

## Government consultation on early years funding formulae

### Response of the Association of School and College Leaders

#### A. Introduction

1. The Association of School and College Leaders (ASCL) represents over 21,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary phase. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.
2. ASCL welcomes the opportunity to contribute to this consultation.

#### B. Key points

3. In its [2021 report](#), the Institute for Fiscal Studies (IFS) highlights the inconsistency of early years entitlement spending over the previous decade. Increases in cash terms during the period have been followed by cash freezes, which have resulted in real-terms cuts. For example, in 2020/21 additional funding raised hourly rates to £5.71 from £5.44, but this was below the 2017 rate of £5.89 in real terms.
4. In ASCL's [Blueprint for a Fairer Education System](#) we call for the development of the national distribution formulae into a clear, consistent approach to 0-19 funding, based on a detailed analysis of what every child and young person needs to succeed. This should align with the core curriculum at all ages. It needs to be both sufficient overall and appropriately distributed. It should include a refocusing of the current approach to 'levelling up' so that proxy factors are agile and quickly reflect changes in need.
5. The [IFS Deaton Review](#) includes a chapter on 'Building A More Equal Education System'. Included are a set of guiding principles for policy makers, the first of which is to look at the education system as a whole. This principle resonates with the ASCL Blueprint. Educational inequalities start early in life, but every stage of the system plays a role in addressing inequality.
6. [The Early Years Alliance](#) raises concerns about the risks of applying national statistics to an educational landscape that looks very different in different parts of the country. If the government is serious about achieving its 'levelling up' agenda, distribution formulae must work in a way that cuts through national headline indicators and targets funding where it is most needed.
7. ASCL believes that more investment is required in the early years. This supports the inclusion in the Deaton review's guiding principles of the importance of early intervention. We would go further and suggest that greater investment in early

intervention to support children with SEND could result in a reduction in the number of Education Health and Care Plans (EHCPs) needed as children move through school. Investing in closing the disadvantage gap in the earliest phase of a child's education, as well as being the right thing to do educationally, could also ease pressure on the high needs block in future years.

8. This consultation is focused on the distribution of entitlement funding and not the quantum. The impact of any changes in how available funding is distributed must be tested against points 1-7 above.

### **C. Answers to specific questions**

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

9. Yes. The data driving the formula should be as up-to-date as possible to properly reflect current need.
10. However, we would like to see current modelling to support the statement in 1.1 that the basic funding for each child is sufficient.

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

11. Unsure. We broadly support consistency across funding distribution methodology, but this change seems to be slightly at odds with the proposals for using Disability Living Allowance (DLA) in the EYNFF. The FSM proposal is suggesting a change to the headline measure, whilst the DLA proposal is suggesting a move to a more age-specific data set.

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

12. Unsure – see paragraph 11 above.

#### **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?**

13. Yes. The data driving the formula should be as up-to-date as possible to properly reflect current need.

#### **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?**

14. Unsure. This is not an area that ASCL is well placed to comment on.

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

15. Unsure. We think that mainstreaming the grant is a positive step, and we believe that baselining protects the pot of funding.
16. However, we are concerned about the potential risk to providers if the conditions of grant are as the proposal suggests. 1.4 indicates that Local Authorities (LAs) will be 'encouraged' to continue to support some of the costs for which the grants were originally introduced. Language changes to non-statutory guidance will not give the reassurance that providers require. This is not consistent with the methodology applied to include this funding in the national funding formula (NFF) for mainstream schools. Nor is it consistent with the conditions of grant for LAs passing this funding on to special schools.

**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?**

17. No. See paragraph 16 above.

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

18. Yes. The data driving the formula should be as up-to-date as possible to properly reflect current need.

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

19. Unsure. This is not an area that ASCL is well placed to comment on.

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

20. No. ASCL welcomes the introduction of national distribution formulae on the basis that such methodology can demonstrate the principles of transparency and fairness and ensure that every child has access to what they need to succeed.
21. We acknowledge that during a period of transition protections are necessary. However, we cannot accept that, after six years of implementation, a gains cap is still required to facilitate the operation of a minimum funding floor. This indicates that more funding is required to allow the formula to work properly.
22. This consultation makes sensible proposals on the importance of relevant underlying data that reflects current need. Applying a gains cap limits the efficacy of such recommendations.
23. We support the government's 'levelling up' ambitions, and the role that a national funding formula can play in that ambition. However, changes to the funding distribution mechanism cannot deliver equity unless the funding quantum is sufficient.

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

24. No. See paragraphs 20-23 above.

**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?**

25. Yes. We support the transparency that national consistency brings.
26. However, we cannot agree or disagree with the proposed amount in the modelling. We would like to see further consultation on the adequacy of the minimum funding rate.

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

27. Unsure. We tend to agree that MNS should continue to receive their TPPG funding via the supplementary funding route.
28. However, it is not clear from the consultation or the modelling data that conditions of grant will require the LA to passport this money directly to MNS. Also see paragraph 16.
29. We are concerned that the proposal to make this adjustment before applying the floor calculation will reduce the impact of any uplift available through the floor. We would like to see further consultation on the adequacy of the minimum funding rate.
30. We welcome the acknowledgement in section 5 of the consultation of the status of MNS and the additional cost pressures that this brings. We would urge the DfE to consider introducing a school-based element to the funding formula for these providers. The lump sum element of the NFF for schools would be a useful comparator.

**D. Conclusion**

31. ASCL fully supports the IFS Deaton Review's guiding principle that early intervention is important. Evidence indicates that preventing inequalities from opening up in the early years is more cost effective than trying to close the gap later in a child's education.
32. We welcome the funding settlement that SR21 delivered for early years. However, in the context of the current cost-of-living crisis and soaring inflation, we would like to see more modelling on the adequacy of the early years settlement and its capacity for delivering early education.
33. We are concerned that the wider reforms referred to in this consultation focus largely on childcare and the economic benefits of expanding the national workforce. Clearly this is a high priority, but it should not be at the expense of investment in early years education. Intervening in the early years and so preventing inequalities from opening up will contribute to a more equal education system overall.
34. I hope that this response is of value to your consultation. ASCL is willing to be further consulted and to assist in any way that it can.

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