

Funding Early Years Education in Haringey

Why are we consulting?

The government is proposing to change the way early years education for all 3 & 4 year old children is funded from April 2017 and asked all local authorities and childcare providers for their views on the proposal to have a national funding formula for early years. A national funding formula will decide the amount of early years funding is given to each local authority area. This early years funding, is part of the Dedicated Schools Grant (DSG) currently paid to local authorities to support the delivery of education in the borough. Government proposals will mean changes to the way providers of early years education will get paid for each child and how each local authority is able to support the cost of ensuring that enough high quality early education and childcare is available in their area.

We have been given an idea of what Haringey Council might receive in total funding over the next two years and this might mean that early years education and childcare providers may see an increase in the hourly rate they are paid for children that are 3 and 4 year olds. Table 1 below summarises the anticipated changes.

Table 1. Haringey's current and indicative funding levels for delivery of the 3 & 4 Year Old Free Entitlement

2016-17	2017-18	2018-19
£	£	£
10.224m	13.939m	15.634m

However, government proposals also mean that money, some of which has been used by Haringey Council (centrally held funding) to support the delivery of some childcare in the borough may be greatly reduced, as shown on Table 2 below.

Table 2. Indicative changes to the amounts of early years DSG funding that can be centrally held

2016-17	2017-18	2018-19
£	£	£
1.924m	1.049m	0.822m

The government's consultation closed on 22nd September 2016 and we expect their response to the feedback received during autumn 2016. The proposed changes are expected to begin from April 2017. This timescale means that, in Haringey, we would like to plan for potential changes to our Early Years funding sooner rather than later.

The expected reduction, from April 2017, in the amount of early years funding the Council will be able to use to support some childcare provision in the borough means that we have to look for alternative ways for these services to continue. We are considering a wide range of options, including reviewing the fees that parents and carers using these childcare services currently pay.

In light of the above, we want to gather views from residents, staff, Governors and all stakeholders' on our proposals for developing a sustainable childcare offer in Haringey from April 2017.

Background

In March 2016, the Childcare Act 2016 was passed. This allowed eligible 3 and 4 year olds of working parents to have an extended entitlement of up to 30 hours per week of free early education in 38 weeks in any year. In August, 2016, the government launched a consultation on an early years national funding formula with proposals on how the DSG funding will be allocated to Local Authorities.

The government proposals include;

- An extended entitlement for eligible 3 and 4 year old children from 15 hours to 30 hours to encourage parents into work and support working parents to take up more hours of work,
- Maintaining funding for some 2 year olds and increasing the funding rate for Haringey from £5.28 to £5.66.
- Increasing the amount of funding paid out to providers, which would mean a reduction in the amount of DSG funding centrally held by the Council for administering the early years services.

Haringey Council currently maintains early education and childcare provision in eight settings in the borough: This means that the local authority subsidises the cost of childcare and has a role in setting fees and some policies.

The eight maintained settings are:

- Broadwaters Children's Centre
- Park Lane Children's Centre
- Pembury House Nursery School & Children's Centre
- Rowland Hill Nursery School & Children's Centre
- Stonecroft Nursery
- Triangle Children's Centre
- Woodlands Park Nursery School & Children's Centre
- Woodside Children's Centre

Four of these are organised and managed by school governing bodies (Broadwaters, Pembury House, Rowland Hill and Woodlands Park) and the remaining four are directly managed by the local authority (Park Lane, Stonecroft, Triangle and Woodside).

All eight settings offer '*full day childcare*', providing childcare between 8am and 6pm on weekdays, over 48 weeks of the year.

Approximately 500 children currently receive childcare at these settings.

Since 2007, the local authority has set the fees that the eight settings must charge for a childcare place. These fees are reviewed annually in line with the cost of living. For 2016-17 fees in the eight settings are as follows:

- ☐ £179 per week for a full-time 3 -4 year old place (before deduction of the free entitlement)
- ☐ £205 per week for a full-time 2-3 year old place
- ☐ £230 per week for a full-time 0-2 year old place

Impact of government proposals

Childcare service delivery by the eight maintained settings is currently supported through a combination of fee income (what parents and carers pay) and some DSG early years funding from government for 2, 3 and 4 year olds free entitlement places and an allocation from the early years DSG funding held centrally by the Council

For 2016-17, the actual amount needed to close the gap between the service delivery costs for the eight maintained settings and their fee income is expected to be £1,814m. This gap will need to be met by an allocation of £1.427m from centrally held early years DSG funding, as well as a contribution of £387k from the Council's General Fund to subsidise the cost to service users.

As consequence of the government early years national funding formula proposals, there will be a substantial reduction in the amount of DSG early years funding that can be centrally held by the Council from April 2017 and then from April 2018.

The impact of these changes on the amount of money available to support maintained childcare service delivery is set out in Table 3 below:

Table 3. Anticipated reduction in amounts of DSG early years funding available to subsidise the maintained childcare provision

2016-17	2017-18	2018-19
£	£	£
1.427m	0.449m	0.217m

In addition to this, recent government cuts have meant the Council having to generate significant level of savings from its budget, putting us in a difficult position financially. And with further cuts anticipated, we are not in a position, financially, to subsidise the cost of service delivery from April, 2017.

Table 4 below shows anticipated change in General Fund from 2016-17.

Table 4. Anticipated reduction in amounts of funding available from Council's General Fund (early years budget) to subsidise the maintained childcare provision

2016-17	2017-18	2018-19
£	£	£
0.387m	0	0

Details of our proposals

The Role of the Local Authority

The local authority has a role in setting the fees for the eight maintained providers listed above. This means that all the settings must charge the same level of fees for each age group of children regardless of their individual business costs, the community they serve and the type of childcare they provide.

Although the local authority will continue to manage the four directly managed settings (Park Lane, Stonecroft, Triangle and Woodside), from April 2017 we are proposing:

Proposal 1: To remove the Council's involvement in the delivery of school based provision allowing schools to determine their own fee levels.

Reason for the proposal

Provision offered by schools are the responsibility of each school governing body. We believe that school governing bodies, head teachers and their staff are best placed to decide how services, including early education and childcare are to be offered to the community they serve. Currently, the governing body for each of the four school-managed settings oversee all of the operational delivery of the school's childcare offer, except the setting of fees. We feel that enabling them to include setting their own fees as part of their responsibilities is more likely to allow them to fully develop an offer tailored to their local circumstances and community.

What will it mean in practice?

- The local authority is no longer likely to be responsible for setting the fees that each school provider will charge.
- School's governing bodies can set their own fees in line with their role and responsibilities in managing the school.
- Each school has the opportunity to set fee levels and a fee structure that reflect their model of service delivery and local circumstances
- Schools can develop an offer that best suits the needs of their local communities.

Fee Structure

The structure of fees across the eight maintained settings is currently as follows:

- ☐ £179 per week for a full-time 3 -4 year old place (before deduction of the free entitlement)
- ☐ £205 per week for a full-time 2-3 year old place
- ☐ £230 per week for a full-time 0-2 year old place

At the moment, we expect all eight settings to charge the same rate across the three different age groups.

Proposal 2: To replace the single fee structure with a new structure where fees are different from setting to setting.

Reason for the proposal

We believe that having a single, fee structure does not recognise the different types of settings that there are amongst the eight provisions. We know they may be serving communities with varying levels of need and therefore may need greater flexibility in how fees and charges are applied across the business.

The challenges faced by each setting in how they are able to meet their service delivery costs, if they are to deliver sustainable childcare services going forward, are significant. A single fee structure does not properly address the real costs of providing childcare and is therefore not supporting settings to become sustainable over time.

What does it mean in practice?

- Settings will be able to review and set fees as part of developing individual business plans
- From April 2017, the fees charged at each of the eight settings may be different from each other.

Fee Levels

The proposed changes to the funding for early years and the increasing costs of delivering childcare mean that we may need to make major changes to how the costs of delivering childcare are to be met from April 2017.

The biggest change we can expect to make is to the level of fees we charge for a childcare place in each one of our settings and therefore, we are interested in hearing your views on some principles in order for us to determine the best model for setting childcare fees in Haringey from April 2017.

We know that our childcare services are being used by families across the borough whose circumstances are very different. Some families may have a much higher household income than others and therefore, being able to afford good quality childcare, may not be possible for everybody. One option is for greater consideration to be given to the levels of income when setting and applying childcare fees.

If levels of income are taken into account, this may mean that some parents/ carers will pay more than others for the same type of childcare place. The alternative is for all parents/carers to pay the same fee rate for the same type of place.

Options

We are interested in hearing your views on the following fee options:

A. Flat fee

This will mean that each setting will set one fee for each age range that all parents/carers will pay regardless of differences in levels of income.

B. Sliding scale of fees

This will mean that each setting will decide on fees according to household income, therefore the more you earn the higher the fee. This also means that parents/carers will need to provide proof of income (means testing).

Household income and fees

In order to understand how any proposed changes to the current level of fees may affect residents, we would like to gather information about household income and parents/carers ability to pay fees.

This information will be kept in the strictest confidence and will only be used for the purpose of helping us to understand parent and carer ability to pay

To assist us in finding the best fee model and levels, please answer the following questions: