

<b>MEETING:</b>	<b>Cabinet</b>
<b>MEETING DATE:</b>	<b>18 December 2014</b>
<b>TITLE OF REPORT:</b>	<b>HEREFORDSHIRE NURSERY EDUCATION FUNDING POLICY (2, 3 &amp; 4 YEAR OLDS)</b>
<b>REPORT BY:</b>	<b>Early Years Policy &amp; Strategy Manager</b>

## **Classification**

Open

## **Key Decision**

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards Affected**

County-wide

## **Purpose**

To approve the Herefordshire Nursery Education Funding Policy

## **Recommendation(s)**

**THAT:**

- (a) **That the Herefordshire Nursery Education Funding Policy (appendix 1) be approved.**

## **Alternative options**

1. There are no alternative options as it is a Statutory Duty to deliver 2,3 & 4 year old Nursery education Funded Places (Early Education and Childcare Statutory Guidance Sept 2014) and ensure there is enough childcare settings to meet parental demand.

## **Reasons for recommendations**

2. It is a Statutory Duty to deliver the early education nursery entitlement to 2,3 and 4 year

olds and the policy sets out the criteria for delivery

## **Key considerations**

3. This Policy has been produced in order to bring together all our Statutory Duties and legal requirements around the delivery of the 2, 3 & 4 year old free entitlement. The policy will support providers in their role in delivering the funded (free) entitlement. It has been written in line with the following guidance: Free Early Learning and Childcare – The Offer for Two-Year Olds, Department for Children, Schools and Families (DCSF) Guidance document for local authorities (July 2009)
4. The Policy sets out the qualifying criteria, and explains how to claim the funding and also specifies the monitoring undertaken by Herefordshire Council concerning the use of funding by providers.
5. It outlines the conditions of early year's funded Free entitlement in Herefordshire and as such underpins the delivery of the Early Years Foundation Stage (EYFS) curriculum, for those registered on our directory of providers.
6. The aim of this Policy is to describe Herefordshire's Council's responsibilities to ensure that the funded entitlement within Herefordshire meets the requirements set down by the Department For Education (DFE) for 2, 3 and 4 year olds and provide simple, clear and transparent guidelines and rules. It will detail the requirements to which providers must adhere to enable Herefordshire Council to monitor providers to ensure that funding is used in an appropriate and legitimate manner.
7. The current process for administering the NEF (including payments to childcare providers and information on the children accessing the free entitlement) is currently a labour intensive paperwork process administered by Hoople. A scoping exercise and consultation is currently underway to get this process into an on line digital process (potentially through our tribal IT system). This is viewed by childcare providers as a very positive move and will enable the process to be easier, less labour intensive and more efficient.

## **Community impact**

8. The Policy supports statutory requirements for the local authority e.g. to support the delivery of early education and childcare and ensure there are enough childcare places to meet parental demand. This Policy supports the priorities within the Herefordshire Children & Young Peoples Plan, Early Help Strategy and Child Poverty Strategy. It supports achievement of the Council's corporate plan objectives to improve outcomes for children and young people and to ensure there is access to excellent education and learning opportunities at all levels.
9. In order to end the cycles of deprivation the government wants to reach children from as young as two, therefore giving them the best chance to learn and develop. These reforms are vital because we know that high-quality early education can have a dramatic impact on a child's life chances in the longer term
10. During the summer 2014, 186 disadvantaged 2 year olds took up the free 15 hour childcare entitlement. As at November 2014 this has increased to approximately 400. As at November 2014, 2062 three year olds and 94 four year olds are accessing the free 15 hour childcare entitlement in Herefordshire.

---

Further information on the subject of this report is available from  
Julia Stephens Early Years Policy & Strategy Manager on Tel (01432) 383041

11. Herefordshire has approximately 99 Ofsted registered childcare settings taking Nursery education funded children. 90 are deemed Good and Outstanding by Ofsted. 1 is deemed Inadequate and 8 are satisfactory or requiring improvement. There are also 117 Ofsted registered child minders taking Nursery Education Funding. 12 are Outstanding, 67 Good, 14 satisfactory, 1 inadequate and 23 waiting Ofsted registration.

## Equality and human rights

12. The delivery of Nursery Education Funding pays due regard to our public sector equality duty. It provides more disadvantaged 2 year olds with the opportunity of 15 hour free childcare per week supporting families to access training and employment opportunity and to support children to receive a better start in life.
13. An Equality impact assessment has been completed and attached (appendix 2) to support this policy proposal which considers the effect on childcare providers and parents accessing the free entitlement. This is carefully considered alongside statutory requirements, priorities and the resources available.

## Financial Implications

14. The Dedicated Schools Grant (DSG) fully funds early years and the 3 & 4 year old free entitlement. This is paid by the DFE according to the number of children taking up the offer. 2 year old funding is set nationally by the DFE and given to local authorities for the roll out of this programme. For financial year 2014/15 approximately £5 million per year is received for 3 & 4 year olds (£3,454 per pupil x 1,475 pupils) and an additional £1.7m per 2 year olds. The early years funding is demand led and is finalised by DFE at year end to take account of the number of early year's pupils in the January 2015 pupil census.
15. The School Finance (England) Regulations 2012 (S.I.2012/335) set out how Local Authorities must operate their Early Years Single Funding Formula (EYSFF). The regulations require that a Local Authority must consult their schools forum and decide upon the funding formula which informs the hourly rate paid to all providers (*Local Authority Nurseries and Private/Voluntary Sector Providers*).
16. Schools Forum set the hourly rate for 3 and 4 years olds at £3.20 (plus an extra 26p per child for disadvantaged postcodes) A lump sum of £50 per week is paid to all providers (pro-rata for providers with less than 100 hours). This is consistent with our neighbouring counties but is slightly lower than our statistically comparable counties. Herefordshire is the 16<sup>th</sup> lowest funded county in England for early years. The rate paid for 3 and 4 year olds is kept under review by Schools Forum. The 2 year old funded rate £4.85 is set nationally by the DFE.

## Legal implications

17. It is a legal requirement set by the government for Local Authorities to deliver the 2,3 & 4 year old free entitlement.
18. This is a Key Decision to be taken by Cabinet in line with the Part 3, Section 3 of the council's constitution.

19. Local Authority statutory duties in relation to early years childcare provision are set out in the Child Care Act 2006 and the DFE statutory guidance note early education and childcare published in September 2014. These duties are mandatory.
20. The Herefordshire Nursery Education Funding Policy sets out how the council will meet its statutory duties to: secure sufficient free of charge childcare provision for eligible 2 year olds and for 3 – 4 year olds; and provide information and advice to both parents and childcare

## **Risk management**

21. There is a risk that we do not meet our statutory duty to provide enough childcare places for the continued roll out of early education funded places for 2, 3 & 4 year olds. This policy helps us mitigate the risks by setting out the procedures for deliver. We are also reliant on the quality of early year's settings/child-minders maintaining a good or outstanding Ofsted result on inspection (for 2 year old funding) and Satisfactory for childcare settings/child-minders taking 3 & 4 year old funding. However our Early Years Advisors work closely with childcare settings & child-minders to support the improvement and maintain quality standards in early years. Quality improvement in early years is an area of focus within the Early Years Strategy.
22. There is a potential risk that the hourly rate set locally for 3 & 4 year old funding is not enough to cover the actual costs of operating a nursery/pre-school facility. Providers could choose to opt out of the NEF scheme which would impact on our sufficiency duties. This has been raised at schools forum and by providers in the country. This has been investigated by benchmarking against other local authorities. Generally those local authorities that give a higher hourly rate are getting more money from the DFE. Unfortunately Herefordshire historically has always been a low funded authority. A review of the rate set for 3 and 4 year olds is currently underway and the finding will be reported back to the Early Years Strategy group in January 2015.
23. There is minimal risk to the council at present. However, if demand increases for childcare places then we could have a sufficiency issues and we would need to develop the childcare market to meet the demand. This is closely monitored through our early year's advisors and through a feedback function on our website to ensure that we are constantly aware of changing market forces.

## **Consultees**

24. A period of consultation took place on the draft policy proposal during the months of July & August 2014. Consultation took place through the members/stakeholders on the Early Years Strategy Board (EYSB). The draft policy was shared amongst group members who are responsible for dissemination and communication within the agencies they represent.
25. EYSG members represent the following service areas: Educational Development, Early Years Improvement, Business Intelligence Officer, Third Sector & Private Nursery Providers, Primary Schools, Children Centres, Additional Needs, Health Visitors, Safeguarding (MASH), Childrens Commissioning, Early Help and Public Health. Finance were also consulted, although they are not represented on the EYSG board.
26. Comments were fed back to the Early Years Policy & Strategy Manager and followed through with changes, adaptations or additions to the policy. All 208 nursery providers and child-minder's were contacted via email and were offered an opportunity for 1:1 appointments to discuss the NEF process and implementation which is currently in place

---

Further information on the subject of this report is available from  
Julia Stephens Early Years Policy & Strategy Manager on Tel (01432) 383041

and outlined in the policy document. 2 nursery providers took up the offer of 1:1 and 5 others responded that they felt comfortable with the current processes but any training support or workshops in the future would be welcomed.

27. Consultation with parents was not undertaken directly as the policy relates to process and procedures for the roll out of NEF to childcare providers. However feedback from some parents received since July 2014 has been fed into the policy. This has been in relation to some childcare providers asking for “top up” fees to the 15 hours free entitlement and from parents wishing to take up a childcare place in a nursery provision which does not take 2 year old funding due to its Ofsted rating being only satisfactory. This feedback has informed the NEF policy and clarity on issues raised have been built into the final policy document.

## **Appendices**

Appendix 1 Herefordshire Nursery Education Fund Policy

Appendix 2 Equality Impact Assessment

## **Background papers**

None identified