

Briefing Note Childcare Provision

1. Introduction

1.1 There is currently underway a review of the Early Years provision in H&F, responding to a number of critical changes and developments in Early Years delivery / funding.

2. Context – Childcare sufficiency

2.1 All 3 & 4 year olds (and the most disadvantaged 2 year olds) are currently eligible for 15 hours of free childcare, for 38 weeks per year. In September 17 this was increased to 30 hours per week for eligible 3 & 4 year olds, from working families.

2.2 In April 2019, there will be changes to the National Early Years Funding Formula presenting a change to the way childcare will be funded. The aim of this is to achieve fairer funding distribution between Local Authorities and different types of providers in each Local Authority. In H&F, this change particularly presents a challenge for the financial sustainability of H&F maintained nursery schools. The most affected nursery providers are: Randolph Beresford, Vanessa, James Lee, and Bayonne.

2.3 The government provides a “base rate of funding” per eligible hour, adjusted for additional needs factors and the location of the local authority (area cost adjustment). This provides LBHF with £7.92 per funded hour for all 3/4YO’s taking up a place in an early years settings, at headcount dates. Local authorities are required to pass at least 95% of 3/4YO funding received, to providers, through a single funding formula. All providers should be funded on an hourly ‘base rate + supplements’ basis, irrespective of whether they are PVI, primary school nursery classes, or maintained nursery schools. The ESFA allows for 5% of funding received by the LA to be retained to fund Early Years central services teams.

2.4 PVI’s and childminders are funded solely on the number of eligible hours of care provided in the setting each term (participation basis) whereas H&F maintained nursery schools, mainstream and academy nurseries continue to receive an annual budget share, to maintain their funding at 1617 baseline levels, rather than linking funding allocation to activity levels.

2.5 The ESFA are requiring us to move to a participation model for all providers, which will mean funding reductions across MNS’s and school’s nurseries. There is variance in the impact within sector. This will require a rethink in how nursery provision is maintained and delivered across the borough to ensure long-term sustainability.

3. Maintained Nurseries – current position

3.1 For many years, both maintained and PVI nursery provision across the borough has been recognised by Ofsted as either 'Good' or 'Outstanding'. All maintained nursery schools have recently been judged as outstanding with exemplary practice on supporting SEND children. There is a continued commitment to delivering quality nursery and Childminding services within Hammersmith & Fulham across both the Maintained and PVI sectors.

3.3 The maintained nurseries have been aware of the funding pressure, as well as the move to the different funding model, the participation funding model. However, under tri-borough arrangements there was no EY strategy to inform their decision making. Head teachers and governors are committed to working with the Local Authority in facing this national and local challenge and working through options.

We need to continue to lobby central government regarding the impact on services, especially for the most vulnerable

3.4 Despite a lack of clarity on national EY funding, the Local Authority want to enhance childcare services, and the current high quality of childcare. We want to offer schools the help and support required to ensure that they can develop a sustainable financial model

4. Support for the nurseries

Considering changes to funding, it is now imperative that all childcare providers in the Borough think commercially about their funding models to ensure financial sustainability in the medium term.

The Education Service, supported by Children's finance and EY Family Support Service, will provide advice and support around options including:

Investigating the commercial opportunities for the 4 maintained nursery schools, federation design, additional services brought to the maintained nursery schools, support for our SEND learners, review of how 'child in need' and children on a safeguarding plan are supported in nurseries.

The 'transformation' of Bayonne and James Lee is currently being modelled and consulted on via staff consultation and HR & governance support by exploring a federation with Melcombe Primary.

5. Recommendation

7.1 The participation model will be effective from April 2019, with the finance team assessing the impact on each part of the sector (maintained stand alone nursery provision, maintained school provision, Academy provision).

7.2 It is recommended that the Early Years' service (within the Family Support Service), in conjunction with Children's finance resume their work with the

maintained nurseries to review, redesign and implement approaches for more sustainable financial models. A programme of workshops will be on offer during October & November prior to the governments finding policy being released in December 2018.

7.3 There are further conversations to be had around the short term funding implications and mitigations which the maintained nurseries will face from March 2019.

Appendix 1

Childcare Sustainability - Possible Support Required

Area	Detailed Support and Tools that may be required
Business Planning	Understanding local demographics and potential target market, Assessing Parental demand, including commuter flows and local employers Developing a series of actions to build the sustainable offer
Business Feasibility	Room Ratio calculator Staffing costs calculator Building a cashflow/financial forecast Understanding of all costs Pricing Structure Competitors
Marketing	Nursey Branding and information for prospective parents Building a Marketing Plan - which groups of Parents to target
Sign off and Governance	Agreement on feasibility Reports to Governing Body on progress Accounting for increased income in overall School Accounts and future financial forecasts
Implementation	Workforce remodelling Recruitment Opening Date

Many of the above headings above are taken from the DFE, Delivering extended and flexible hours in school nurseries Toolkit April 2016

<https://www.familyandchildcaretrust.org/delivering-extended-and-flexible-hours-school-nurseries-toolkit>

We welcome further discussion with Schools to help understand what further support the Early Years, Education and Finance Teams can offer.