

**Meeting of the Early Years Working Group**  
**Wednesday 30<sup>th</sup> September 2009**  
**(3.00 pm, Training Room 1, Building 2 at NLBP)**

<b><u>Attended</u></b>	<b>Members:</b>	<b>Anthea Abery (Rosh Pinah, Maintained Nursery Class – Faith)</b>
		<b>Diana Rose (Kerem House, PVI Independent School)</b>
		<b>John Maxwell (Holly Park, Maintained Nursery Class)</b>
		<b>Sharon Lee (FRS, PVI Setting)</b>
	<b>LA Officers:</b>	<b>Carol Beckman (School Funding Manager)</b>
		<b>Diane Lewis (Early Years Inspector)</b>
		<b>Duncan Beckman (BRSI Project Support Officer)</b>
		<b>Jill Smith (Locality Development Officer, West Network)</b>
		<b>Lyn Gallagher (Registration Support Officer, BRSI)</b>
		<b>Sheila Abbott (Early Years and Extended Services Manager)</b>
		<b>Stav Yiannou (BRSI Manager)</b>
		<b>Stuart Gray (Principal Inspector, Chair)</b>
		<b>Val White (Assistant Director, Children’s Services)</b>
		<b>Zahid Parvez (Business Manager)</b>
	<b>Clerk:</b>	<b>Claire Gray (School Resources Support Officer)</b>
	<b>Observer Status:</b>	<b>Elizabeth Pearson (Schools Forum member)</b>
		<b>Jodi McCallum (Schools Forum member)</b>
		<b>Lisa Barry (Barnet Pre-School Learning Alliance)</b>

<b><u>Not Present</u></b>	<b>Members:</b>	<b>Perina Holness (Moss Hall, Maintained Nursery School)</b>
		<b>Pauline Congdon (Little Acorns, PVI Sessional)</b>
		<b>Christine Read (All Saints N20, Maintained Nursery Class)</b>
		<b>Sarah Hargreaves (Extended Services Development)</b>
		<b>Julie Paice (Senior Childminding Co-Ordinator, LBB)</b>
		<b>Marina Economides (Bright Sparks Nursery, PVI Sessional)</b>
		<b>Liz Bartlett (Wingfield, Maintained Children’s Centre)</b>
		<b>Sarah Vipond (Middlesex Uni, PVI Full Day Care)</b>

<b>1. Apologies for Absence.</b>		
<b>1.1</b>	<b>Apologies were received from Liz Bartlett, Sarah Hargreaves, Perina Holness, Christine Read and Sarah Vipond. Elaine Rosenthal has now retired and will therefore no longer be representing Playsafe (PVI provider).</b>	
<b>2. Minutes of previous meeting – 1<sup>st</sup> July 2009.</b>		
<b>2.1</b>	<b>Agreed.</b>	
<b>3. Matters arising.</b>		

3.1	<b>SL advised that she tried to attend the meeting/workshops that took place on 21<sup>st</sup> September to address quality issues, but that on arrival she was advised that it was for Phase 1 providers and maintained settings only. SA apologized for this misunderstanding, but said that the operational briefing document should clarify the issues raised and solutions offered.</b>	
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<b>4. Operational update</b>	
<b>4.1</b>	<p><b>Phase 1s</b></p> <p><b>SA provided a report (see Appendix I) summarizing the experiences of Phase 1 providers who started delivering the extension to the free entitlement w.e.f. September 2009. The issues raised by Phase 1 providers vary depending on the sector, but the document provides solutions suggested by providers themselves as to how these might be addressed. Further PVI network meetings have been arranged and will be attended and supported by LA Early Years staff, so that the LA understands the effect of the extension on childcare sufficiency and strengthens the relationship with PVI partners.</b></p> <p><b>SA will attend PVI locality network meetings, and will invite Phase 1 champions to attend so that experiences and best practice from</b></p>
<b>4.2</b>	<p><b>PVI representatives commented that the additional Phase 1 funding was likely to mask the impact of offering the extension and are still very concerned that sustainability and sufficiency will be adversely affected once all providers are offering the extension and are required to comply with the Code of Practice.</b></p> <p><b>PVI representatives commented that since the start of the new academic year, providers have just taken on board the full impact of the proposed changes. The general consensus amongst PVIs is that the overall quantum of funding available is inadequate to support settings. Major concerns were expressed that current proposals will adversely affect the delivery of high quality provision, long-term sustainability for providers, and the overall sufficiency of places in Barnet and for these reasons PVIs believe that Barnet should apply to the DCSF for the Code of Practice to be waived.</b></p> <p><b>It was agreed that despite concerns expressed by providers, deadlines for policy decisions and for ratifying SEYFF proposals still had to be met and decisions could not be deferred beyond the current meeting. However, the impact of implementation would be monitored and</b></p>
<b>4.3</b>	<p><b>Val White (Assistant Director – Partnerships, Performance &amp; Planning, Children’s Services) introduced herself to members, and explained her responsibilities for Schools &amp; Early Years Finance on behalf of the Director of Children’s Services. She reiterated that compliance with the Code of Practice is a statutory requirement, and that LA officers are not in a position to vary this arrangement.</b></p> <p><b>SA confirmed that Phase 1 providers in receipt of Early Years funding are complying with the Code of Practice, and are signing an agreement to confirm that ‘top-ups’ will not be charged w.e.f. 1 September 2009. The 15 hour entitlement must be free at the point of delivery and all billing must reflect this.</b></p>

4.4	SEYFF – consultation responses <b>CG presented a report showing the responses and comments returned in relation to the SEYFF consultation proposals (Appendix II), and after further discussion particularly concerning flexibility levels, flexibility weighting and qualifications funding, it was agreed that the final proposals shown below should be recommended to Schools Forum for approval.</b>	
4.5	<b>CB put forward a suggestion that settings offering home visits/phased admissions should be recognised in the formula, but members unanimously agreed that this would reduce the quantum of funding available to the majority of providers through other formula factors and that this option should not be pursued further.</b>	
5. Discussion items		
5.1	<p>Final proposals</p> <p>Proposal 1 - Base Rate per pupil <b>All providers should receive the same Base Rate per pupil per hour to provide the 12½ hours basic free entitlement, and that the same hourly Base Rate per pupil would also be paid to those providers delivering the 2½ hours per week extension for each eligible pupil.</b></p> <p>Proposal 2 - Basic Entitlement per pupil <b>That the Basic Entitlement allocation should be applied to all providers at a level of £100 per pupil to a maximum limit of £3000 (09/10 levels).</b></p> <p>Proposal 3 - Deprivation Supplement <b>That an allocation based on the IDACI deprivation scores derived from the postcode of children taking up the free entitlement should be included in the SEYFF.</b></p> <p>Proposal 4a/4b - Flexibility Supplement <b>That flexibility funding should be allocated on the basis of the three levels proposed (Levels 0, 1 or 2) with Level 1 generating approximately £40 per pupil per annum and the funding rate for Level 2 set at double that of Level 1.</b></p> <p>Proposal 5a/5b - Qualifications Supplement <b>A qualifications premium should be allocated to settings at £50 per pupil up to a maximum of £1500, in recognition of those settings employing more highly qualified staff (qualifications as defined by CWDC).</b></p> <p>Proposal 6 - Mid-term pupil number adjustments <b>It is proposed that mid-term adjustments will be optional for all providers under the SEYFF.</b></p> <p>Proposal 7 - Payment frequency <b>That payment to PVIs will be made on a termly basis. (Schools are not affected by this proposal).</b></p>	
6. Any other business.		
6.1	<p>Dates of future meetings <b>CB advised that the next meeting will be used to explain the practical arrangements for implementing the SEYFF.</b></p> <p><b>It was agreed that further EYWG meetings will be required once the SEYFF estimated budgets have been issued (during March 2010) and also to provide an evaluation of feedback and experiences from Phase 1 providers, but the date(s) for any subsequent meetings will be arranged at the meeting on 11<sup>th</sup> November.</b></p>	

<b>Dates of future meetings</b>		
	3.00pm	11 <sup>th</sup> November 2009 (Training Room 2)

## APPENDIX I

### **Briefing paper: Early Years Working Group Extending the Free Entitlement 3 / 4 Year Olds**

The 40 schools and settings in Phase 1 of this project have been positive and creative. In spite of the serious implications this initiative could have on providers of early years education and childcare they have engaged fully with the local authority and each other. They clearly identified the benefits for families and children.

They have all agreed to act as champions and locality contacts, sharing their experiences with the schools and settings in Phase 2. This will be significant in terms of the number of providers in Phase 2.

It emerged that the issues facing the maintained sector and PVI sector were very different, therefore initially it was decided to support them separately.

The PVIs had concerns about the impact the extension would have on their business. Already facing pressures in the current economic climate from decreasing numbers and increased running costs they saw some elements of the government guidance as an acceleration of their decline. The flexibility of the offer was not always an issue for them as they already responded to the individual needs of parents to sustain their businesses. The maintained sector faced other challenges. Historically schools had a rigid sessional offer. Staff pay and conditions made flexibility their main concern. Additional space was not always available and maintaining the quality of their provision was a priority.

The project manager made individual impact assessment visits with all PVIs – the results of those visits were collated and are attached.

The maintained sector were invited to a workshop with Diane Lewis, from the Early Years Standards team with Amelia Whitehouse, Kelly Brooker and Carol de Rosa the educational consultants. Geoff Boyd from the DCSF and Carol Beckman, the Schools Funding Team manager were available in a question and answer session. Headteachers and Early Years practitioners worked together to find solutions to strategic and operation issues. Feedback from this meeting is also attached.

It was acknowledged by all settings that access to the Early Years Capital Grant provided a very supportive funding stream.

### **The impact on PVIs of extending the free entitlement**

#### **Introduction**

This report contains information gathered from meetings held between Sheila Abbott, and PVI nursery managers in phase 1 of extending the free entitlement. These impact assessment visits were set up to gauge the effect that the change to funding would have on the PVI's business.

#### ***PVI's opinions on funding change:***

All of the PVI nurseries, in phase 1, have said that they are unsure whether the new funding formula and extension will be affordable for their business. However as Phase 1 attracts more funding, they are all willing to try it for the year and see where this leaves

them for 2010/11. One of our PVI's even considers that this change is significantly better for their setting, and will improve their provision.

### ***Who is able to offer the extension?***

All of Barnet's phase 1 PVI's, will be offering the extension of the free entitlement for the academic year 2009/10. They will then review their circumstances at the end of the year, and see whether or not it will be possible to continue in the future.

### ***Range of fees***

The range of fees charged by phase 1 PVI's in Barnet starts at £3.50 per hour, and rises to £7 per hour. It is the settings with the higher hourly charges upon which the new funding scheme will have the greater adverse effect.

In the majority, fees are well publicised to parents using brochures and marketing packs.

### ***How are optional extras charged?***

The majority of phase 1 providers don't offer many additional services. However there is one that very openly charges for its additional services. It levies extra charges for everything from; following the Montessori curriculum, to French or music lessons. This setting is very open and clear about its optional charges. The arrangements are clear to parents and it is not conditional that parents have to take these up to access the free entitlement.

### ***Deposits***

Many of our settings charge a refundable deposit or settling in fee. We consider this contravenes the code of conduct, meaning that the provision is not free at the point of delivery. We understand the need for a commitment from parents that their child will indeed take up their place in order that the provider can have appropriate staffing levels etc, but a parental contract may be the way forward. This is something we are currently developing. This will ensure the setting will receive funding for a child attending their provision, and won't lose out should the parent decide to leave.

### **Financial implications of new system**

Currently all our phase 1 PVI's will be offering the extension, and if parents only want the free entitlement then they will be able to take it without additional costs. In the next financial year when there will be no funding cushion PVI's are indicating that they may not be able to offer the free entitlement. They are concerned that parents may only want to take up the free entitlement, and therefore the setting will become too expensive to run.

### **Rental fees and increased cost of staff**

Rental and staffing costs seem to be the major difficulties for PVI's when it comes to extending their provision. Many of them have existing contracts with church halls and other organisations that will be difficult and expensive to re-negotiate. In some cases the setting only has a morning contract and will therefore not be able to offer the more flexible entitlement. Rental costs seem very high in the majority of cases ranging from £20K to £40K per year.

We are currently encouraging providers to “up skill” their workforce, this will significantly increase staffing costs in all our settings.

These two issues are the most significant external factors that will impact on this agenda.

### **“Top ups”**

Many of our Phase 1 providers do not charge top ups, although from the survey we have seen that “Top Ups” are common practice. The few that did charge top ups claim that without subsidising the NEF they will not be able to cover their costs. Some providers are considering charging for lunch and snacks which are currently free in all settings.

### **Conclusion**

The first phase of the free entitlement extension does not truly represent the majority of settings across the borough. These settings provide childcare for the 25% most deprived children in Barnet, and as such will probably have different systems in place for dealing with fees and payment. However they do maintain high quality provision at lower cost to parents. This indicates that their profit margins are extremely small. Many managers emphasised this point.

It is clear that, for the pilot year at least, PVIs will be able to operate sustainably under the new scheme. For the future some of the PVIs are threatening to close down or not offer the free entitlement to parents, as they say it will not be affordable for them and their business will suffer. At this stage there is little evidence to suggest many parents do only want 15 hours, in many cases they are more than willing to purchase additional childcare hours at market rate.

We have seen from the impact assessment visits, some nurseries will be able to operate under the new scheme with no problems, and indeed in some cases, with great benefit, but accept this may not be the case Borough wide. The next step will be to assess the impact on a larger scale.

There has been a high level of concern expressed by some of our faith providers, especially Jewish groups. Geoff Boyd has agreed to contact Leeds and Hackney who also have a large number of faith groups, to find a supportive model.

To this end I have arranged with Carol de Rosa to attend the four area network meetings for PVIs in the coming weeks.

It is critical as a local authority we understand the effect of extending the free entitlement for 3 and 4 year olds might have on our childcare sufficiency and our relationship with our private voluntary and independent partners.

## **Maintained Providers in Phase 1 of extending the free entitlement**

### **Introduction**

On the 21<sup>st</sup> of September a workshop was held with the maintained schools in phase 1. All the phase 1 schools were invited, and the majority attended. Also in attendance were Diane Lewis, Early years standards inspector and 3 Early Years consultants, Carol deRosa, Amelia Whitehouse and Kelly Brooker. Carol Beckman from the Schools Funding team and Geoff Boyd, our government partner were also present. The workshop was held in order to give the phase 1 schools an opportunity to consult with the EYFS standards team and meet with other schools in phase 1.



## **Issues Raised**

We gave a presentation of the National (Geoff Boyd) and local picture (Sheila Abbott) to bring maintained sector colleagues up to date on developments of the extension to the 3 and 4 year old entitlement. There followed small group discussions with the locality Early Years consultants.

Diane, Carol, Sheila and Geoff responded to the issues which can be summarised as follows:

- the importance of the “Key Person” role as defined within the EYFS
- to ensure that all staff are trained in EYFS
- being able to timetable the day in a flexible manner
- contracts for parents with schools
- register and registration problems
- sustainability of the offer after the pilot and how funding would be calculated
- staffing contracts
- the funding problems surrounding staggered starts and home visits
- fees and charges for additional services

## **Resolutions**

The central team clarified as many of the issues as we could offering support and suggestions, however it was interesting to note how many resolutions came from the providers themselves.

- any further issues surrounding EYFS and quality will be dealt with by the EY standards team
- all funding concerns will be directed to the schools funding team, details of actual funding will be given once we have confirmed the level of flexibility the setting is offering
- registers are not a statutory requirement for EYFS they can be kept as the school sees fit.
- Fees and charges for additional services outside the free entitlement offered by schools are set by individual schools board of governors, but must be absolutely transparent to parents and not conditional of taking up the free entitlement

Areas of further work:

- parental contracts
- questionnaires to parents about further flexibility
- timetabling a flexible day

## **Conclusion**

The maintained sector has clearly worked hard to get to the position where they are able to offer the extension and some flexibility. However they now need to look at increasing the level of flexibility in response to parental need. The decision to begin at a basic level is a sound one and makes sustainability more manageable.

Schools will be sending the generic questionnaire to parents after half term to determine the next steps. We will be supporting and monitoring their progress in preparation for phase 2 maintained sector providers.

Putting the Community First



APPENDIX II

# **Consultation on the Single Early Years Funding Formula**

## **Analysis of Responses September 2009**

Author: Claire Gray  
Service: Children's Service  
Division: Partnerships, Performance & Planning  
Date: September 2009  
Intended Target: Early Years Working Group, Schools Forum  
Last Updated: 30 September 2009

## Consultation on the Single Early Years Funding Formula Conducted May – August 2009

### Executive Summary

The consultation document was circulated to both schools and PVI providers in May requesting responses by 31 August.

The table overleaf shows the overall volume of responses, and the subsequent pages provide further analysis and details of the responses to each option.

Each proposal was re-considered by members of the Early Years Working Group meeting on 30<sup>th</sup> September in light of the responses and comments received from providers, and the table below shows the final recommendations that will be put forward to the Schools Forum:

<b>Issue</b>	<b>Recommendation</b>
<b>Base Rate per pupil</b>	<b>All providers should receive the same Base Rate per pupil per hour to provide the 12½ hours basic free entitlement, and that the same hourly Base Rate per pupil would also be paid to those providers delivering the 2½ hours per week extension for each eligible pupil.</b>
<b>Basic Entitlement per pupil</b>	<b>That the Basic Entitlement allocation should be applied to all providers at a level of £100 per pupil to a maximum limit of £3000 (09/10 levels).</b>
<b>Deprivation Supplement</b>	<b>That an allocation based on the IDACI deprivation scores derived from the postcode of children taking up the free entitlement should be included in the SEYFF.</b>
<b>Flexibility Supplement</b>	<b>That flexibility funding should be allocated on the basis of the three levels proposed (Levels 0, 1 or 2) with Level 1 generating approximately £40 per pupil per annum and the funding rate for Level 2 set at double that of Level 1.</b>
<b>Qualifications Supplement</b>	<b>A qualifications premium should be allocated to settings at £50 per pupil up to a maximum of £1500, in recognition of those settings employing more highly qualified staff (qualifications as defined by CWDC).</b>
<b>Mid-term pupil number adjustments</b>	<b>It is proposed that mid-term adjustments will be optional for all providers under the SEYFF.</b>
<b>Payment frequency</b>	<b>That payment to PVIs will be made on a termly basis. (Schools are not affected by this proposal).</b>

## OVERALL RESPONSE ANALYSIS

	<b>Schools</b>	<b>Returns</b>
<b>Primary &amp; infant schools with nurseries</b>	53	10
<b>Maintained nurseries</b>	4	4
<b>PVI providers</b>	127	14
<b>Total</b>	<b>184</b>	<b>28</b>
<b>Percentages</b>		<b>15%</b>
<b>Primary schools</b>		18.9%
<b>Maintained nurseries</b>		100.0%
<b>PVI providers</b>		11.0%

A total of 15% of all settings responded – 18.9% of primaries with nurseries, 100% of maintained nurseries, and 11% of PVI Early Years providers. Briefing sessions and workshops with early years providers were carried out prior to the release of the consultation, as we anticipated that non-maintained settings might not necessarily be familiar with Barnet’s usual consultation process. However, despite a range of approaches in engaging providers, promoting and circulating the consultation documents, together with reminders to complete the questionnaire, the response rate from all sectors was disappointingly low.

As a result of comments made at the Early Years funding conference held in November 2008, together with a number of concerns raised at subsequent Learning Network meetings with providers, it was expected there would be significant interest once the consultation paper was issued. The analysis of both the numbers of respondents and the actual responses received shows that the expected concerns raised by providers did not actually materialise when the opportunity to do so was provided.

### Proposal 1 - Base Rate per pupil

MAINTAINED SECTOR		PVI's		TOTAL
Count of Agree	8	Count of Agree	9	17
Count of Disagree	6	Count of Disagree	5	11
Count of No opinion		Count of No opinion		0

60% of those who responded agreed with the proposal that a single Base Rate per pupil **per hour** should apply to all providers.

Although the majority of PVI providers agreed with the principle of the single base rate per hour for all settings, 18% of PVI respondents expressed concern that the proposed base rate per hour is considerably less than they currently charge (which ranges from £4.80 to £8.38 per hour).

All 4 maintained nurseries also expressed concern as they believed that the proposed £3.60 hourly rate is less than they currently receive, although this is not actually the case. However on an annual basis, schools with vacancies for all or part of the year will receive less as we move away from place funding.

The 39% of respondents who disagreed with proposal 1 expressed the view that a base rate of £3.60 per pupil per hour would adversely affect the quality of provision, particularly if settings are not permitted to charge 'top-up' fees to parents.

In addition to the responses to this consultation, a number of providers also added comments regarding this issue on their 'Annual Daycare Audit' forms which were completed over a similar timescale. PVI's particularly suggest that the proposed base rate (being lower than their current fees) and the outlawing of top-ups under the EY Code of Practice would cause the PVI sector to divert a greater proportion of their places to under 3s, as this would reduce any loss of income from 3 & 4 year-olds.

Anecdotal evidence suggests that some PVIs might 'opt out' from offering the free entitlement, although the consultation does not provide firm evidence of this intention.

PVIs in some wards feel that the concentration of places available in certain wards exacerbates this age diversification, and they believe that the combined effect of these issues may increase the movement of children from the PVI to the Maintained sector once children qualify for the Early Years free entitlement.

## **Conclusion**

As the majority of respondents agree in principle to applying the same base rate per pupil per hour for all providers, it is the intention to implement this proposal fully, but any impact on total sufficiency of places in Barnet will be subject to ongoing monitoring and review.

## Proposal 2 - Basic Entitlement allocation

The table below summarises the responses:

MAINTAINED SECTOR		PVI's		TOTAL
Count of Agree	9	Count of Agree	11	20
Count of Disagree	5	Count of Disagree	1	6
Count of No opinion		Count of No opinion	2	2

Overall there is a majority in favour of this proposal (71%), with PVI providers agreeing strongly.

Of the 18% of maintained settings that disagreed with this proposal, the concern was not the principle of a Basic Entitlement allocation, but more specifically that a maximum should not apply as this would penalise larger settings (invariably the maintained sector) and the amount received would not equate to £100 per pupil as proposed.

One primary school commented that the basic entitlement should be higher for maintained settings (no maximum limit), as they felt that premises maintenance costs in this sector are higher. However, this funding is not designed to reflect premises costs but to recognise the administrative requirements in offering the free entitlement and the maximum amount matches what is currently received by maintained settings.

### Conclusion

Once again, although responses were low in number, a significant majority agreed in principle that the Basic Entitlement allocation should be applied to all providers. It is therefore proposed that this option is implemented fully, including the maximum limit as detailed.



### Proposal 3 - Deprivation funding

The table below summarises the responses:

MAINTAINED SECTOR		PVI's		TOTAL
Count of Agree	8	Count of Agree	12	20
Count of Disagree	5	Count of Disagree	1	6
Count of No opinion	1	Count of No opinion	1	2

Overall, more than 71% of respondents agreed that deprivation funding should be distributed based on IDACI scores, with 86% of PVI settings agreeing that deprivation funding should be allocated on this basis.

18% of respondents from the maintained sector felt that using the IDACI scores alone does not accurately reflect individual children's circumstances. A number of respondents suggested that additional deprivation factors such as 1<sup>st</sup> language and ethnicity should be taken into consideration. Unfortunately this particular data is not collected from PVI's and children's centres so unless we imposed a greater administrative burden on providers it could not be applied consistently. As IDACI scores are used in calculating maintained school deprivation funding, it will ensure consistency between the schools budget formula and the SEYFF to use this measure for deprivation funding at least until other options are available.

### Conclusion

Once again, a significant majority of respondents agreed that deprivation funding should be allocated based on IDACI scores. It is therefore proposed that this option is implemented fully.

## Proposal 4a - Flexibility levels

The tables below summarise the responses:

MAINTAINED SECTOR		PVI's		TOTAL
Count of Agree	5	Count of Agree	7	12
Count of Disagree	8	Count of Disagree	6	14
Count of No opinion	1	Count of No opinion	1	2

Providers' opinions on the proposals regarding flexibility levels (Proposal 4a), and the funding supplements attached to those levels (Proposal 4b) are far less clear cut.

The responses to Proposal 4a are equally balanced, with 50% in agreement/no opinion and 50% disagreeing that the three levels of flexibility proposed would meet parental need, although the percentages in each sector differed slightly.

A small majority of PVI providers agreed that levels 0, 1 and 2 should be provided as flexible options to parents and are, in fact, already offered at their settings.

However, a significant percentage (28%) of the maintained providers expressed dissatisfaction with level 0, 1 or 2 options for flexibility – although disagreement is based more on concerns that providing **any** flexibility would disrupt continuity for children and may impact on the quality of learning and care, rather than the practical options that meet parental need.

## Proposal 4b - Flexibility weighting

MAINTAINED SECTOR		PVI's		TOTAL
Count of Agree	1	Count of Agree	5	6
Count of Disagree	13	Count of Disagree	8	21
Count of No opinion		Count of No opinion	1	1

Proposal 4b regarding the funding attached to the three flexibility levels caused far greater disagreement, with 75% of respondents overall disagreeing with the proposal, although none of the respondents who disagreed proposed alternative amounts for the three levels of flexibility.

The main areas of concern raised by maintained sector providers are that this supplement 'rewards' flexibility for parents over continuity and quality of care for children.

However, PVI providers disagreed with this proposal for different reasons; a number of settings feel that external factors, such as rental of premises, does not allow them to qualify for this supplement; other providers (particularly the full daycare settings) feel that the supplements proposed at levels 0, 1 and 2 do not compensate for the loss of income caused by the lower occupancy levels caused as a result of greater flexibility.

Comments made by a number of PVI providers recognise that in the current economic climate parents are requesting more flexible attendance patterns for their children and that they are not committing to long-term childcare arrangements.

## **Conclusion**

Although the majority of respondents disagreed with this proposal, comments received indicate that it is the impact of flexible attendance on outcomes for children that is the main cause for concern. Although a majority of respondents did not agree with the additional premium to be allocated for levels 1 and 2, it must be noted that it is a DCSF expectation that the SEYFF should

*'support, promote and incentivise flexible patterns of delivery'.*

The flexibility premium attached to Levels 0, 1 and 2 were discussed again by Early Years Working Group members at their meeting on 30<sup>th</sup> September. However, in light of the fact that respondents did not propose alternative amounts for the funding attached to each level, and that any increase in flexibility weightings would decrease other funding factors, it was agreed that this option should be implemented as proposed, but again subject to monitoring and review after a full year of operation.

### Proposal 5a - Qualifications supplement

The tables below summarise the responses:

MAINTAINED SECTOR		PVI's		TOTAL
Count of Agree	4	Count of Agree	7	11
Count of Disagree	10	Count of Disagree	6	16
Count of No opinion		Count of No opinion	1	1

Although respondents mostly agreed with the principle of supporting higher qualifications for Early Years staff, 57% disagreed that the level of the supplement proposed was sufficient as it does not reflect the increased salary cost of professional childcare staff.

### Proposal 5b - Qualifications lump sum or per pupil allocation

MAINTAINED SECTOR		PVI's		TOTAL
Count of Lump sum	4	Count of Lump sum	4	8
Count of Per pupil	10	Count of Per pupil	6	16
Count of No opinion		Count of No opinion	4	4

Although respondents disagreed with the proposed level for the qualification supplement, the same overall percentage (57%) felt that any supplement should be paid on a per pupil basis.

Maintained settings particularly preferred the per pupil option, as in most cases they have more funded pupils than PVI settings. The smaller PVI settings that agreed with the proposal of a lump sum payment expressed the view that this option would recognise that all pupils in a setting would benefit from professionally qualified staff, not purely the funded children.

Early Years Working Group members discussed the responses to this proposal fully at their meeting on 30<sup>th</sup> September, but felt that respondents may not have fully understood this option. Members felt that respondents may have disagreed with this option in the belief that if not accepted, the amount of qualifications funding available would be increased, whereas the overall quantum available is fixed and any increase in qualifications funding would decrease amounts available through other factors.

Members also felt that it was an important principle that qualifications should be recognised in the Early Years Funding Formula.

## **Conclusion**

Although the majority of respondents disagreed with this proposal, it is the recommendation of EYWG members that this option is implemented on a £50 per pupil basis, to a maximum of £1500.

## Proposal 6 - Funding adjustments for changes in pupil numbers during a term

The table below summarises the responses:

MAINTAINED SECTOR		PVI's		TOTAL
Count of None	10	Count of None		10
Count of Optional	3	Count of Optional	5	8
Count of Compulsory	1	Count of Compulsory	7	8
Count of No opinion		Count of No opinion	2	2

Overall, the majority of respondents (57%) felt that adjustments for mid-term leavers and joiners should be applied, although this was split equally between those that felt it should be optional and those that wanted it to be compulsory.

However, the breakdown of preference across the maintained and PVI sectors is very different; maintained settings would prefer no mid-term adjustments, whereas the majority of PVI settings opted for compulsory adjustments.

This difference appears to reflect current practice in relation to funding adjustments, in that maintained settings are used to managing annual budgets with a minimal number of adjustments throughout the financial year, whereas current PVI funding is participation-led and claim levels fluctuate on a termly basis.

The comments submitted suggest that the main reason maintained settings opted for no mid-term adjustments is their concern over the additional workload attached to processing any adjustments in light of the higher numbers of children at each establishment.

PVIs however, prefer mid-term adjustments so they can monitor funding adjustments and corrections throughout the financial year. The PVIs also feel there is no need to change current practice of receiving accurate participation-led funding and that, in most cases, the workload in processing mid-term adjustments for a small number of pupils is minimal.

As discussed in the last paragraph of Proposal 1, the 'Annual Daycare Audit' information submitted by PVIs suggests that implementation of the Single Early Years Funding Formula and the perceived under 3/over 3 diversification may increase the movement from the PVI to the maintained sector once children become eligible for the Free Entitlement. PVIs comment that there is already noticeable movement into the maintained sector at age 3, as a number of parents believe taking a place in a maintained nursery setting improves the likelihood of a Reception place at the 'linked' infant/primary school.

### Conclusion

In line with the majority preference that mid-term adjustments should apply, but bearing in mind that compulsory submission of adjustment claim forms would be

difficult to enforce, it is proposed that mid-term adjustments will be optional for all providers under the SEYFF.

### **Proposal 7 - Payment frequency (PVI's only)**

The table below summarises the responses:

<b>MAINTAINED SECTOR</b>		<b>PVIs</b>		<b>TOTAL</b>
Count of Monthly		Count of Monthly	3	3
Count of Termly		Count of Termly	10	10
Count of Half-termly		Count of Half-termly		0

(This question only applies to the PVI sector, as maintained settings will continue to receive their Early Years allocations on the same basis as the school budget share).

77% of PVI respondents wish to continue to receive their Early Years funding on a termly basis, as per current arrangements. However, the 3 settings that would prefer monthly payments feel that this would fit well with their current arrangements for monthly billing to parents.

### **Conclusion**

In line with the preference expressed by the majority of respondents, it is proposed that payments to PVIs will be made on a termly basis. (Schools are not affected by this proposal).

