

Early Years, Free Childcare and Education Entitlement Funding

Consultation on a proposal to change the funding
allocations schedule for Private, Voluntary and
Independent (PVI) childcare providers

23 October 2018

1. Background

- 1.1. In January 2017, the London Borough of Sutton (LBS) consulted with childcare providers on the Early Years National Funding Formula when the Department for Education (DfE) implemented a change to the [statutory guidance](#) that places new requirements on how local authorities fund childcare providers.
- 1.2. During the consultation, providers were asked if they would prefer to receive monthly payments or continue to be funded as in the existing process (described in section 2). Feedback was slightly in favour of remaining with the current process (49% in favour of the current process and 39% in favour of monthly payments). However, only 45% of all provider types registered to deliver free entitlement funding in 2017 responded to the consultation, 91% of respondents were from the PVI sector.
- 1.3. Since the last consultation, the Government have released new Statutory guidance (July 2018) which sets out their expectation that Local Authorities should fund all providers monthly (*A4.13, p20*). In light of this new guidance, LBS is now consulting on the possibility of implementing monthly payments from January 2019

2. Existing funding arrangements

- 2.1. Private, Voluntary and Independent (PVI) childcare providers currently receive Free Entitlement Funding (FEF) payments in two instalments each term. The first payment is received within the first fortnight of the term and consists of 50% of the total estimated hours. The second payment is then made after the half term holiday in the term to which the claim applies; this payment is made using the actual figures received by headcount day.

3. Proposed funding arrangements

- 3.1. As a result of the Government's expectation that Local Authorities should fund childcare providers on a monthly basis, LBS is proposing to implement monthly payments for the Free Early Education and Childcare Entitlement for 2,3 & 4-year-olds to all PVI childcare providers, commencing January 2019.
- 3.2. LBS proposes to allocate 11 monthly payments a year. It is not proposed to allocate funding in August due to the number of providers that are closed or where they do not offer stretched funding. Nevertheless, providers who are open during August or offer

stretched funding will receive the summer term funding claim balance in July in advance to cover any funded hours delivered in August.

- 3.3. Providers will be required to submit at least two funding claims per term in the same way that they do now - Estimate and Actuals. Estimate claims will be collected at the start of each term (as they are now) via the Provider Portal.
- 3.4. Actual funding claims will be collected on headcount day in the second month of the term. LBS fund children based on where they are on headcount day. Funding is not transferred if a child moves providers after headcount day.
- 3.5. To ensure providers have sufficient time to include children that start later in the term and reduce the number of adjustments, providers will be able to submit an additional funding claim towards the end of the term.
- 3.6. LBS expect that this proposal will support providers to manage their cashflow effectively, as all funding will be processed in the term that the funding claim relates.

4. The proposed monthly payment process

- 4.1. Providers will make an estimate submission within the first month of each term, as they do now. Estimate claims will include the total number of hours per week and the number of weeks the provider estimates they will deliver of FEF in that term.
- 4.2. Estimate submissions will be used to calculate the first two/ three months payment allocations for the term.
- 4.3. Actual submission will be collected at headcount day. This is the first month of the Spring term and the second month in the Summer and Autumn terms, these dates are prescribed by the Department of Education (see table in Section 5).
- 4.4. Headcount claims will be used to calculate the actual balance payment, paid at the last month of the term.
- 4.5. Providers are required to submit child details by Headcount day. LBS will fund based on the individual child level data for the term based upon the headcount claim.
- 4.6. Estimate claims do not include child data, therefore children are able to move provisions prior to headcount day. If this happens, the provider should remove this child from the portal (if submitted). If a child has been included on a providers headcount and then moves to a new provider after headcount day, the new provider will not be able to submit a funding claim for the remainder of the term.

- 4.7. Providers can claim for any 'new' children after headcount day if the child was not at another provider on headcount day. To claim funding, the provider will need to submit the child on the portal by the penultimate month in the term (see table in section 5)
- 4.8. All Free Entitlement Funding payments will be paid on the last Thursday of every month. The first two/ three payments will be based on the estimates submission, the final payment would be based on the actual submission.
- 4.9. The final balance payment in the last month of the term (December, March, July) will include any additional funding claims made by the dates provided in the table in section 5.
- 4.10. Once the actual funding claims have been processed the portal will be open for providers to submit their estimates for the following term.
- 4.11. Providers who overestimate will receive an invoice at the end of the term to pay back any overpayment.
- 4.12. LBS expect that monthly payments to all PVI childcare providers will have a number of benefits:
- All childcare provider types in Sutton will receive free entitlement payments in a consistent way.
 - Providers will be able to manage their budgets more effectively as they will receive regular payments
 - The introduction of an extra funding submission later in the term will ensure providers are paid accurately for the children that attended during the term and will reduce the delay of adjustment payments.
- 4.13. Equally, LBS recognise there is a disbenefit to monthly payments, that need to be considered;
- In the event that providers do not make an estimate claim or underestimate their claim, this will result in provider receiving no/reduced funding and will have to wait until the end of the term to receive the actual balance payment.

5. Proposed monthly funding timetable for academic year 2018/2019

Term	Month	Submission	Submission	Payment based	Proposed
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		required	deadline date	on	payment dates
Spring 2019	January	Estimates	11/01/2019	33% of Estimates submitted	31/01/2019
	February	Headcount date	17/01/2019	33% of Estimates submitted	28/02/2019
	March	Additional funding claim	14/03/2019	Actuals - balance	28/03/2019
		Portal open for Estimate claims for Summer term	25/03/2019		
Summer 2019	April	Estimates	05/04/2019	25% of Estimates submitted	25/04/2019
	May	Headcount day	16/05/2019	25% of Estimates submitted	30/05/2019
	June	None		25% of Estimates submitted	27/06/2019
	July	Additional funding claim	12/07/2019	Actuals - balance	25/07/2019
	August	Portal open for Estimate claims for Autumn term	19/08/2019		

6. Early Years Pupil Premium (EYPP) - Information Only

- 6.1. All children who may be eligible for EYPP payments should already have their information put onto the provider portal. From January, LBS will check eligibility and allocate payments using the Provider Portal. Providers will be able to see the amount of EYPP funding they are expected to receive on the summary page.
- 6.2. Paper applications will need to be submitted to determine eligibility for children who meet the non-economic criteria. Once eligibility has been confirmed, the child's record on the Portal will be updated and funding will be processed using the portal.

7. Consultation timeline

Process	Proposed timeframe
Consultation with stakeholders	23rd October -20th November
Review consultation feedback	20th November - 26th November
The final decision confirmed at School Forum	4th December
Implementation (subject to a decision)	1st January 2019

8. Have your say

- 8.1. LBS invites feedback from Sutton PVI childcare providers. Providers can give their feedback via the online survey found at [Sutton Citizen Space](#).
- 8.2. LBS would prefer that respondents use the online survey, however, if respondents would prefer, hard copies are available upon request from laura.byrnes@sutton.gov.uk

9. Frequently Asked Questions

1. Does moving to monthly payments mean that we will need to do more administration?

No. Providers will continue to make two funding submissions each term via the portal as they do now.

2. What happens if I miss a submission deadline?

If you miss a submission deadline, LBS will assume you have no funding claim to make and you will receive no payment. Providers will receive email reminders of submission dates. In exceptional circumstances, LBS may be able to make payments outside of the deadlines. Providers will need to telephone or email the portal administrator to make this request.

3. Can children still start at my provision after a funding submission has been made?

Yes. As long as the child is eligible and has not been included on another providers headcount claim, the child can take up their free entitlement at any point in the term. The introduction of the additional funding claim will enable providers to receive funding for children that start later in the term in a more timely manner.

4. If LBS does decide to move to monthly payments, how will I be informed of the decision?

LBS will inform all providers of the decision by email on the 11th December 2018

5. How will I know if I have been paid correctly?

Providers will be able to view the funding summary page on the Provider Portal that will show all the split payments.

6. Will I lose any money if LBS moves to monthly payments?

No. The total funding amount would remain the same.

7. If the decision to implement monthly payment is agreed, do I have to be paid monthly or can I continue to be funded in the same way as I am now?

No. If the decision is made to move to monthly payments then this will not be possible. LBS is not able to make individual arrangements.

8. Will we receive a funding handbook in December to help us with our funding submissions for January 2019, that reflects monthly payments, if monthly payments go ahead?

Yes. Providers will receive a funding handbook the week commencing 10th December that will support providers making funding claims in the Spring term. This handbook will reflect the decision of this consultation, either the existing process or the monthly payments.

