

Consultation on the Funding of Early Years in Darlington

February 2017

Responses to be returned to chris.archer@darlington.gov.uk by
17th February 2017

Funding Early Years Education in Darlington

Why are we consulting on Early Years Funding?

The government is changing the way early years education for all 3 & 4 year old children is funded from April 2017 and the entitlement for eligible 3 & 4 year old children will extend from 15 hours per week to up to 30 hours per week.

In March 2016, the Childcare Act 2016 was passed. This allowed eligible 3 and 4 year olds of working parents to have an extended entitlement of up to 30 hours per week of free early education in 38 weeks in any year. In August, 2016, the government launched a consultation on an early years national funding formula with proposals on how the Dedicated Schools Grant (DSG) will be allocated to Darlington.

A national funding formula defines the early years funding is given to each local authority. Government proposals will mean changes to the way providers of early years education will get paid for each child and how the Darlington is able to support the cost of ensuring that enough high quality early education and childcare is available in the area.

The government will introduce a national funding formula for the Early Years Block of the Dedicated School Grant (DSG) in April 2017. Darlington's allocation (indicative) for Early Years Block of the Dedicated School Grant (DSG) in 2017/18 is £6.7 million.

The changes mean that Darlington Early Years Funding Formula must be revised and may mean that some early years education and childcare providers see an increase in the basic hourly funding rate they are paid for 3 and 4 year old children accessing their free early education entitlement. We know that, across the borough, we have a wide range of providers offering the free early education entitlement and therefore, it is important that we understand the impact of these potential changes on our early years sector.

Darlington is launching a local consultation with the early years sector on the aspects of change that will have an impact on the delivery of the free early education offer and the childcare business.

Background

Darlington Council has a statutory duty to provide funding to Early Years and Childcare Providers offering the free entitlement using an Early Years Single Funding Formula. In Darlington we regularly update the formula by consulting with Early Years and Childcare Providers through the Schools Forum mechanism. The current changes underpin the most significant changes to early years funding and delivery arrangements since 2010/11.

In March 2016, the Childcare Act 2016 was passed. This provides for an extended entitlement of up to 30 hours of free early education in each of 38 weeks in any year for the eligible three and four year old children of working parents. The extended entitlement commences in September 2017.

As part of planning for the expanded free early education offer, the government consulted the early years sector and stakeholder on proposals for:

- the way in which the three and four year old free entitlement is funded
- the levels of funding for the free early education entitlement for 2, 3 and 4 year olds to local authorities
- indicative funding rates for providers
- how local authorities are expected to administer the entitlements
- the amount of funding that can be centrally retained by local authorities

Summary of government proposals

Following the national consultation the government has developed a new national funding formula for early years which will inform the levels of Dedicated School Grant (DSG) Early Years block funding that Darlington will receive from April 2017 onwards and how providers will be funded for delivering the current universal 15 hour per week free entitlement offer and the forthcoming additional 15 hour per week offer for eligible 3 & 4 year old children of working parents.

3 & 4 year olds

The early years funding formula will apply to existing 15 hour entitlement and to the additional 15 hours from Sept 2017. The funding rate, to LAs and for providers, will be the same for both elements.

There is a defined threshold for the proportion of funding passed to providers: 93% of the funding received by the Council for the delivery of the 3 & 4 year old free entitlement in 2017-18, rising to 95% from 2018-19 onwards.

A deprivation factor supplement, added to the universal base rate, remains mandatory. Darlington can choose the metric to apply e.g. IDACI or FSM and the amount paid. Darlington can choose which, if any supplements to apply.

Eligible 2 year olds

The government have indicated that there will be uplift to the 2 year old funding rate. Darlington will receive £5.20 per hour from April 2017, increased from £4.85 received in 2016/17. Darlington propose to pass the total funding received to providers, therefore the outcome of this uplift will take Darlington rates for 2 year old funding from £5.10 to £5.20 per hour.

Early Years Pupil Premium (EYPP)

This separate funding stream, to be applied to provider funding rate, will continue unchanged at £0.53 per hour for each eligible 3 & 4 year old child.

Children with Special Educational Needs: Disability Access Fund

There will be a new Disability Access Fund (DAF) to support disabled children to access free entitlement. This fund will be for 3 & 4 year olds who are taking up their entitlement and are in receipt of Disability Living Allowance (DLA) or are receiving free early education. For each child that is eligible for DAF, the setting will be entitled to receive a one off payment of £615 per year. DAF is not based on the hourly rate and is an additional entitlement. Children will be entitled to DAF even if they do not take up their full entitlement.

Children with Special Educational Needs: SEND Inclusion Funding

All local authorities are required to set up an inclusion fund for children with special educational needs to support providers in driving outcomes for these children. Darlington currently has an inclusion fund which supports settings and schools to include children for their 15 hour free entitlement. The funding will be targeted at children with lower level or emerging SEND. Darlington will extend the current SEND Inclusion funding to meet the 30 hour entitlement. The consultation with providers will include the criteria for accessing the fund, the value of the fund and the process for allocating funding. The inclusion fund for children with special educational needs will be detailed in the local offer. All providers who are eligible for 3 & 4 year old funding are eligible for SEND inclusion funding.

Maintained Nursery Schools

The government have proposed that there will be additional supplementary funding provided for maintained nursery schools for the duration of this Parliament. The additional supplementary funding will support transition to the universal rate. The additional funding is £223,476. This presents a challenge to the two maintained nursery schools who are currently reviewing their business plans.

Centrally funded Early Years Services

Government proposes that money which has been used by Darlington Borough Council (centrally held funding) to support the delivery of support and advice to Early Years settings should be limited to 7% of the funding received by the Council for the delivery of the 3 & 4 year old free entitlement in 2017-18, reducing to 5% from 2018-19 onwards.

Darlington currently holds less than 5% of the budget to provide the Early Years Team. Therefore, Darlington will continue to provide free support and advice to early years settings.

Advice from government

The DfE launched a consultation process on early years funding in August 2016. The full document can be viewed on the following link: <https://consult.education.gov.uk/early-years-funding/eynff>.

The consultation sought the views of all interested parties. The consultation commenced 11th August 2016 and closed on the 22nd September 2016. Darlington Borough council and many of the schools and providers of Early Years education also responded to the consultation. The new Early Years Funding Formula will be implemented from April 2017 for the universal 15 hour offer and from September 2017 for the additional 15 hours to the 30 hours for eligible working families.

All local authorities have been advised by the government to use the national proposals set out in the consultation document to develop local funding formula for 3 and 4 year old funding and progress local consultation and decision-making in readiness for implementation of new proposals from April 2017.

The following section outlines Darlington proposals in response to the national proposals. Please consider and respond to each question by completing the 'Funding Early Years Education in Darlington Response sheet' found on page 13 and 14 and return to Chris Archer by 17th February 2017.

Details of Darlington proposals

Implementation of a Darlington Base Rate

The base rate is the unit of funding paid hourly to providers for each child accessing the 15 hour per week free entitlement. Darlington's early years single funding formula currently pays a base rate that differs according to provider type. Under the government proposals, a universal base rate will be introduced for delivery of the 15 hour per week free entitlement and, from September 2017, for delivery of the additional 15 hours per week entitlement for eligible children.

In Darlington this means making changes to our current early years funding formula to incorporate a new universal base rate.

Indicative figures provided by the government indicate Darlington Council will be funded for 3 & 4 year old children at a rate of £4.44 per hour per child from April 2017. The application of the government's proposed caps on the proportion of this funding rate that can be centrally held by the Council (i.e. 7%), and also on the proportions that can be paid to providers as supplements (i.e. 10%), implies a minimum universal base rate for funding providers in Darlington of £3.69 per hour per child. This however excludes funding for the SEN inclusion fund, which is also top sliced from the hourly rate hence further reducing the minimum base rate.

Appendix 1 shows a comparison between Darlington historical base rates and the proposed universal base rate for April 2017. It shows that there is an increase in the base funding rate for all providers from April 2017.

We would like to consult with stakeholders on the government proposed changes to the way early years education for all 3 & 4 year old children is funded from April 2017 and the entitlement for 3 & 4 year old children will extend from 15 hours per week to up to 30 hours per week.

Darlington preferred option: To introduce the proposed universal base rate per hour per child for providers of the three and four year old free entitlement from April 2017.

Reason why this is our preferred option -

- A universal base rate proposal is an increase in the base funding rate for all Darlington providers.
- A universal base rate provides a more streamlined and transparent method for allocating funding.
- A universal base rate is more equitable.
- An increased universal base rate ensures that the largest proportion of funding is directly paid to the providers.
- A universal base rate could be introduced with minimum turbulence in the market.

CONSULTATION QUESTION

Do you agree that the proposed universal base rate per hour per child for providers of the three and four year old free entitlement should be introduced as outlined from April 2017?

Discretionary and Mandatory Supplements

The government are seeking to restrict the use of supplements within local authorities early years single funding formulae to a limited set of possible supplements. The government proposed that local authorities have the discretion to fund supplements concerning

- Deprivation - Mandatory
- Rurality - Discretionary
- Flexibility – Discretionary
- Quality workforce qualifications and systems leadership – Discretionary
- English as an additional language – Discretionary

The use of supplements will be capped at 10% of the funding that is passed to providers.

Supplements are additional payments the council makes to providers for children who require additional support as a result of their individual circumstances. The government expects all Local Authorities to have in place a mandatory deprivation supplement with the underlying indicators of deprivation being the 'income deprivation affecting children index' dataset (IDACI), Free School Meals (FSM) or both. The deprivation supplement must be based on the child level definition of eligibility rather than on characteristics at the setting level.

The government has proposed a 10% cap on the level of funding that can be paid out to providers as supplements. The proposals maintain the deprivation supplement as mandatory, and this is the **only mandatory** supplement.

In Darlington, the deprivation supplement is currently set as follows,

1. £100 per child per term for children residing in the top 10% most deprived postcodes in Darlington.
2. £50 per child per term for children residing in the top over 10% to 20% most deprived postcodes in Darlington.
3. £25 per child per term for children residing in the top over 20% to 30% most deprived postcodes in Darlington.

Darlington proposes three options: To set a mandatory deprivation supplement per hour per child from April 2017 as follows –

- a. Retain the current values
- b. Decrease the deprivation payments by 20% to £80, £40 and £20 respectively
- c. Decrease the deprivation payments by 50% to £50, £25 and £12.50 respectively

A decreased deprivation supplement will result in a higher percentage of funding being driven out to schools and settings through the base rate.

CONSULTATION QUESTION

	Please tick only one option
a. Do you agree that Darlington should set a mandatory deprivation supplement which retains the current values?	
b. Do you agree that Darlington should set a mandatory deprivation supplement which decreases the deprivation payments by 20% to £80, £40 and £20 respectively?	
c. Do you agree that Darlington should set a mandatory deprivation supplement which decreases the deprivation payments by 50% to £50, £25 and £12.50 respectively?	

Darlington Discretionary Supplements

The government has stated that local authorities should continue to supplement their universal base rate by providing additional funding to providers for particular purposes but are seeking to restrict the use of supplements within local authorities early years single funding formulae to a limited set of possible supplements. All supplements will reduce the universal base rate per hour per child.

Within their consultation, the government proposed that local authorities have the discretion to fund supplements concerning rurality/sparsity, flexibility, efficiency and delivery of the additional 15 hours free childcare. What this means in practice is that Darlington Borough Council having some discretion to introduce supplements that enable them to respond to market conditions locally.

Darlington preferred option: No payment of discretionary supplements will be made.

Reason why this is our preferred option -

- We wish to ensure all funding is maximised per child per hour. Any discretionary supplement payments would result in a reduction of the universal base rate.
- We believe the schools and settings in Darlington will provide a mixed economy of places for children and that there is no need to incentivise places by rewarding some providers at the expense of others.

CONSULTATION QUESTION

Do you agree that Darlington should not pay discretionary supplements?

Supplementary funding for maintained nursery schools

The government have proposed that there will be additional supplementary funding provided for maintained nursery schools for the duration of this Parliament. The additional supplementary funding will support transition to the universal rate. Darlington Borough Council intends to pass all funding received for the additional supplementary funding for maintained nursery schools directly to the two maintained nursery schools.

Free early education entitlement for two year olds

The government have proposed an increase to the current funding rate local authorities receive for the delivery of the 2-year old programme. This would mean the hourly funding rate received by the Council would be increased to £5.20 from April 2017. The government currently pays the Council a funding rate of £4.85 per hour per child for the delivery of the 2-year old programme. It is proposed that the hourly rate paid in Darlington for 2 year old children is increased from £5.10 to £5.20 from April 17.

Darlington preferred option: To increase the hourly rate paid to providers by £0.10 to match the funding received from Government for the 2-year old programme from April 2017.

Reason why this is our preferred option -

- An increased rate ensures that the largest proportion of funding is directly paid to the providers.
- The proposed rate per hour per child could be introduced with minimum turbulence in the market.

CONSULTATION QUESTION

Do you agree that the proposed rate of £5.20 per hour per child, for providers of the 2-year old programme, should be implemented from April 2017 (in line with the funding received from Government)?

Children with Special Educational Needs: SEND Inclusion Funding

All local authorities are required to set up an inclusion fund for children with special educational needs to support providers in driving outcomes for these children. Darlington currently has an inclusion fund which supports settings and schools to include children for their 15 hour free entitlement.

The revised inclusion fund will continue be targeted at children with emerging SEND. Darlington will extend the support funding to meet the 30 hour entitlement. All providers who are eligible for 3 & 4 year old funding are eligible for SEND inclusion funding.

SEND Inclusion Funding develops and enhances the inclusive practice of all early years and childcare practitioners throughout Darlington. This is achieved through empowering early years practitioners to develop inclusive early learning environments, and to help them support children in removing barriers to learning wherever these exist.

Early Years Inclusion Co-ordinators support setting based SENCOs and practitioners by providing advice on group management for children with special education needs. Their core work is to develop practitioner confidence and competence to address individual needs.

Area Early Years Inclusion Co-ordinators support setting SENCOs by:

- Providing advice and practical support for the identification, assessment and intervention within the SEND Code of Practice.
- Developing and delivering inclusion-based training both on an individual setting and wider basis
- Providing day-to-day support for SENCOs in drawing up and implementing strategies to ensure children with additional support needs are included.
- Developing and disseminating good practice.
- Empowering SENCOs to support smooth transitions to childminders, school, nursery and reception classes
- Providing termly SENCO Support Groups The meetings provide opportunities to network with other SENCOs and share good practice.

The Darlington SEND Inclusion Fund has been increasing year on year. There appears to be a growing percentage of children presenting with complex needs. The fund has grown yearly in order to ensure the settings and schools are able to include children identified with special educational needs. The Darlington Early Years Inclusion fund is currently distributed termly. In the financial year 2016 to 2017, £118,200 was distributed to settings and schools. Darlington Early Years team work with paediatricians and speech and language services to ensure funding is targeted and subsequently monitored to ensure best value.

Darlington supports the building of capacity within universal services to improve inclusive practice. The method of meeting the child's needs is the responsibility of the setting/school, must be personalised, reviewed regularly and demonstrate value for money.

We would like to consult with stakeholders on proposed changes to extend the existing Early Years SEND Inclusion Fund to meet the 30 hour entitlement. The process of accessing funding will remain the same as it is currently. The application will be amended to ensure it captures the child's attendance model, should the eligibility be split between settings/schools. The inclusion fund for children with special educational needs will be detailed in the local offer. All providers who are eligible for 3 & 4 year old funding will continue to be eligible for SEND inclusion funding.

Darlington preferred option: To increase the current Early Years SEND Inclusion Fund to meet the 30 hour entitlement for 3 & 4 year olds from September 2017.

Reason why this is our preferred option -

- We recognise that settings need to meet children's special educational needs and/or disabilities in order to reduce the impact on outcomes for children.
- We believe the current Darlington SEND Inclusion Fund model is responsive to the needs of settings/schools and ensures capacity is built from the earliest stages.

CONSULTATION QUESTION

Do you agree that Darlington should increase the current Early Years SEND Inclusion Fund to meet the 30 hour entitlement for 3 & 4 year olds from September 2017?

Early Years Inclusion Funding Allocation Procedure

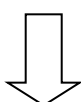
The SEND Code of Practice emphasises that special educational provision is appropriate only when intervention is required that is in addition to and/or different from usual EYFS provision for all children. Within the EYFS all children require a high level of adult support, mediation and supervision as recognised by the specific requirements for ratios of adults to children. The additional funding is awarded as defined by the following bands –

Band	Descriptors
A	Total physical care including manual handling in order to be included Total supervision for reasons of health and safety. High level of supervision to access all areas of the setting. High need ASD cases.
B	Specific individualised interventions to address social, emotional or learning needs throughout the session. Higher level of supervision to access all areas of the setting. Moving and handling. Medication (life saving). Tube feeding. Speech and language significant speech difficulties. (Hearing Impairment) Global Delay Medium need ASD cases.

The Early Years Inclusion Panel meets termly to consider submitted information. The information is submitted by the child's school/setting. Based on the evidence provided funding is allocated to ensure the school/setting can take the actions proposed on the application for the term. Funding is paid via DBC finance at the end of the term.

It is the responsibility of the setting/school to communicate with parents and carers regarding the model of addressing a child's needs. The Early Years Inclusion Coordinators support and advise the setting practitioners and attend meetings between the setting and parents/carers where advice is necessary.

The EYFS setting/school should seek advice/support from the Early Years Inclusion Coordinator or Life Stages Early Support Coordinator. Following discussion of the strategies/steps necessary to include a child/ren the early years setting/school completes an application form for Inclusion Funding. The application form and Darlington One-Plan form is submitted to the Early Years Team by the date specified on the application form.



Application is considered by a panel which includes the following professionals:

Head of Early years
Paediatric medical practitioner
Speech and Language Therapist
Early Years Inclusion Coordinators
SENCO representation from private settings
SENCO representation from a school
Life Stages Early Support Coordinator



Schools and settings receive notification of the Inclusion Panel decision regarding funding allocated. Funding commences at the beginning of the term after the application.

It is proposed that funding is allocated according to the number of hours the child attends the setting/school using the banding criteria x hours attended.

Band	30 hours	24 hours	20 hours	15 hours	10 hours	5 hours
A	2000	1600	1400	1200	800	600
B	1500	1200	1000	800	500	300



Early Years Inclusion Coordinators monitor the targets/actions as identified by the setting on panel application to ensure the child/children are included in the setting/school.

Darlington preferred option: To introduce the proposed Early Years Inclusion Funding Procedure for 3 & 4 year old children accessing the 30 hour entitlement from September 2017.

Reason why this is our preferred option -

- The model offers a proportional increase in the Early Years Inclusion Funding for all Darlington providers making an application.
- The model offers is based on the hours a child attends a setting.
- The model provides a transparent method for allocating funding.
- The rates could be introduced with minimum turbulence in the market.

CONSULTATION QUESTION

Do you agree that the proposed Early Years Inclusion Funding Procedure for children accessing the 30 hour entitlement for 3 & 4 year olds should be implemented as outlined for September 2017?

What happens next?

We wanted to gather your views about our proposals for developing a sustainable Early Education and Childcare offer in Darlington.

Please consider and respond to each question by completing the 'Funding Early Years Education in Darlington Response sheet' found on page 13 and 14 and return to Chris Archer by 17th February 2017.

If you wish to discuss any of the issues raised in this consultation document please contact the Early Years Service –

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Consideration of all feedback from stakeholders together with all other material considerations will inform the final report to be presented at **School Forum 7th March 2017**.

Funding Early Years Education in Darlington Response Sheet

Please return to chris.archer@darlington.gov.uk by 17th February 2017

Implementation of a Darlington Base Rate

CONSULTATION QUESTION

Do you agree that the proposed universal base rate per hour per child for providers of the three and four year old free entitlement should be introduced as outlined from April 2017?

Discretionary and Mandatory Supplements

CONSULTATION QUESTION

	Please tick only one option
a. Do you agree that Darlington should set a mandatory deprivation supplement which retains the current values?	
b. Do you agree that Darlington should set a mandatory deprivation supplement which decreases the deprivation payments by 20% to £80, £40 and £20 respectively?	
c. Do you agree that Darlington should set a mandatory deprivation supplement which decreases the deprivation payments by 50% to £50, £25 and £12.50 respectively?	

Darlington Discretionary Supplements

CONSULTATION QUESTION

Do you agree that Darlington should not pay discretionary supplements?

Free early education entitlement for two year olds.

CONSULTATION QUESTION

Do you agree that the proposed rate of £5.20 per hour per child, for providers of the 2-year old programme, should be implemented from April 2017 (in line with the funding received from Government)?

Children with Special Educational Needs: SEND Inclusion Funding

CONSULTATION QUESTION

Do you agree that Darlington should increase the current Early Years SEN Inclusion Fund to meet the 30 hour entitlement for 3 & 4 year olds from September 2017?

Early Years Inclusion Funding Procedure

CONSULTATION QUESTION

Do you agree that the proposed Early Years Inclusion Funding Procedure for children accessing the 30 hour entitlement for 3 & 4 year olds should be implemented as outlined for September 2017?

If you wish to make any further comments please use the box below –

Thank you for taking the time to respond to this consultation.

Appendix 1

Appendix 1 shows a comparison between Darlington historical base rates and the proposed universal base rate for April 2017. It shows that there is an increase in the base funding rate for all providers from April 2017.

Option 1 - Deprivation Supplement Unchanged

Provision	2016/17 Rate	Proposed 2017/18 Rate	Change
<u>3 & 4 Year Old</u>			
Nursery School – Per hour per child	£3.68	£4.08	£0.40
School Nursery Class – Per hour per child	£3.68	£4.08	£0.40
Private, Voluntary & Independent Sector – Per hour per child	£3.78	£4.08	£0.30
Deprivation – Top 10% most deprived post codes – Per term, per child	£100	£100	Nil
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£50	£50	Nil
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£25	£25	Nil
<u>2 Year Old</u>			
All Providers – Per hour per child	£5.10	£5.20	£0.10

Option 2 - Deprivation Supplement decreased by 20%

Provision	2016/17 Rate	Proposed 2017/18 Rate	Change
<u>3 & 4 Year Old</u>			
Nursery School – Per hour per child	£3.68	£4.11	£0.43
School Nursery Class – Per hour per child	£3.68	£4.11	£0.43
Private, Voluntary & Independent Sector – Per hour per child	£3.78	£4.11	£0.33
Deprivation – Top 10% most deprived post codes – Per term, per child	£100	£80	(£20)
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£50	£40	(£10)
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£25	£20	(£5)
<u>2 Year Old</u>			
All Providers – Per hour per child	£5.10	£5.20	£0.10

Option 3 - Deprivation Supplement decreased by 50%

Provision	2016/17 Rate	Proposed 2017/18 Rate	Change
<u>3 & 4 Year Old</u>			
Nursery School – Per hour per child	£3.68	£4.15	£0.47
School Nursery Class – Per hour per child	£3.68	£4.15	£0.47
Private, Voluntary & Independent Sector – Per hour per child	£3.78	£4.15	£0.37
Deprivation – Top 10% most deprived post codes – Per term, per child	£100	£50	(£50)
Deprivation – 11 - 20% most deprived post codes – Per term, per child	£50	£25	(£25)
Deprivation – 21 - 30% most deprived post codes – Per term, per child	£25	£12.50	(£12.50)
<u>2 Year Old</u>			
All Providers – Per hour per child	£5.10	£5.20	£0.10

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