

## Early Education Funding Review

Norfolk County Council is considering changes to the way it funds nurseries, childminders and other providers of early education. Our current funding arrangements are not affordable and they are outdated.

Whilst we have to change how we fund early education providers, we have some choice about exactly how we do this, within the amount of funding we have available. We need your help to work out exactly which changes we should make.

We want to:

- Simplify the formula that we use, by reducing the range of rates we pay to different providers.
- Target our funding to children living in more deprived parts of the county.
- Support smaller providers to be sustainable.
- Reward providers that offer a high quality service.
- Offer flexible childcare for working parents/carers.
- Make sure that the funding arrangements are affordable, within the budget we receive from the Government.

There are a range of different ways that we can change how we pay providers. We have developed three different proposals that are affordable, and there is more information about these below.

We have also produced three documents that show the effect of each proposal on your funding. Please note that the figures in these documents are for example purposes only and may change. You can download these documents by following this link and scrolling to the bottom of the page:

[www.citizenspace.com/norfolk/consultation/early-education-funding](http://www.citizenspace.com/norfolk/consultation/early-education-funding)

You will need your Department for Education Unique Reference Number (DfE URN) to see what impact each proposal would have on your funding. Each document is sorted by provider type and then numerically by the unique reference number. You can compare your indicative budget under the current funding arrangements with what your budget would be under the proposal.

We want to know what you think will help us to meet our aims set out above, and what you think of our proposals. Your answers to this survey will help us decide if we choose one of the three proposals in this document, or whether we should develop an alternative.

The deadline for completing our survey is 10 August 2014. You can complete our survey online:

[www.citizenspace.com/norfolk/consultation/early-education-funding](http://www.citizenspace.com/norfolk/consultation/early-education-funding)

Any changes we make to the funding arrangements will not be introduced until after 1 April 2015.

## **Background information about our aims**

Here is some additional information about our some of our aims.

### **Simplifying how we pay providers**

We currently pay a range of different hourly rates to providers based on a number of different criteria. We want to simplify the formula that we use to decide how much each provider is paid and reduce the range of rates we pay to different providers.

### **Deprivation**

The Government carries out regular research to identify which parts of the country are more deprived. They don't just look at people's income and employment, they consider the level of crime, the skills people have, their health and housing.

Under Government regulations we have to include a payment to providers that work with families who live in a deprived areas. There are different ways we could do this:

- We could pay a fixed sum of money for each child that providers have from a deprived background.
- We could pay a higher hourly rate to providers for children that they have from a deprived background.

We currently pay providers a fixed sum of £50 for every child that they have from a deprived background (based on data collected in January).

### **Sustainability**

We want to make sure that smaller providers are sustainable and have enough money to cover their running costs.

We currently pay a higher hourly rate to providers that have 8 places and under. This is based on the number of children they have in January, and is then set for the year.

We could count the total hours per claim form you submit. Then if the number of hours you claim were to fall below a certain level we would increase your hourly payment. We would increase your payment if the number of hours you claim fell below 3,450.

### **Quality**

We want to make sure that we have high quality services in Norfolk. There are different ways we could use our funding to achieve this:

- We could pay more money to providers if their staff have better qualifications.
- We could pay more money to providers if their last Ofsted rating was good or outstanding.

We currently pay providers a higher hourly rate if their staff have better qualifications.

### **Flexibility**

We want to make childcare flexible to support working parents/carers. We could pay a higher hourly rate to providers that allow parents/carers to use their free childcare for their 3 or 4 year for more than 6 hours a day.

## Our proposals

### Proposal 1: Pay two base rates, with an extra deprivation payment

In this proposal we would pay:

Nursery Classes	£3.34 per hour
Private, Voluntary, Independent Sectors and Childminders	£3.73 per hour

This proposal recognises that some of the overhead costs for Nursery Classes are covered by the school budget, and that they do not have to cover redundancy costs.

The loss in funding would also be limited by paying an additional hourly rate to providers for children that they have from a deprived background. We would no longer pay an annual sum of £50 for each child with a home address in a deprived area.

We would pay slightly more money to providers for children living in the most deprived parts of the county:

Money paid in addition to the Base Rate:	10% most deprived parts of the county	11-20% most deprived parts of the county
	£0.20 per hour	£0.15 per hour

This proposal aims to:

- Simplify the formula that we use, by reducing the range of rates we pay to different providers.
- Target our funding to children living in more deprived parts of the county.

However, this proposal does not:

- Support smaller providers to be sustainable.
- Reward providers that provide a high quality service.
- Encourage providers to offer flexible childcare for working parents/carers.

### Proposal 2: Pay a single base rate for all types of providers, with extra hourly payments for deprivation, qualifications of staff and the number of hours claimed each claim period

In this proposal we would pay a single hourly base rate to all providers:

<b>Hourly Base Rate</b>	£3.34 per hour
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We would pay an additional hourly rate to providers for children that they have from a deprived background. We would no longer pay an annual sum of £50 for each child with a home address in a deprived area.

We would pay slightly more money to providers for children living in the most deprived parts of the county:

<b>Money paid in addition to the Base Rate:</b>	10% most deprived parts of the county	11-20% most deprived parts of the county
	£0.20 per hour	£0.15 per hour

Under this proposal we would no longer pay a higher hourly rate to providers that have 8 places and under, based on the size of a setting in January.

Instead, we would count the total hours per claim form submitted. Then if the number of hours you claim were to fall below a certain level we would increase your hourly payment. We would increase your payment if the number of hours you claim fell below 3,450.

We would pay providers an additional hourly rate if their staff are better qualified. The amount we would pay would depend on the number of hours that a setting claims:

<b>Hours Claimed</b>	<b>EY Level 3</b>	<b>EY Level 5</b>	<b>EY Level 7</b>
Less than 3,450 hours	£0.40	£0.46	£0.55
More than 3,451 hours	£0.35	£0.38	£0.41

This proposal aims to:

- Simplify the formula that we use, by paying one hourly rate to all types of providers.
- Target our funding to children living in more deprived parts of the county.
- Support smaller providers to be sustainable, by increasing the hourly rate we pay providers if the number of hours they claim falls below 3,450 hours.
- Reward providers that provide a high quality service, by paying providers whose staff are better qualified.

However, this proposal does not:

- Recognise that some Nursery Class overheads are supported by the school budget.
- Encourage providers to provide flexible childcare for working parents/carers.

**Proposal 3: Pay a single base rate for all types of providers, with extra hourly payments for deprivation, qualifications of staff, the number of hours claimed each claim period and to providers that support working parents/carers**

In this proposal we would pay a single hourly base rate to all providers:

<b>Hourly Base Rate</b>	£3.34 per hour
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We would pay an additional hourly rate to providers for children that they have from a deprived background. We would no longer pay an annual sum of £50 for each child with a home address in a deprived area.

We would pay slightly more money to providers for children living in the most deprived parts of the county:

<b>Money paid in addition to the Base Rate:</b>	10% most deprived parts of the county	11-20% most deprived parts of the county
	£0.20 per hour	£0.15 per hour

We would pay providers an additional hourly rate if their staff are better qualified. The amount we would pay would depend on the number of hours that a setting claims:

<b>Hours Claimed</b>	<b>EY Level 3</b>	<b>EY Level 5</b>	<b>EY Level 7</b>
Less than 3,450 hours	£0.32	£0.39	£0.47
More than 3,451 hours	£0.28	£0.31	£0.34

We would pay an additional hourly rate to those to providers that allow parents/carers to use their free childcare for their 3 or 4 year for more than 6 hours a day:

<b>6 hours or more per day</b>	£0.10 per hour
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This proposal aims to:

- Simplify the formula that we use, by paying one hourly rate to all types of providers.
- Target our funding to children living in more deprived parts of the county.
- Support smaller providers to be sustainable, by increasing the hourly rate we pay providers if the number of hours they claim falls below 3,450 hours.
- Reward providers that provide a high quality service, by paying providers whose staff are better qualified.
- Encourage providers to provide flexible childcare for working parents/carers.

However, this proposal does not:

- Recognise that some Nursery Class overheads are supported by the school budget.

## **Tell us what you think**

We want to know what you think will help us to meet our aims set out above, and what you think of our proposals. Your answers to this survey will help us decide if we choose one of the three proposals in this document, or whether we should develop an alternative.

The deadline for completing our survey is 10 August 2014. You can complete our survey online:

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