Early Years Funding Consultation July 2022

Draft response text from Early Education

Question 1: Do you agree with our proposal to update the underlying data in the additional needs factor in the EYNFF?

Unsure - The information does not allow us to see the impact it is having on the distribution of funding.

Question 2: Do you agree with our proposal to move to using the free school meals headline measure?

Unsure - The information does not allow us to see the impact it is having on the distribution of funding.

Question 3: Do you agree with our proposal to update the way in which the Disability Living Allowance data is used?

Unsure - The information does not allow us to see the impact it is having on the distribution of funding.

Question 4: Do you agree with our proposal to update the underlying data used in the area cost adjustment in the EYNFF, in particular the rateable values data and the GLM data, when available?

We agree with the principle of updating the underlying data in the EYNFF. However, we note that in practice this would result in a greater real terms cut for some local authorities than others in the hourly rate used to allocate funding, most strongly affected those in London and the North East. The range of increases (from 1% to 4.5%) are all significantly below inflation. Given that the EYNFF is already hugely underfunded and given the enormous cost pressures which the sector currently faces, we question whether this is an appropriate time to implement this change.

Question 5: Do you agree with our proposed amendments to the proxy measure for premises related costs in the EYNFF, including introducing schools rateable values data?

Unsure - The information does not allow us to see the impact it is having on the distribution of funding.

Question 6: Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?

No.

This proposal does not guarantee that the early years element of TPPG will continue to be passed through to infant and primary schools. The principle should be that it should be passed through to them to meet the increasing costs of employing all teachers, not be added to the general EYNFF funding pot. We would prefer to see a mechanism found which would ensure that schools continued to receive TPPG funding in relation to all of their pupils, whether by including the early years element in the schools grant, or having a dedicated schools TPPG stream in the early years funding pot.

Question 7: Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement?

No – that is not specific enough to ensure that funding which would previously have gone to schools continues to do so in order to meet increases in teachers' pay and pensions. If the early years element of the TPPG for primary schools is included in the EYNFF, we would like to see the guidance updated to make clear that this funding is specifically intended for schools to meet pay commitments.

Additional funding is needed to provide at least inflationary salary increases for all practitioners in the early years sector, but that requires an increase in the overall funding quantum. It is neither sufficient nor appropriate to use the early years component of the TPPG to tackle "additional pressures" of this more general sort. With a quarter of schools already seeing costs exceed income in relation to their early years provision, it is not wise to shift funding from primary schools to others within the early years sector. Research shows that the quality of teacher-led provision in schools is higher than in PVIs, and that it is often located in disadvantaged areas where other provision is lacking and where quality has a crucial role to play in improving outcomes.

Question 8: Do you agree with our proposal to update the underlying data in the area cost adjustment in the 2-year-old formula?

Unsure - The information does not allow us to see the impact it is having on the distribution of funding, but see also answer to q9.

Question 9: Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?

We agree with the principle of calculating the 2-year-old formula on an equivalent basis to the EYNFF formula for 3-/4-year-olds by including a proxy for premises. However, we note that this increase disproportionately favours local authorities in London and the South East, most of which will see increases at the top end of the scale (8.5%, which is still a real terms cut), while most of the rest of the country receive a minimal increase (1%), way below the rate of inflation. Given that the 2-year-old offer is already hugely underfunded and given the enormous cost pressures which the sector currently faces, we question whether this is an appropriate time to implement this change which represents a significant real terms cut for many.

Question 10: Do you agree with our proposed approach to protections in the EYNFF for 2023-24?

The problem with a year-to-year protection level of +1% is that in real terms against current levels of inflation this represents a significant cut. Even the gains cap proposed of 4.5% is significantly below inflation, meaning real terms cuts across the sector. This is simply not affordable for the early years sector which was already underfunded and has been further weakened by the financial impact of the pandemic on sector costs and income generation potential.

Question 11: Do you agree with our proposed approach to protections in the 2-year-old formula for 2023-24?

The problem with a year-to-year protection level of +1% is that in real terms against current levels of inflation this represents a significant cut. The gains cap proposed of 8.6% is still below the rate of inflation, meaning real terms cuts across the sector. This is simply not affordable for the early years sector which was already underfunded and has been further weakened by the financial impact of the pandemic on sector costs and income generation potential.

Question 12: Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?

We welcome the proposal for a minimum funding rate for the MNS supplementary funding, and the level of £3.80 proposed will even out the funding rate for a significant proportion of the sector.

We note that there are MNS in local authorities which will not qualify for a share of the £10m which are also in financial difficulty, and that more work needs to be done to ascertain whether this relates to the level of supplementary funding needed or to the wider EYNFF funding rates.

The cap on the hourly funding rate in practice will only affect MNS in Westminster, as Hampshire will still receive substantially more than they pass in supplementary funding to their MNS (see https://www.hants.gov.uk/educationandlearning/schoolbudgetshares/budget-shares-current). We question why Hampshire receive substantially more grant for supplementary funding that they actually allocate for the purpose, while their MNS struggle to balance their books. For the MNS supplementary funding to serve its intended purpose, there should be a clear pass-through requirement for local authorities of at least 95%.

The cap therefore in practice only affects MNS in Westminster. For them it would mean a £400k reduction across the borough in a single year, which would be highly destabilising, while the savings nationally would be insignificant. This casts doubt on the rationale for proposing a cap. We would argue that against a cap, but if it is introduced it should be done gradually in line with the usual principles of cuts being staged and manageable. [Status of Portman Centre and Pen Green as integrated centres with non-standard funding??]

Question 13: Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?

We agree that rolling MNS' TPPG into the supplementary funding is an appropriate way of mainstreaming the funding, with the proviso that the practical impact of the policy needs to be checked to see how this would impact on what individual schools actually receive. Guidance to local authorities should reflect this change and encourage them to ensure that their methodology for allocating supplementary funding ensures that TPPG is passed on proportionately to the number of teaching staff in schools.

Question 14: Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?

DfE should publish its impact assessment, including analysis of the demographics of the areas which will receive lowest funding levels compared to those which receive more. Our superficial analysis of the data suggests many of those areas which will be worst affected would have higher than average proportions of children from minority ethnic communities. There is also evidence that the funding crisis is leading to providers having to turn away children with SEND because they do not have the resources to meet their needs, eg where staffing ratios are cut to the minimum. This below inflationary settlement is therefore likely to have a disproportionate impact on children with SEND.

Question 15: Are there any other comments that you would like to make about our proposed reforms?

Much of what is proposed in the way of changes to the formula around use of more up to date data and more consistent formulae makes sense in the abstract. However, in the context of real terms cuts in the total funding pot, it is hard to find any way in which the funding can be distributed fairly. It is imperative that the DfE makes the case to Treasury for sufficient funding to meet the real costs of delivery of the early years entitlements, in the context of current levels of inflation.