

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Funding for Early Years settings
<b>Committee:</b>	Cabinet
<b>Date:</b>	9 October 2018
<b>Cabinet Member:</b>	Councillor Jon Taylor (Cabinet Member, Education, Skills and Transformation)
<b>CMT Member:</b>	Alison Botham, Director for Children's Services
<b>Author:</b>	Judith Harwood, Service Director (Education, Participation and Skills)
<b>Contact details</b>	Tel: 01752 30465 email: judith.harwood@plymouth.gov.uk
<b>Ref:</b>	
<b>Key Decision:</b>	No
<b>Part:</b>	I

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### **Purpose of the report:**

To provide Members with an overview of Early Years provision, funding issues and resilience

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### **Corporate Plan**

The Early Years duties aim to ensure that children and young people (0-14 years old) across Plymouth can have the best start in life and improve future outcomes by accessing high quality childcare, either privately and/or via their free childcare entitlements. 30 Hour Childcare is one of these free entitlements, which is delivered by Education Participation and Skills, in partnership with childcare providers.

These initiatives endorse the outcomes and ambitions in the Plymouth Plan by:

- ensuring that all children can access high quality learning activities, the attainment gap reduces and families are supported
- parents are able to access childcare and go to work, increasing social mobility and reducing poverty
- local businesses are financially sustained.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

The nursery schools are maintained and currently carry a deficit budget which, once the protection ends (possibly in March 2020), could become a liability for the Council.

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### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

None for the purpose of this briefing report.

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**Equality and Diversity**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

For Cabinet to receive the report for consideration

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**Alternative options considered and rejected:**

This is a briefing report only.

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**Published work / information:**

None for the purpose of this report.

**Background papers:**

None for the purpose of this report.

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

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**Sign off:**

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Originating SMT Member: Judith Harwood													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## 30 HOURS CHILDCARE

The main findings from the Pre-School Learning Alliance Report, Sector Views on Early Years Funding and the 30 Hour Offer (April 2017) found that:

- early years providers remain deeply concerned about the adequacy of funding, and the impact this will have on the sustainability of their businesses
- with only a minority currently committed to delivering the 30-hour offer, and many still considering limiting the number of places available
- many parents across the country are likely to find it difficult to find a funded place, particularly one that matches the days and times they want to use it
- parents accessing a 'free' place may find that many of the additional goods and services that used to come as part of their entitlement, with providers having previously absorbed the cost of these themselves
- parents of younger children, the majority of whom will not be benefiting from funded provision, could face fee increases as providers look to plug an ever-widening funding gap
- the funding that local authorities receive from central government is set to be frozen until 2020
- cost drivers such as the national minimum and living wage, business rates, rents and mortgages continue to rise.

In Plymouth, a high majority of childcare providers currently offer 30 hours free childcare places. The 2017/18 census shows that 5,900, 3 and 4 year old children benefited from universal funded early education places (15 hours of childcare) and 1,590 (27%) of these (and are eligible) benefited from extended funded early education places (over 15 and up to 30 hours). The number of hours offered can vary from setting to setting. It is common for parents to access their entitlement in a number of settings, and this partnership approach is encouraged by the Department for Education (DFE).

Plymouth childcare providers agree that:

- the stagnant national funding rate, increased business rates, the introduction of pension and living wage costs have increased the financial pressures on childcare businesses
- reduced grant funding opportunities is having a negative impact upon charities
- increased rental rates are forcing some settings to move premises.

Interestingly, a handful of settings in Plymouth have closed since the introduction of the 30 hours entitlement although this is a similar pattern to previous years. A number of factors have influenced this. These include the adherence to static and inflexible business models and decreasing birth rates (since 2010/11) and business owners choosing to leave the childcare market, retirement etc. However conversely, for every setting that has closed, a new setting has opened and therefore the provision of childcare places in the city remains stable currently.

Some childcare providers have welcomed the introduction of the 30 hours entitlement, as it has improved their financial viability. Some organisations have proactively promoted this scheme and have adapted their services to the needs of parents. Some settings have reduced their fees in order to attract more parents. Recently, two large nursery chains have purchased 15 day-care settings in the city. Furthermore, we are currently supporting two new organisations to start 'outdoor settings', two new holiday club providers to open, an Academy (two schools) to adopt nurseries, and new childminders have registered to take funded children, therefore the childcare market in Plymouth feels optimistically buoyant.

The Early Years Provision: survey results (June 2018) published by Local Government Association report has stated that since the introduction of the 30 hours initiative there has been an increase in public enquiries and/or administration to the LA. This has been true in Plymouth. A number of parents have contacted the Early Years Team to ask for help. In the main, their concerns primarily relate to HMRC and the process of claiming their entitlement. HMRC refer parents to the LA for

support, and unfortunately, in most cases we are powerless to help, especially when it concerns the LA funding childcare for parents who have missed the funding deadline. We (along with other LAs) have raised this issue with the DFE.

Some LAs are experiencing a reduction in children taking up two year old funding, as some providers are choosing to prioritise 30-hour places. This is not the case in Plymouth. We understand that some parents with children with special educational needs and disabilities (SEND) can struggle to find suitable childcare and consequently the Early Years Team have supported them.

In addition, we are actively supporting childcare businesses in the city, as we are launching a new Business Support Hub. We are also supporting parents (especially the more vulnerable and those with children with special educational needs and disabilities) to access their entitlement through a new Childcare Champion Scheme.

The Early Years National Funding Formula (EYNFF) was introduced in April 2017. The formula has set the hourly rates that are paid to local authorities to deliver the universal and extended entitlement for 3 and 4 year olds.

Since the EYNFF was introduced, maintained nursery schools (MNS) have been protected at their 2016/17 funding levels through a supplementary grant. In 2018/19 the value of the supplementary grant was £393,000. This was used to fund the existing MNS hourly rate for 3 and 4 year olds (£4.81) and a £90,000 lump sum for both MNS, this is significantly higher than the 2018/19 funding rates for private nurseries which is £4.08.

Central Government have stated that supplementary funding for MNS will be allocated to local authorities to protect their 2016/17 MNS funding rates until at least 2019/20. However, no guarantee on funding has been given after 2020, leaving maintained nursery schools unable to plan and budget for the future.

## **Early Years Centre of Excellence**

In January 18, Early Years Minister Nadhim Zahawi announced the launch of a feasibility study into the cost and value of maintained nursery schools (MNS), as many face an uncertain future. The Early Years Provision: survey results (June 2018) published by Local Government Association, report that:

- Sixty three per cent of the 56 councils with MNS that responded supported the protection of funding for MNS at either the current level or a higher level than for other settings, with the most cited reasons for this being because they provided more places for children with special educational needs and disabilities (SEND) and disadvantaged 2-year-olds.
- Sixty one per cent of responding councils with MNS felt that it was 'very likely' (33 per cent) or 'fairly likely' (28 per cent) that these would close without protected funding.

Therefore, while we await a decision from the Department for Education regarding the future of MNS, we are launching an Early Years Centre of Excellence for Early Years in Plymouth.

By co-locating Plymouth City Council (PCC) Early Years Advisory Teachers (EYAT) with maintained Nursery Schools (Ham Drive Nursery School and Day Care and Plym Bridge Nursery School and Day Care (PNSF)) we aim to remodel and enhance the current training and support delivered to early years settings, whilst upholding the statutory functions for the council. We are currently investigating the possibility of becoming a NVQ/accreditation and research centre too. This partnership will benefit PCC, PNSF, and the early years sector and ultimately improve outcomes for all children.

Following a period of engagement with staff and unions the opportunity to pilot this new way of working was agreed. There will be a Partnership Agreement between Plymouth Nursery Schools Federation (PNSF) and Education, Participation and Skills (EPS) and this document will detail the lines of accountability and key performance indicators for all parties. Financial sustainability is a key performance criterion and the project aims to make saving through the recruitment of a new Head Teacher (as the existing Head is retiring), by increasing the training income, by accessing further education grants/funding, by reducing supply costs and increasing the productivity of the Daycare. The finer detail of this is currently being determined.

This project will start on 29 October 2018 and a review of the initial phase will take place in the Spring Term 2019, with the option of extending this project into 2019/20, if successful.