

**Item 4**
**TITLE OF REPORT: Payments to Early Years Providers**


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**Purpose of the Report**

1. To update Schools Forum on the recent consultation with Early Years providers regarding the frequency of payments to providers and to request agreement from Schools Forum on the process to be followed from April 2018.

**Background**

2. In December 2017, Schools Forum granted permission to consult with private, voluntary and independent (PVI) providers of early education and primary academies with a nursery class to gather their preference between staying with the current payment system (two payments per term) or moving to a system of monthly payments.
3. Providers were invited to attend one of two briefings held on Wednesday, 10 January when the differences between the two systems were explained and discussed. The presentation was circulated to all providers on Thursday, 11 January and providers had until Wednesday, 24 January to express their preference.

**Consultation**

4. The outcome of the consultation was as follows:-

	Monthly System	Current System	No Preference	Total
Childminders	10	2	1	13
Group providers	4	14	7	25
<b>Total</b>	<b>14</b>	<b>16</b>	<b>8</b>	<b>38</b>

Group providers can be further sub-divided as follows:-

	Monthly System	Current System	No Preference	Total
Day nurseries	2	6	6	14
Pre-schools	2	8	1	11
<b>Total</b>	<b>4</b>	<b>14</b>	<b>7</b>	<b>25</b>

Although overall results were quite even, this masked a clear preference by childminders for a monthly payment system and a preference from group providers to retain the current system.

## Options

5. Three options have been identified and the variability of their implementation assessed:-
  1. **Pay all providers on a monthly basis.** This is in line with Government guidance but goes against the preference of the majority of group providers.
  2. **Pay each provider in accordance with their stated preference.** This is in line with Government guidance and meets each providers preference. However, Early Years staff are concerned about running the two payment systems concurrently on this basis, without any experience of making payments on a monthly basis.
  3. **Pay all childminders on a monthly basis and pay all group providers on the current system.** This is in line with Government guidance and meets the preference of the vast majority of providers. It would also allow Early Years staff to implement monthly payments on a small, manageable scale. Once the amount of work involved and the additional time needed is more clearly understood, then it may be possible to re-consider Option 2.

## Proposal

6. It is proposed that option 3 is implemented from April 2018, as this seems to offer the most practical solution, and meets the preferences of the vast majority of providers that responded to the consultation.
7. Each year, all providers receive a calendar of key dates. Appendix 1 shows the proposed key dates for the financial year 2018/19. The calendar will be shared with providers, should Schools Forum agree to the implementation of option 3.
8. To partly offset the additional BACS costs, payments for eligible two year olds and payments for three and four year olds will be made at the same time.

## Recommendation

9. It is recommended that Schools Forum approve option 3 and that following implementation further information will be brought to Schools Forum for consideration.

**For the following reasons:-**

- To comply with Statutory Guidance.
- To comply with the timescales for the implementation of monthly payments.
- To give the vast majority of providers their preference.
- To allow the monthly payment system to be implemented initially on a small, manageable scale.

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