

# Heads of Early Years Survey: Findings

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## Executive Summary

London Councils undertook a survey with London boroughs to investigate the key issues in relation to early years and childcare across the capital. Respondents completed the survey in November and December 2017, and responses were received from 26 boroughs.<sup>1</sup>

The survey was split into the following areas: Budgetary pressures on local authorities; maintained nursery schools; provision for disadvantaged children; 30 hour entitlement for 3 and 4 year-olds with working parents; and quality of practitioners.

The key findings from the survey were as follows:

- Early years budgets are under significant pressure across London. Almost half of London local authorities were forced to make savings in financial year 2017/18, and over two thirds will need to make savings in 2018/19 (many on top of last year's cuts).
- These savings have resulted in London boroughs being forced to cut staff numbers in early years teams, reduce the training offer and support provided to PVI settings, and provide fewer back office resources to support the effective implementation of the 30 hour entitlement than necessary.
- The new hourly rate paid to providers for delivering places for 3 and 4 year-olds (introduced in April 2017), and the 30 hour entitlement for 3 and 4 year-olds with working parents (introduced in September 2017), are already having an unintended impact on the availability of places for the most disadvantaged 2 year-olds in London. Over half of London boroughs have already seen, or are forecasting, reductions in 2 year-old places as a result of one of both of these policies.
- Maintained nursery schools are valued by local authorities for their quality; the places they provide for disadvantaged children and those with Special Educational Needs and Disabilities; and their systems leadership. Thirteen out of 18 London boroughs with at least one maintained nursery thought that these settings would be likely to close if their 'transitional funding' was not continued after 2019/20.
- Out of the 10 boroughs offering discretionary additional childcare for the most disadvantaged 3 and 4 year-olds until April 2017, only one borough answered that they will be in a position to continue to provide this offer. The findings highlight that the majority of these children would not benefit from the 30 hours offer.
- The 30 hour childcare offer for working parents is increasing the burden on local authorities, at the same time as early years staff numbers are reducing. All of the

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<sup>1</sup> Responses were received from the following boroughs: Barking and Dagenham, Barnet, Bexley, Brent, Camden, Ealing, Enfield, Greenwich, Hackney, Harrow, Havering, Hounslow, Islington, Kingston upon Thames, Lambeth, Lewisham, Merton, Newham, Redbridge, Richmond upon Thames, Southwark, Sutton, Tower Hamlets, Waltham Forest, Wandsworth, Westminster. Responses were not received from the following boroughs: Bromley, Croydon, Hammersmith and Fulham, Haringey, Hillingdon, Kensington and Chelsea. Respondents filled out the survey via Survey Monkey. They could opt out of questions; therefore there is not necessarily a full set of responses for all questions.

boroughs that responded to the survey had noticed an increase in enquiries and administration as a result of the introduction of this policy; for the majority, this increase was between 50 per cent and 75 per cent.

- 24 out of 26 boroughs are ‘slightly concerned’ or have ‘significant concerns’ about the quality of Level 3 early years practitioners locally.

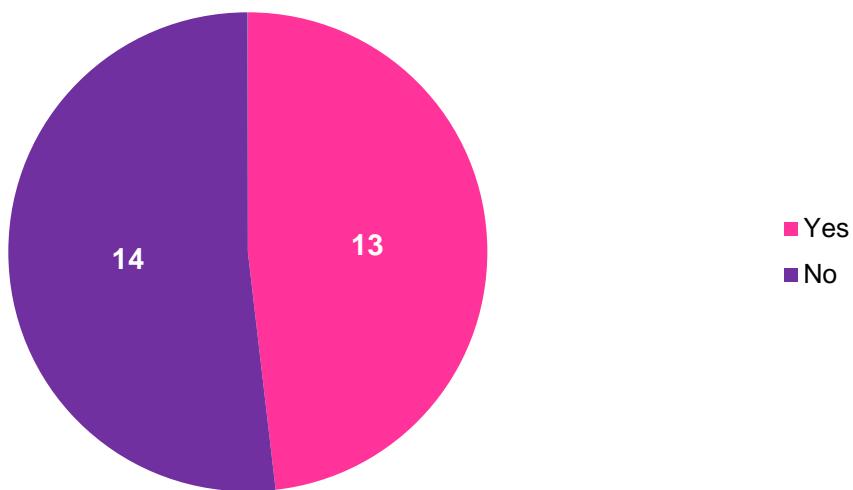
## Budgetary pressures on local authorities

### Savings in 2017/18

The Early Years National Funding Formula (EYNFF), introduced in April 2017, brought in a 7 per cent cap on the proportion of the allocated funding that local authorities could retain during the first year of the policy (2017/18).

Figure 1 shows the proportion of boroughs that had to make savings as a result of the introduction of the 7 per cent cap.

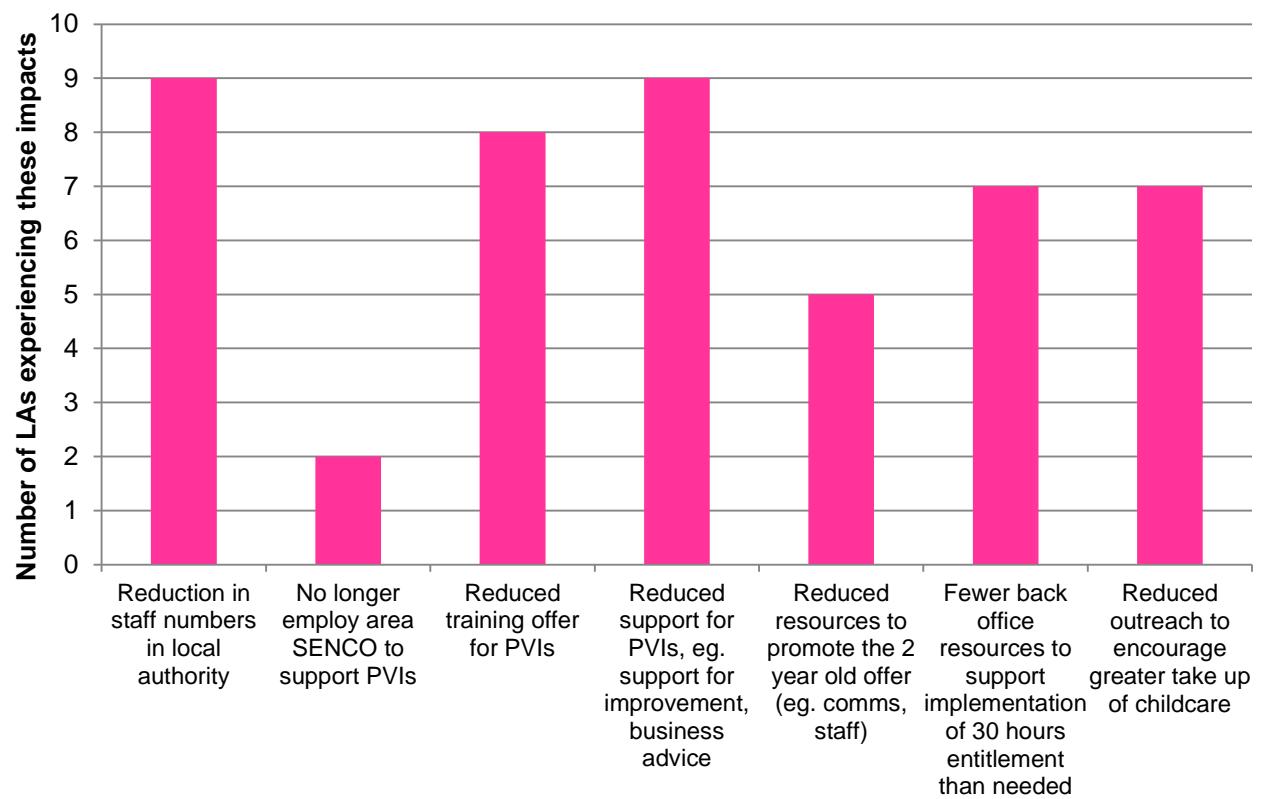
**Figure 1: Have you had to make savings in 2017/2018 as a result of the introduction of the 7 per cent cap on central spend?**



Respondents were then asked about the methods they used to either avoid making savings, or offset savings. Six of the 26 boroughs used disapplication to either offset, or avoid making, savings. Five authorities used other methods to offset savings: two used the general fund; one used underspend reserves from the Early Years and High Needs Blocks; one used a transfer from High Needs Block; and one used a public health grant.

The local authorities that indicated they had made savings in 2017/18 were asked to identify the impacts of these savings. Figure 2 shows the key impacts that making these savings have already had in these boroughs.

**Figure 2: The impact of local authority savings in 2017/18**



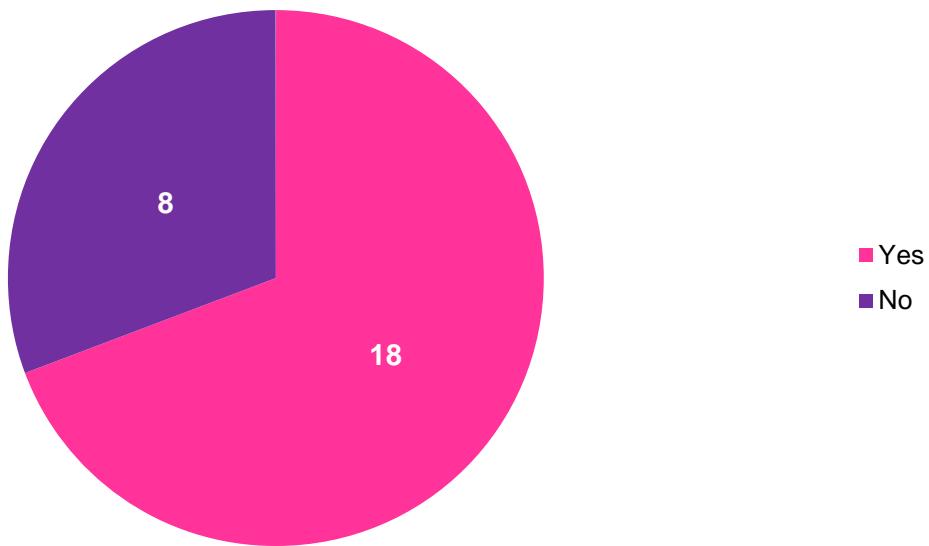
As Figure 2 shows, the most common impacts have been reductions in the number of staff in local authorities, and reduced support for PVIs.

Other examples of impacts stated by respondents were service reductions; reductions in the number of area SENCOs; reduction in staff numbers in maintained nurseries; and reductions in full time places for the most disadvantaged children. This impact will be dealt with in more depth in the section below entitled *Provision for disadvantaged children*.

### Savings from 2018/19 onwards

In April 2018, the central cap on local authority spend brought in as part of the EYNFF will be capped at 5 per cent, rather than 7 per cent. As Figure 3 shows, this change will mean that significantly more boroughs (just over two thirds) will be forced to make savings in order to accommodate the cap. Some of these savings will be made on top of savings made last year.

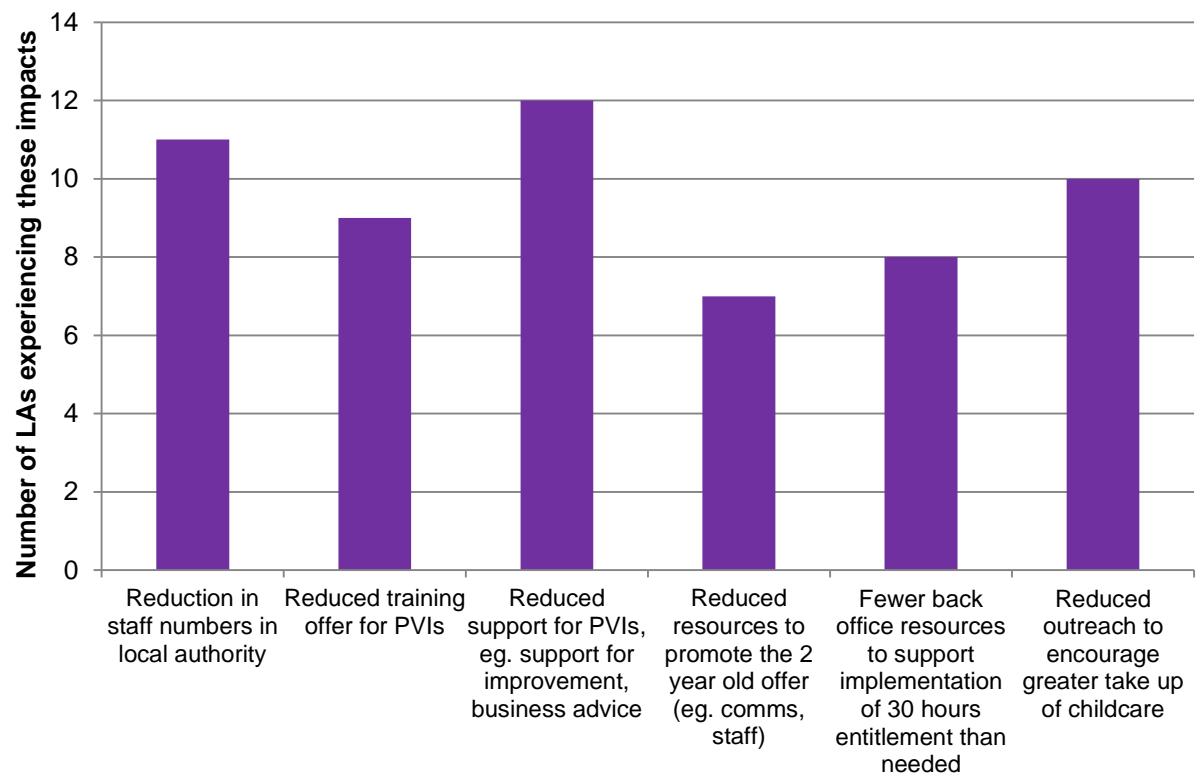
**Figure 3: Will you have to make savings as a result of the move to the 5 per cent cap on central spend from April 2018 onwards?**



When asked about plans to avoid or offset savings, 6 London boroughs indicated that they plan to disapply from being restricted to the 5 per cent cap in 2018/19. Some stated that they are looking at other ways of offsetting savings, such as finding alternative funding sources, using underspend reserves, moving staffing costs to an alternative budget, and introducing a Buy Back Model.

Local authorities who indicated that they would need to make savings in 2018/19 were asked the likely impacts of this. The results are shown in Figure 4.

**Figure 4: The impact of local authority savings in 2018/19**



These impacts are broadly in line with the impacts experienced in 2017/18. However in many cases they will be additional to the consequences already seen in the previous year.

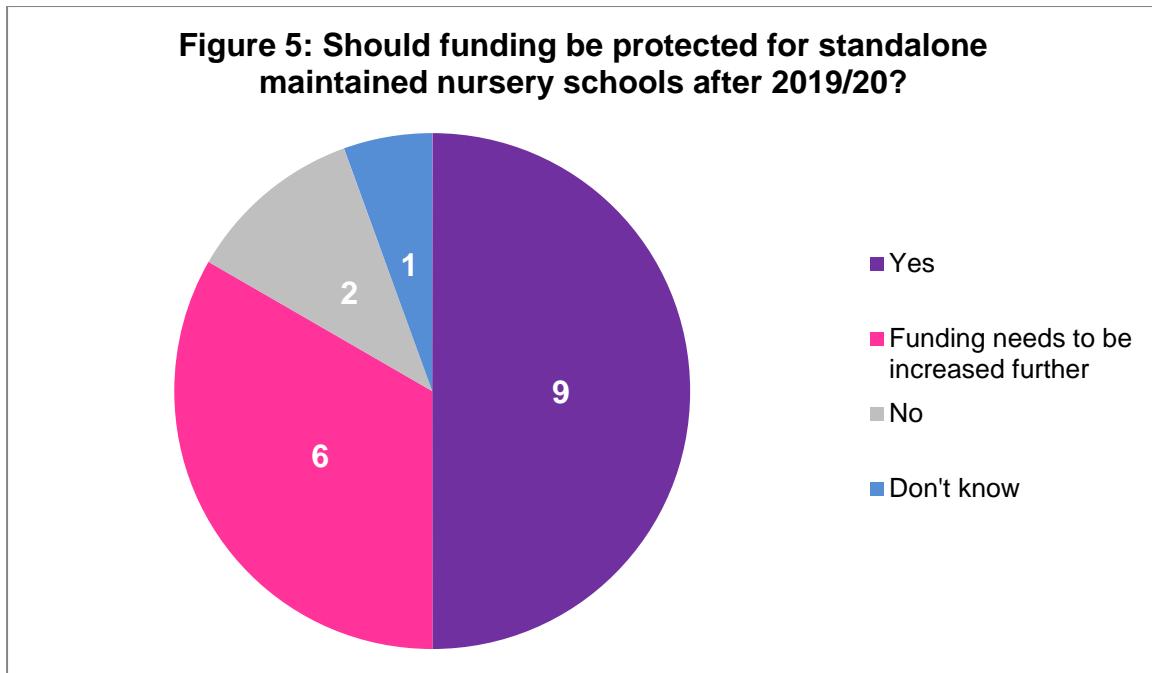
Other expected impacts cited by respondents were reducing the hourly rate paid to providers for the 2 year-old free entitlement, and increasing charges for services.

When this group were asked about additional impacts of savings from 2019/20, only three boroughs thought there would be no further impacts. The other boroughs saw additional impacts across each of the areas highlighted above. There was uncertainty around this question given the lack of clarity on budgets and whether savings could be offset by alternative funding sources.

## Maintained nursery schools

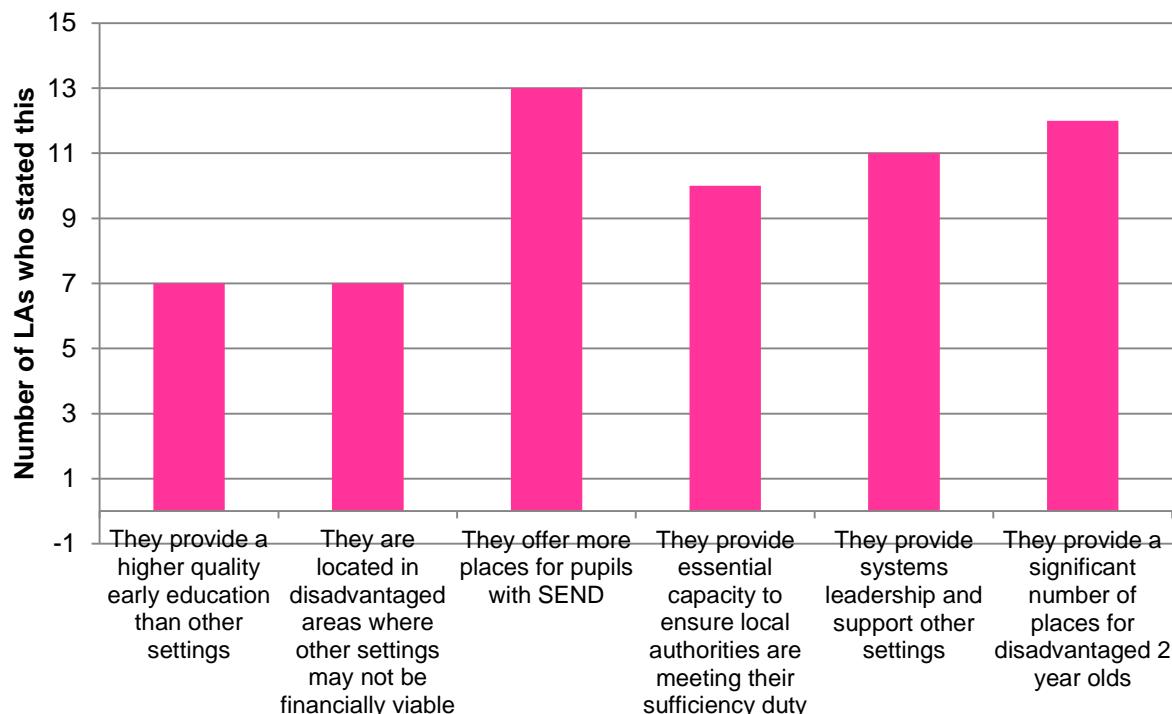
Eighteen of the 26 boroughs surveyed had at least one maintained nursery school. The findings in this section highlight the responses given by these 18 authorities.

Figure 5 shows the responses of these boroughs to the question of whether funding for maintained nursery schools should be protected after 2019/20.



The 15 boroughs who answered that funding for maintained nursery schools should be protected at current levels, or increased, were asked why they thought these settings should be funded at a higher rate than other setting types. Respondents could select multiple reasons. The results are shown in Figure 6.

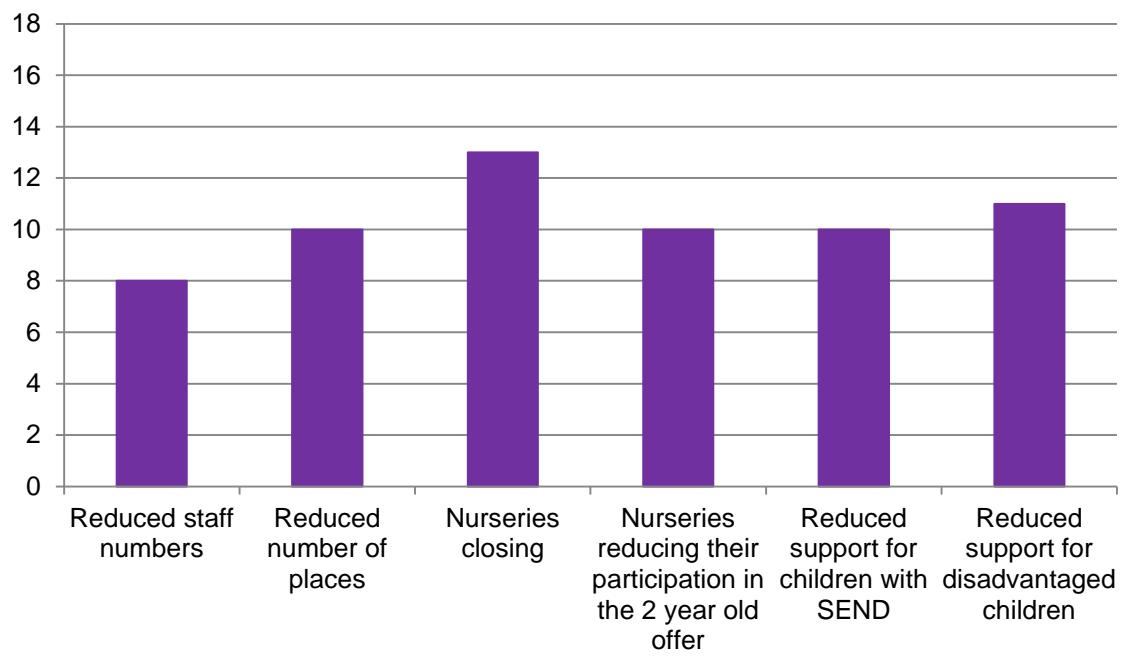
**Figure 6: Reasons for funding maintained nursery schools at a higher rate**



As shown in Figure 6, there are a variety of reasons for which boroughs believe that maintained nursery school funding needs to be protected. The most common reasons chosen were the number of places these settings offered for pupils with SEND (chosen by 13 out of 15 respondents); the places offered for disadvantaged 2 year-olds (12 out of 15); and the systems leadership and support that maintained nursery schools provide to other settings (11 out of 15). This suggests that maintained nursery schools serve an array of purposes and the debate about the protection of their funding should not focus solely on the quality of education they provide in comparison to other settings (though almost half of respondents stated that they provide a higher quality educational experience).

All local authorities with maintained nursery schools (not just those that stated that funding should be protected) were also asked what the impact would be in their borough if the government did not protect funding for these settings after 2019/20. Respondents could select multiple impacts. The results are shown in Figure 7.

**Figure 7: Likely impacts in affected boroughs if funding for maintained nursery schools were not protected after 2019/20**



As Figure 7 shows, the most common impact identified as a likely result of additional funding for maintained nursery schools ceasing after 2019/20 was that the settings would close (13 out of the 18 boroughs with maintained nursery schools chose this option). Most of the other impacts (reduced number of places offered; reduced participation in the 2 year-old free entitlement; reduced support for children with SEND; and reduced support for disadvantaged children) were chosen by over half of respondents.

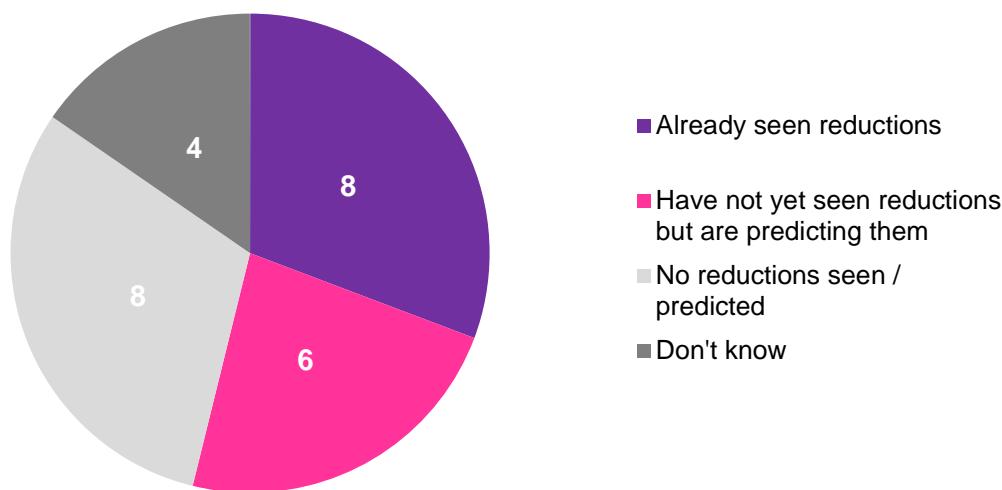
The other key impact highlighted by individual respondents was nurseries merging with one another, or federating with primary schools.

## Provision for disadvantaged children

### Availability of places for 2 year-olds qualifying for the free entitlement

The survey findings show that the Early Years National Funding Formula (EYNFF) for 3 and 4 year-olds, and the 30 hour entitlement for 3 and 4 year-olds with working parents, are both beginning to impact on the number of early years places offered by providers for the most disadvantaged 2 year-olds. Figure 8 shows the number of local authorities in London that are already reporting reductions in the number of 2 year-old places on offer as a result of these policies, or are predicting a reduction in place numbers in the future.

**Figure 8: Have you seen, or do you predict, reductions in the number of 2 year-old places being offered by providers?**



As Figure 8 shows, reductions in 2 year-old places have already been seen in 8 local authorities in London. According to the survey, the number of 2 year-old places had decreased by 360 places across 6 boroughs (2 boroughs did not report the number of places lost). A further six authorities have not yet seen reductions, but predict them for the future. The number of places that could be affected in the future is less certain, but some boroughs predict reductions of up to 200 places within their authority.

Local authorities experiencing or predicting reductions in the number of 2 year-old places available within the borough were asked whether this was due to the introduction of the EYNFF, or the 30 hour entitlement for 3 and 4 year-olds with working parents. The results are shown in Figure 9.

**Figure 9: What is causing reductions in 2 year-old places?**

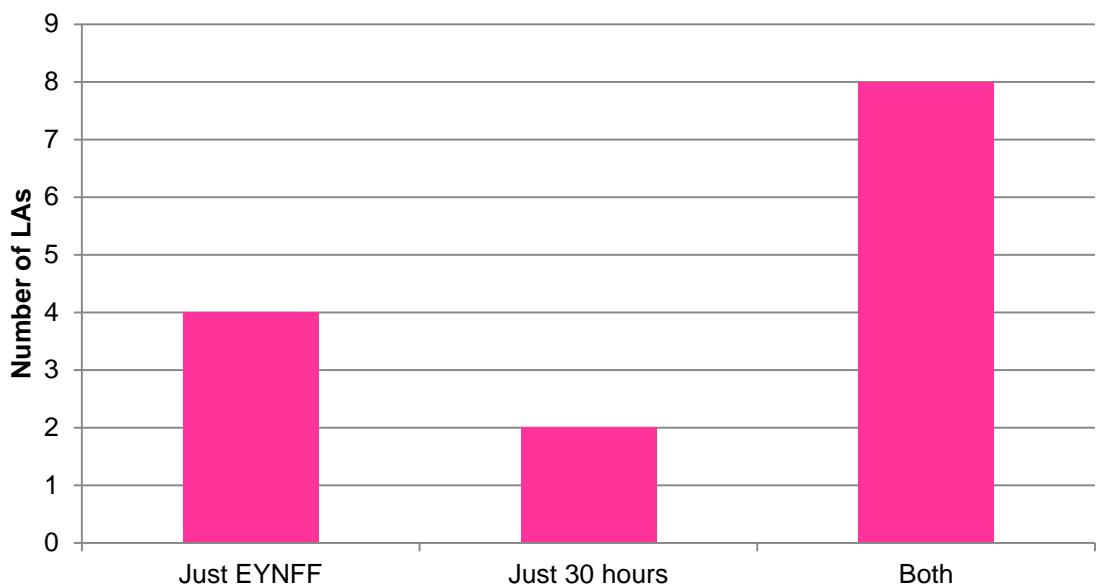


Figure 9 shows that both the EYNFF and the 30 hour free childcare for 3 and 4 year-olds are affecting, or are expected to affect, the number of 2 year-old places available in some of the boroughs. However, the majority of the reductions that had *already* been seen at the time were due to the EYNFF. This is likely due in part to the fact that the EYNFF was introduced in April 2017, while the 30 hour scheme was not introduced until September (only two to three months before respondents completed the survey). There were a number of boroughs that had already experienced reductions due to the EYNFF, and *were also predicting* reductions due to 30 hours.

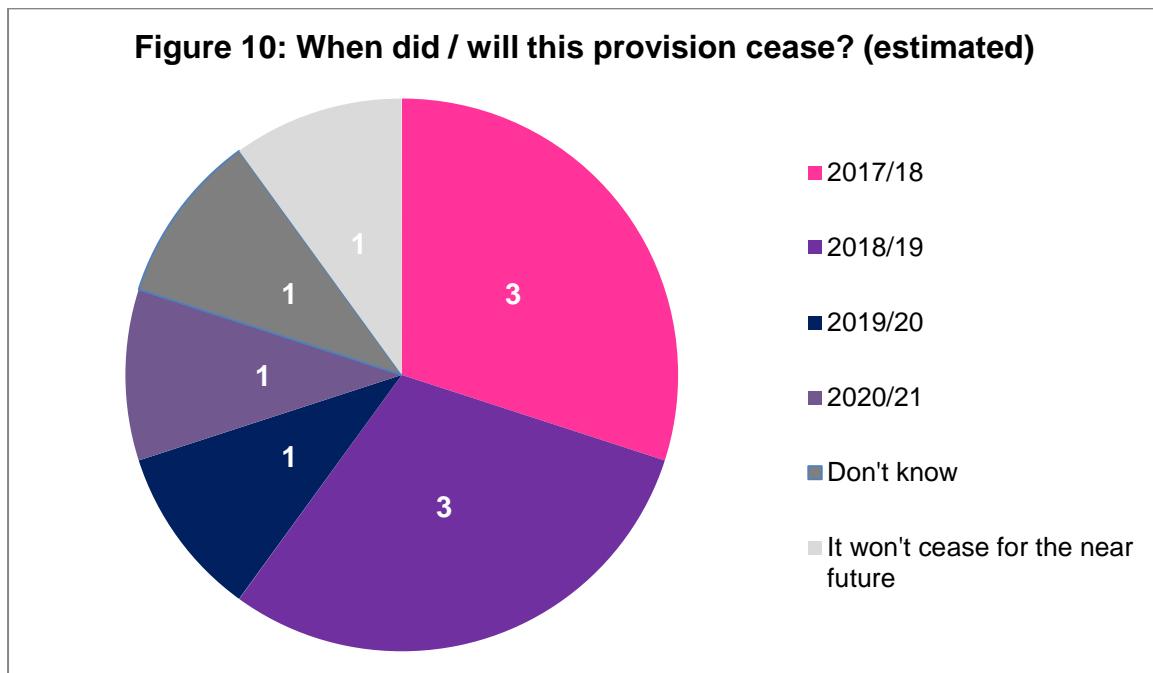
There are several potential reasons for this trend. Local authorities have reported that, since the introduction of the EYNFF, it has become more cost effective for some providers to offer places for 3 and 4 year-olds than for 2 year-olds. In some London boroughs, this is due to the fact that the hourly rate for 2 year-old places is lower than the rate for 3 and 4 year-old places. In authorities where this is not the case, the different staff to child ratios and the extra funding that providers can access for 3 and 4 year-olds, such as the Early Years Pupil Premium and the Disability Access Fund, can still make it more profitable for providers to offer places for 3 and 4 year-olds than for 2 year-olds.

Furthermore, some providers have switched, or are considering switching, from offering 2 year-old places to providing the additional 15 hours for 3 and 4 year-olds, to ensure that those eligible for 30 hours do not switch to another provider who does offer the extra entitlement.

### **Discretionary free places for disadvantaged 3 and 4 year-olds**

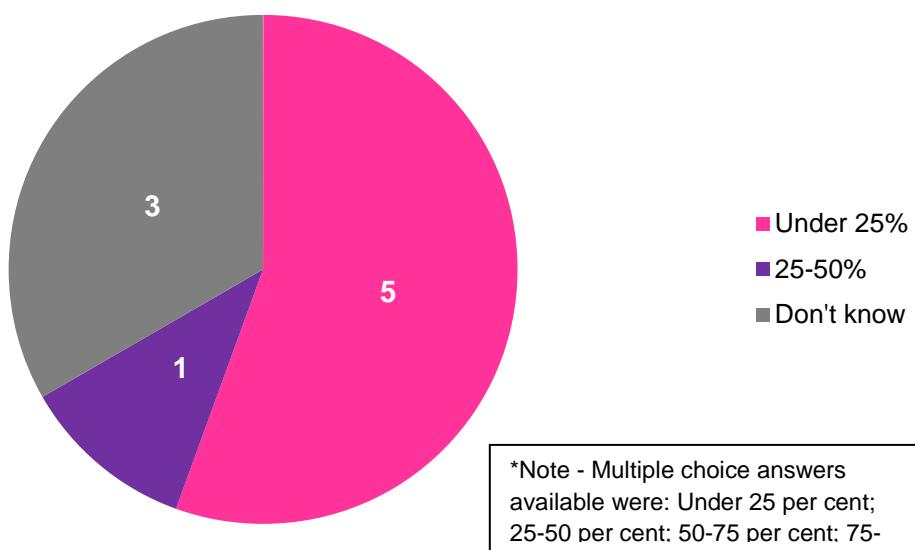
Ten of the 25 boroughs who responded to this part of the survey offered discretionary places for the most disadvantaged 3 and 4 year-olds in the authority before 2017/18. The places were offered according to different criteria in different boroughs. The majority of boroughs offered 15 hours on top of the universal entitlement for 3 and 4 year-olds; a few offered 10 additional hours.

Figure 10 shows the years in which each of these boroughs has stopped, or predicts that they will stop, offering discretionary places for the most disadvantaged 3 and 4 year-olds. Only one of the 10 boroughs expects the provision to continue for the near future.



The nine respondents who predicted that they would no longer be able to provide discretionary places in the long term were asked to estimate the proportion of 3 and 4 year-olds previously eligible for additional hours that would qualify for the extra entitlement under the 30 hour scheme for children with working parents (Figure 11).

**Figure 11: What proportion of 3 and 4 year-olds previously benefitting from additional hours do you predict would be eligible for extra entitlement under the 30 hour scheme?**



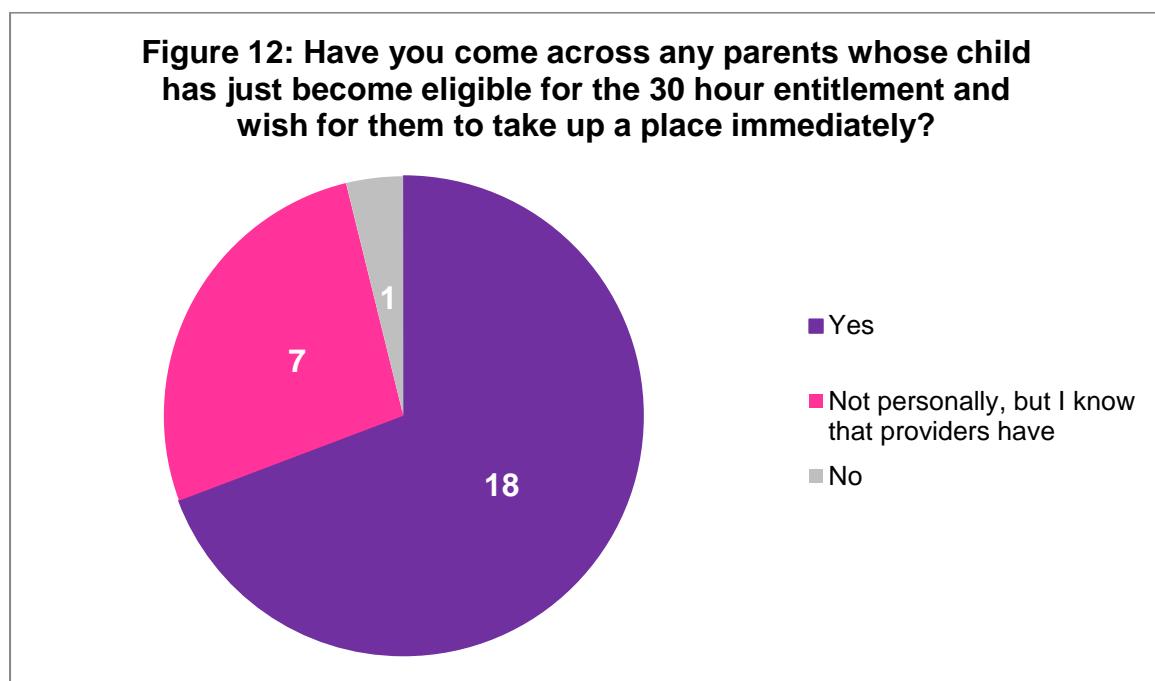
These findings suggest that a small proportion of those previously eligible for additional hours under the boroughs' own criteria for disadvantage would benefit from additional hours under the 30 hours scheme for 3 and 4 year-olds with working parents.

## **30 hour entitlement for 3 and 4 year-olds with working parents**

The 30 hour entitlement for 3 and 4 year-olds with working parents was introduced in September 2017, and the survey included a few questions to investigate some emerging issues that boroughs have experienced within the first few months of implementation.

### **Children becoming eligible mid-term**

Children who become eligible for the 30 hour entitlement in the middle of term are not funded by the Department for Education to start receiving their extra provision until the beginning of the following term. Boroughs in London were asked whether they had come across any parents whose child had just become eligible and who wished for them to take up a free place immediately. Figure 12 shows that all but one borough had already come across this situation in some form.



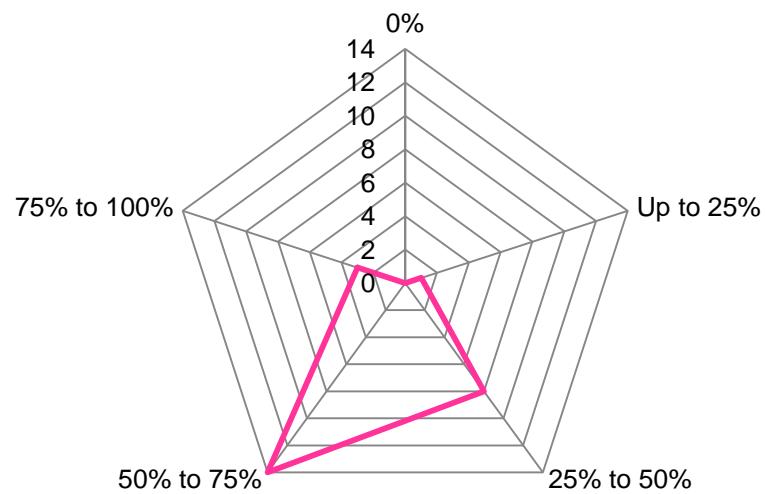
It was not possible to derive an average for the number of times this had occurred, as not all boroughs had tracked it, but frequency varied considerably across boroughs, with different respondents reporting this happening as little as three, and as many as 50, times.

The majority of the 18 boroughs that had experienced this personally did not cover the cost of places for these children for the remainder of the term from their own budgets. One did do this (through contingency funding in the Early Years Block), and one stated that they covered the cost in some cases.

### **Enquiries and administration burden**

Local authorities were also asked whether they had experienced any increase in enquiries and administration as a result of the introduction of the 30 hour entitlement. The results are shown in Figure 13. The vast majority of boroughs experienced an increase in enquiries and administration of between 50 per cent and 75 per cent.

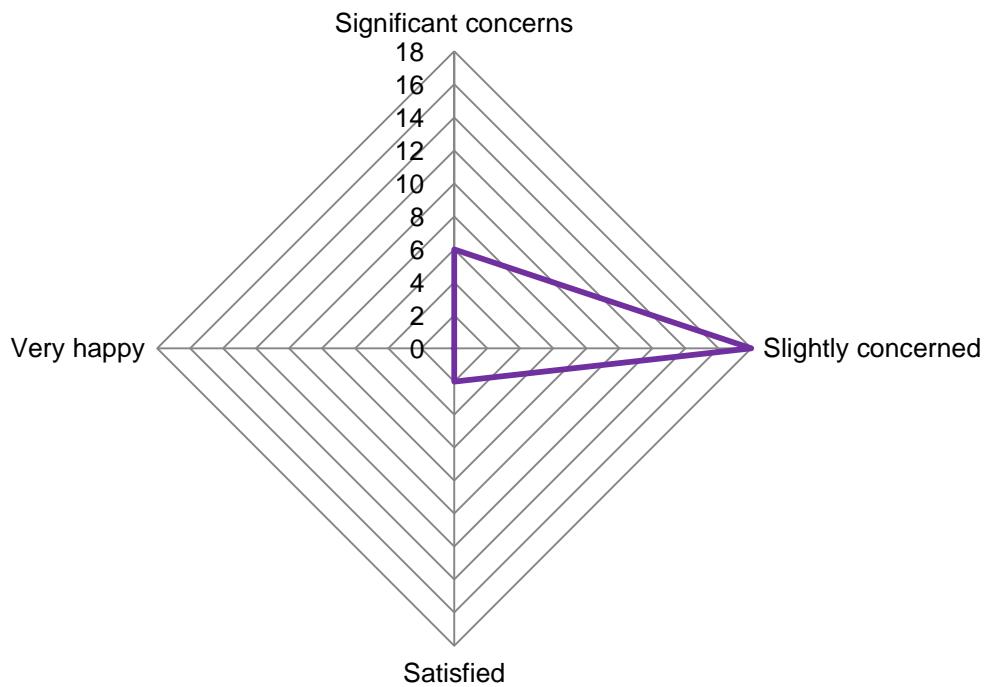
**Figure 13: Increase in enquiries and administration since 30 hours**



## Quality of practitioners

Boroughs were asked how they felt about the quality of Level 3 practitioners in their borough. As shown in Figure 14, no respondent stated that they were 'very happy', and 24 out of 26 authorities were either 'slightly concerned' or had 'significant concerns'.

**Figure 14: How do you feel about the quality of Level 3 practitioners in your local authority?**



Those who expressed concern were asked to state the reasons for this in a free text box. Each of the 24 boroughs with concerns wrote that the initial training quality was poor. Some elaborated to say that the training did not provide trainees with the practical experience of working with children or a sufficient knowledge of child development, and that the work placement element was often poorly managed.

Six respondents also highlighted the low pay as a disincentive for high quality candidates to work in the field. Two also cited the perceived lack of development opportunities within the profession.

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