97 |
| Located in an urban area receiving the quality supplement only | 26 | £3.93 | £4.00 | £4.02 | **£4.03** | £3.96 | £3.97 |
| Located in an urban area receiving the flexible and quality supplement | 147 | £4.13 | **£4.20** | £4.12 | £4.03 | £4.06 | £3.97 |
| Located in a rural area receiving no supplements | 75 | £3.73 | £3.80 | £3.92 | £4.03 | £3.96 | **£4.07** |
| Located in a rural area receiving the flexible supplement only | 84 | £3.93 | £4.00 | £4.02 | £4.03 | £4.06 | **£4.07** |
| Located in a rural area receiving the quality supplement only | 32 | £3.93 | £4.00 | £4.02 | £4.03 | £4.06 | **£4.07** |
| Located in a rural area receiving the flexible and quality supplement | 139 | £4.13 | **£4.20** | £4.12 | £4.03 | £4.16 | £4.07 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Nursery Class or School (1:13 ratio)** | **OFSTED registrations** | **2020/21 Model** | **Opt 1** | **Opt 2** | **Opt 3** | **Opt 4** | **Opt 5** |
| Located in an urban area receiving no supplements | 36 | £3.73 | £3.80 | £3.92 | **£4.03** | £3.86 | £3.97 |
| Located in an urban area receiving the flexible supplement only | 1 | £3.93 | £4.00 | £4.02 | **£4.03** | £3.96 | £3.97 |
| Located in a rural area receiving no supplements | 17 | £3.73 | £3.80 | £3.92 | £4.03 | £3.96 | **£4.07** |
| Located in a rural area receiving the flexible supplement only | 5 | £3.93 | £4.00 | £4.02 | £4.03 | **£4.16** | £4.07 |

The number of votes per ranking for each of the options following the survey was as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **1st** | **2nd** | **3rd** | **4th** | **5th** |
| **Option 1** | 51 | 7 | 21 | 5 | 22 |
| **Option 2** | 9 | 50 | 31 | 15 | 1 |
| **Option 3** | 34 | 17 | 30 | 8 | 17 |
| **Option 4** | 2 | 17 | 14 | 55 | 18 |
| **Option 5** | 10 | 15 | 10 | 23 | 48 |

The survey system used (Smartsurvey) applies a weighting to each of the rankings, with options ranked 1st receiving the highest weighting, as follows:

|  |  |
| --- | --- |
| **Rank** | **Weighted Score** |
| 1st | 5 |
| 2nd | 4 |
| 3rd | 3 |
| 4th | 2 |
| 5th | 1 |

Applying these weightings, the survey system ranks the overall order of preference of the options as follows[[3]](#footnote-4):

|  |  |  |
| --- | --- | --- |
| **Option** | **Weighted Score** | **Overall Ranking** |
| **Option 1** | 378 | 1 |
| **Option 2** | 369 | 2 |
| **Option 3** | 361 | 3 |
| **Option 4** | 248 | 4 |
| **Option 5** | 234 | 5 |

Based on the number of the ranking of an option as first choice, and also based on weighted scores applied to all rankings, the result of the survey is that both options 4 and 5 are poorly supported by the majority of responding providers and, therefore, will not be considered further for Norfolk’s 2021-22 formula.

However, whilst option 1 is the highest ranking first choice, followed by option 3, considering the weighted rankings gives options 1, 2 and 3 similar levels of support. The weightings consider the overall impact of the ratings given for all options, which could suggest that option 2 is seen as a reasonable ‘compromise’ option, though not many settings’ first choice.

On this basis, the local authority is of the view that options 1 to 3 remain and that deliberation should include:

* Significance of impact to, and the number of, settings that would be negatively affected compared to the hourly rate that they receive from the current formula
* Simplicity of the system both in terms burden of administration both for settings and NCC and the ease of future review to ensure that funding distributed is maximised (as the simpler the formula the more predictable the impact across the sector)
* Themes from narrative comments and feedback within the survey

*Significant impact on providers that would be negatively affected*

The indicative rates shared in the consultation document with providers showed that, whether rural or urban, those who currently receive both the flexibility and quality supplement are the only providers modelled to see a reduction in their hourly rates (base rate plus current supplements) through some options. All other groups of providers will see hourly rates remain very similar or increase through all options. Whilst consulting to establish the fairest formula for the whole sector, it is inevitable that any changes will see winners and losers, and that settings are likely to take their individual circumstances into account when responding.

From the data provided in the consultation, it can be seen that there are 286 OFSTED registrations of the 684 across Norfolk (over 40%) that would be negatively affected by option 3 by 10p per hour, which will a significant reduction (up to 2.4%) for those providers. Option 2 would result in a 1p per hour loss that, whilst disappointing and a challenge for those providers, there would be a less significant impact (a reduction of 0.24%) whilst reducing the weighting in the formula afforded to supplements, and so reducing the overall variance of hourly rate paid to some providers from 40p to 20p and, thus, increasing equity. All other providers will gain more than 5p per hour with option 1, 2 or 3.

The first table below shows the number and proportion of providers by type that will gain or lose with options 2 and 3, with the subsequent table showing the average amount gained or lost by provider[[4]](#footnote-5):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Option 2 and 3** | | | |
|  | **More** | | **Less** | |
| Childminder | 119 | 44% | 153 | 56% |
| PVI | 155 | 57% | 118 | 43% |
| School Managed 1:13 | 73 | 100% |  | 0% |
| School Managed 1:8 | 40 | 85% | 7 | 15% |
| **TOTAL** | **387** | **58%** | **278** | **42%** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Option 2 | | Option 3 | |
|  | More | Less | More | Less |
| Childminder | £106 | -£20 | £126 | -£201 |
| PVI | £1,797 | -£247 | £2,367 | -£2,474 |
| School Managed 1:13 | £3,434 |  | £5,299 |  |
| School Managed 1:8 | £1,665 | -£312 | £2,332 | -£3,125 |
| **TOTAL** | **£1,572** | **-£124** | **£2,228** | **-£1,239** |

The final table below shows the average percentage gain or loss from each type of setting compared to the 2019-20 claims[[5]](#footnote-6):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Option 2 | | Option 3 | |
|  | More | Less | More | Less |
| Childminder | 0.7% | -0.2% | 0.8% | -1.7% |
| PVI | 1.3% | -0.1% | 1.7% | -1.4% |
| School Managed 1:13 | 4.7% | 0.0% | 7.2% | 0.0% |
| School Managed 1:8 | 2.4% | -0.1% | 3.3% | -0.8% |

Those providers that would cause most concern in terms of sustainability if option 3 was chosen are childminders and PVI nurseries where they currently meet requirements for both the flexibility and quality supplement. Childminders overall are modelled as the only group with a net loss in funding from option 3 due to the proportion of providers affected, 56%, and the size of the loss, -1.7%, combined. If childminders in the sector were unable to sustain a reduction in funding, it would result in a significantly reduced ability of Norfolk’s childcare system to meet the flexible needs of working parents.

*Administrative burden and simplicity of formula for future review*

The administrative burden of options 1 and 2 will be the same for providers and NCC as the only difference is the value of the supplements.

Option 3 will be a reduced administrative burden, which will primarily impact upon NCC, though the system for supplements will need to remain in place for the mandatory deprivation supplement. Whilst this would be beneficial, it is not the view of the Local Authority that the impact is significant enough to influence the decision to be made regarding Norfolk’s EY funding formula at this stage.

*Themes from responders’ narrative comments*

Appendix 1 provides the transcript of comments submitted by providers in support of their responses, grouped by preference of each option.

Primarily considering the comments relating to option 1 to 3 being first choice, there is a strong push to move to no discretionary supplement or a reduced supplement from the viewpoint of fairness (particularly as not all settings are eligible for both and / or can practically arrange provision to be eligible due to circumstances outside of their control, and also that qualification does not necessarily indicate quality), though there is resistance from many providers who currently benefit from both the quality and flexibility supplements.

There are several comments that suggest that, in some cases, providers have not fully understood how the funding rates are distributed nationally, the requirements of the Local Authority and how these are funded, and the support on offer. The low funding rate allocated to Norfolk by the DfE is the fundamental challenge and the necessity and desire of providers to have their voices heard was clear.

*Conclusion*

The Local Authority is fully aware of the challenge posed by the Early Years National Funding Formula for Norfolk, which results in a very low rate of funding within the Dedicated Schools Grant, and will continue to raise this issue with the Department for Education whenever the opportunity presents itself. This includes currently working with Eastern region colleagues to draft a joint letter in relation to the need for increased funding for funded Early Years provision.

In the meantime, the Local Authority is required to agree a local formula for the finite pot of funding available for Norfolk for 2021-22 in line with the operational guidance[[6]](#footnote-7) following consultation with Norfolk Schools Forum. The Local Authority seeks a recommendation from the Schools Forum informed by the results of, and views expressed through, the consultation and survey with all providers carried out in October 2020.

There is minimal support for either option 4 or 5, and so the Local Authority is of the view that these should not be considered further.

Option 1 is, in effect, the status quo and would not look to address concerns raised by many providers that either they are prevented from offering the flexibility required to be eligible for the supplement, or the requirements for the quality supplement are unaffordable even with the additional supplement. However, it would mean that all providers see a rise in their base rate following the change in assumption regarding the contingency held.

Option 3 moves to a very simple formula, maximising the base rate for all, with only the mandatory deprivation supplement. This option is seen by many as the ‘fairest’ – qualifications do not necessarily equate to quality of provision, and flexibility is not achievable, e.g. due to the availability of community facilities for hire. However, this option would see significant increases for some providers in their effective hourly rate, whilst others would see a significant reduction, which could have the impact of de-stabilising the market, risking sufficiency in some areas of the County, particularly for flexible childcare for working parents. If the guidance allowed a system of caps and floors, or similar-style protection, this could allow a move to this option over a period of time (similar to the system for schools funding), which would protect some providers from a sudden drop in funding. However, this is not currently permissible.

Option 2 is a mid-way proposal, minimising the impact of supplements for those unable to meet the criteria, whilst ensuring the maximum loss to a provider in receipt of both supplements currently is 1p per hour, thus maintaining stability in the market.

For these reasons, it is suggested that option 2 is the preferred approach for Norfolk at this stage, with consideration given of moving towards option 3 at a future review.

Additionally, it is suggested that the Early Years Reference Group is convened as a sub-group of Norfolk Schools Forum for a time-limited period, perhaps 2 years, with the purpose of increasing engagement with a wider group of Norfolk’s providers on a regular basis to consider both the support on offer to Early Years settings from the Local Authority as well as to consider when it might be an appropriate time to move the formula towards option 3.

**2.4 Deprivation Criteria**

We asked in our survey: Would you agree to the removal of the current 11-20% criteria from the deprivation formula so that the base rate for all options could be increased further? (It is expected that making this change would increase the base rate by £0.01 while only children living in the 10% most deprived parts of the county will be eligible for a Deprivation supplement at the current rate of £0.25 per hour.)

The responses to the survey were:

|  |  |  |
| --- | --- | --- |
| **Answer given** | **Number of responses** | **% of responses** |
| Yes | 52 | 49% |
| No | 54 | 51% |

Appendix 2 provides the transcript of comments submitted by providers in support of their responses, grouped by preference.

The results of the survey do not provide overwhelming support either to continue with the 11-20% criteria or to remove it. The comments provided suggest that responders generally preferred the option that would benefit their setting(s), though there was some variance to this where some pointed out that all gaining 1p per hour (even though it would benefit their setting) was not a justifiable reason to remove the supplement from those from most deprived areas. There were some arguments made that the method of identifying need was not fair (postcode of the child rather than financial circumstances) and that deprivation does not always mean that the child needs additional support. Lastly, some felt that all children should receive the same funding regardless of their circumstances as all providers have to provide high quality provision.

For these reasons, it is suggested that no change is made to the formula in relation to the deprivation criteria at this stage and that this is an area for further exploration by the Early Years Reference Group as to the possibility and / or desire for future formula changes, if the decision is to reconvene this group.

**2.4 Central Services/SEN Inclusion Fund from 2-year-old hourly rate**

We asked in our survey: Do you agree to the top slice of 5% from the 2-year old allocation to support central services and create a 2-year-old SEND inclusion fund of £125,000, at a reduction of £0.26 to the 2-year base rate?

Early years providers responded:

|  |  |  |
| --- | --- | --- |
| **Answer given** | **Number of responses** | **% of responses** |
| Yes | 41 | 39% |
| No | 63 | 59% |
| Did not answer | 2 | 2% |

Appendix 3 provides the transcript of comments submitted by providers in support of their responses, grouped by preference.

Having reviewed the comments from responders, it is clear that there are differing views regarding the two parts of this question and that each should be considered separately.

Considering the proposed SEND inclusion fund for 2-year-olds first. The argument for fairness is seen on both sides of the debate; firstly, that it is important that 2-year-olds who need the extra funding that could be accessed through an inclusion fund are able to do so, as they would if they were 3-4-year-olds, and conversely that all 2-year-olds eligible for funding tend to require more support and so maximum funds should remain with the providers to meet needs without having to apply for it. There is also the point made strongly that 2-year-olds require a higher staff to child ratio and so the additional funding is fully needed to meet this.

The comments in favour of funding for central services also identify fairness as a driver for their view, that central services should be funded from the 2-year-old and 3-4-year-old pots. Some suggested that the contribution from the 3-4-year-old pot could be reduced in line with a top slice from the 2-year-old pot, this would not be possible in practice as the 3-4-year-old allocation is significantly larger than that for 2-year-olds.

The comments against funding for central services cites the higher ratios required for 2-year-olds, that there should be a reduction in the amount taken from 3-4-year-old funding to counter any 2-year-old contribution, and not valuing the support and role of the Council.

Local Authority budgets remain under significant pressure and Norfolk wants to continue to provide support to the early years sector. The LA is currently contributing £1.6m to supporting the sector and reduced funding from central government. Whilst no immediate reductions in support from LA budgets have been identified, there is no increase in funding either. Support via the DSG and LA funding including portage, training, resources, funding panel (and sustainability support) and speech and language.

That said, the LA also understands the challenges faced by the sector before prior to, and as a result of, the covid pandemic, which needs to be balanced with the desire to support the most vulnerable children. There is no desire to destabilise the market and sufficiency of provision.

There is a wide variety of options available, but 3 key choices appear to be:

1. 5% retention for SEN Inclusion Fund and central services from 2-year-old funding; reduction in the rate of 26p for all providers, with individual settings able to apply for SEN Inclusion Funding for individual children;
2. 2.85% retention for SEN Inclusion Fund for 2-year-olds but no support for central services available to all providers; reduction in the rate of 15p for all providers, with individual settings able to apply for SEN Inclusion Funding for individual children and a review ahead of 2022-23 of utilisation and effectiveness would be suggested;
3. 0% retention, with no SEN Inclusion Fund for 2-year-olds or support for central services that are available to all providers; providers will be expected to meet all SEN from the hourly rate (except where a child has an EHCP and additional funding is agreed).

Recognising the impact of each of the options, whilst the second would provide additional support for 2-year-olds with the highest needs seems supported by many, the impact of the loss of funding rate received by providers for 2-year-olds could hit providers hard at a time when they are still coping with the impact of the covid pandemic. Additionally, whilst the principle for many is that the 2-year-old funding should support the central costs that benefit the whole sector the reduction in funding rate would appear to be too significant at this stage. Both would risk sufficiency of provision in Norfolk, despite most providers seeing a rise in the rates for 3-4-year-olds based upon the recommendations above.

For these reasons, it is suggested that no amendment is made to the 2-year-old formula for the creation of a SEN inclusion fund or towards central costs, but that this is kept under review if, and when, the EYNFF base rate is increased. Additionally, this is an area that could be explored further by the Early Years Reference Group, such as considering how additional funding is distributed if the EYNFF increases for Norfolk, if the decision is to reconvene this group.

Therefore, for 2021-22 the Local Authority recommends that Schools Forum vote to retain centrally 5% of the 3- and 4-year-old funding in 2021/22 (estimated to be approximately £1.85m) for the Local Authority to continue to provide central support and payments to all providers of Early Years Education, in schools and in private, voluntary and independent settings.

**2.5 Link between EYNFF base rate and local base rate**

We asked in our survey: Do you agree that the Norfolk base rate should be linked to and amended in proportion with the Early Years National Funding Formula (EYNFF) base rate from central government?

Early years providers responded:

|  |  |  |
| --- | --- | --- |
| **Answer given** | **Number of responses** | **% of responses** |
| Yes | 54 | 51% |
| No | 45 | 42% |
| Did not answer | 7 | 7% |

Appendix 4 provides the transcript of comments submitted by providers in support of their responses, grouped by preference.

The results of the survey do not provide overwhelming support for or against linking either to link the EYNFF base rate to Norfolk’s local base rate.

One feature of some comments was fairness and / or equality, which appeared on both sides of the debate. Norfolk’s low rate distributed from central government was also cited on both sides. Those in favour also referenced certainty, maximising funding, better clarity and transparency, whilst those against also felt that regular review of the formula was important with a chance for opinions to be voiced.

For these reasons, it is suggested that there is not an automatic link between Norfolk’s base rate and the EYNFF base rate for Norfolk at this stage. As the views of providers were roughly equally split, it could be an area for further exploration by the Early Years Reference Group, particularly if there is a future move towards option 3 and simplification of the formula, if the decision is to reconvene this group.

**2.6 Further comments on proposals**

We asked providers for any other comments they would like to add. Appendix 5 provides the transcript of comments and responses.

1. **Local Authority Recommendations to Norfolk Schools Forum**

**3.1 Base rate and supplements within formula**

Based on the feedback received from early years providers in the consultation, which was in line with the views of the Early Years Reference Group, that we should look to reduce the use of supplements, the local authority recommends to Schools Forum Option 2: keep the current arrangements of having two optional supplements (quality and flexibility) but increase the base rate by £0.19 reducing the amount paid through supplements to £0.10.

**3.2 Deprivation criteria**

The feedback received for changes to the deprivation criteria was very close, with 51% voting not to remove the current 11-20% criteria from the formula, and 49% voting yes to the removal of that element.

As there is no overwhelming support for change, the local authority recommends retaining the current deprivation criteria.

**3.3 5% top-slice for central services/SEN Inclusion from 2-year-old base rate**

The local authority recommends that, at this stage with no increase to the base rate for 2-year-old funding, there is no amendment made to the 2-year-old formula for the creation of a SEN inclusion fund or towards central costs, with this being kept under review if, and when, the EYNFF base rate is increased.

Schools Forum are also asked to vote to retain centrally 5% of the 3- and 4-year-old funding in 2021/22 (estimated to be approximately £1.85m) for the Local Authority to continue to provide central support and payments to all providers of Early Years Education, in schools and in private, voluntary and independent settings.

**3.4 Link between EYNFF base rate and local base rate**

Given the views expressed about the use of supplements, should there be any increase in the base rates paid to Norfolk, the local authority recommends that the opportunity to review the use of supplements again is taken, rather than automatically apply any increase in base rate in full.

Additionally, there will be an annual review testing reasonableness of assumptions vs actuals, which may result in future base rates being increased or decreased to ensure that Norfolk’s EY block is sustainably managed. Regular review ensures that the risk of significant underspends or overspends is reduced.

**3.5 Reconvened Early Years Reference Group**

Based upon the review of feedback from the survey, it is recommended that the Early Years Reference Group is convened as a sub-group of Norfolk Schools Forum for a time-limited period, perhaps 2 years, with the purpose of:

* increasing engagement with a wider group of Norfolk’s providers on a regular basis;
* considering both the support on offer to Early Years settings from the Local Authority;
* considering when it might be an appropriate time to move the formula towards no discretionary supplements;
* further exploration as to the possibility and / or desire for future formula changes in relation to the deprivation criteria;
* considering amending the 2-year-old formula for the creation of a SEN inclusion fund and / or contribution towards central costs if there are future EYNFF increases for Norfolk.

**Schools Forum are asked to:**

* **Consider the feedback from the autumn 2020 Early Years Consultation;**
* **Consider and comment on the proposed changes to the 2021-22 Early Years funding formula.**
* **Make a recommendation to the Local Authority the 2021-22 early years funding formula in respect of:**
* Base rate and supplement options for funding formula
* Deprivation criteria
* Central services and SEN Inclusion Fund from 2-year-old hourly rate
* Link between EYNFF base rate and local base rate
* **Vote on retention of 5% of 3- and 4-year-old allocation for central services**

**Useful Links**

Link to consultation document (survey now closed):

<https://www.schools.norfolk.gov.uk/early-learning-and-childcare/early-years-funding/early-education-and-childcare/local-funding-formula>

Link to current Early Years National Funding Formula Operational Guidance (2021-22 not yet available):

<https://www.gov.uk/government/publications/early-years-funding-2020-2021>

**Appendix 1  
Q7 Options for supplements - please provide your rationale for choosing the above ranking, including any potential impact you would like considered, in the box below:**

Comments verbatim as submitted through the survey, including if there appear to be errors in understanding of the factual data provided or it appears that the comment seems to prefer an alternative option to the one ranked as first choice.

Preference of Option 1:-

*“I don't think any provider should be worse off than they are currently. So for example, I would rather keep my optional supplements at 20p each and base rate the same, and see the extra 7p go to rural settings or wherever else you deem it to be needed.”*

*“I believe those with level 3 qualifications and those offering full funded hours should receive a higher rate of funding to try to lessen the gap between our normal hourly rate and our funded rate which is much lower than the average hourly rate charged to parents”*

*“Whichever option I choose leaves the funding rate significantly lower than my private fees, however, I have worked very hard for my qualifications and continue to work long hours/weeks to provide the flexibility my families need so would not wish to lose the supplements that reward this especially as it would see my rate reduce in most options presented above.”*

*“makes it fair to the people who undertake training to better the setting.”*

*“Option 1 would give me £4.20 per hour. My hourly rate is £4.60. Like a lot of childminders we are taking a massive pay cut. Over 30 hrs I would lose £12 per child per week”*

*“I offer 10 hour days over 5 days a week to all children, and have a degree and post-graduate qualifications. I work hard to keep my outstanding grade (which I have had for 7 years now), and I charge £4.60 / hour including 3 meals a day including a cooked dinner - so I lose money on each funded child as things stand - I can't afford to lose more.”*

*“My hourly rate is already higher than the funding I receive (this is by 28p PER HOUR and I am due a 10p increase again in January) this is because ally bills increase annually as well as crafts being more expensive, outings and everything else. Even with your proposal option 1 I only see a 7p pay increase. All the other options see me. Lose even more money by offering funding which is ludicrous I am already feeling forced to compromise on outings and activities due to the funding rate being so low. The other options see me losing between 8p per hour and 23p per hour, although at present It only makes up a small. Portion of my wage at times all children in the day have been on funding making it a decision between letting children go or hoping they will pay a voluntary contribution.*

*I also chose this option as looking at the calculator you provided it shows the majority of settings are urban receiving both supplements”*

*“This provides the highest base rate, even though it is still a lot less than the hourly rate that I charge and I will still be running at a considerable loss.”*

*“This is the best option as the flexibility and quality element is important to parents.”*

*“The only option that will increase funding for the setting is option 1. All others we will see a cut in funding, which in turn will have an impact on the setting - and also the setting reviewing Qualifications (degree)”*

*“As a setting that gets the flexibility and quality extras I would not be able to operate such a good quality setting without those extras. We employ 2 Teachers and as you can understand their wages are quite high and I can only pay them due to the quality extra.*

*What is the point of having highly qualified staff if there isn't an incentive financially? £3.73 an hour is already one of the lowest in the country if not the lowest and you still think as a local authority you should get it lower?*

*you can't have Good or Outstanding providers and pay them peanuts. Maybe you should pay your NCC staff members less an hour so I could pay my members of staff more or use the funding for silly things like building a Garden that is not being used and increase the base rate of the funding.”*

*“With this option you can receive the highest payment”*

*“I have worked out all the options based on what supplements I currently get and I would still be able to continue offering funded places if I stayed in option 1. All the other options the totals would be fractionally less each time.“*

*“All options are still below my hourly rate”*

*“Option 1. Any other option would not be economically viable. The Current base rate plus Supplements barely covers my hourly rate already, this would be a massive deficit if any other option was taken”*

*“Although im level 5 this isnt taken into account when looking at qualification, we dont qualify for rural. and we feel there should be one band across the board. at the end of the day everyone is either qualified, experienced and passionate about their roles in childcare.”*

*"Option 1 is the only satiability option for us.*

*If flexibility and quality is removed we would have to reduce our opening hours and look at not employing highly qualified staff. Yet again there is no incentive for outstanding settings”*

*"Option 1 gives the highest income which is still woefully less than the hourly rate for non funded children which is £4.60. Even though the consultation document acknowledges the increase burden faced by carers the figure of £4.20 is still far too low. We have to put our prices up every year due to the reasons outlined in the document but the funding does not shift, this need to be addressed. We are not a charity and must keep our charges at a level to stay viable. Effectively our non funding children are subsidising the funded children.”*

*“It is important to keep and support rural provision. A per hour uplift for all providers seems the fairest way to implement this and recognises the increase in costs.”*

*“I have looked at the consultation and after reviewing the proposed supplements the above are the ones that would be financially better for me. Currently the majority of children at my childminding setting are funded.”*

*“Our setting currently receives both supplements and are based in an Urban area so option 1 would be the most beneficially for us finically. I do have another setting in a rural location and they currently receive the flexibility supplements so option 1 would be middle ground for them.”*

*“To be fair with rates of inflation and the amount of funding the council actually gets from the government the options actually are quite insulting! For myself working as a childminder in a rural area qualified to level 3 and working longer days with any given option this would be a maximum of 7p an hour increase. or at worst a 10p reduction. If the reduction is made i may not be able to continue to run my business.”*

*“Option 1 - with all other options we would be worst off, and next year we will have 4 children accessing the funding, which would be over 50% of our income.”*

*“Option one will add up to a few more pence an hour. However it is still drastically below what it costs to provide a place.”*

*“Current levels of funding for staffing is as low as it can be without considering the cost of continually rising overheads. Further reductions would reduce the quality of provision for our children. We are already in a disadvantaged area and reducing the supplements would be detrimental.”*

*"The way the funding has been allocated to date, including the Quality & Flexibility supplements, has had a direct impact on our ability to employ a higher quality of Early Years' Educator. This, in turn, has led to better outcomes for our children and an Outstanding Ofsted rating. To reduce this now would have a detrimental effect on the ability of ours, and other settings, to attract and retain high quality staff; in turn, negatively impacting children. The issue you are trying to solve appears to be that of rural settings with no supplements - yet these only account for 16% of PVIs. Surely these settings can be assisted in a way which doesn't negatively impact on those already delivering flexibility and quality at a large cost to themselves.*

*It is widely accepted that the Govt funding of early years has fallen dramatically behind the accompanying increases in Minimum and Living Wage rates. To reduce the 'real rate' received by a large proportion of settings would be extremely damaging."*

*“Purely the best financial option out of all 5 choices.”*

*“This is based on providing the highest level of funding”*

*“The different supplements make the grant form complicated to fill in. The criteria is not always fair, I have 2 nurseries, The rural one is in an affluent area, where parents come from professional backgrounds. The urban one has many parents who are unemployed. Yet rural areas receive more funding under the current system.”*

*“It would be less complicated to fill in the grant forms. It would be a fairer system as the current rate does not cover the cost of each session and the school has to subsidise this from our income from the baby room. It still would not cover the cost but we would lose less money.”*

*"I think professionals who work hard to gain qualifications and are flexible should have that reflected in their pay.*

*I don’t feel that a settings place being rural should earn 10p more an hour. "*

*"My current unfunded rate is £5 an hour and this option is closest to that.*

*Funding rates in Norfolk are one of the lowest in the country .Childminders can sometimes end up with only one child especially in the current situation-one child = well below minimum wage!"*

*“Option 1 & 2 maintain or increase my income the other options will mean a further reduction in my income.”*

*“Options 1 & 2 maintain or increase my income the other options will mean a further reduction in my hourly rate”*

*“Option one currently meets our settings current social economic needs better within our community. However we recognise if we weren't lucky enough to have quality and flexibility and we had more children on deprevation funding that the other options might be more aplicable to our other two settings needs being Gaywood and Hunstanton. Therefore we feel one option will not necessarily meet the needs of all our settings.”*

*"1.Impact on our preschool as an individual provider.  
2.Most of Preschool income comes from Gov funding   
3. Private fees charged are below Gov funding rate so difference cannot be made up  
4.Three out of Four options reduce funding at 2020-2021 level. Gov guidance says this is not what supplements should do.   
5. This level of reduction could affect viability and sustainability of very small provider with no ability to increase or develop service to increase sustainability, and yet preschool has very few vacant sessions. "*

Preference of Option 2:-

*“The only one I benefit from is option 1 the others see a loss between 8 and 23p per hour!”*

*“Option 2 would provide me with the highest amount albeit still 48p short of my hourly rate.”*

*“Would make it easier to work out exactly how much we would be getting.”*

*“I worked hard together my level 3 in childcare so I can provide a better quality service and feel this should still be rewarded, for those that made an effort to improve our settings.”*

Preference of Option 3:-

*“Current base rate DOES NOT cover the operating cost of ANY setting. We charge approximately £1 an hour more than this! As more than 75% of our income is from funding we are currently running at a loss, until we can get more children through the door. All settings are expected to provide good quality experiences, being flexible (more hours) may not be an option if pack away etc. so shouldn't be penalized for this, by receiving less funding at base rate.”*

*“We can currently offer flexibility and quality supplements which greatly impact on our funding, I know settings which struggle to offer either due to finances and staff wanting to progress in their qualifications so feel the top one would benefit all nurseries equally.”*

*"As a setting which does not qualify for the supplements at present it makes more sense to have a better base rate. My 2nd choice takes into account our rural location”*

*"As a school Nursery with a qualified teacher, we do not benefit from any of the current supplements. An increase in the base rate is the only option that would benefit our setting. An increase of 30p per hour would increased our funding significantly.”*

*“Having a higher base rate would benefit all children as it would allow more money to return to the business for resources, following the child’s interests (especially if it something other children have not previously been interested in)”*

*“I currently charge £4 an hour with the possibility of going up next year. The funding rate is always below my hourly rate. That’s without all the hours unpaid I put into doing the funding, filling in forms and filing online. I’ve been underfunded for years now and am seriously thinking of stopping altogether next year if it continues.”*

*“Clarity for budgeting. I would favour quality being rewarded, but no option for this as only supplement. I think level 6 qualification should be financially recognised, but with options given, then option 3 preferred.”*

*“Some Settings just do not have the ability to offer the flexible times to qualify for this supplement, which then through no fault of their own are penalized. surely if we all offer the same care and standards, are inspected by Ofsted it should be a plain playing field.”*

*“A more simple formula.”*

*“fairer for all”*

*“I feel having a set base rate is fairer and allows settings to decide how to priorities their spending depending on the needs of their cohort.”*

*“I feel all settings regardless of where they’re situated should get the same funding. The supplements are great, but I would rather be offered an overall funded amount to allow everyone to claim the same.”*

*“We get more money as a setting irrespective of the range of ability of our children and the level of the staff as you don't pay the quality supplement if there are more than 1 member of staff at a higher rate.”*

*“Higher funded payments for all providers”*

*“Small rural preschools are currently penalised. Although we would benefit from a rural supplement, a level playing field for all seems fairest.”*

*“Easier to predict future income”*

*“I only receive one supplement and don’t live in a rural location“*

*“I actually manage to get above the still really low rate of £4 per hour. I find it completely unfair that my level 3 is not accept as I did it through the governing body NCFE, I had to complete placements and be observed and signed off tasks. Yet the new Early years Educator course you are offering is now also through NCFE and I bet they will get paid the quality supplement,”*

*“Option 3 would be most beneficial to us and would help future proof our setting. We have far more flexibility now but not enough to get the supplement. Also we are in South Norfolk but doubt we would qualify as rural”*

*“I've had to think of the best outcome for us as a provider serving a large EAL population along with a considerable proportion of families from deprivation areas. The more money received by us will help us help these children.”*

*“We do not receive quality or flexibility supplements at present“*

*“Currently, offering funded only sessions is difficult and we are making a significant loss. We would like to offer the 30 hours, increasing our offer to the local community but at the moment this is not financially viable. Increasing the base rate would allow us to offer an increase of provision and options to parents wanting to access an alternative to the traditional nursery environment.”*

*“I would prefer the base rate to increase as I have 2x 1 day children and for me to have those I'm already down £9 ish per day as I only do daily rates.”*

*“This order of preference benefits me financially as a childminding business, and I think applies to many other childminders.”*

*“Option 3 is fairer for all settings at what location you are in as it gives the same rate and no confusion about what the rate is.”*

Preference of Option 4:-

*“We are a rural nursery and can be effected by people not being able to drive to our nursery and no good public transport links.”*

Preference of Option 5:-

*“Simple - this gives me the most paid. It is still not nearly our hourly rate, but at least it is a potential increase.”*

*"I feel now that flexibility is no longer needed as most settings operate like this to be viable in the current childcare market So this is outdated. Quality is unachievable for many settings as the cost to put staff through additional training means that many can’t, even with good intentions. Sadly the government isn’t helping in other ways to train the EY workforce so this supplement is fruitless. The majority of nurseries are rural in Norfolk and this is very challenging with numbers that fluctuate, poor transport etc. This can affect income so additional support seems sensible in our county. Many rural areas have children who experience deprivation so access to provision is vital. I feel that settings would benefit from a system easy to understand and movement towards an uncomplicated base rate will allow us to plan to meet the needs of our unique provisions across the sector."*

*“Using the EYNFF calculator, this would have the most impact / benefit to our preschool, and I believe several of the surrounding local preschools too.”*

*“The Rate you currently pay me with the additional amounts I get is less than my hourly rate, it wouldn't matter what order I out the above in as it all comes out at the same amount roughly £4.13, I loose 37p per hour on a child that is funded to 30 hours over the course of a year £432.90 per year per child. the lose is too high. you have not consider the inflation rate and your average childminders rate was 4 years ago.”*

*“Ranking based on completion of formula sent to providers via spreadsheet.”*

*“Flexibility for some settings is not an option and puts them at a disadvantage. The judgement used to measure quality changed from settings having a level 5 to level 6. As a setting that used to receive this supplement, and then had it removed we have found it unfair as we get manager from settings with a level 6 contacting us for support and guidance. Settings in rural locations are often in premises that they have to rent and this can have an impact on their income.”*

*"I believe as a rural setting and money is an issue for parents, that with either option 4 or 5 could be beneficial to us.*

*We currently only charge £4 per hour and have felt that we cannot increase this at the moment with so many parents having reduced income or very little income (covid 19 impact).*

*As a setting we did not claim furlough as we did not meet the threshold on fee paying children, although being full still we do struggle immensely."*

*“Hope that is correct - basically Option 3 is my preferred option so all settings regardless of location get the same amount of funding, also staff with relevant experience but not necessarily with the correct qualifications can/do produce quality care.”*

**Appendix 2  
Q8. Would you agree to the removal of the current 11-20% criteria from the deprivation formula so that the base rate for all options could be increased further? (It is expected that making this change would increase the base rate by £0.01 while only children living in the 10% most deprived parts of the county will be eligible for a Deprivation supplement at the current rate of £0.25 per hour.)**

Comments verbatim as submitted through the survey.

In favour of removing the 11-20% criteria:-

*“We have only had a few children that qualify for either of these”*

*“Despite living in a very rural area with some unemployment within our parental make up, single parents, and only one parent working in low paid jobs, and one car family so parents are unable to access any other provisions council may provide we are NOT classed as deprived area. So I'd prefer to have a slightly higher base rate to enable me to make better provision.”*

*“If the deprivation supplement does not directly benefit the child, ie paid to the childminder, nursery etc , I would rather see base rate increased across all providers.”*

*“Not being in a deprived area I feel I am penalised when I offer the same high quality service”*

*“Having provided care for children classed as deprived in the 11-20% bracket it is done on a postcode lottery and doesn't actually benefit those children that would really be classed as deprived.”*

*“the children living in those areas don't necessarily attend a setting in that area. Resources should be OK without the extra money.”*

*“Think it is fairer”*

*“I think it is money most needed in the 10 percented areas.”*

*“Once again, I don’t feel the deprived areas need this we have some children from deprived area that are better off than others. They’re all accessing the same provision (2 year funded) therefore getting the same use of service and with an overall increase in base rate providers can still purchase resources accordingly.”*

*“Because we are not classed as a deprived area even though a 66% of our 2 year olds have funding we do not receive the appropriate funding therefore giving us a higher base rate would be more beneficial to the setting as a whole”*

*“i have families that are entitled to the DEP 20 because of their location but the home circumstances do not reflect deprivation.”*

*“This would have little impact on our setting”*

*“We have in the past received deprivation payment for a child, who did live in a deprived area but was not from a deprived family.”*

*“It would make working out the payment received easier to work out.”*

*“Any increase in the base rate helps providers.”*

*“I’ve had children live in a very deprived area but still not entitled to the 11-20%”*

*“Everybody should be paid the same rate, we all do the same job and offer the same value of care.”*

*“The whole early years sector is under enormous pressure financially and any extra funding would be helpful to all settings not just a minority would be beneficial.”*

*“For some families living in a deprived area doesn't necessarily mean their children don't have access to a variety of experiences prior to starting at a setting. Settings support all, regardless of the area they live.”*

*“Never benefited from the deprivation supplement.”*

*“Based on our experience that the 11-20% don't really need the additional assistance. Better to share that around and focus on the 10% most deprived.”*

*“We don't tend to benefit from this”*

*“Our nursery is in a rural area but our parents are affluent. The current formula is unfair.”*

*“I don't live in a deprived area”*

*“I don’t feel that paying a setting a higher amount for where the child’s postcode is changes how they support that child. I have a mixture of deprivation and non and it doesn’t change how I support them”*

*“All children are equal, they should be treated as such, we provide all food and outings in our setting across the board and do not discriminate because of anyone's background.”*

*“We should be on the same rate for the same role.”*

*“We all do the same role therefore we should get the same rate”*

Not in favour of removing the 11-20% criteria:-

*“The majority of the settings families live within a deprived area, the reduction of this funding would impact on the quality we can provide within the setting.”*

*“not going to change things for most providers but will impact on those in deprived areas”*

*“I would prefer to see the 11-20% receiving a higher amount, rather than receiving a 1p increase for our setting.”*

*“I feel it is important that children in areas of deprivation receive extra funding for quality childcare.”*

*“I feel the funding should remain as is and reach those targeted children who are often missed as they are not the most deprived”*

*“It is important that children in deprived areas are able to access high quality provision.”*

*“I don’t feel an extra 1p an hour would have a big enough impact, currently they would get an extra 15p an hour which would have a bigger impact financially on the business to be able to support these children better”*

*“It seems pointless to lose this when it would only increase the base rate by 1p”*

*“For such a small change to the base rate, it wouldn't be worth it.”*

*“It’s such a small increase to make these changes that benefit such a lot of children and settings”*

*“We experience a high level of deprivation in our area and sadly with that, generally, comes a higher level of need that is not reflected in EYPP status.”*

*“Some Settings would genuinely need this funding especially if they do not have a lot of fee paying children, it could have a big impact on their finances.”*

*“Making calculations from this terms funding the setting would stand to lose approx £193.00. This is vital to provide extra staff to support children that are underachieving in our area.”*

*“The extra £0.15 makes a huge difference to those that need it in bridging the gap for education.”*

*“whats the point for a penny”*

*“I don't live or work in a deprived area so I cannot really comment, my address needs to be n/a.”*

*“I will be worse off”*

*“I will be worse off”*

*“Although we do not benefit from this, making a difference to the most deprived children is high priority.”*

*“1p won’t make much difference to me but 15p will make a difference to people in deprived areas”*

*“As its not fair on the less deprived areas....”*

*“I cannot see the point for a 1p increase.”*

*“whilst we would be better off by £0.01 I think it is better that this amount is used for deprived areas”*

*“Deprivation indicators are a strong indicator or future success and EYFS provision is essential to ensuring children have the best start in life. Often these children require further input/intervention to catch up with peers and this should be recognised.”*

*“We have children in the 11-20% parts and they we do use this money to support them, often with extra sessions provided”*

*“Not worth loosing it for the sake of 1p”*

*“I think that deprived children should have an additional funding as this enables providers to ensure that they can enhance their experience”*

*“an increase of on £0.01 if not justifiable for loosing the supplement for 11-20% most deprived.”*

*“I would prefer to choose NA it is not relevant in my area so very difficult for me to judge“*

*“The increase is not substantial enough to warrant the change. Given the likely cost of administering the change it would seem uneconomic to implement.”*

*“I think it's important to continue to support the most vulnerable children.”*

*“I don't think this should be removed as settings entitled to it can use that extra funding for snack/consumables as parents unlikely to be able to contribute to this.”*

*“This is a difficult question as we have received additional funding for children in deprived areas who are quite able but I understand the need for extra staff for settings which may receive a lot children who are in need of additional support due to their circumstances.”*

*“For us personally at Glebe we don't agree with the removal of this due to it being the rate we usually claim for and the highest need at our setting at the moment.”*

*"1. No modeling of the figures has been provided on the removal of the lower level funding. It is reasonable to assume that the providers who would lose the lower level will have a reduction in total funding whatever rates are used. No provider should have a reduction in overall funding.   
2. There is a presumption that extra funding does make a difference to outcomes for the children in areas of deprivation."*

**Appendix 3  
Q9. Do you agree to the top slice of 5% from the 2-year old allocation to support central services and create a 2-year-old SEND inclusion fund of £125,000, at a reduction of £0.26 to the 2-year base rate?**

Comments verbatim as submitted through the survey.

In favour of 5% top-slice from 2 year-old base rate:-

*“Sounds sensible to spread the 5%”*

*“for a childminder our 2 yr ratio doesn't change and is much more than my hourly rate.”*

*“Seems fair, considering 2 year olds benefit from the central services.”*

*“If they need access to these services then I do not feel it should solely be based on 3-4 year old funding, if getting extra through 2 year old funding then the 3-4 base rate should then be higher as gaining extra from 2 year funding. However, do feel that a 2 year SEND fund would be a positive”*

*“Not really sure why funding for 2 year olds is so high anyway. Also it wouldn't really affect me as rarely get children claiming 2 year old funding.”*

*“I don't really no what my opinion is on this question!”*

*“I feel access to additional SEND funding would allow for increased early SEND intervention within a setting. I would like more information on the additional services the LA would offer and who would be able to access them.”*

*“We have an increasing number of 2 year old children who need additional SEND support.”*

*“Seems fairer.”*

*“I have had very few 2 year old funded children. Would benefit me personally for a higher rate for 3/4 year olds.”*

*“This seems the fairest way to implement this.”*

*“It should be equal across the board. There are more funded 3 and 4 year olds and taking money from their pot to support 2 year funding at 100% doesn't seem right.”*

*“I think it is only fair that money from the 2 year old funding should be used alongside 3/4 year funding to contribute towards costs.”*

*“If there has to be some changes this area could be sliced”*

*“2 year funding does not mean that the child is deprived and with the rate paid being more it can afford to be cut to afford more to the 3-4 year funding”*

*“Currently, we don't have any children accessing the 2 year funding”*

*“If 2 year-olds are accessing services then they should be contributing to their costs.”*

*“Provided the amount currently being taken for 2YO central services from the 3&4 year old allocation is put back into the general base rate.”*

*“But the support must be easy to access for those children with additional needs. For example it is extremely difficult to access support from speech therapy.”*

*“Early intervention is essential. Access to the correct help to put in a support plan to help the child and to gather evidence to apply for an EHCP in time for the child's transfer to Reception class.”*

*“I believe all children who have Sends should be entitled to the inclusion fund. All children deserve the best start in life”*

*“This evens out the disparity between 2 and 3 year old funding.”*

*“We have not opted for 2 year old funding but this seems sensible”*

Not in favour of 5% top-slice from 2 year-old base rate:-

*“Ratios for a two year old is half of what a 3 year old has to have and therefore we have more staff to be able to deal with SEN needs in our 2 year old area.”*

*“We need the higher funding rate for the 2yr olds as the base rate is still less than we charge per hour, plus we have to keep higher staff / child ratios so have staffing costs!”*

*“This is a very difficult question to answer as a SEND inclusion fund would dramatically improve the level of support provided for 2 year olds but the financial implication on settings would be great, some settings are already struggling to stay afloat.”*

*“Providers need all the money they already have to support 2 yr olds I'm agree a SEND inclusion fund would be a good idea but not at a reduction in the funding”*

*“Often the 2 year olds that are funded require extra support within the setting that costs extra. Also there are a lot of 2 year funded children being assessed for SEND but with no formal diagnosis so would lose out on that money anyway.”*

*“The number of settings that would access this additional pot doesn’t justify the drop in hourly rate for all of the other settings. Children with EHCP should be covered through the high needs block.”*

*“I feel you should "slice" 2.5% from each category rather than take 5% from each.”*

*“When looking at the amount retained previously by ncc I don't see how they can propose additional top slicing from the other funding. I don't mean this rudely and understand you all work very hard however We already have seen a large proportion of the work previously done by the la now expected to be done by us eg we used to send off forms and the info was uploaded by the la now we have to find the time (unpaid) to input the information ourselves onto the portal, we don't get easy to follow guidance anymore we are expected to dissect things again in our own time.”*

*“A reduction to 2yr old funding puts even more pressure on settings, the ratios are a lot smaller and often the needs of these children are higher, so the higher base rate covers the additional costs involved with needing more staff in setting.”*

*“I don’t agree slicing 2 yr old funding as you already take 5% off 3 to 4 year old funding and I feel the level of support provided by the council is less than before.”*

*“We have been able to access individual funding for 2 year olds previously. I would certainly not support this reduction in the base rate for minimal gain. Please continue as before.”*

*“The physical and emotional challenges that 2 year old present need the higher level of Adult ratio and we need the funding to do this, taking money would just add to the pressures of an already underfunded sector.”*

*“We are able to provide support for younger children. The ratio to children is a higher rate.”*

*“Two year olds require far more support generally and reducing the funding by £0.26 per hour would have a significant impact on staff wages etc.”*

*“it should be 2.5% per funded group”*

*“SEND inclusion funding is already underspent as it is , so would you give the providers the funding that you don't use as SEND inclusion back to the providers at the end of the year or would you use it to fund the High needs block for schools like last time?”*

*“I rely on getting 2 year olds in with that higher rate to counter balance the 3/4 year we have at a much lower rate than our hourly cost privately.”*

*“Becuase ultimately we will have to continue doing the SEN work as providers as there are not enough specialist available or finances to pay them. Therefore giving us the money would benefit our children more as we can do training specific to the setting needs rather than spend weeks attempting paperwork which is then shot down as the need in your eyes isn't great enough!”*

*“You canny take a slice of the money due to providers and bank it for later, it needs to be paid direct to them so they can use it with the children where its needed most.”*

*“It's too much to cut the rate by.”*

*“Would not be cost effective for staffing ratio and fund too small to cover entire area”*

*“26p is too big of a reduction”*

*“As not all settings will need the inclusion fund.”*

*“The SEND money does not pay for 1 to 1 or support the child needs”*

*“Because it reduces our income”*

*“Unsure”*

*“The providers should be paid the full 100% from both 2, 3, and 4 year funding. Norfolk has one of the lowest rates in the country. By constantly taking from the providers who actually do the job you are risking them pulling out and only offering private hours.Your take if yiu have to take one should be no more than 2%”*

*“We need more funding for 2 year olds to cover enhanced ratios. We only take children from age 2.5 so it is unlikely we would ever be able to claim help from the SEND inclusion fund as they would be 3 by the time we have done assessments and interventions”*

*“I do not feel an inclusion fund is justified in the 2 year old age range.”*

*“no I don't agree with the percentage being taken in the first place so to add more in would be a terrible idea and again be affecting those working directly with the children who need more support and more finances to ease pressure.”*

*“In our experience 2 year funded children/families require more support/time and we feel this is valuable to allow us to do this effectively.”*

*“It would not benefit our setting”*

*“This would mean that £3.90 per week is taken directly away from settings looking after 2 year olds from low income families just to support local authorities central services”*

*“Because the current rate doesn't equate to what it costs us, we could afford to lose another 26p.”*

*"1. Agree to top slice (but not at 26p) to provide a 2 year old SEND Fund. Not to contribute to central services. Is there an indication that the LA contribution to EY Service will cease?*

*2. This level of reduction does not acknowledge the staffing ratio/costs required for the youngest children."*

**Appendix 4**   
**Q10. Do you agree that the Norfolk base rate should be linked to and amended in proportion with the Early Years National Funding Formula (EYNFF) base rate from central government?**

Comments verbatim as submitted through the survey.

In favour of linking changes to local base rate to EYNFF base rate:-

*“Gov base rate for Norfolk is £4.38 - which is still the lowest in the country, we need to have at least the full entitlement, all settings are struggling and need money as allocated.”*

*“It feels like that should be the best option. I have read the guidance linked to this survey more than once and done some independent research and am still unsure whether the Norfolk early years formula means a higher or lower rate delivered to providers compared to the EYNFF from central government. Maybe we could have some further information about this?”*

*“Automatic increases efficiently pass through all increases”*

*“It would mean more for me”*

*“I think in Norfolk we receive a lower base rate.”*

*“As long as it doesn't go down from what it is now!!”*

*“Norfolk is one of the lowest base rates in the country”*

*“Only as long as it does not reduce our income”*

*“It is important that EYFS Providers are treated equally with other providers nationally.”*

*“A consistent approach would show transparency - and push some of the decision making back to central government rather than the NCC early years teams”*

*“the rates countyide differ and although there should be some movement due to expenses in areas like London other areas including Norfolk are too low”*

*“Let settings decide which services to purchase from the local authority by giving them as much of the base rate as possible.”*

*“Because Norfolk's base rate is so low when compared with other counties, that providers need certainty that this will increase in line with National adjustments”*

*“To provide the maximum possible funding rates”*

*“I think this would better for clarity and be seen to be fair to all.”*

*“it would make the funding formula more transparent and seen to be fair for all.”*

*“Having looking at some information it appears our base rate is lower than alot of other counties??”*

*"1. If the national rate is increased (or not) at least providers would know this would be the increase ( or status quo).*  
*2.Personal opinion is a preference for a base rate without optional supplements to be the aim, without any provider having a reduction in their rates. Even if it takes a couple of years to achieve, and some providers don't see any increase for 2 years, including our preschool. This would require a different sort of proposal to the Schools Forum.*   
*3. This sort of consultation based on 'individual impact' is not helpful. If everyone voted, the majority option would be Option 1. The rest of the vote would be split between option 3 ( base rate only) and option 5 ( rural supplement)*   
*4. May I suggest alternative figures be worked on that keeps the 286 providers at 2020-21 rate and all the rest have an increase but go on Option 3 base rate at a slightly reduced rate (£4?) Would it take 2 years for all the providers to be on the same base rate?"*

Not in favour of linking changes to local base rate to EYNFF base rate:-

*“Each area is different and we should be able to get a chance to voice our opinion”*

*“Localised, better understanding of local providers need and local economy”*

*“to give us a say.”*

*“I feel it should remain as it is at present and be reviewed and consulted upon as necessary”*

*“I am actually unsure and would need to look at further information”*

*“This would then set out the best options for us”*

*“I would like it to be made fair to us all.”*

*“I believe if this was implemented the possibility of in year changes to funding would make an already financially vulnerable section of education even more at risk of closures due to unsustainable. Mid year changes make forward planning impossible.”*

*“I think its important to look at the county and its needs and assess them specifically rather than a generalised UK approach to EY funding.”*

*“Norfolk is still one of the lowest funded rates for early years providers so it needs to be consulted and reviewed with these providers to make sure any changes will not adversely affect them.”*

*“To allow local expert knowledge to be applied to funding decisions”*

*“I feel that Norfolk have always put our best interest at the heart of their funding decisions. One framework for the whole country may not be the best think for Norfolk providers”*

*“Regular review can take account of recent developments”*

*“Although I am not able to find very much information as to what this would mean. so would prefer more information before I made a decision,”*

*“I believe the current government will cut public funding whenever possible, and it is important that the people providing this vital service are consulted before changes are made.”*

*“I believe that the funding rate should be the same for all children regardless of where they live. A child is a child and discrimination must stop.”*

*“I feel this would give practitioners the option to give an opinion and I trust NCC would increase the funding if possible to providers.”*

**Appendix 5  
Q11. If you have anything else you would like to add about any of the proposed changes please add them in the box below.**

Comments verbatim as submitted through the survey.

*“I do think you need to consider the impact on providers who would see a decrease in funding. Many are currently saying they regret agreeing to funded hours, as the rate paid is much lower than the rate at which we would charge. Norfolk providers charge a very low hourly rate, comparatively to the uk, and are beginning to become dissatisfied with the remuneration the role offers.”*

*“I think we can agree that with every option it is very apparent that you do not pay enough per hour for 3 - 4 year old funding, it is rather embarrassing the rate we receive for the work we do so this needs reviewing!!”*

*“if you take away the extra supplements then most childminders will stop taking the funding for 3 and 4 year olds which will impact on parents ability to work. My hourly rate is low compared to some but I would still be working for 67p an hour less. Parents are told they qualify for free childcare instead of subsidised. When told they pay for meals, resources and outings etc which are all included in my normal hourly rate some are not happy.”*

*“Think it is very much time to review this so it remains fit for purpose and fit for Norfolk.”*

*“I am shocked to find the proposals mainly reduce the funding rate especially in a time where we have seen such a shortfall in the amount of work coming in due to covid and working throughout putting ourselves and our families at risk to remain open for key workers etc”*

*"I am shocked and saddened to see proposals of mainly reducing the rate when we are seeing reduced footfall and increased costs as well as remaining open risking ourselves and families due to cv19  
we have to find time unpaid to input info on portal etc) and have to read and interpret guidance ourselves with no la support."*

*“The council need to look at the average childminder prices for 2020 and not go off 4 year previous charges per hour. The average for my aera looking at all the childminders in south norfolk is around £4.27 for east anglia £4.86 per hour”*

*“There is a need to flexible 2year funding to be considered. We have many children who have 2 year funding but this does not start till the term after their 2nd birthday which could be a further 16 weeks before they can start.. These families are deemed to need the funding therefore being in a setting would be more beneficial than at home waiting for funding to kick in even if they were allocated a reduced number so 6 hours to get them in and settled before full funding begins”*

*“Any change to the funding rate is going to cause uproar within many settings as the base rate is so much lower than their charges. Its going to cause a situation where setting will no longer be able to take funded places. As it stands I only offer funding to existing clients who I've had since babies.”*

*“As always ai feel the options are confusing for some people especially those new to the systems. What is needed is more support and more finances for childcare. People are pushing to make it more and more of a professional recognised career this is being undermined by low pay. As a child minder unless I have two children in at all times I am open I would be better financially working at a supermarket or a food factory. However I am a highly qualified person who continues with CPD, attends courses where possible, invites people into her own home, has adaptations to my home to accommodate people, has many financial out goings linked to work. I do not charge ANY extras for funded hours unlike nurseries I know who exploit loop holes to do this. I feel we are constantly short changed in our funding options which makes to for a pressured environment as there are financial concerns going on in the background. In addition to then discuss this during such times of uncertainty with many households really struggling to make ends meet seems wrong. out of all the options provided 2 would bring me a pay "rise" and 3 would mean I would be taking a pay drop. I feel more support and more financial options need to be made available for those in the profession.”*

1. There were 111 submitted surveys, with 1 response without rankings, 1 resubmission from the same childminder (the latest response was used) and 4 responses from one OFSTED registration for a maintained school with the initial response from the Head utilised (each submission was from a different individual and so it was presumed that the Head’s response took precedence) [↑](#footnote-ref-2)
2. As at 3rd September 2020 [↑](#footnote-ref-3)
3. Alterative systems of weighting could be utilised, such as increasing the proportional weighting of those ranked higher, but the possibilities are endless and the local authority are not of the view that this will not substantially add to the considerations. [↑](#footnote-ref-4)
4. Based upon the providers that have signed 2020-21 Funding Agreement at the date of analysis [↑](#footnote-ref-5)
5. Based on claims received between 1st April 2019 and 31st March 2020 (71 no or partial claim) [↑](#footnote-ref-6)
6. Early years entitlements: local authority funding of providers operational guide 2020-21 [↑](#footnote-ref-7)