



making the free early years entitlement work

good practice case studies of partnership working

contents

| | |
|---|----|
| 1. making the free early years entitlement work – LGA and NDNA joint statement | 3 |
| 2. introduction to partnership working on the free early years entitlement | 5 |
| 3. case studies: forming effective early years funding models with the PVI sector | 7 |
| 3.1 Lancashire – developing the single funding formula | |
| 3.2 Kirklees – finding routes to effective provider engagement | |
| 3.3 North Lincolnshire – involving providers in developing flexibility | |
| 3.4 Peterborough – partnership working | |
| 3.5 Waltham Forest – consultation on early years funding and data gathering | |
| 3.6 Shropshire – variable funding levels to secure early years sufficiency | |
| 4. a checklist for partnership working on the free entitlement | 13 |
| 5. further information | 15 |

Many thanks to NDNA, Clive Grimshaw and all the local authorities for their help in producing this good practice guide.

1. making the free early years entitlement work – an LGA and NDNA joint statement

The free early years entitlement offers significant benefits for children and families. Access to quality early years provision can put pre-school children well on the path to success. It also helps parents to balance busy working lives, or pursue return-to-work training, and maintain family responsibilities. The initiative has significant educational and economic potential, as well as bringing important benefits to the whole family.

Partnership lies at the heart of securing early years provision locally. The principle features in local roll-out of the government's Sure Start Children's Centres programme and in the Childcare Act. It is even more important as councils and providers prepare for changes to the free entitlement: extending it to 15 hours a week; enabling parents to use the hours more flexibly over fewer days; securing sufficient places locally to deliver the new Early Years Foundation Stage; and, in the longer-term, expanding it to two-year-olds.

But in some areas the free entitlement's recent development has proved a challenge, notably in terms of funding rates, processes and regulations. This is significant for day nurseries given the sustainability issues emerging from a period of rapid expansion and huge change in the childcare market. It is also a concern to local authorities who now hold a statutory duty to secure sufficient childcare in their area. Most significantly, it is important to children and families who want access to early years care and education.



For these reasons the Local Government Association (LGA) and the National Day Nurseries Association (NDNA) chose to collaborate on this good practice guide. We want it to support local authorities as they work with local providers and develop an effective, fair process to apportion and dispense free entitlement funding. We hope it also encourages providers to contact their local authority and get involved in the process. Finally, we hope that it enables all parties to learn from one another and engage constructively in a spirit of partnership to ensure that the free early years entitlement strengthens rather than destabilises local childcare provision.

This good practice guide draws on examples of local activity aimed at creating a sustainable approach to allocation, distribution and development of the free entitlement. Case studies were given to the LGA and NDNA from amongst their respective memberships in

local government and day nursery providers. The examples highlight where councils and early years providers are designing innovative ways to make sure that the free early years entitlement works as smoothly as possible by using a partnership approach.

The document is aimed primarily at directors of children's services, lead members for children's services and heads of early years as they prepare to embrace further change and manage new processes applying to the free entitlement over the 2008-11 spending period. It will be equally helpful to private, voluntary and independent sector (PVI) day nurseries, and other childcare providers, as they seek to forge a strong working relationship with their local authority that facilitates effective delivery of the free entitlement and access to quality services for children from all backgrounds. The LGA and NDNA hope these audiences find it a useful resource.



Cllr Les Lawrence
Chair, LGA children and young people board



Purnima Tanuku
Chief executive, NDNA

2. introduction to partnership working on the free early years entitlement

There are more than 15,000 day nurseries in the UK, providing early years care and education to over one million young children. This makes day nurseries – at least three quarters of which operate in the private, voluntary and independent (PVI) sectors – an important delivery partner for local authorities and central government on the free early years entitlement.

Recognising the challenges that local authorities and childcare providers have experienced in trying to create a robust, sustainable approach to allocation and distribution of the free early years entitlement, the LGA and NDNA thought it would be helpful to produce a short guide highlighting localities where councils and day nurseries feel they have established strong working relationships which are making the scheme more sustainable.

Case studies have been selected on the basis that the council and local day nurseries offered positive feedback on recent initiatives which appear to reinforce confidence that funding locally is fair, sustainable and workable for children, families and providers. As such, the examples flag up interesting and tested ways to implement the free entitlement in partnership with all early years providers.

Councils and providers will also find the models and methods described here a valuable resource as they adapt to major reforms on the free entitlement. These include:

- the free entitlement's extension from 12.5 hours to 15 hours, 38 weeks a year, for every three and four-year-old by 2010;

- roll-out of the flexible free entitlement across the country from 2008 to 2010, enabling parents to use their child's weekly free entitlement over fewer days;
- new requirements for local authorities to maintain a full analysis of providers' costs, introducing a single funding formula, and ensuring early years input on schools forums.

Essentially, the guide sets out ways that local authorities and providers can seize the initiative and innovate in preparation for this series of significant changes.

The examples that follow share common characteristics and techniques which form the basis of a partnership approach to managing the free entitlement. Key themes include:

- communication – briefing sessions and clear, timely information to build understanding;
- engagement – proactively make contact with local providers about new procedures;
- consultation – invite providers to comment on proposals and listen to their views;
- participation – establish task groups and involve childcare providers on schools forums;
- information – rigorous analysis of high-quality data to inform decision-making;
- feedback – give notice of decisions and explain the reasoning behind them.

The checklist in section 4 summarises specific tactics emerging from the case studies. It offers a concise review of approaches that will build confidence in the free entitlement amongst

providers and parents, involve PVI providers to promote partnership working and enable local authorities to manage potential difficulties. All stakeholders will find this a helpful reference point as the free early years entitlement continues to develop.



3. case studies: forming effective early years funding models with the PVI sector

3.1 Lancashire – developing the single funding formula

In working towards enhanced flexibility, Lancashire County Council decided to set up an early years funding reform task group in September 2007. Representatives from Lancashire-based early years settings were identified by their national childcare associations with members supported by their regional officers.

The group's terms of reference were agreed. These included assisting the county council in identifying and analysing the cost of delivering the free entitlement in the PVI sector, as well as determining a single funding formula.

In order to complete the providers' cost analysis the task group agreed a questionnaire which was sent to every eligible provider in Lancashire in January 2008. The main conclusions from this cost analysis, which have been reported to the schools forum, are that it is difficult to gather one clear, definitive picture of costs due to the differences between PVI settings.

The cost survey in itself provided good evidence from which to have future discussions on how formula funding should differentiate between PVI providers. To inform these discussions it may be necessary to refine the questionnaire further and seek completion from a representative sample of settings. The exercise may also need to be extended to take account of maintained sector provision.

The schools forum has agreed to extend its membership to two representatives from the PVI sector. This was achieved by all registered early years settings being invited to self-nominate, which culminated in eight candidates putting their names forward. A ballot was then held with each setting voting for their preferred candidate. A participation rate of 35 per cent was achieved.

The early years funding reform task group's membership is also to be extended to representatives of the maintained sector. Stakeholders feel a broader task group would address cross-sector problems and incorporate all factors that need to be considered as Lancashire County Council develops its single-funding formula for the free entitlement.

3.2 Kirklees – finding routes to effective provider engagement

Kirklees Council designed a structure to support delivery of the new flexible free early years entitlement. It has set up a strategic programme board comprising local authority representatives, schools forum members and representation from sector bodies, including NDNA and Pre-school Learning Alliance.

The board divided into three teams to advance specific aspects of change in childcare provision and funding. One team focused on communication, a second work stream looked at general issues around the implementation of the flexible free entitlement, while another concentrated on how to create a fair, transparent mechanism across the maintained and PVI sectors. This was achieved in consultation with providers. Each team reported back to the main board where issues were resolved and decisions agreed, giving providers a sense of involvement in the funding process that affects them.

Kirklees is a second wave pathfinder authority for the flexible free entitlement. Provider briefing sessions staged by the local authority have been well attended, informing local settings about the project and explaining how it is likely to impact on them. Additional briefings have been organised as well as one-to-one meetings to ensure that as many local providers as possible can gain information on the pathfinder.

The council has also contacted all local providers as part of its local early years provision cost analysis. For further consultation, the council held surgeries to offer local providers advice and support on completing the cost analysis questionnaire and returning it to the council on time. Despite that, Kirklees Council was disappointed at the low response rate from local providers to the cost analysis survey.

Rather than going ahead to present findings from the cost analysis exercise to the schools forum, the local authority paused to evaluate why the response rate was lower than expected. This review revealed that local nurseries found the questionnaire too complex and felt they were given insufficient time to respond. Subsequently the council issued a simplified version of the cost analysis questionnaire which providers found easier to complete.

3.3 North Lincolnshire – involving providers in developing flexibility

The council established a strategic working group to assess how best to manage the transition to flexible early years provision in order to meet the needs of children and parents. The working group's membership spanned the public, private and voluntary sectors by including: owners and managers of PVI settings; head teachers; a school governor representative; and representatives of the Childcare Development Service, which is responsible for supporting the PVI sector locally.

The working group enabled positive engagement with childcare providers in the

council's cost analysis. It also considered what provision already existed, as revealed by the council's latest sufficiency audit; demand from local parents and children for more flexible provision; which provision locally could be most easily adapted to deliver the flexible offer; and how to consolidate partnership working between the council, local schools and PVI early years providers. Briefing sessions were arranged for parents and chairs of governing bodies.

The working group's investigations found that flexible provision could be provided through the PVI sector in north Lincolnshire with relatively minor changes to current routines. The staff to child ratio of 1:13 was identified as the principal barrier to flexibility in the maintained sector, especially at lunch periods when extra children may require childcare but teachers are not available. The local authority has also set up a sub-group to find out how the flexible free early years entitlement will impact on workforce development, staff qualifications and teachers' terms and conditions.

Through these mechanisms, the council feels that it made considerable progress in its providers' costs analysis and in preparations for the flexible free entitlement. Providers appear keen to take part in a local pilot from which the local authority aims to explore issues and benefits arising from the introduction of more flexible provision.



3.4 Peterborough – partnership working

As a pathfinder authority for the extended and flexible free early years entitlement, Peterborough City Council recognised early on a need to put in place new patterns of service delivery. The local authority worked closely with the PVI sector to develop this new supply, acknowledging providers' core role in securing sufficiency for the flexible free entitlement. 94 per cent of the city's early years and childcare provision is in the PVI sector.

Peterborough City Council swiftly identified the need to prepare early years providers for the changes planned in the free early years entitlement. It was agreed the best starting point would be to hold an information evening for all the city's providers. Engaging with providers in this way also conveyed openness and transparency. This enabled the local authority to formulate a way forward in which partnership was shown to be key to success.

To embed the partnership approach, the local authority set up a pathfinder steering group which included representatives from the PVI sector and officers from the council's early years and childcare team. The steering group examined the funding levels available from the central government grant that finances the free entitlement locally and also studied the rules and terms set out by DCSF, in particular in the code of practice.

Most significantly in the eyes of local providers, the council appointed a project officer to work

closely with the PVI sector on the challenges of extending the free early years entitlement to 15 hours, enabling parents to use their child's entitlement more flexibly, and advising settings on how to apply for additional funding to support them or to enhance the setting's environment. This partnership initiative informed the council's childcare sufficiency duty by working on the sustainability of local provision.

In addition, Peterborough City Council contracted a third party – NDNA – to carry out a funding formula review. The appointment of an independent external organisation helped to grow providers' trust in the review process and enabled the council to gather the necessary financial information on which to develop its funding formula. Providers may otherwise have been reluctant to divulge potentially sensitive commercial information which is nonetheless fundamental to the authority's understanding of the extended and flexible free entitlement.

3.5 Waltham Forest – consultation on early years funding and data gathering

Waltham Forest is an extended free entitlement pilot area. The borough council put in place an early years sub-group for its schools forum which would consider both the development of the single funding formula and the free entitlement's extension to 15 hours a week. The sub-group incorporates representation from the maintained and PVI sectors. The council's early years finance team also participates. These arrangements are in place so that the 25 per cent of families living in the most deprived areas can be offered the extended 15 hours a week free entitlement by September 2009.

The local authority reflected on the experience it gained from taking part in the pathfinder pilot on flexibility. Data and feedback gleaned from the pilot have informed the council's relationship with local settings. This has enabled stakeholders to recognise the value of good communication and to acknowledge the challenges involved in forthcoming changes. The council also felt better equipped to work with settings and respond to each one's specific concerns or needs.

Every setting in the borough – maintained and PVI – has received a consultation document from the council on the proposed funding reform. This includes a questionnaire on the free entitlement's extension and the single funding formula. The consultation aims to give local providers an opportunity to tell the council their budget requirements in order to implement the

extension to 15 hours.

The consultation document outlines the funding arrangements that might take effect through a single funding formula, plus details of how to access capital funding for purposes related to delivering the free early years entitlement. It also broaches issues around access and flexibility, suggesting that, if a setting cannot provide a particular model of provision, parents will be signposted to a setting in a 'cluster group' that would be able to meet their requirements at least in part.

Waltham Forest aims to be open and transparent during the consultation phase, and engage in full and frank discussion with providers when issues arise, in order to work through problems – including funding rates – from an early stage. The approach aims to ensure all the borough's settings will be capable of offering the extended, flexible free entitlement. Findings from the current programme of activities will guide the effective implementation of the 15 hours a week free entitlement to all three and four-year-olds by 2010.

3.6 Shropshire – variable funding levels to secure early years sufficiency

Shropshire County Council introduced a tiered nursery education funding payment system in April 2004. The innovative system placed a provider within a particular band based on what it cost for the setting to deliver the free early years entitlement per child and factored in broad assumptions on elements such as pay rates, administrative costs and known overheads.

The local authority developed the approach in consultation with PVI childcare providers across the county. Generally the model has been very well received among the early years providers. Furthermore, applications to the council from providers for sustainability funding have reduced significantly in the four years that the system has been operational.

In order to develop mechanisms that conform to new pupil-counting and funding formulae which local authorities are being required to introduce to the free early years entitlement, Shropshire County Council has revisited the information which it gathered in 2003-04. The local authority is updating its data and reviewing some of the assumptions that it made on providers' delivery costs when it devised the original funding formula.

A task group has been created, combining representatives from the maintained and PVI sectors, plus the schools forum, to inform the development of the new formula. The group

feels its work is constrained to some degree by the fact that the overall funding pot remains broadly constant, leaving limited scope for a general increase in the per child rate. Yet the council and providers say they are finding the exercise beneficial as they better understand the complexity of the task and the difficulty of developing a formula that can meet the needs of providers across the whole county, in the towns as well as in the countryside.

Shropshire County Council expects to have proposals for its new funding formula and pupil counting method ready to consult upon with providers during autumn 2008. The local authority's target date to launch its revised process and funding rates on the free early years entitlement is scheduled in April 2009.

4. a checklist for partnership working on the free entitlement

A number of themes and techniques emerge from the case studies featured in this guide. These are summarised in the following checklist which local authorities can use in forging partnership working with PVI early years providers in their area. Key practices include:

- » promoting and raising awareness of funding arrangements and new procedures, eg planned extensions, new flexibility or adjustments to rates and bandings;
- » confirming and explaining how local proposals reflect DCSF's national direction of travel – where possible refer to DCSF statutory guidance or codes of practice;
- » conducting a clear, rigorous and transparent local childcare cost analysis – addressing complex issues as simply as possible in order to glean meaningful findings;
- » consulting local providers on proposed procedures or funding changes, and monitoring response rates – if it's low, investigate why;
- » giving feedback to providers with findings from consultations, forums and data gathering that informs the cost analysis, pupil-counting and single funding formula processes;
- » communicating clearly and widely to providers by email, correspondence and briefing notes, and considering a telephone helpline to ensure that providers' queries are answered;
- » encouraging and involving local providers to establish what works best, and what may not; eg in schools forums and/or early years sub-groups;
- » holding well-advertised meetings or training sessions for providers and parents to explain developments, impart information, discuss problems and/or exchange ideas;
- » convening strategic boards, steering groups and task groups representative of the local childcare market, inclusive of the PVI sector and key local authority personnel;
- » adopting a comprehensive approach to dialogue – for example, informing providers about capital funding opportunities related to delivery of the extended, flexible free entitlement;
- » supporting provider representatives who can then share information and consult with the wider provider community;
- » being creative and thinking how to be innovative. Asking challenging questions of procedures and the impact on the local childcare market, eg
 - are per session funding rates workable long-term for the majority of settings?
 - would funding rates benefit from adjustment or a variable (eg tiered) approach?
 - what practices are needed to deliver the flexible free entitlement locally?
 - do procedures reflect the diversity of local provision and the needs of each child?
- » exploring teaming up with a third party organisation that has expertise in early years care and education and the trust of local providers in order to smooth or guide dialogue;
- » considering appointing a staff member specifically to deal with partnership working and to resolve situations, eg on the challenges in the extended, flexible free entitlement.

Local authorities and childcare providers will find this checklist a helpful reference point as they look for effective, sustainable ways to secure free entitlement provision. It will also be useful to support the roll-out of the flexible, extended free entitlement and in preparation for further procedural reforms within the general review of the Dedicated Schools Grant.



5. further information

Organisations such as the LGA and NDNA are on hand to offer further advice on ways to contact and engage local providers.

Do make contact with these and other such national bodies if you would like to find out more details. We recognise that partnership working on the free entitlement is an evolving process and hope this good practice guide enables stakeholders to work together to eliminate problems and deliver sustainable early years provision, of benefit to all children and families.

The following further sources of information are available:

The joint LGA, IDeA and DCSF *Narrowing the gap* project aims to make a significant difference, on a national scale, to the performance of children's trusts in narrowing the gap in outcomes between vulnerable and excluded children and the rest, against a context of improving outcomes for all: <http://www.lga.gov.uk/lga/core/page.do?pageld=234484>

A code of practice on the provision of nursery education places for three and four-year-olds, Sure Start (2006)
<http://publications.teachernet.gov.uk/eOrderingDownload/0175-2006PDF-EN-01.pdf>

Building better partnerships, National Day Nurseries Association (2008)
<http://www.ndna.org.uk/local-authorities/resources/building-better-partnerships.htm>

The implementation of a single funding formula for early years – interim guidance for local authorities, Department for Children, Schools and Families (2008)

http://www.everychildmatters.gov.uk/_files/8395C49E40D7F11B47BF54894BEC9F82.pdf

Nursery costing tool, National Day Nurseries Association (2008)

<http://www.ndna.org.uk/local-authorities/resources/costing-tool.htm>

The extension to the free early education entitlement offer for 25 per cent of 3 and 4 year olds – interim guidance for local authorities, Department for Children, Schools and Families (2008)

http://www.everychildmatters.gov.uk/_files/C7DF8DF0400E9952BF3C02682B80C316.pdf

about the Local Government Association

Based in Westminster, close to the Houses of Parliament and Whitehall, the Local Government Association (LGA) is a voluntary lobbying organisation, acting as the voice of the local government sector, and an authoritative and effective advocate on its behalf.

In fulfilling this role the LGA focuses on the issues that matter most to councils, working with and on behalf of our membership to deliver our shared vision of an independent and confident local government sector, where local priorities drive public service improvement in every city, town and village and every councillor acts as a champion for their ward and for the people they represent.

We work as part of the wider LGA group to assist our members to:

- shape public debate;
- influence policy and practice in public services;
- support innovation and excellence that enables councils and their partnerships to meet future challenges;
- help councillors exercise their democratic accountability and leadership effectively;
- ensure that the sector attracts, retains and develops staff with the skills it needs.

The 466 authorities who make up the LGA cover England and Wales. Together they represent over 50 million people and spend around £113 billion a year on local services.

They include county councils, metropolitan district councils, English unitary authorities, London boroughs, shire district councils and Welsh unitary authorities, along with fire authorities, police authorities, national park authorities and passenger transport authorities.

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about National Day Nurseries Association

NDNA is the national charity representing children's day nurseries across the UK. Through our National Early Years Enterprise Centre we give day nurseries information, training and support so that they can provide the best care and education to young children.

NDNA is the voice of the day nursery sector, an integral part of the lives of nearly one million children and their families. NDNA works with local and national government to develop an environment in which quality early years care and education flourishes.

NDNA has developed NDNA Solutions – a range of consultancy, support, training and development services tailored specifically for local authorities and designed to grow effective partnership working with the PVI childcare sector to deliver outcomes for children.

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Local Government Association

The Local Government Association is the national voice for more than 450 local authorities in England and Wales. The LGA group comprises the LGA and five partner organisations which work together to support, promote and improve local government.



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Code FED060
ISBN 978-1-84049-661-1
Printed on 50/50 recycled Ninelives
Printed by Newman Thomson Ltd,
1 Jubilee Road, Burgess Hill, West Sussex RH15 9TL
Designed by Liberata Design Studio
© LGA October 2008