

Meeting:	Cabinet
Meeting date:	Thursday 26 October 2017
Title of report:	Nursery education funding agreement 2017
Report by:	Cabinet member young people and children's wellbeing

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

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

(All Wards);

Purpose and summary

To approve a model Herefordshire Nursery Education Funding (NEF) Agreement to support implementation of the 30 hours free entitlement to nursery education for two, three and four year olds, which commenced on 1 September 2017.

The free entitlement is entirely resourced from central government funding. The draft funding agreement, which sets out the criteria for delivery, is based on the model provided by the Department for Education (DfE).

Recommendation(s)

That:

- (a) the draft Herefordshire Nursery Education Funding Agreement 2017 (at appendix 1) be approved; and
- (b) the director for children's wellbeing be authorised to take all necessary operational decisions to complete agreements with relevant providers, within approved funding allocations.

Alternative options

1. There are no alternative options as it is a statutory duty to deliver two, three and four year old nursery education funded places (Early Education and Childcare Statutory Guidance - September 2014) and ensure there's enough childcare settings to meet parental demand. The 30 hours free childcare offer started on 1 September 2017.

Key considerations

2. The draft agreement at appendix 1 has been produced in order to bring together all our statutory duties and legal requirements around the delivery of the two, three and four year old free entitlement and the new 30 hours free entitlement. The agreement will support providers in their role in delivering the funded (free) entitlement. It has been written in line with the DfE Model Agreement Guidance.
3. The agreement 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.
4. It outlines the conditions of early years 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.
5. The aim of this agreement is to describe Herefordshire's Council's responsibilities to ensure that the funded entitlement within Herefordshire meets the requirements set down by the DfE for two, three and four year olds and provide simple, clear and transparent guidelines and rules. It will detail the requirements to which providers must adhere to enable the council to monitor providers to ensure that funding is used in an appropriate and legitimate manner.

Community impact

6. The funding agreement supports statutory requirements for the council, such as to support the delivery of early education and childcare and ensure there are enough childcare places to meet parental demand. It supports the priorities within the Herefordshire Children and Young People's Plan to give children the best start in life to enable them to grow up healthy, happy and safe within supportive family environments. It supports achievement of the council's corporate plan objectives to keep children safe and give them a great start in life through improve outcomes for children and young people by offering early years education to all three and four year olds and our most disadvantaged two year olds and to ensure there is access to excellent education and learning opportunities.. All early years providers delivering nursery education funding must be registered with Ofsted and meet all the requirements within the Early Years Foundation Stage, which includes health and safety and safeguarding procedures.

Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
8. A public authority must, in the exercise of its functions, have due regard to the need to -
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.
10. The delivery of Nursery Education Funding pays due regard to our public sector equality duty. It provides more disadvantaged two year olds with the opportunity of 15 hours of free childcare per week, supporting families to access training and employment opportunity and to support children to receive a better start in life.
11. 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.

Resource implications

12. The Dedicated Schools Grant (DSG) fully funds early years and the three and four year old free entitlement. This is paid by the DfE according to the number of children taking up the offer. Two year old funding is set nationally by the DfE and given to local councils for the roll out of this programme. Grant funding for two, three and four year olds in Herefordshire amounts to approximately £8.5 million per annum.
13. The School Finance (England) Regulations 2012 (S.I.2012/335) set out how councils must operate their Early Years Single Funding Formula (EYSFF). The regulations require that a council must consult their schools forum and decide upon the funding formula, which informs the hourly rate paid to all providers (local authority (council), nurseries and private/voluntary sector providers). The funding formula for early years was reviewed in January 2017.
14. The implementation of the 30 hours free childcare in September 2017, meant the government increased the funding rate to councils. After consultation with providers in January 2017, the hourly rate for three and four years olds at £3.90 per hour base rate plus rurality supplement will remain. This means that every setting delivering at least 100 hours of NEF per week will continue to receive £50 per week over 38 weeks (this equates to a lump sum of £1,900 per year on top of the basic hourly rate they will receive). For those that deliver less than 100 hours of NEF per week (fewer than seven children), it equates to 50p per hour of NEF. There's also a deprivation supplement of 30p per child, per hour for all EYPP eligible children.

15. The rate for disadvantaged two year olds is £5.20 per hour.

Legal implications

16. Part 4 of the Childcare (Early Years Provision Free of Charge) (Extended Entitlement) Regulations 2016 came into force on 1 September 2017 and sets out that local councils must secure the early years provision free of charge, the type and amount of free childcare and how the council should discharge its duty to secure free childcare.

Risk management

17. 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 two, three and four year olds. This policy helps us mitigate the risks by setting out the procedures for delivery. We are also reliant on the quality of early years settings/childminders to maintain a Good or Outstanding Ofsted result on inspection (for two year old funding) and Satisfactory for childcare settings/childminders taking the three and four year old funding. However, our Early Years Advisors work closely with childcare settings and childminders to support improvement and maintain quality standards in early years. Quality improvement in early years is an area of focus within the Early Years Strategy.

18. There is a potential risk that the hourly rate set locally for three and four 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 the schools forum and by providers in the county. This has been investigated by benchmarking against other local councils. Generally those local councils that give a higher hourly rate are getting more money from the DfE. Unfortunately, Herefordshire historically has always been a low funded council area. A review of the rate set for three and four year olds is currently underway and the findings will be considered in January 2018.

19. If demand increases for childcare places then the council would need to develop the childcare market to meet the demand. This is closely monitored through the council's Early Years Advisors and through a feedback function on our website to ensure that we are constantly aware of changing market forces.

Consultees

20. This has been consulted on via the children and young people's partnership with representation from health, social care, early years providers, children's centres and primary schools. All have supported this agreement.

21. The political groups have been consulted and the feedback received is supportive of this key decision.

Appendices

Appendix 1 – Herefordshire Provider Agreement

Appendix 2 – Nursery Education Funding Equality Impact Assessment

Background papers

None identified