1. Purpose of report

1.1. The purpose of this report is to provide Schools Forum with background information and a summary of the responses received relating to the consultation undertaken with PVI providers on the proposed changes to the funding allocations schedule for early years payments.

1.2. Officers are seeking any views from the Schools Forum on the recommendation to implement a monthly payments schedule in January 2019 and in light of the responses to the consultation.

2. Summary

2.1. Last year, the Department for Education (DfE) made a number of changes to the Early Years National Funding Formula (EYNFF) and the Statutory Guidance for early education and childcare, that places new requirements on how local authorities fund childcare providers.

2.2. January 2017, LBS consulted on a number of changes to the EYNFF, During this consultation, providers were asked if they would prefer to receive monthly payments or continue to be funded as in the existing process. Feedback was marginally in favour of remaining with the current process (49% in favour and 39% in favour of monthly payments). However, only 45% of provider registered to deliver free entitlement funding in 2017 responded to the consultation.

2.3. The updated Early years and childcare Statutory Guidance for local authorities June 2018, sets out the Government’s expectation that Local Authorities should fund all providers monthly unless there is a good reason not to (A4.13, p20). In light of this new
guidance, and the relatively ‘close’ results in last years consultation responses, officers felt it necessary to consult again on a proposal to move to monthly payments.

2.4. LBS consulted between 23 October and 20 November on the proposal (Appendix A) to implement monthly payments from January 2019 with PVI providers only. Maintained Nursery Schools and Primary Schools with Nursery classes already receive early years funding on a monthly basis.

2.5. The proposal to implement a monthly payment process effective of January 2019 for the PVI childcare sector is similar to the existing process for Schools and Maintained Nursery Schools. This process will support equality across all provider types and enables PVI providers to manage their cash flow more effectively.

2.6. Officers will continue to administer the funding claims using the Servelec system that has the capability to calculate monthly funding payments alongside additional funding supplements - this will reduce the risk of human error in calculating funding payments. Providers will also be able to view the breakdown of their funding allocations via the system, making it easier for them to reconcile their accounts and reduce the number of queries the council receives.

3. **Consultation responses**

3.1. 55 childcare providers responded to the consultation this is 38% of PVI providers registered to deliver the free early years entitlements. A summary report of the responses from the consultation can be found in Appendix B.

3.2. 71% of respondents agreed with the proposal to implement monthly payments from January 2019.

3.3. 20% of respondents objected and 9% did not know whether they agreed with the proposal or not for the following reasons:

- Providers are used to the current process and have budgeted accordingly and moving to a new process means a change in the way they manage their cash flow. (11)
- Proposed payment date was too late in the month (1)
- Did not feel they had enough information (1)
- Prefered the current system but did not mind either way (2)
- Concerns over cashflow (1)
- Reliability of timely payments (1)

3.4. Overall the responses to the consultation are in favour of the proposal, however, some providers expressed concern relating to the reliability of timely payments and the transparency of remittance advice they receive.
3.5. Upcoming enhancements (December 2018) to the Severlec system (the system that is used to collate and administer funding claims) and the move to monthly payments will help towards addressing the issues raised.

3.6. Following the upgrade, providers will be able to view a more detailed summary of their payments on the system that will include any additional funding supplements such as flexibility and EYPP to support providers to effectively reconcile their accounts with the remittance advice provided by Finance. In addition, a regular schedule of payments will support officers to implement an efficient checking process that identifies any errors or delays early, so that, they can be rectified at the earliest opportunity and improve the service provided.

3.7. Officers are recommending to proceed with the proposal to implement a monthly payment Schedule in January, due to the majority of providers in favour of the proposal and the expectation that many of the issues raised (under the council's control) will be improved with the upcoming upgrade to the Servelec system and efficiencies can be made. During the period of change, Officers will continue to work with providers to support a smooth transition.