

The early years single funding formula – extension to two year olds

Online consultation – November 2012

Online consultation with PVI providers, childminders and schools with nursery classes

1) Should the methodology of the existing early years single funding formula be used to calculate the hour rates for two year olds?

A total of 93 out of 97 respondents answered this question. Of those who replied to the question, the results are as follows:

Response	Count	Percent
Yes	86	92%
No	7	8%

Respondents who answered 'no' were asked what they would recommend instead. Nine comments were included:

- Different ratios of adults to children.
- The hourly rates should reflect the additional paperwork and meetings required to fully engage with and support families and the team around the child.
- It would be easier for setting to see how the hours are broken down. It's a nightmare for our invoicing systems and accountant, and us!
- On the same basis as three year old funding.
- Extra items like toiletries as mentioned, plus sleeping areas, equipment, washing of cot bedding, inter room tannoys, pushchairs etc.
- Currently all three year olds are eligible, so the funding formula is quite straight forward. As there will only be selected two year old children eligible will the gross funding amount be a set amount then the funding formula will calculate how much is distributed per hour as the funding is currently distributed at a set amount per hour. Does this mean that under an SFF scheme the rate may reduce?
- Higher rate for two years olds as they "cost" settings more all around.
- The rates we are currently getting for funded three year olds are unrealistic and are not enough to cover all the costs we have to run a nursery provision. If the same methodology was applied for working out what to pay for funding of two year olds, it would be totally unrealistic as we need double the amount of staff. If no, what else would you recommend instead?
- We find the regular monthly payments helpful in balancing our books. However we cannot tolerate any reduction in the amount we receive as this would make our business non-viable.

2) An extra amount should be included in the hourly rate for consumable toiletries in respect of two year olds?

A total of 96 out of 97 respondents answered this question. Of those who replied to the question, the results are as follows:

Response	Count	Percent
Yes	90	94%
No	6	6%

Respondents who answered 'no' were asked what they would recommend instead. Six comments were included:

- Perhaps a supplement could be paid to providers to help train up staff from Level two to three.
- Parents to provide nappies and wipes if this is needed for the child.
- All our parents provide nappies, wipes etc. This keeps costs down.
- Parents provide their own nappies and wipes each time the child attends a session.

- I would expect parents would prefer to send their own nappies and wipes to a setting, in a named bag for their child, rather than the setting having to provide these.
- We would recommend an hourly rate that is less specific as our parents are happy to supply their own nappies, creams, wipes etc and in fact expect to do so. I think we should accept this as part of their contribution to their child's needs.

3) The early years' single funding formula staffing model should be altered to reflect a staffing ratio of 75% level three and 25% level two assistants in respect of provision for two year olds?

A total of 94 out of 97 respondents answered this question. Of those who replied to the question, the results are as follows:

Response	Count	Percent
Yes	74	79%
No	20	21%

Respondents who answered 'no' were asked what they would recommend instead. Seventeen comments were included:

- Should fewer than four staff be needed (e.g. only two) then the minimum level three be rounded down. The funding formula should recognize that qualified staff (and their holiday, maternity, sick costs, employers' NI etc) cost over £10 per hour and so the formula must reflect this.
- Only if working with a larger amount of child ratios. Not suitable for small settings like childminders.
- Perhaps there should be a time bubble to allow current level two to become level three?
- This should be in line with Nut Brown review and built up at the same time. 50% and then 75% as it is putting too much pressure on settings and stopping parental choice.
- Not applicable to my setting as it is just me so ratio of 1:3 unaltered.
- I would like to see people with level two who are working towards level three included in the 75%.
- It should look at each setting's qualification levels - mine employs 100% staff at level three.
- I believe that there should be a high ratio of level three staff. However, if settings are unable to employ unqualified staff but who must be willing to train, this could possibly discriminate against people wishing to pursue a career in childcare and compromise the setting in obtaining staff.
- 50% / 50%
- I would like to see 100% staffing at level three.
- Qualifications are not everything. I think it would be discriminatory to exclude unqualified staff although limiting it to one per setting for two year olds would be acceptable.
- Should there also be consideration that a setting must have a university qualified member of staff in order to be allowed to accept under privileged two year olds?
- 50% and 50%
- This seems a bit restrictive and non inclusive on people just setting out on their careers or mums/dads who are going into child care after having their own children. It may be something to aim for, but I know several parents who make ideal child cares, but would need much encouragement to study for qualifications at their stage in life.
- 100% level three is more realistic - many of our staff are level five or six.
- Not if a qualified teacher is in place.
- If there are only two staff members in a classroom, who can we achieve this?

4) A single hourly rate should be adopted for all PVI settings providing free entitlement childcare for two year olds (see below for childminders)?

A total of 82 out of 97 respondents answered this question. Of those who replied to the question, the results are as follows:

Response	Count	Percent
Yes	79	96%
No	3	4%

Respondents who answered 'no' were asked what they would recommend instead. Three comments were included:

- All rates the same regardless of whether private business or not.
- As the number of children receiving the funding in a setting will be relatively small in comparison to three year old numbers in a setting which are much larger I think that does make sense. My concern is will the hourly rate be sufficient to cover the costs as the three year old funding does not
- Some nurseries have far greater outgoings in relation to the running costs and upkeep of the building which is making it difficult to provide staff with a reasonable rate of pay and indeed making it difficult to pay the minimum wage. How can we expect to attract high caliber staff to work with the children if we offer such a low rate of pay? The running costs include a fire alarm system with a twice yearly inspection which costs over £1000 per year, annual PAT testing £200, heat and electricity £2000-£3000 depending on weather, mortgage £3000 per month, business rates £705 per month, business insurance £2500 water rates and this is without normal day to day expenses of paper towels, soap, nightly cleaning costs, nursery equipment, art materials etc.

5) The hourly rate paid to childminders should be consistent with that for three and four year olds?

A total of 78 out of 97 respondents answered this question. Of those who replied to the question, the results are as follows:

Response	Count	Percent
Yes	69	88%
No	9	12%

Respondents who answered 'no' were asked what they would recommend instead. Twelve comments were included:

- The rate of pay should be equal for all practitioners.
- I still do not understand why childminders are paid at a rate which is far in excess of PVI settings. The rate should be the same for every type of setting.
- They too will require additional tools/toiletries and therefore should be in line with PVI.
- Childminders have always cared for under twos - could not start charging more for this age.
- They don't have the same overheads.
- Extra equipment necessary for setting.
- As already identified, an allowance for toiletries etc should be included which will therefore mean that the hourly rate should be slightly higher for a funded two year old.
- Don't really understand what you mean or getting at.
- Not sure about this one.
- Needs to be a higher rate, for all the reasons listed above (eg higher staff ratios).
- I say yes because I am worried that if you count the yes and no answers my vote would get us less pay per hour. I enjoy the two year olds deeply and find it very rewarding to have them, BUT they are twice the work of the three year olds in time and paperwork. The families of the three year olds need the occasional support in childcare but the two year old families, in my experience, need huge support and continually have issues and stresses that need supporting. The council send their support out to these families where needed but childminders have to deal every day with the difficulties that go along side these struggling families for little pay. Also let's not forget these two year olds obviously become three year olds and continue to take more time than the other three year olds as the families are still struggling. I recommend the hourly rate be higher than the three and four year olds in recognition of the unseen work we do extra every day.
- Again for the above reasons. Childminders usually live in their own properties and only have this expenditure. We have our own homes to run as well.

6) A deprivation supplement should be incorporated into the basic hourly rate for all two year old funded children (if allowed by regulations)?

A total of 94 out of 97 respondents answered this question. Of those who replied to the question, the results are as follows:

Response	Count	Percent
Yes	91	97%
No	3	3%

Respondents who answered 'no' were asked what they would recommend instead. Two comments were included:

- Should be incorporated for specific children as for three and four year olds now - this I guess would pay for the consumables that a childminder might otherwise ask a parent to provide.
- Monitoring of deprivation in each nursery based on set criteria.

7) Comments

Respondents were asked for any additional comments. Responses were as follows:

- This will be expensive and the award should reflect the true cost of care of this age group as well the socio-economic benefit good care of them will bring in future years.
- The staff ratio should be reduced to at least 1:3 for vulnerable two year olds as they often require 1:1 attention in the early days to overcome the effects of their vulnerability on entry.
- If a child has a high level of need there should be additional funding for the extra paperwork and meetings. CAF, TAC and additional support is costing settings a lot of money and time at present. NEG grant for both three/four olds and two olds needs to increase before settings are forced to close through lack of funding. There needs to be a fairer rate paid so that settings are on an even par with childminders. We are starting to see children not going on to playgroup and preschool in time to prepare for school due to rates for childminders. There needs to be a level playing field of rates that in its self would save money and time at the LEA.
- We are finding many of our funded two year olds (16 children) are very hungry, we provide free healthy snack and often supplement inadequate lunch boxes, we think this is more important and costly than the toiletries and could be incorporated.
- It needs to be an hourly rate that is in line with outlay of costs, vulnerable two year olds in my experience cost more in the way of extra support (washing clothes, food etc) than the run of the mill three year old receiving funding.
- Two to three year olds children have, in most cases, very limited vocabulary in their first language so this year of learning in my opinion should focus on language comprehension and building vocabulary. Resources required for an effective learning, it will be different from the other age group (three to four year olds) so assistance, training and maybe funding for those resources would be ideal.
- Highly qualified childminders are usually full therefore using only 12-15 hours a week for one child may be difficult. The current hourly rate does not take into account extra consumables, food and time these families/children require eg, driving to collect child, providing breakfast, extra phone calls to children's centre, health visitor and holding meetings at my own house!!! I really feel there needs to be consultation with childminders as to how we can meet the needs of these children as their anticipated numbers increase in the future!
- Have found it strange that the funding for two year olds has been so low previously.
- If settings are going to be taking on two year olds where they have previously only had older children will there be any one off funding available to help with purchase of resources or alterations to settings (lower sinks etc)?
- Will providers be able to charge for extras such as meals? Or is food expected to be covered by the funding? I believe that some providers charge for nappies. Will they be prevented from doing so if there is an additional element added to the rate for consumables?
- Free training must be made more widely available for providers that are eligible to draw on the funding for two year olds, to enable them to effectively care for the most vulnerable children and their families.

- The qualifying two year old will require us to spend more money replacing damaged resources (especially books and toys).
- I think the idea of having a highly trained workforce working with our funded two year olds makes sense as it is the families as well as the children that need input from someone that can become a positive role-model and give advice and support.
- We are not meaning to be difficult, these are just the blunt facts. This is nothing to do with numbers of children in the nursery because we always need to keep a core staff and our running costs will remain the same.

8) Type of providers responding

Maintained nursery	3
Childminder	32
Private	31
Voluntary	19
Independent	9
Other	7

7) Your position within the setting

Head	13
Deputy	1
Bursar	2
Governor	0
Manager	37
Owner	34
Other	14

This question was answered by 88 out of 97 respondees. Because respondees were not limited to one response, some may have indicated they were both 'owner' and 'manager' for example, meaning that the sum of replies above equals more than the 88 who responded.