

Early Years Business Meetings
Questions and Answers
22nd February 2024 via MS Teams

The
Early Years
Team

Please find below the questions and answers raised across the 3 sessions held, for your information.

Q1: How is our funding affected by the Council's current financial position?

It isn't. The early years entitlement funding is ring-fenced Early Years Dedicated School Grant funding which is separate from the Council's main budget. In line with the local authority's (LA) statutory duties, Nottingham City Council will continue to pay providers for the early years entitlement places provided.

Q2. Why was the Business Meeting later than normal this year?

As a new funding formula was required for allocating funding to the new cohorts of children becoming eligible during 2024/25, the LA had to undertake a consultation exercise on the structure of the formula which delayed the early February date the Business Meeting would normally be. National guidance stipulates hourly rates have to be shared with providers by 31st March for the forthcoming year so this year's Business Meeting is still in advance of this date and early communication was issued to confirm that current funding rates were not expected to decrease for the forthcoming year.

Q3. Can a provider charge a registration fee to parents accessing an early years entitlement place?

No. Following Statutory Guidance, this is currently stated in the Provider Agreement and there has been no national change in policy to this. This applies to all early years entitlement places. The Provider Agreement states that providers cannot require parents to pay a registration fee as a condition of taking up their child's early years entitlement place. Providers can charge parents a refundable deposit to give providers certainty that a parent will take up the early years entitlement place, but should refund the deposit in full to parents within a reasonable timescale. At the time of paying the deposit, the provider should make it clear to the parent any circumstances under which the deposit would not be refunded, for example, if the parent fails to take up their early years entitlement place without sufficient notice. Please refer to the Section 2: Charging in the Provider Agreement for more information.

Q4. If parents are currently claiming the disadvantaged 2 year old entitlement, but become eligible for the new 2 year old working parent entitlement, which of the 2 year old funding rates will be paid?

In some circumstances, households may be eligible for both of the 2 year old entitlements but can only be in receipt of one early years entitlement at a time. In these circumstances, parents should be directed to the disadvantaged entitlement as they will retain their place until the child turns 3 and then transition onto the universal or extended (if eligibility criteria is met) entitlement for 3 and 4 year olds. In this case providers would be paid at the enhanced disadvantaged 2 year old hourly rate. If parents access the working entitlement providers will be paid at the working parent entitlement for 2 year olds hourly rate and parents should be made aware that they could lose eligibility and will need to reconfirm eligibility every three months.

Q5. Can a setting receive funding in the Summer Term for the new cohort of 2 year olds of working parents that won't be included on the Summer Term Estimate Payments?

Yes, with this cohort of children not being included in the Provider's current Summer Term Estimate Payments, the LA is offering a one-off, additional estimate payment for the Summer Term 2024 for parents that providers expect to access the working parent of 2 year old entitlement.

Q6. Is this estimate form for all eligible children for Summer or just the new eligible cohort?

Existing children receiving funding in the Spring Term will already be included in provider's normal Summer Term Estimate Payments. This estimate form is for the new cohort of 2 year old children accessing the working parent entitlement only.



- Q7. When does the estimate form need to be submitted and when will the children on this estimate form be paid?**
The deadline for the estimate form to be submitted is 3rd April 2024 and it is anticipated that funding will be paid by mid-April 2024.
- Q8. Will the payment in April for new 2 year olds be the full payment or a monthly payment?**
This payment will be 75% of what the funded hours would be for the Summer Term based on the estimate form submitted and payment for the actual hours of attendance for these children will be reconciled as part of provider's normal Balance Payment on 15th July 2024. Please remember, that as per usual procedure, if take up is less than the estimate payment, providers may be invoiced at the end of the term.
- Q9. Will this estimate form continue each term?**
No. This is a one-off payment. When funding for the working parent 2 year old entitlement is reconciled in the provider's balance payments in July 2024, these children will then be included in the provider's estimate payments going forwards into the Autumn Term 2024, as a seamless inclusion of this expanding entitlement into the existing funding processes.
- Q10. Will payments now be twice a term from April?**
No, estimate payments and balance payments will be made as normal, as per the Provider Agreement. The only additional payment in Summer Term will be for those settings requesting an additional estimate parent for the new cohort of 2 year olds accessing the working parent entitlement that starts in April 2024 and it is the LA's intention to replicate this additional estimate payment and estimate form later in the Summer Term 2024 to cover the Autumn Term 2024 for working parents with children aged 9 months becoming eligible from September 2024.
- Q11. Where can providers find the estimate form and more information on the estimate payment available?**
This is on the Funding Pages of the website and can be found at - <https://www.nottinghamcity.gov.uk/earlyyears/section-pages/early-years-funding/expansion-of-the-early-years-entitlements/>
- Q12. How will we know which code is for which 2 year old entitlement on the portal?**
The working parent code will look similar to the existing 30 hour 11-digit code and should be entered onto the Working Parent Entitlement under 'Run a New Check' on the portal to verify the code. Children accessing the disadvantaged 2 year old entitlement will continue to receive a letter or email to confirm their eligibility and providers should have site of this in order to make a claim for this children on the headcount (*Please note that the TYF code alone does not mean the child is eligible, this is just a reference number*).
- Q13. Do eligibility codes for 2 year olds accessing the working parent entitlement need to be reconfirmed?**
Yes, as per the current policy, parents need to reconfirm their eligibility via the Childcare Service when they receive reminders around a month before their code runs out, regardless of whether the child has started their place.

Q14. With the funding for 9 months plus being introduced in September 2024, what happens to parents who are in the 4th quarter of maternity leave, are they still classed as working particularly if they have informed their employer that they aren't returning to work?

Due to the specific nature of this query, the LA would advise the parent to contact the Childcare Service directly regarding their individual circumstances as HMRC make the final decision on matters of eligibility.

Q15. Does the LA pay for notice periods?

The LA's decision remains to not pay for notice periods and act prudently by the funding following the child, not funding empty places or double funding children. As shared last year, this decision is at the discretion of each LA and is largely dependent on resources available. Nottingham City is a very different demographic to our neighbouring LA areas, with every school having a nursery attached and a local rich and diverse PVI sector, with much more movement between settings.

Q16. In September 2025, will all the early years entitlements all increase to 30 hours per week?

No. In September 2025, only the working parent entitlements will be increased to 30 hours per week, the disadvantaged 2 year old offer and the universal offer for 3 and 4 year olds will remain at 15 hours per week.

Q17. What if a setting doesn't have capacity to offer all the early years entitlements?

Just as per the arrangements for the current entitlements, it is not mandatory for providers to deliver the expanded entitlements. Providers should assess their own business models and decide which of the entitlements they can offer and for how many places. It is the LA's responsibility to ensure there is sufficient provision across the City, which will be measured through the Childcare Sufficiency Assessment.

Q18. Why didn't the consultation share the hourly rates?

The national requirement is for LA's to consult on the formulae of the early years entitlements, not the specific hourly rates. The hourly rates could not be confirmed until the consultation process was complete and the costed proposal, as per the consultation feedback, was approved by Schools Forum.

Q19. Why are the nationally published LA hourly rates different to the local hourly rates?

The [DfE Easy Explainer](#) outline how the LA's national hourly rates are determined for each of the entitlements and then the process these national hourly rates have to go through to arrive at the local hourly rates.

Q20. LA's can retain a maximum of 5% of the overall grant allocation, how much are Nottingham City retaining and what will this be used for?

In 2024/25, Nottingham City is retaining 3.37% and this funding will be used on staffing infrastructure and the administration of the early years entitlements funding.

Q21. Why are there 2 different hourly rates for the 2 different entitlements for 2 year olds?

LA's are required to ensure that the final hourly rate paid to providers for the disadvantaged 2 year old entitlement is at least equal to (or more than) the final hourly rate paid for the 2 year old working parent entitlement to ensure providers are not disincentivised from offering the disadvantaged 2 year old entitlement. Following the consultation, the local formula for 2 year olds has been constructed to reflect a higher hourly base rate for disadvantaged 2 year olds to meet this requirement.

Q22. What happens if a setting hasn't earned enough to warrant a balance payment and some of the estimate payment funding is owed back to the LA?

At the end of each term, if any debt it owed settings will be offered the option of an invoice to be raised or for the debt to be removed off a future payment. If the setting doesn't claim or earn enough to cover the debt by the end of the following term, an invoice will be raised.

Q23. Why are funded settings audited?

Taken from the DfE's Model Agreement, and reflected in the local Provider Agreement, the LA can carry out checks and/or audits on providers to ensure compliance with the requirements of delivering the early years entitlements.

Q24. Why does the LA claim funding back?

The DfE's Model Agreement, which is reflected in the local Provider Agreement, states that *'The LA can carry out checks and/or audits on providers to ensure compliance with the requirements of delivering the early years entitlements'*. The LA has confirmed with the DfE that it is both financially prudent and good practice to ensure this public money is accounted for, especially in light of the increase in queries nationally to the Ombudsman around funding of the early years entitlements. The DfE have agreed that an 85% threshold, as applied locally, is a reasonable level when it comes to reclaiming funding for attendance below this and the LA are as flexible as possible with this, giving providers the opportunity to share any potential attendance issues for children, and the reasons for this, at the beginning of each audit, before the registers are reviewed, so each child can be considered on a case by case basis. DfE also agree that it is prudent for the funding to follow the child and not double fund children or empty places, whilst acknowledging that this remains at the discretion of each LA and is largely dependent on the resources available. The Statutory Guidance states that LA's should ensure that providers are aware of the LA policy in the area in which they operate in relation to reclaiming funding when a child is absent from a setting and Nottingham City complies with this through the detail in the Provider Agreement.

Q25. Does the LA claim funding back following an audit if the setting has received funding for a child and they have not attended?

Since the COVID-19 Pandemic, between March 2020 – March 2024, the LA has not reclaimed funding from any setting following an audit in support of setting's re-establishment and re-settlement following a time when occupancy levels varied massively and settings needed to close at short notice due to COVID cases in staff and/or children or national guidance. This isn't a position that can be financially sustained in the long term and the LA will start to reclaim funding following audits, if applicable, from Summer Term 2024 onwards.

The LA may reclaim funding if the child has attended for less than 85% of the hours claimed for the term being audited. This means that approximately 2 weeks of the term can be used for absences without any financial implications for the setting. Where funding needs to be reclaimed following an audit, each child this applies to is considered on a case by case basis and the LA uses as much discretion as possible in these situations. For example, the LA may use its discretion to claim back up to the 85% attendance threshold, rather than recovering the full claim. So, where a setting has claimed 180 hours for a child, 85% of this would require them having attended for 153 hours over the term. If they have only attended 110 hours, the LA would use its discretion to only reclaim funding for the 43 hours to take them back to the 85% threshold, rather than reclaiming the actual 70 hour difference.



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- Q26. Settings have to plan and ensure staffing, which comes at a cost, even if those children don't then turn up, so aren't settings losing money for the child's non-attendance if the LA claim funding back?**
There are circumstances where providers can retain a deposit (see Question 3) to cover some of these costs and by applying the 85% threshold of attendance at audits, the LA are complying with statutory guidance by ensuring providers are not penalised for short term absences of children through withdrawing funding and using discretion where absence is recurring or for extended periods taking into account the reason for the absence. Please also refer to question 24.
- Q27. Do schools have funding reclaimed when children don't attend?**
Whilst the early years entitlements rates are uniform across all sectors, the process for monitoring the funding is managed by different teams. The Schools Funding Team monitor spend within schools and should reclaim funding accordingly.
- Q28. Can the portal training be in the evening?**
The LA have offered evening sessions on numerous occasions in the past but with over 50% of booked delegates not attending these sessions this became unfeasible and is not in the current training offer. However, the Early Years Team can revisit the need for this based on sector demand and will publish any Summer Term dates in the Summer Term Newsletter and on the website.
- Q29. As a new provider, no estimate funding is received and funding won't be received until the first balance payment is due, what can be done to support this?**
With no children to base an estimate payment from the previous term on, new providers normally receive their first payment in full as a balance payment for the hours they have earned that term. The LA appreciates this can be difficult for providers and can address an interim arrangement on a case by case basis, please contact earlyyears@nottinghamcity.gov.uk
- Q30. The setting receives different funding at different times and it is not always known what it is for, is there a way to solve this?**
When funding is raised from the Early Years Team, the Finance Department receive the relevant information as to what the payment relates to and this should be passed onto to providers in the form of a Remittance Advice Slip to accompany the payment. It is understood that the issuing of remittances is not consistent and the importance of this will be raised again with the Finance Department. Early Years Entitlements Funding pays estimate payments on the 1st of the month and balance payments on the 15th of the month but the setting may receive funding at different times for adjustment payments, one-off payments, Disability Access Funding and SEN Inclusion Funding. If your setting receives a payment with a remittance slip and you are struggling to identify it, please contact the Early Years Team and we will endeavour to support you with this.

*Early Years Team
February 2024*