

to **All Early Years Providers**date 11<sup>th</sup> September 2017

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my ref  
service  
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Dear Early Years Provider,

**Consultation on Inclusive Practice Funding and Provider Rates in 2018-19**

In my March letter outlining your budget I indicated that the systems in place to support children with additional needs in early years settings would be reviewed in the Summer Term. This review took place with the Early Years Schools Forum Working Group in June and was subsequently reported to a meeting of the Schools Forum in July.

Forum members agreed that the changes being considered should be the subject of a period of consultation in order to get a wider view from the sector. The papers attached set out proposals on the following areas:

1. To revise the operation of the current Inclusive Practice Fund
2. To seek views on the introduction of monthly payments
3. To take account of certain claims arriving after the termly headcount
4. To increase the Funding Formula and the overall pass through rate
5. To review the existing formula supplements.

The consultation will run for 5 weeks until 20<sup>th</sup> October and as part of this it is planned to hold a briefing at Birkenhead Town Hall on Monday 25<sup>th</sup> September at 10.00. Please let me know if you can attend

I look forward to discussing these proposals with you and receiving your comments and views. Please reply where possible by email to the above address.

Yours sincerely

Andrew Roberts  
Senior Finance Manager – Families & Wellbeing  
Corporate Resources and Reform

## Early Years Consultation Paper September 2017

### i Early Years Inclusive Practice Fund

#### Background

The 2014 Children and Families Act sets out the duties of Local Authorities in respect of special educational needs (SEN) and disability services (SEND). Specifically for early years, providers are required to have a regard to the Special Educational Needs and Disability Code of Practice 2014 and to have a policy on how SEND will be met in their settings. Early years providers must co-operate with the LA in meeting its duties for children with SEND. The LA offers “top-up” funding to providers delivering the universal 3 and 4 year free educational entitlement, where SEN has been identified and an additional support resource needs to be put in place.

#### Current arrangements:

The LA currently provides advice, guidance, support and funding opportunities for EY’s SEND via the Early Years Intervention Team. SEND “top up” funding is provided for up to the 15 hours universal free educational entitlement. To achieve this funding for a child, settings must demonstrate that they have operated a “graduated approach”, as detailed in the SEND Code of Practice.

In considering any application for “top up” funding the setting must seek advice from the LA Early Years Intervention Team. Arrangements for funding awards are approved at monthly meetings by LA officers. Approvals are awarded on the review of termly applications, which subsequently means funding awards can be paid retrospectively, (such as an application reviewed mid-July could be for a child’s additional need identified at end of that spring term or start of summer).

Currently the LA does not award “top-up” funding to children in maintained nursery schools or children in F1 nursery classes, as there are separate funding arrangements for these and also for children with severe and complex needs.

For 2016/17 the hourly rate of “top up” was = £3.85

The number of children supported = 92 in PVI’s and 68 in maintained nurseries

The actual budget was = £292,000 (and had an underspend of approximately £100,000).

A recent analysis has identified a number of areas that are in need of development and improvement to ensure that the Inclusive Practice “top-up” fund is accessible to all 3 and 4 year olds (where applicable). Also, that funding providers have clarity of the process and are able to submit high quality child centred applications

#### Proposals for SEN Inclusive Practice Fund;

The following are key areas to consider:

- Settings utilise the funding alternate to direct 1-1 support,
- There is a clear and robust pathway for identification/application
- Streamlined paperwork
- The funding award promotes early interventions
- That the early identification and funding better informs Education Health and Care Plans (EHCP’s)

The allocated budget for 2017/18 is = £450,000

It is proposed that:

1. The increased budget is for the sole purpose of the SEN Inclusive Practice Fund to better reflect the 11% population cohort of children who are potentially in need of additional support.
2. To secure the hourly rate of £4.22 for both 3 and 4 year olds.
3. To develop a funding awards allocation panel that has representation from both health and social care.
4. To replace the termly allocation of funding with a “one payment” scheme for a child’s academic year with a setting (which would move with the child if they change settings).
5. The application pack having more robust and qualitative information, ensuring evidence of on entry assessments, early observations, early interventions and a graduated approach by the setting and professionals and SMART personalised actions plans.
6. The awards allocation panel will sit 2-3 times per year.
7. To extend the access to the “top-up” award to maintained nursery schools and F1 nursery classes
8. The +15 additional childcare hours from September will not be eligible for additional Inclusion funding.
- 9 Only in exceptional cases will “top up” funding awards be made to 2 year olds.

### Questions

1. Do you agree with the proposals described for the Early Years Inclusive Practice Fund?
2. Should any alternative or additional proposals be considered?
3. Do you have any other comments?

## ii Introduction of monthly payments

The Early Education and Childcare Statutory Guidance says that “Local Authorities should pay all providers, particularly Childminders, monthly and are expected to do so from September 2018. If a provider requests and the Local Authority agree an existing alternative method of payment may be continued”

Settings currently receive funding in 2 instalments each term, an initial payment of 50% at the start of the term (using an estimate) and an actual payment later in the term (4 weeks after the headcount date). In Summer Term this meant that the first payment was made in week 1 and the second payment in week 9 out of 14 weeks.

Whilst the current method provides an element of funding in advance, it may be preferable to introduce a scheme of monthly payments on the 15<sup>th</sup> of the month for 11 months of the year as follows:.

Summer term					Autumn Term				Spring Term		
A	M	J	J	August	S	O	N	D	J	F	M
¼ est	¼ est	¼ est	Actual	No payt	¼ est	¼ est	¼ est	Actual	1/3 est	1/3 est	Act

### Questions

4. Do you agree with the proposal to introduce monthly payments?
5. Do you have any alternative suggestions?

### iii Claims for Children arriving after Headcount date

The funding provided to settings makes only limited financial provision for children who arrive after the termly headcount date. Whilst a setting is required to take a child where there is capacity even after headcount; the LA will only make a payment for that place where there are more than 60 unfunded hours in a term (the equivalent of 1 place for 4 weeks.) Conversely there is no clawback for a place if a child leaves after headcount.

It is proposed in future the LA will fund a child arriving at a setting after headcount, when a child is new to the area or is first taking up the early years offer. It is not intended that additional funding will be provided where moves arise from parental or setting choice. In these instances it is expected that settings themselves will reach an agreement and transfer funding. This proposal will result in the current trigger mechanism being withdrawn.

#### Questions

- 6 Do you agree that for children who are new to the area, or is first taking up the early years offer and arrive after headcount that these places should be funded?
- 7 Do you have any comments?

### iv Early Years Funding Formula increase

A requirement of the new funding formula which was introduced in April is that a minimum of 93% of Early Years funding received into the LA is passed through to providers. This means that of the £13m Wirral receives for 3 and 4 year old provision £12m is passed to providers and £1m is retained to support provision and to provide for the Inclusion Fund. In 2018-19 the pass through rate will increase to 95%. Taking account of the + 15 hours extension, this means that of the £17m Wirral will receive for 3 and 4 year old provision, £16.1m is passed out and £0.9m is retained. Overall the additional funding that will be available to increase the formula will be in the region of £300,000 (the equivalent of 8p per hour added to the base rate).

#### Questions

- 8 Should the additional funding available from increasing the pass through rate be added to the base rate?
- 9 Do you have any alternative suggestions?

### v Review of Early Years Funding Formula

In January the Schools Forum took a number of decisions with regard to the EYFF. As a result the Early Years Formula Base Rate was increased to £3.60 from £3.20 and supplements which were limited at 10% of funding distributed were all scaled back. The resulting rates that were agreed are shown below.

Base Rate	Deprivation			Quality	Flexibility	
	Low (3)	Medium (2)	High (1)		In	Out
£3.60	4p	12p	19p	13p	15p	15p

Whilst questions were asked at the time of the last consultation about the range of supplements offered there was no clear view about changes that should be made. Some areas that may be re-considered now are:

**Flexibility**, this is a significant supplement within the formula accounting for 5% of the funding distributed and for which most providers are eligible. With this in mind and considering flexibility within the school day will be limited in many settings when the extended offer is introduced, some or all of this supplement could be withdrawn and added to the base rate and / or the deprivation supplement/

**Quality**, this supplement represents 3% of funding and is claimed by 2/3rds of providers. Quality provision is set out in statutory guidance whereby the Ofsted inspection judgement is seen as the benchmark of quality. It is expected that all providers achieve an overall rating of outstanding or good. Similarly the standards set through the EYFS statutory framework and which providers must meet are there to ensure children learn and develop well and are kept healthy and safe. On the basis of the above the consultation is asking if this supplement should be withdrawn

**Deprivation**, this is a mandatory supplement in the formula and one which all providers will receive a share (based on low medium or high bands). Within the national formula about 10% funding received is through this element. Locally however our formula distributes 3%, an amount which is significantly less than schools. Evidence nationally continues to reaffirm that there are attainment gaps in Early Years and that these continue to widen through school. The use of additional deprivation funding could target resources at those areas and children who need it most. The consultation therefore seeks views about increasing this percentage.

### Questions

- 10 Should the flexibility supplement be reduced or withdrawn?
- 11 Should the quality supplement be withdrawn?
12. Should deprivation funding and the base rate be increased as a result of these changes?
13. Do you have any alternative proposals?

The tables attached can be used to indicate the impact of the proposed changes on your current budget, by multiplying the hourly rates with the hours for you setting.

## **Early Years Consultation response form**

Provider Name

Signed by

Date

### **Early Years Inclusive Practice Fund**

1. Do you agree with the proposals described for the Early Years Inclusive Practice Fund?
2. Should any alternative or additional proposals be considered?
3. Do you have any other comments

### **Introduction of monthly payments**

4. Do you agree with the proposal to introduce monthly payments?
5. Do you have any alternative suggestions?

### **Claims for Children arriving after Headcount date**

6. Do you agree that for children who are new to the area, or is first taking up the early years offer and arrive after headcount that these places should be funded?
7. Do you have any comments?

### **Early Years Funding Formula increase**

8. Should the additional funding available from increasing the pass through rate be added to the base rate?
9. Do you have any alternative suggestions?

### **Review of Early Years Funding Formula**

10. Should the flexibility supplement be reduced or withdrawn?
11. Should the quality supplement be withdrawn?
12. Should deprivation funding and the base rate be increased as a result of these changes?
13. Do you have any alternative proposals?