<u>Appendix A Results of January 2024 Consultation on principles for setting the Early Years Funded Entitlement Rates from April 2024</u>

We had a very good response rate with responses from 610 providers, of which 284 were childminders, 282 Private, Voluntary and Independent providers, 27 school-run provision and 17 other respondents. This equates to a response rate of 57.6% of all providers.

<u>3 and 4 Year Old Funded Entitlement Questions</u>

1. **We asked, do you have any comments on the proposals to add the supplementary grant rate (received separately between September and March) of 42p to the base rate or increasing the basic hourly rate by a further 3.8% (equivalent to 19p per hour) from 1 April 2024?**

The majority of comments welcomed the increase of 3.8% (19p) to the hourly base rate and adding the 42p (2023-24 supplementary grant) to the hourly base rate.

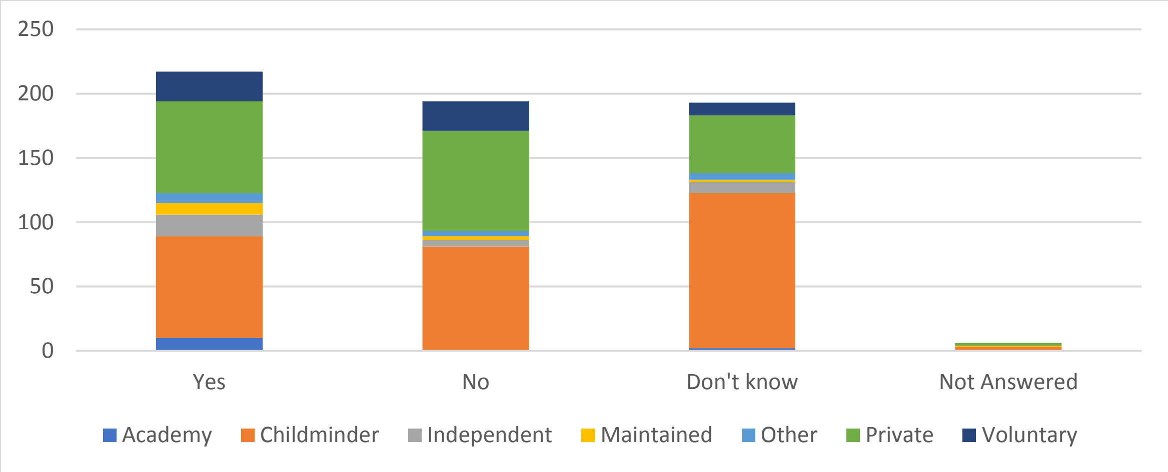
Several respondents raised concern that the increase was not enough to cover wage increases and the cost of inflation and commented that they had concerns that the new rates are still less than the private fees they currently charge parents and do not reflect the market rate. Concerns were raised that some settings may close or decide to no longer offer 3- and 4-year-old funded entitlements.

Some childminders felt that the hourly rate does not reflect the higher staffing ratios in a childminder setting   as opposed to other early years provision. Unfortunately, the Local Authority receives the same LA hourly rate for all 3 and 4 year olds and within the formula funding rules there is no option to target additional funding to childminders.

Some respondents commented that they would like to have seen a full consultation on changing the existing 3 and 4 year old entitlements with a proposal to remove the quality (qualification) supplementary rates, with more funding passed through the hourly base rate.

Next year we commit to running a full consultation for 3 and 4 year olds and will seek your views on the continuation and the criteria of the Quality (qualification) supplement.

2. **We asked Do you agree with increasing the Qualified Leader Supplement to £1.20 per hr, to reflect the increased costs in teachers 'pay and pension costs?**



The responses to this question was mixed and 36% of respondents agreed with an increase to the Qualified Leader Supplement to reflect the increase in grant funding the Local Authority had received from the DfE to reflect teachers' pay and pensions. 32% didn't agree and 32% weren't sure.

Comments made in other sections of the survey expressed concern that the rate for QTS on teachers' pay and conditions was proposed to increase, but there was no proposal to increase the 30p hourly supplement amount for EYP (Early Years Professional Teacher Status). The quality supplement has proposed to be increased in line with the additional funding from Department of Education (DfE) specifically relating to increases in both the teachers' pay agreement for September 2023 and the pending increase in the employer pensions contribution for teachers employed on standard teachers' pay and conditions. The DfE has included the general inflationary wage increase in the Local Authority's increased universal hourly rate, so this has been passed on in the proposed 3.8% hourly base rate increase to providers.

3. **We asked, do you have any comments on the proposal for the Local Authority to continue to retain 4.41% of the funding for Local Authority central services provided to Early Years Providers?**

The majority of responses supported the amount being maintained at 4.41%. Several respondents said they would like more information and transparency on which services the central amount was used for. We will look at how we can provide this information for 2024/25. We also propose a modernisation programme for Early Years, to ensure that our current processes are consolidated, to provide a streamlined service for providers that are value for money.

Some respondents agreed with the 4.41% but felt that the offer should include all training courses for free. (currently there is a mix of funded and chargeable training)

Some childminders and other providers felt that they did not fully access the services offered by The Education People and by the Local Authority and could the central rate be set related to type of provision. Unfortunately, under the funding rules, different rates cannot be set for different providers.

Some respondents didn't agree with the amount retained and felt it was too high and felt more or all the funding should be passed through to providers to support sustainability. Suggestions included a review of all of the Local Authority services that they provide or commission and the option of providers being charged instead for central services, which gives freedom of choice. This piece of work is currently in progress, under the Local Authority's Early Years Review.

4. **We asked, do you have any comments on the proposal to fund part of the SENIF for 3 and 4 year olds from the Early Years Block to meet the increased demand?**

The majority of respondents had no comment to make, which we took to demonstrate overall support for the proposal, there were several comments in support of the proposal recognising the increased demand and identification of SEN in early years settings and the importance of early identification and access to the SEN Inclusion Fund so that all children can have equal access to their early years funded entitlement.

Comments received that expressed concerns around the current SENIF proposal were.

- SENIF rates paid are not high enough to support children.
- The Base rate should be increased rather than putting additional funding into SENIF so that ALL children can be supported rather than those that meet the SENIF threshold.
- Could the centrally retained funds be used instead of using funding that could be distributed via the hourly base rate (4.41%).
- The paperwork and application process needs to be simplified.
- The SENIF is very difficult to access as a Childminder, as we don't have a SENCO.
- The increased demand should be funded by increasing the expenditure in the ringfenced high needs block and lobbying DfE.

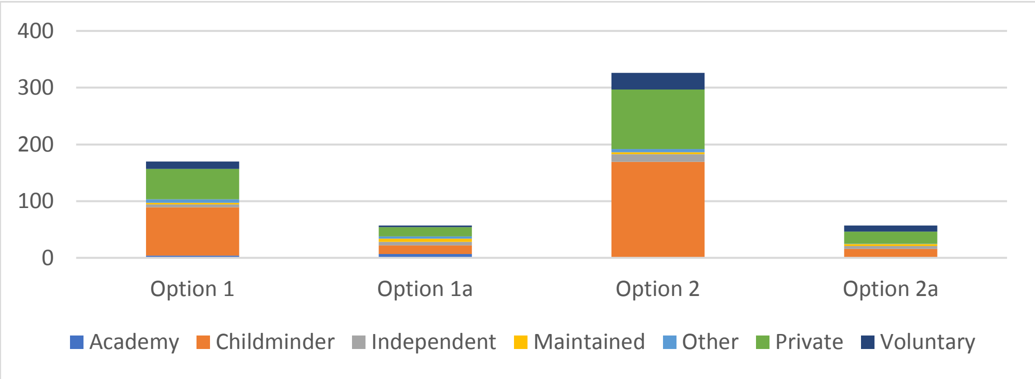
<u>2 Year Old Funded Entitlements</u>

5. **We asked providers to prioritise the components of the early years funding formula from most preferred to least. There was a strong preference for one base rate for all 2 year olds.**

	Rank 1	**Rank 2**	**Rank 3**	**Rank 4**
A higher base for disadvantaged families	91	224	176	119
One base rate for all 2-year-old	454	86	31	39

entitlements				
Quality supplement	48	121	148	293
SENIF	17	179	255	159
Total	**610**	**610**	**610**	**610**

6. **We asked providers to select their preferred option. The option of one hourly base rate for 2 year olds without a supplementary rate was the preferred option for the majority. This reflected the responses to the previous question with a clear preference for one hourly base rate for 2 year olds (option 2)**



7. **We asked, do you have any comments on our proposed options for 2 year old funding?**

The majority of respondents that opted for the preferred Option 2, (one hourly base rate for all 2 year olds without a supplement) selected that option as they felt it was important to keep the formula and administration simple, in an already complicated payment and claim system of eligibility codes and forms.

Respondents that preferred option 2 felt that a 2-year-old required the same level of support and staffing ratio whether they were from a working family or a disadvantaged family. With working families often facing the same pressures as disadvantaged families with mortgage payments and the cost of living crisis

The biggest concern about the new entitlement was the level of the funding rate, which providers felt didn't cover the increase in wages and inflation on running costs. Several respondents commented that they had concerns that the new rates may be less than the private fees they currently charge parents and were concerned about the drop in income if they offered additional spaces to 2 year olds of working families.

There was a lower number of respondents in favour of a higher hourly rate for 2 year olds from disadvantaged families, those that did support a higher base rate felt it was important to have additional funding to provide additional support to those children by having higher staff ratios and being able to provide additional activities and experiences

Several respondents felt that 2 year olds and under didn't require a QTS on teachers' pay and conditions and that settings would struggle to recruit a QTS with the training to work with this age group. The funding was better passed through into the hourly base rate.

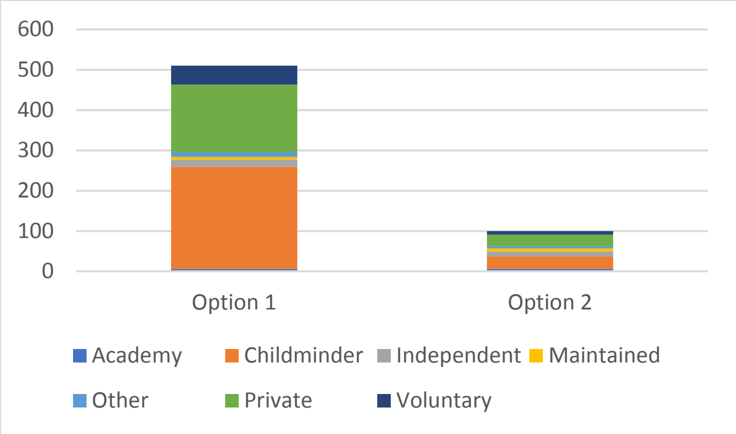
Several respondents did not agree with the higher Quality (qualification) supplement of £1.20 for QTS on Teachers pay and conditions they felt all Early Years qualifications should be paid the same hourly supplementary rate. (EYP is currently 30 per hr) as settings have to all meet the same Ofsted requirements.

<u>9 months – 2 Year old Funded Entitlements</u>

8. **We asked providers to prioritise the components of the early years funding formula from most preferred to least. The majority of respondents felt the hourly base rate was most important.**

	Rank 1	Rank 2	Rank 3
Base rate	529	61	20
Quality Supplement	61	208	341
SENIF	20	341	249
Total	**610**	**610**	**610**

9. **We asked providers to select their preferred option, the option of one hourly base rate for 2 year olds without a supplementary rate was the preferred option for the majority. The responses reflected the previous question with a clear preference for one hourly base rate with no supplements, Option 1.**



10. We asked, do you have any comments on our proposed options for our 9 months - 2 year old funding?

The majority of respondents opted for option 1, one hourly base rate without the quality (qualification supplement , as it keeps the funding simple in an already complicated payment and claim system . Several respondents said that they did not currently have provision for children under 2, which may have an impact of take up. The Education People are currently carrying out an analysis of sufficiency.

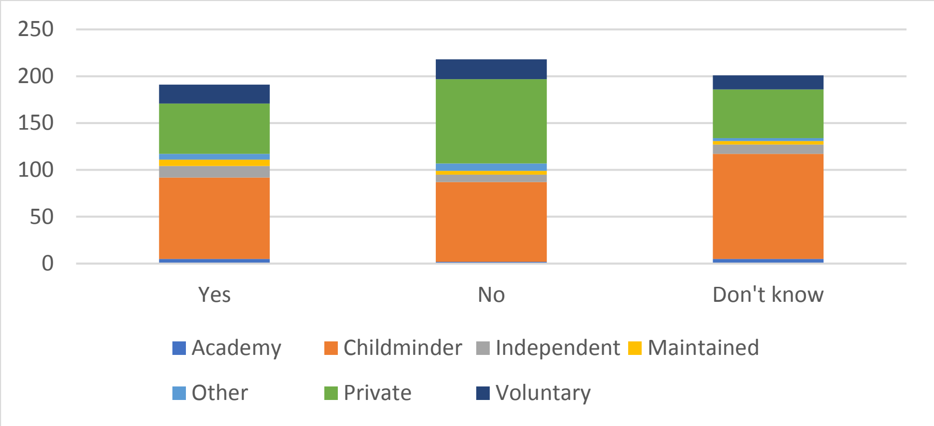
Some respondents felt the level of the funding rate didn't cover the cost of provision and fell short of the current market rate. Some respondents said their settings were dependant on income from fee paying under 2 s for sustainability.

Concern was raised that the high hourly rate would encourage providers to prioritise this age group above 3 and 4 year olds, and in some cases children may be asked to leave when the funding rate reduces when they become 3. It is easier to adjust staffing ratios in a large early years setting but Childminders aren't able to adjust their staffing ratios like a nursery.

Several respondents felt that under 2 year olds didn't require a QTS on teachers' pay and conditions and that settings would struggle to recruit a QTS with the training to work with this age group. The funding was better passed through into the hourly base rate.

<u>2 Years old and under 2 Funded Entitlement</u>

11. We asked do you agree that the Local Authority should retain 5% of the funding it receives from the new extended entitlements, in order to maintain Local Authority services to early years providers?



The responses were mixed ,36% of respondents didn't agree with the Local Authority retaining 5% of the funding, 31% did agree and 33% weren't sure. The high level of Don't Know responses, reflects the comments made below that providers feel they don't have clear information on how the 5% is spent.

12 We asked, do you have any comments on the pass-through rate to providers?

Several providers felt that all of the funding should be passed through to providers, so that an hourly sustainable rate was paid to providers.

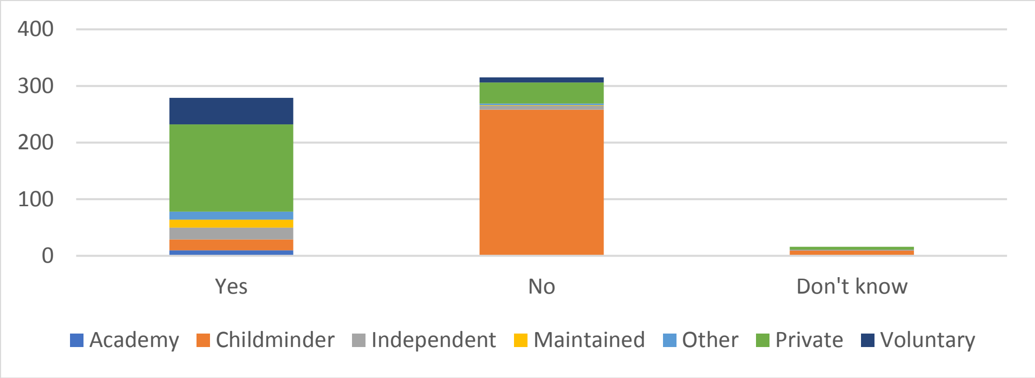
Some childminders and other providers felt that they did not fully access Central Services provided by the Local Authority and The Education People and didn't receive value for money. Local Authority services should be fully funded by the Local Authority or services reviewed and reduced with optional charging.

Some providers valued the central services that they accessed but felt the 5% was too high. – 4% was felt to be a more reasonable figure by some respondents. Some respondents questioned why if the services are already in place why additional money is needed. The new entitlements will increase the places in Kent and demand for the services currently provided, the new working entitlements are new and will require additional tailored advice and support. New systems and processes will also need to be put in place for claiming the entitlement and payment of the entitlements.

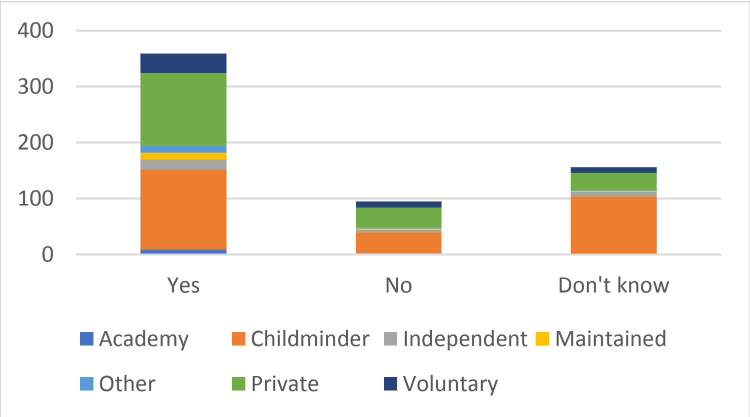
Some respondents asked for more transparency around how the money will be spent. We will look at how we can provide this information for 2024/25.

Several respondents highly valued the support available, in particular the SENIF and Inclusion team were mentioned and putting additional monies into this area.

13 We asked, does your provision currently apply for SENIF funding or has your provision applied for SENIF funding in the past?

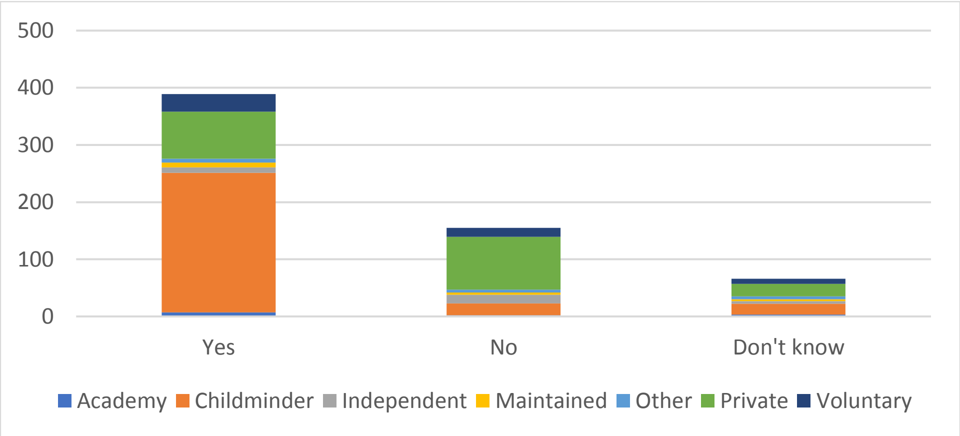


14 We asked, do you support the provision of a SENIF fund for 2 year olds and under to support low and emerging needs from the early years block of funding?



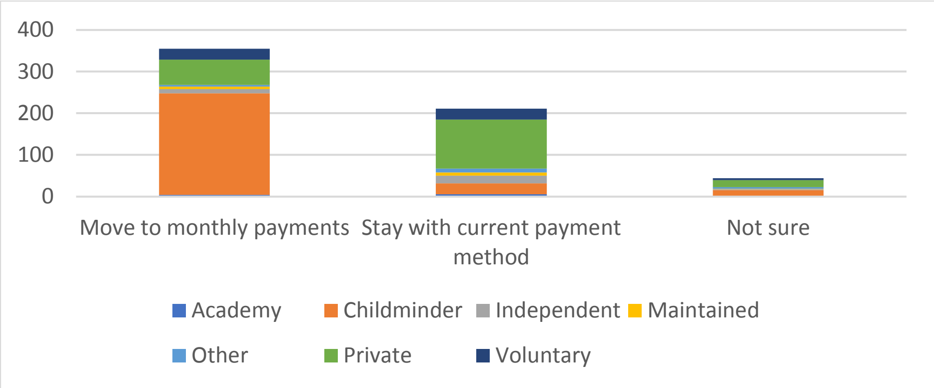
There was strong support for using some of the funding the Local Authority receives via the Early Years Block to create a SEN inclusion fund.

15 Payment Mechanism. We asked, do you agree that a change to the current payment schedule should be considered?



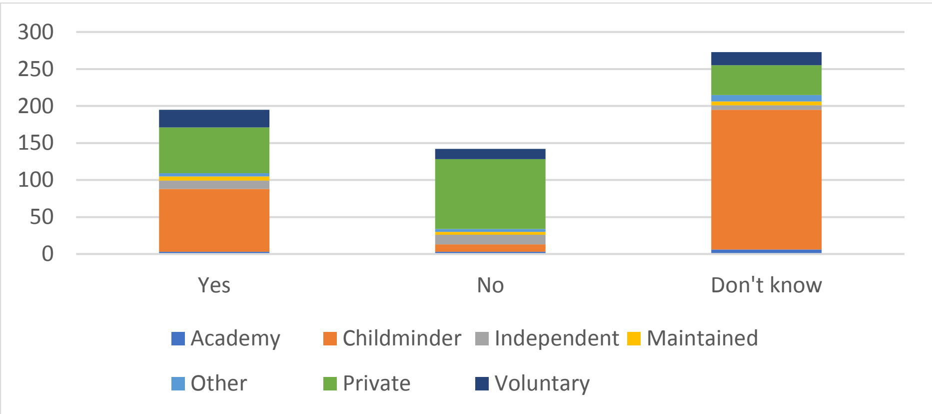
There was very strong support for changing the current payment schedule particularly from Childminders.

16 We asked, would you prefer to receive payments on a monthly basis, taking into consideration that would mean some payments would be made later than they currently are?



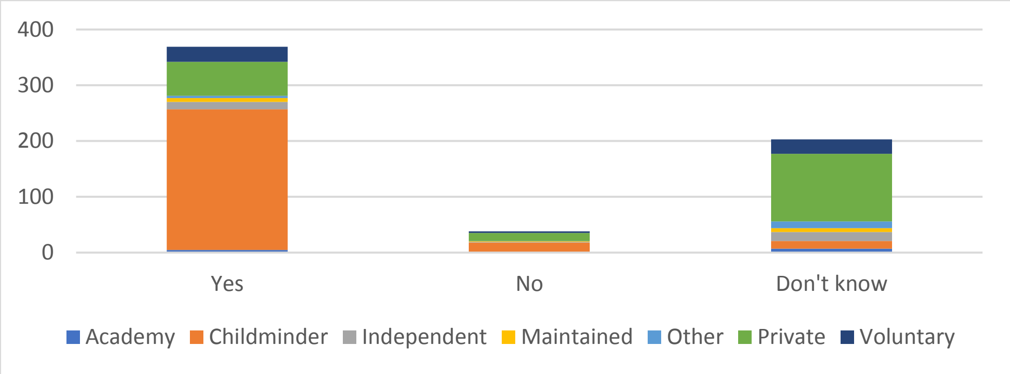
There was strong support again particularly from Childminders.

17 We asked, should PVIs and Schools be paid on a monthly basis?



There was overall support for this proposal, however not from the actual PVI sector that it would impact. We are going to investigate further whether our software system would be able to give PVI’s the option to choose a monthly or termly payment.

18 We asked, should Childminders be paid on a monthly basis?



There was very strong support from childminders for this proposal, but also from other sectors who lent their support to childminders. This came through in the comments, providers from other sectors were very supportive of their childminder colleagues recognising that the current payment method does not always reflect childminder business needs.

19 We asked, do you have any comments on the proposed changes in the payment mechanism?

The comments very much reflected the responses to the questions above with a high level of support for monthly payments, particularly from childminders. Providers felt monthly payments would support their cashflow and reflected the way they have to meet costs, for example paying staff wages monthly.

They also felt it might encourage more providers to provide the funded entitlements.

The monthly proposals were welcomed by childminders as the current payment method can impact their eligibility for Universal Credit. Childminders currently receive 6 payments a year (2 a term) each month they receive a payment it can put them over the Universal Credit threshold, their UC payment is then reduced for that month causing them financial hardship.

Monthly in advance was preferred by several respondents, with concerns that the FF2 (disadvantaged 2 year olds) is still proposed to be paid monthly in arrears, as payment is not made until a claim is submitted to the portal. Some respondents would like to see FF2 moved to the same payment process as the rest of the funded entitlements.

Respondents requested that any change to payment method ensures that payment is timely and does not add any additional administrative burdens to providers.

Respondents that wanted to maintain the current payment system were predominantly from nurseries and preschools. Concerns were around cashflow as the interim payment at the start of the term , provides funds in the bank and moving to monthly may mean some months outgoings are higher than income, as payments have been scheduled to coincide with the current 6 payment dates and monthly payment may also impact term time only nurseries

Those providers also felt the payment system was working as it is, so didn't need changing and dealing with monthly payments would lead to an increase in administration when reconciling the bank and accounts and lead to additional bank charges.