

WIRRAL COUNCIL

SCHOOLS FORUM – 13th DECEMBER 2017

REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES

EARLY YEARS UPDATE AND CONSULTATION

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to recommend a number of changes within Early Years Funding following a consultation with providers and to update the Forum on Early Years Funding more generally.

2.0 EARLY YEARS CONSULTATION

- 2.1 A consultation was issued to Early Years providers at the beginning of the autumn term. This was to seek views and comments from the sector on a number of areas, including:
- The reform of the Inclusion Practice Fund,
 - The introduction of monthly payments,
 - Claims arriving after the termly headcount date,
 - An increase in Early Years funding
 - A change to the overall pass through rate,
 - A review of existing formula factors.
- 2.2 The consultation papers were issued to approximately 225 providers with the consultation period running for 8 weeks, and as part of this a briefing was held at Birkenhead Town Hall to explain the proposals and give providers the opportunity to ask questions or seek clarification. There were 22 responses to the consultation, and a list of respondents can be seen in Appendix 3.
- 2.3 The consultation responses were discussed during a meeting of the Schools Forum Early Years working group on 8th November, the minutes of which can be found at Appendix 1. At September's Schools Forum it was agreed that the EY working group would approve changes to the Inclusive Practice Fund subject to the views of the consultation. Forum is now asked to vote on the proposals, and there are no voting restrictions on these matters.
- 2.4 **Inclusive Practice Fund**
The consultation gave a mixed response to the Inclusive Practice Fund changes, with various comments made and summarised in Appendix 1. However it was agreed to implement changes to the Inclusion Practice Fund as described at September's Schools Forum. These include an awards allocation panel including representation from both health and social care, a "one payment" for a child's academic year to replace the current termly payments, more regular sittings of the awards allocation panel, and to award "top-ups" to 2 year olds in exceptional cases. The fund will also be available to maintained nursery schools and F1 nursery classes.

2.5 In addition it was also agreed that awards could be made based on a minimum 6 weeks of evidence, as opposed to the current 2 terms to help speed up the process.

2.6 Monthly Pay

There was a mixed response to the proposal for monthly payments to providers for the 'free' childcare hours, which are currently made in 2 termly payments. However it is not administratively possible or practical to operate on 2 different payment bases. Therefore it is proposed that monthly payments are implemented from the Autumn 18 term in accordance with Early Education and Childcare Statutory Guidance. A number of changes to the original consultation are being proposed and were discussed with the Early Years Working Group. These include a payment in August to make 12 payments a year as opposed to the 11 originally suggested. It was also agreed to make payments earlier in the month so as not to cause hardship to providers, and where possible providers will be able to have more input into their estimate payments that at present.

2.7 Headcount

In terms of children arriving after headcount date (who are new to the area or claiming the funding for the first time) this was agreed. In other instances it should be for the providers concerned to liaise and resolve any placement changes between themselves. The LA would not administer these transfer of funds, however an expectation this should happen would be included in the 2018-19 Provider Agreement.

2.8 Increasing Funding

The consultation strongly supported the proposal for the additional funding available from increasing the pass through rate (the proportion of funding that it passed on to providers) to 95% is added on to the base rate. It is therefore proposed to increase the base rate within Wirral's Early Years funding formula from £3.60 to £3.68 from April 2018.

2.9 Funding Formula

Conversely there was little support in the consultation for a change to the existing structure of the Early Years formula, and so it is proposed to keep the formula for 2018-19 in its current form.

3.0 EARLY YEARS OPERATIONAL GUIDE 2018-2019

3.1 In November 2017, the Education & Skills Funding Agency issued an updated Operational Guide to 2018-19. This document provides a guide for Local Authorities to the rules relating to how they fund providers to deliver the early years entitlements in the financial year 2018-19.

3.2 This includes the 15 hours entitlement for disadvantaged 2 year olds, the universal 15 hours entitlement for all three and four year olds, the additional 15 hours entitlement for eligible working parents of three and four year olds, as well as additional funding available for eligible three and four year olds through the Early Years Pupil Premium and the Disability Access Fund.

- 3.3 Wirral's funding for the Early Years block in 2018-19 is based on the census figures in January 2018 (5/12ths) and January 2019 (7/12ths), with final allocations not known until July 2019. Details of the initial allocation will be published in December 2017.
- 3.4 The Early Years National Funding Formula was introduced in April 2017, and sets an hourly rate for each local authority to deliver the universal and additional elements for three and four year olds. These hourly rates for 2018-19 have been published alongside the Operational Guide, and for Wirral remains unchanged at £4.31.
- 3.5 The key points and changes for 2018-19 are summarised in Appendix 2. This includes the requirement for Local Authorities to pass 95% of their three and four year old funding from Central Government to early years providers. This has increased from 93% in 2017-18 and is to ensure that the majority of Government funding reaches providers so they can deliver the free entitlements.

4.0 MAINTAINED NURSERY SCHOOL PROTECTION

- 4.1 As part of 2017-18 Dedicated Schools Grant (DSG), Wirral received supplementary funding from DfE to enable them to protect 2016/17 funding rates for Maintained Nursery Schools. Wirral has used this to protect the 3 Maintained Nursery Schools' 2016/17 hourly rate for 3 and 4 year olds claiming Universal hours only, as well as a lump sum of £100k for each MNS.
- 4.2 Wirral's initial indicative allocation for the supplementary funding was £518k but in the latest DSG update published in October, this has reduced to £495k due to allocations being revised and based on the MNS pupil count from the January 2017 census as opposed to the January 2016 census. The allocation will not be finalised until July 2018, and will use a weighting of the 2017 and 2018 census.
- 4.3 Based on hours paid for the 2017 summer and autumn terms and estimated spring hours the protection for MNS in 2017-18 will cost approximately £520k.
- 4.4 The supplementary funding will still be available in 2018-19, but it is expected to be withdrawn from April 2019.
- 4.5 Within the Operational Guidance, DfE have confirmed that Local Authorities will be required to have a universal base rate in their funding formulas for all types of childcare providers from 2019-20. This would have a significant impact on Maintained Nursery Schools due to their base rate currently being protected at 2016/17 rates. However this guidance also states "Local authorities can use lump sum payments and we will continue to allow local authorities to provide a higher level of funding to MNS once the base rate becomes compulsory in 2019 to 2020".

5.0 3 & 4 YEAR OLD EXTENDED OFFER

- 5.1 Autumn 2017 was the first term of Central Government's extended offer of an additional 15 hours childcare entitlement for working parents. This has presented an enormous administrative challenge, both for providers in terms of additional

paperwork required from parents and the Authority in reviewing the additional evidence and resolving the increased level of discrepancies.

- 5.2 Although all eligible providers have received payment for the Autumn 17 term, there are still ongoing checks being made and in some cases queries to resolve and small adjustments to be made. However, provisionally 290,660 extended hours have been claimed at a cost of £1.18m. If the equivalent were claimed in the spring term this would give a total cost in 2017/18 of £2.1m against a budget of £2.4m, although it is expected to increase in the spring term as take up increases.
- 5.3 To date, 2,020 codes in Wirral have been checked by providers for eligibility. Of these 1,718 (85%) are currently eligible to claim funding in the spring term, and 168 are due to expire at the end of December, although could still become valid for the spring term if the parents reconfirm their eligibility.

6.0 DISABILITY ACCESS FUND

- 6.1 From April 2017 the Department for Education introduced this fund to support disabled children's access to the entitlements for three and four year olds. Wirral was given an indicative allocation of £100k for this, which was based on the number of children in Wirral who are in receipt of Disability Living Allowance.
- 6.2 Take up from providers has been fairly slow in relation to the indicative allocation, and at the time of writing only 37 applications have been received, each attracting an award of £615 for their setting.

Indicative budget	Paid as at 30 th November 2017	Potential Remaining Spend
£100,000	£22,755	£77,245

- 6.3 Providers will be contacted before the Christmas break to remind them that this fund is available, and to encourage their parents to apply for the funding.

7.0 EARLY YEARS PUPIL PREMIUM

- 7.1 Early Years Pupil Premium gives providers additional funding to support disadvantaged 3 and 4 year olds. Wirral operates on an 'opt-out' basis, whereby qualifying children are automatically awarded the funding unless the parents choose not to be.
- 7.2 Awards in the summer term in 2017-18 increased significantly from 2016-17. At the time of writing numbers for the autumn term are yet to be confirmed. An update will follow at January Forum.

	Summer	Autumn	Spring	Total
2016-17 children	709	676	908	2,293
2017-18 children	1,223	TBC		
2016-17 value	£73,272	£75,268	£79,368	£227,908
2017-18 value	£126,388	TBC		

8.0 RECOMMENDATIONS

- 8.1 That the Forum notes the report.
- 8.2 That the arrangements for the Inclusive Practice Fund are confirmed.
- 8.3 That monthly payments are introduced for childcare providers from the autumn 2018 term, with payments made at the beginning of each month.
- 8.4 Wirral's Early Years funding formula is retained in its current structure, with the supplements included and their rates unchanged.
- 8.5 Additional funding from increasing the pass through rate is added to the base rate.

Paul Boyce
Director of Children's Services

Appendix 1

Schools Forum Early Years Working Group meeting 8th November 2017

Present: Andrew Roberts, Carol Fenlon, Simon Davies, Nicky Prance, Lynne Ireland, Sarah Harper, Shaun Allen

Apologies: Michael Forber, Penny Bishop

Minutes / actions from previous meeting

Notes from the previous meeting referred to the extended 15 hours as being for childcare rather than education. It was noted that this is DfE guidance, not OFSTED.

Consultation Summary

The early years consultation was discussed at Schools Forum on 27th September, and Forum agreed subject to the views of the EY working group to implement changes to the Inclusive Practice Fund, and that the outcome of the consultation will be reported to Forum on 13th December. Working group members also to report back to the groups they represent regarding the types of responses in the consultation, but not decisions.

Out of approximately 225 providers the consultation was sent to (170 PVI, 52 schools, 3 maintained nurseries) there were 22 responses (16 PVI, 4 schools, 1 maintained nursery, 1 organisation).

This is a standard response rate from Early Years providers. May need to follow up with the National Day Nursery Association (NDNA) as to why it is always low.

Methodology of distributing future consultations needs to be considered, and need to check why the consultation was sent to schools without F1 provision.

Consultation responses

Inclusive practice fund

8 agreed with the proposals for the Early Years Inclusive Practise Fund, 13 disagreed. Comments included:

- *the panel should meet more than 2/3 times a year* - they are now diarised bi-monthly so scheduled to meet 6 times a year, to include applications for the fund, but also monitoring and the impact of allocated funds.

- *the process is too slow* – the group agreed that 2 terms delay prior to award was excessive. The needs of the child should determine how long evidence takes to gather i.e. greater needs could be seen straight away (within 6 weeks). However, it can also depend on how often the child attends, how knowledgeable the parents are etc. A term is too long if the child is a danger to themselves and other children. There needs to be a minimum period to ensure the money goes to those who need it most, but ultimately the panel assesses need. To apply for the fund providers have to have engaged with the

EY SEND team which provides some background. There has to be a graduated approach, and it was agreed that a minimum 6 weeks evidence is required.

- *the panel should include reps from the sector* – It would be hard to make this representative of all sectors (PVI, childminders etc). The panel is currently represented by Cathy O'Connor (Ed Psych), Carol Fenlon (Early Years lead), Ellie Wright (0-19 Complex Needs NHS), Penny Bishop (EY SEN) and Sue Kenyon (Family Worker). It was agreed that these are the relevant professionals and should be able to make independent judgements, but that it could report to the Early Years Group on the number of applications, awards, and what makes a good application. There is a right of appeal on decisions taken, so should there be sector representative on that panel.

- *awards should cover 2 year olds, and be available for 15 hour extension and cover school holidays* – Statutory guidance says Inclusive Practise is not for 2 year olds, although 2s will be considered in exceptional circumstances. Regarding extended 15 hours, providers may employ additional staff to look after children with additional needs, funding for them is only for universal 15 hours, but can't realistically say the child can only attend for 15 hours a week. But if funding covered the additional 15 hours, the rate paid would need to be halved to accommodate this. As the process is only changing half way through the year there is likely to be an underspend in 17-18. However, at the end of the year the service can report back on what has been spent, and what this would have been if funding was for the full 30 hours. This could be a basis for reviewing if the additional hours can be accommodated in future.

- *the rate is too low and not sufficient for 1:1 support* – It has been made clear that this fund is not for 1:1 support. The latest batch of applications have shown creative ideas and not requested 1:1 support. The rate has been set based on the available funding.

- *will the £100k underspend (from 16/17) be included in the available budget?* – Schools Forum took the decision to use this as part of the overall schools budget, so it is no longer available, as the funds are not ringfenced. It could be considered to carry over underspends in the future, but this would also need to consider carrying over potential overspends, which would in turn reduce the rate.

- *awards need to reflect needs* – the group agreed and thought funding should represent individual needs as, for example, there can be varying levels of autism. Outcomes will be monitored and analysed to see if this could be possible for a future review.

- *awards should stay in place until the child goes to school* – awards will now be made for a fixed 12 month period, so there may be a reapplication but this will not be termly.

- *there is more paperwork not less* – more important than the volume is the quality of paperwork – it is important that paperwork is right and settings know what evidence is

required. Recent applications have been clear and concise and are now more consistent.

- *the fund should also support English as an Additional Language* – the group didn't support this as children's speech is still developing anyway and they learn from their peers. Generally parents want providers to talk to the children in English. Instances such as these should be directed to the children's centres services for support.

The proposals for the fund are broadly the same as agreed at Forum in September 17 and will be implemented. Payments will be made termly and are banked for the child i.e. if a child changes setting, the payments will follow them.

The fund will also remain for the universal 15 hours, not the extended offer.

Monthly payments

8 agreed with the proposal to introduce monthly payments, 11 disagreed.

LAs are expected to make monthly payments unless there is good reason not to. It is not administratively possible or practical to operate on 2 different payment bases. Early Years funding received by the LA is in 25 instalments, and settings would usually pay salaries (biggest financial burden) at the end of the month. The % of the estimate payments cannot be increased as it has to relate to the costs being incurred, and so need more accurate estimates from settings. It was agreed that where possible providers should have more input into their estimate, as they need to be confident they are right. A payment could be made in August to make 12 payments a year, and the LA could pay earlier in the month, but the Authority has a responsibility to protect the funding. Equally, a new payment model cannot cause hardship to providers.

AR to set out a payments model for SD and NP to take to the NDNA, who are currently against the idea.

Children arriving after headcount date (new to the area or first taking up the EY offer)

Everyone agreed that these should be funded. Comments included that this should be included in the provider agreement, and that providers should also be paid for the weeks a child spends up to Headcount (if they leave).

Whilst this point can go in the Provider agreement, the LA would not administer it. It was agreed that this should be for the providers to sort out between themselves.

Early Years Funding Formula increase

16 agreed that the additional funding should be added to the base rate, 1 disagreed, with one comment suggesting the 3 year old base rate be increased to the same as the 2 year old rate (this isn't possible as there is not enough funding). It was agreed that no setting should lose out as a result of the new formula, as any reduction may impact on whether settings continue with the Extended 30 hour offer.

Formula review

There was little support for a change to the existing formula, with the strongest opinion being on the quality supplement being retained. The term 'quality' is misleading, as

providers can offer quality childcare without having the qualifications, but the supplement cannot be renamed - it has to be called 'quality'. Providers pay graduates more than other staff and notice the difference graduates make to the children. 7 agreed the flexibility supplement should be removed, 12 disagreed.

It was agreed the formula should be kept in its current form, with additional funding being used to increase the base rate. Flexibility will be revisited in 12 months' time when the impact of the 30 hours offers is known.

Next Steps

Minutes of the working group meeting will be circulated, and PVI reps will take them to their groups and provide feedback.

AR will produce a model for monthly payments.

The results of the consultation will be reported to Schools Forum in December.

Schools Forum representatives

A report will go to schools forum proposing to increase Early Years representation by 2. The NDNA Chair is a potential rep. This report will need to consider other non-school representatives and if they're happy with their level of representation. There would be an election process for any new Forum reps.

If a representative cannot attend a Schools Forum meeting, they can send someone on their behalf, but would need to advise the LA in advance.

Appendix 2

Extract from “Early years entitlements: local authority funding of providers Operational guide 2018-19” (pages 6-7)

Key points for 2018 to 2019

11. The key points on local authority funding of providers are that local authorities:
 - should set a single funding rate (including same base rate and supplements) for both entitlements for three and four year olds (that is, both the universal 15 hours, and the additional 15 hours for working parents)
 - must plan to spend at least 95% of their three and four year old funding from government on the delivery of the government entitlements for three and four year olds
 - may request that the 95% requirement be disapplied in specific, exceptional circumstances
 - should be moving towards a universal base rate for all types of provider in their local three and four year old formula, and should do this by 2019 to 2020
 - must use a deprivation supplement in their local three and four year old formula, and any other supplements used must fall within one of the allowable categories
 - must not channel more than 10% of their funding for three and four olds through funding supplements
 - can continue to use ‘lump sums’ (as well as a differential base rate) to distribute Government funding, including the supplementary MNS funding for Maintained Nursery Schools to enable the protection of their 2016 to 2017 funding rates
 - must provide a SEN Inclusion Fund (SENIF) for three and four year olds
 - must pass on EYPP in full to providers for eligible three and four year olds
 - must pass on DAF funding in full to providers for eligible three and four year olds

12. We will monitor compliance with the above through Section 251 (s251) returns. We will also monitor provision on the ground in order to follow up any anomalous results.

Changes for 2018 to 2019

13. The main changes from the requirements for the 2017 to 2018 financial year are:

- the pass-through rate increases from 93% in 2017 to 2018 to 95% in 2018 to 2019
- clarification that local authorities' formulas should not distinguish between the two entitlements for three and four year olds
- clarification that funding supplements are intended to be in addition to the base rate and not used to reduce it; that is, they should not be 'negative'

Appendix 3

List of organisations that responded to the second stage of consultation

Brookhurst Pre School
Bethany Day Nursery
Ganneys Meadow Nursery School & Family Centre
Bedford Drive Primary School
Debbie Thelwell
Town Lane Infant School
St Andrews Pre School
Mersey Park Primary
Catherine Reilly
Woodlands Primary School
Pitter Patter Day Nursery
Penguins Nurseries
NDNA Wirral Network
Oakdale Playgroup @ Serpentine
Oakdale Children's Nursery
Barnston Buddies
Smarties Nursery
Little Robins Nursery
Marigold Day Nursery
Little Cherubs Day Nursery & Preschool (Wallasey & Birkenhead)
St Bridget's Preschool
Overton Nursery