

TITLE OF REPORT: Consultation on the Frequency of Payments to Early Years Providers

Purpose of the Report

To enable Schools Forum to comment and have input into the consultation with Early Years providers regarding the frequency of payments to providers of early education and childcare.

Background

Payment relates to funding for eligible two year olds, the universal entitlement and the additional entitlement for eligible working parents of three and four year olds.

Currently, private, voluntary and independent providers (PVI) of early education and primary academies with a nursery class receive two payments each term. The first payment is made near the beginning of each term and is based on 70% of the amount estimated by the provider to be due for the term. The second payment is made in the second half of each term and is made up of the balance due plus amounts for Early Years Pupil Premium, Disability Access Fund and Inclusion Fund where appropriate.

Statutory guidance for local authorities on early education and childcare, issued by the Department for Education, states in paragraph A4.13 that:-

‘Local authorities should pay all providers, particularly childminders, monthly and are expected to do so from September 2018. If a provider requests and the local authority agree an existing alternative sustainable method of payment may be continued.’

Payments due to all providers are calculated using the Servelec (formerly Tribal) system and this has recently been upgraded to cope with a possible change to monthly payments should providers prefer this option.

The following table illustrates the difference in the frequency of payments of both systems.

	Summer Term					Autumn Term				Spring Term		
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Current Payment System	70%	0%	0%	30%	0%	70%	0%	0%	30%	70%	0%	30%
Monthly Payment System	23%	23%	23%	30%	0%	23%	23%	23%	30%	35%	35%	30%

The change to monthly payments basically means that the 70% estimate is dispersed over a number of months with the final payment of 30% being unaffected and based on actual take up.

One advantage of the monthly payment system is that providers can amend their estimate should take up of places unexpectedly increase or decrease from the time they submit their initial estimate.

Additional bank charges would be incurred by the Local Authority, but these are not thought to be prohibitive.

Proposal

Briefings are to be held with PVI providers and academies in January 2018 to explain the detail of the changes and give providers the opportunity to ask any questions they may have.

Following these briefings, PVI providers and academies will be asked to express their preference on either retaining the current system or moving to a system of monthly payments.

A further report will be prepared for Schools Forum with the results of the consultation.

The process of funding to maintained primary schools with nursery classes would be unaffected by any possible changes to payments to PVI and academies and their views would therefore not be included as part of the consultation.

Recommendation

It is recommended that Schools Forum grant permission to brief providers on the monthly payment system and to consult with providers on their preferred option.

For the following reasons:-

- To comply with Statutory Guidance.
- To comply with the timescales for the implementation of monthly payments, should providers prefer this system of payments.