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Early Years Funded Entitlement payment schedules

Results of initial survey

September 2024



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Introduction

Between 21 June 2024 and 2 August 2024, we invited providers to participate in the first part of our consultation on the way Early Years and Childcare providers are paid Early Years Funded Entitlement (EYFE) in West Sussex.

We provided the following [briefing](#) document and recommended early years and childcare providers use the [Payment Schedules Modelling tool](#) to see how the different options would work. Some guidance on how to use the tool were included in Appendix A of the briefing document.

The three proposed options we consulted on were:

1. **Two payments per term:** One Estimate payment and one Actuals payment per term.
2. **Monthly Payments:** Multiple payments based on a single Estimate submission, and one Actuals payment per term.
3. **Three Payments per Term:** Two payments based on a single Estimate submission, and one Actuals payment.

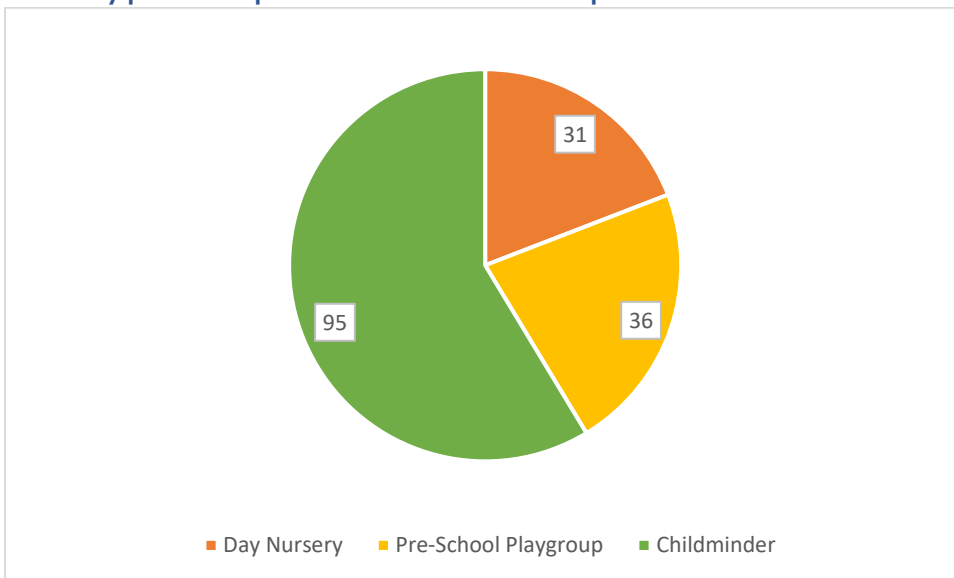
The consultation was conducted online, and we received 162 responses from a mixture of day nurseries, pre-school playgroups and childminders. This totals 22% of our early years and childcare providers who are signed up to deliver EYFE.

We would like to thank everyone who took the time to complete our survey, as well as to those who have volunteered to be part of a pilot group or focus group. We will be in touch with these individuals in due course. If you were unable to participate this time, there will be plenty of opportunities to contribute to this consultation in the future, with our next survey scheduled for release in October 2024.

The survey results that follow highlight the diverse range of needs, requirements, and preferences among West Sussex providers, which will play a crucial role in shaping how West Sussex County Council (WSCC) proceeds with this consultation process.

1. Number of responses

1.1 Types of providers who responded:



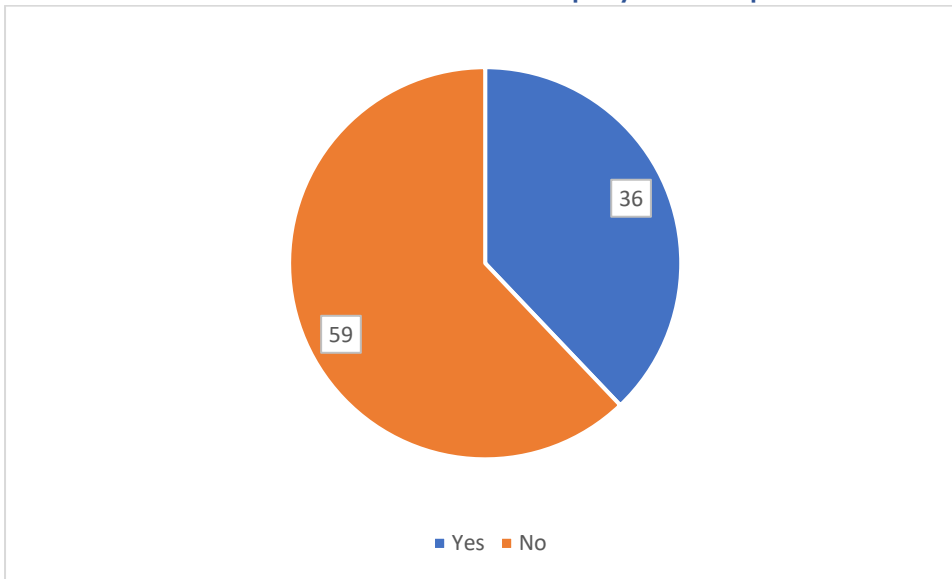
Day Nursery	31
Pre-School Playgroup	36
Childminder	95
Total	162

1.2 Percentage of EYFE providers in West Sussex who completed the survey:

Day Nurseries	14.2%
Pre-School Playgroups	19.3%
Childminders	29.2%
Overall	22.2%

2. Impact on childminders

2.1 As a childminder, has the current payment schedule of one Estimate and one Actuals payment per term impacted you?



Yes	36	37.9%
No	59	62.1%

2.2 Please describe how this has impacted you – summary of responses

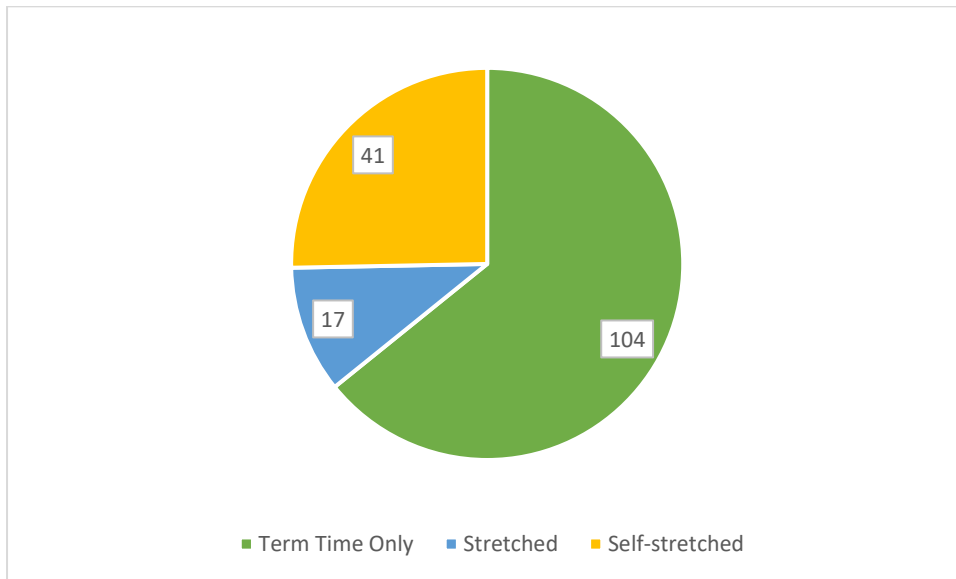
Challenges

- 4% of responders said the only form of income being spread out is a challenge.
- 1% said estimates being so far ahead means it is difficult to estimate sufficient funding so far in advance.
- 16% said it is difficult to budget and pay bills with a payment covering a large period.
- 3% said the gap between Estimates and Actuals payments is too far to be able to budget comfortably.
- 3% said payments have been late in the past.
- 4% said it had affected Universal credit.
- 2% said it does not work as well for stretched/all year round providers.

Positive impact

- 1% of responders said two payments a term is less admin.

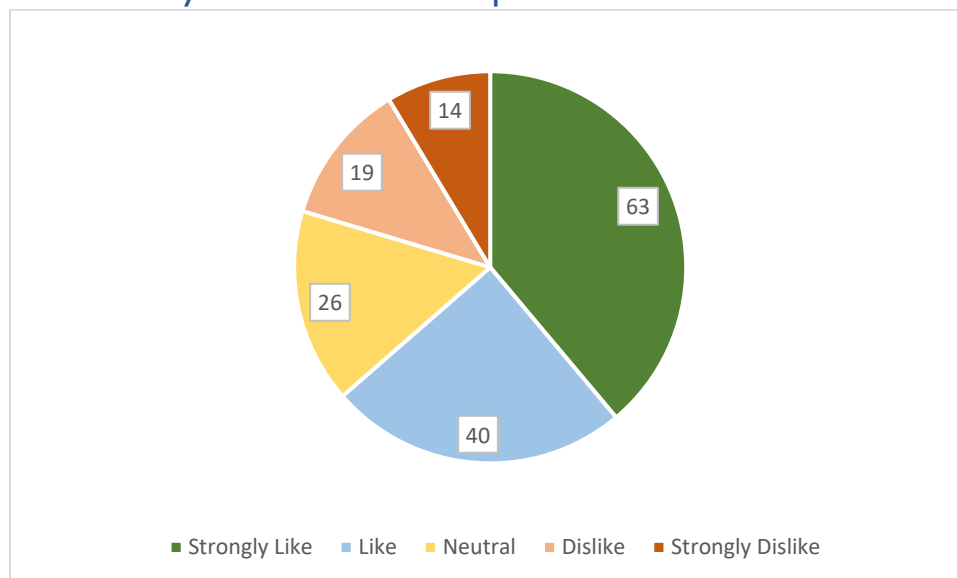
3. How you currently deliver and claim EYFE funding



Term Time Only	104	64.2%
Stretched	17	10.5%
Self-stretched	41	25.3%

4. Option 1 – Two payments per term

4.1 How you feel about Option 1



Strongly Like	63	38.9%
Like	40	24.7%
Neutral	26	16.0%
Dislike	19	11.7%
Strongly Dislike	14	8.6%

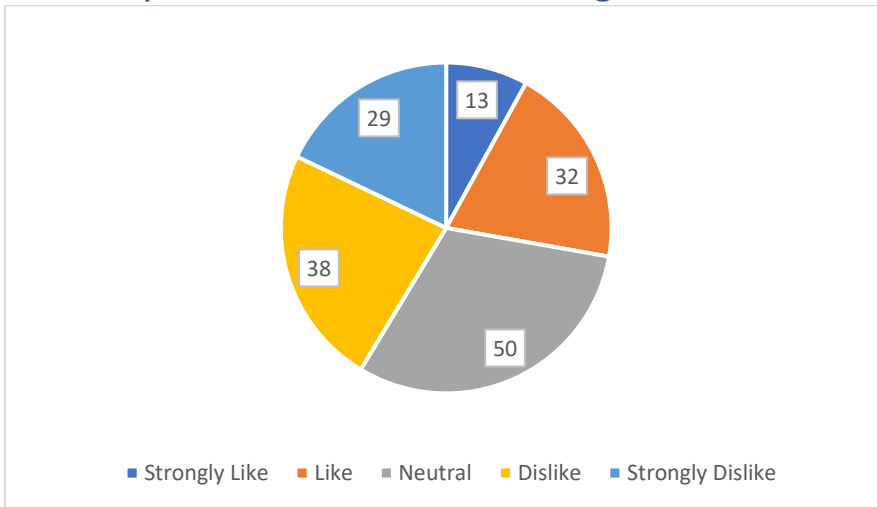
4.2 Summary of what you thought works well with Option 1

- 6% of responders said lump sum payments can be helpful at times.
- 4% said it provides enough funding throughout the term to pay overheads/staff.
- 12% said it is straightforward and simple in terms of admin and cashflow.
- 24% said familiarity with the current schedule and how it works is a positive.
- 17% said it was a positive to be paid in advance.
- 4% said estimates are optional; those providers who choose not to submit an Estimate only need to claim three times a year.
- 6% said the 70% estimate to 30% Actuals split works well.
- 3% said overheads are not all monthly, so a lump sum helps tackle more irregular costs, such as quarterly rent.
- 1 responder said it is more suitable for larger providers.
- 7% said payment in advance helps with purchasing materials and equipment needed for delivery of EYFS in advance of the new term.
- 1% said DAF, EYPP and other additional funding being received midway through term as opposed to later is a bonus.

4.3 Summary of what you thought does not work well with Option 1

- 8% of responders said length of time between Estimates and Actuals can be a challenge. Short term loans and overdrafts have been used. These distances are also not consistent between the terms. The Autumn Estimate/Actuals gap is five months compared to two months for Spring.
- 3% said with increased uptake of EYFE for more age groups, budgeting for up to three months between payments is more difficult without having privately paid for hours more regularly.
- 1% said it would be helpful if headcount was later to allow more time to settle children.
- 1% said any bills are due before EYFE is paid.
- 3% said they were concerned about Estimates moving from being paid prior to the term starting to once the term has started. If materials and resources are needed for the term, the funding to pay for these will not be received in time.
- 1% said it would continue to impact Universal Credit claims.
- 3% said estimating for the following term so far in advance can be difficult. Children can leave and become eligible or ineligible for different aspects of EYFE in the interim.
- 1 responder said the 70% estimate to 30% Actuals split does not work well for some providers. A 50/50 split was suggested instead.
- 5% said there are general difficulties budgeting two payments over varying and long periods of time.
- 1 responder said the timing of payments is not optimal.
- 1 responder stated that it is a disadvantage that payment dates do not line up with how some providers invoice parents (e.g. monthly).

4.4 Option 1 would move the Estimate payment to be at the beginning of the term rather than within the previous term. How do you feel about this change?



Strongly Like	13	8.0%
Like	32	19.8%
Neutral	50	30.9%
Dislike	38	23.5%
Strongly Dislike	29	17.9%

4.5 Further information on why you feel this way

Positive

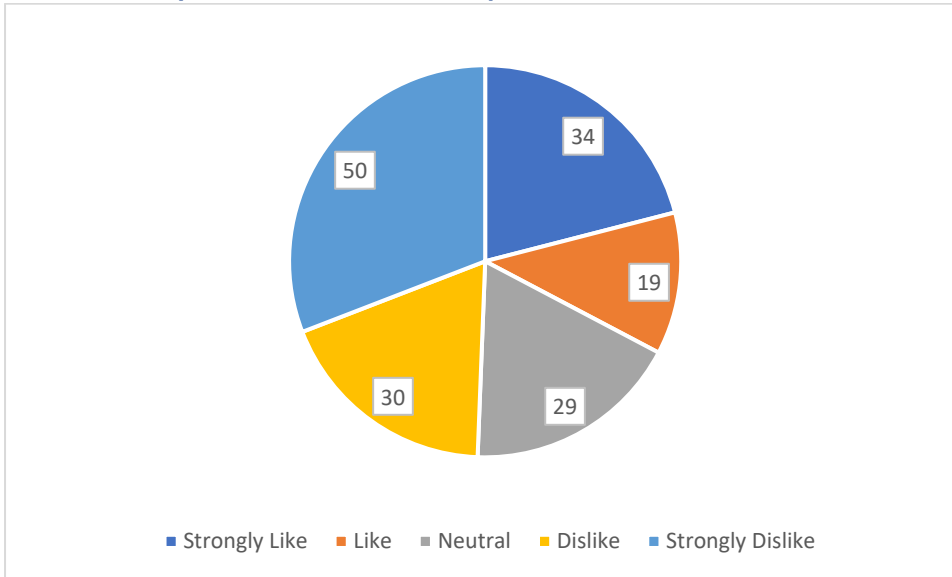
- 16% of responders said it would work better with how some providers have their accounts and financial year set up.
- 3% said it would be less confusing.
- 12% said it would not make any difference either way to them.
- 7% said submitting and receiving estimates later means they would be more accurate, and more children can be included.

Challenges

- 5% of responders said this would simply move existing cashflow issues into a different month.
- 1 responder said it would be more confusing.
- 10% said having the funding prior to the term beginning helps to plan and buy resources.
- 7% said finances and systems are already set up for current schedule. Would be a lot of work for providers to change this.
- 3% said they would want a guaranteed date they would receive funding by rather than when WSCC would release the funding. They also said it must be the first week of the term if this were to change rather than the second or third.
- 1 responder said they would be concerned about how the transition would work from the current schedule to Option 1.
- 1 responder said this would impact their ability to pay August holiday pay for term time only providers.

5. Option 2 – Monthly payments

5.1 How you feel about Option 2



Strongly Like	34	21.0%
Like	19	11.7%
Neutral	29	17.9%
Dislike	30	18.5%
Strongly Dislike	50	30.9%

5.2 Summary of what you thought works well with Option 2

- 19% of responders said it would help with budgeting. Would work better for cashflow, as most bills and staff wages are monthly.
- 5% said it would be more in line with how most things are paid (e.g. bills, wages etc).
- 13% liked not having to wait for payments over a long period of time.
- 5% said it would be in line and more consistent with how most providers invoice parents for non-funded hours and services.

5.3 Summary of what you thought does not work well with Option 2

- 4% said they would want the payments to be made earlier than specified (e.g. in time for the beginning of the term).
- 1 provider said the transition from the current schedule to monthly payments would need to be considered.
- 1% said they underclaim on Estimates to ensure they do not receive too much funding in advance. The proposed monthly payments schedule would create a larger gap between the submission of Estimates and the payment of Actuals, meaning a much longer period with potentially insufficient funding.

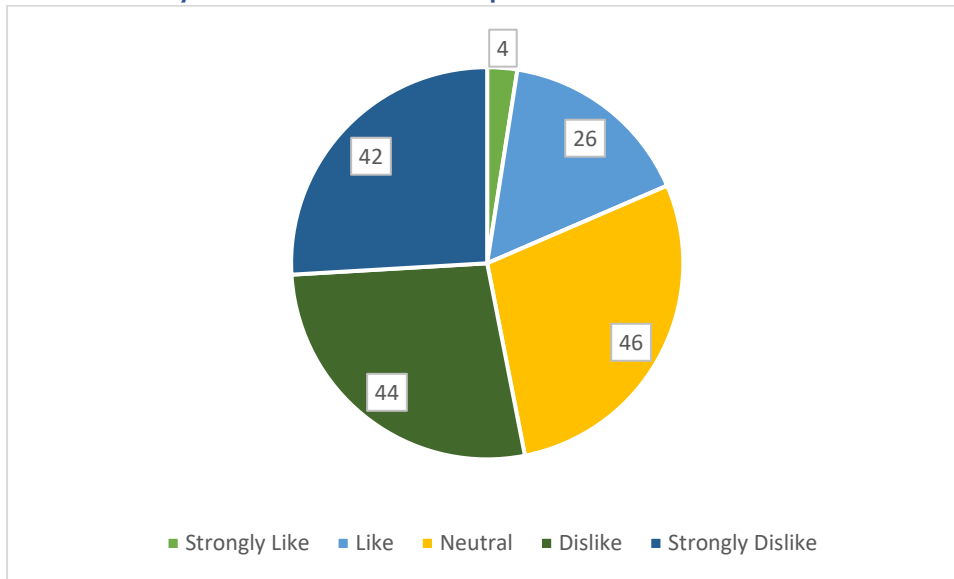
- 14% said it would be more effort to track payments.
- 2% said it would make forecasting more difficult.
- 1 provider said it would make transfer of funding to other providers and self-stretching more difficult.
- 1% said the longer wait for Actuals and the sometimes larger gap between when Estimates and Actuals are paid would be problematic; if children join after Estimates are submitted, it will be a long wait to receive the funding in the final month of the term.
- 2% said they like receiving the 70% lump sum and managing this themselves.
- 1 provider highlighted that the monthly payments would not be even throughout the year.
- 6% were concerned they would be funded in arrears. To be clear, the proposal is that Estimates would be paid at the beginning of the month they apply to. For example, your first Estimate payment for Autumn term would be the beginning of September.
- 3% of providers expressed concern this would lead to more completion of forms.
- 5% said receiving smaller amounts (albeit, more regularly) would make larger expenses more difficult to address should they arise mid-term.
- 2% said DAF, EYPP and other additional funding would be paid alongside Actuals in the final month of the term, meaning it cannot be used earlier to benefit the children it applies to.
- Further to the point above, 2% were concerned Inclusion Funding could also be pushed back.

5.4 Suggested improvements to this option

- 7% of responders said that they would want the payment released the week before the end of each month, meaning the funding would be in accounts by the time the month began. They would also like a guaranteed day that funding should be received by.
- 1% suggested once Actuals are submitted, WSCC to adjust the monthly payments to reflect the Actuals rather than the Estimates.
- One responder's suggestion was to vary monthly payments according to the number of days in a month.
- 1% suggested paying per child rather than lump sums for all children.
- 1 responder suggested WSCC to provide ample time for providers to correct errors so that payments are not delayed.
- 1 responder was concerned this schedule would increase the expenditure of WSCC to deliver this
- 1% wanted some way for additional funding (including EYPP and DAF) to not be delayed to the end of the term has been suggested as preferable.
- 1 responder suggested we move headcount to be later in the term.

6. Option 3 – Three payments per term

6.1 How you feel about Option 3



Strongly Like	4	2.5%
Like	26	16.0%
Neutral	46	28.4%
Dislike	44	27.2%
Strongly Dislike	42	25.9%

6.2 Summary of what you thought works well with Option 3

- 24% of responders liked that payments would be more regular than they are currently. Beneficial for budgeting, cashflow and investment for some providers.
- 7% liked that it is not too different to the two payment schedule, which providers are used to. Maintaining the 70/30 split a plus.
- 2% said Actuals and the additional funding (EYPP, DAF etc.) would not be pushed back as far as they would be with monthly payments.

6.3 Summary of what you thought does not work well with Option 3

- 18% of responders said it was more complicated than the current schedule, but without the benefits of monthly payments.
- 4% said that, like with monthly payments, there was a concern this would lead to more forms to complete.
- Timings of payments were not ideal to 10% of responders.
- 3% disliked that some months would have no payments (July, August, and December).
- 2% said that, like Option 1, this option does not align with monthly invoicing to parents or monthly expenditure.
- 4% disliked that there would be more payments to track than Option 1.
- 1% disapproved of the delay to EYPP, DAF and possibly Inclusion.
- 1 responder pointed out that later Actuals would lead to later transfers of funding between providers.

6.4 Option 3 consists of two payments of 35% based on one termly Estimate submission (plus a third payment based on your Actuals). What is your opinion on this? Would you prefer an increased or decreased percentage for the two estimate payments? If so, how/why would this be better for you?

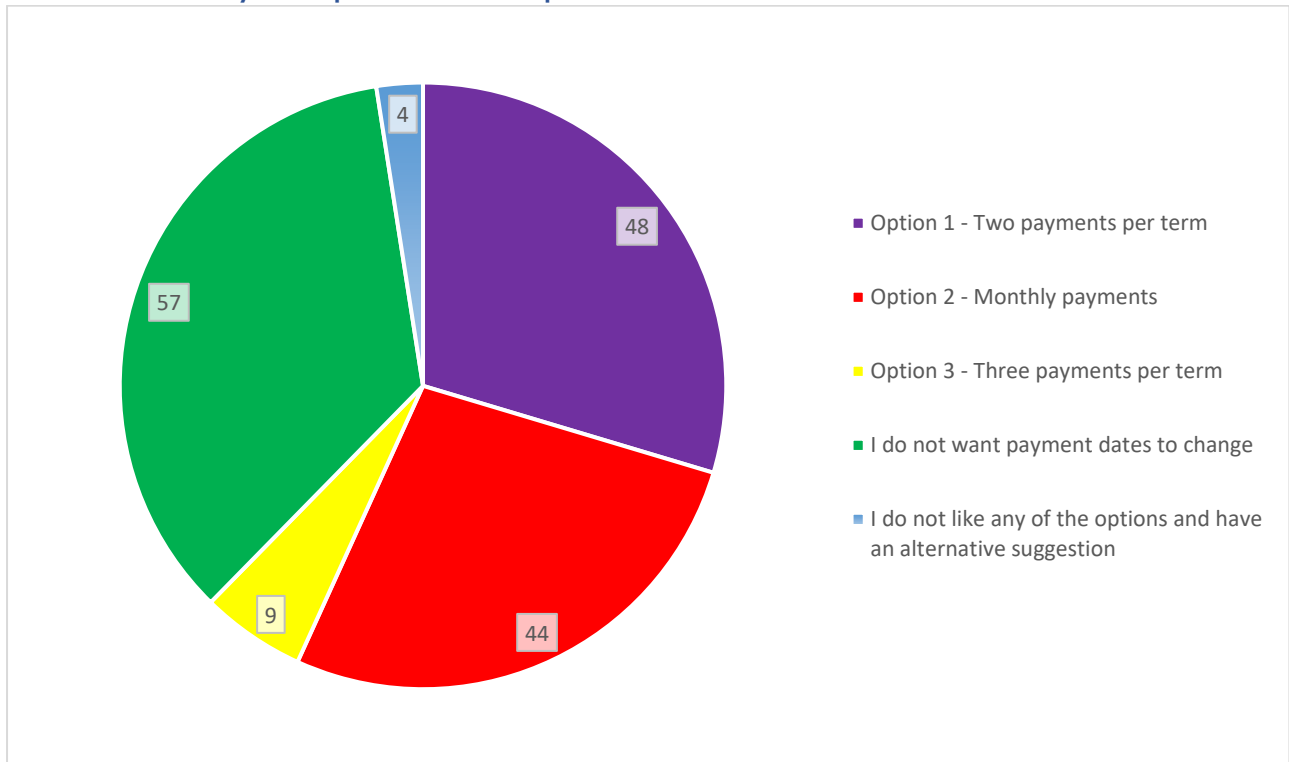
- 39% of responders asserted that Option 1 was preferable.
- 35% said it either made no difference, or worked as it was effectively still a 70% Estimate, which they are used to.
- 4% suggested increasing the proportion of total payments which the estimate covered, e.g. 80%.
- 2% suggested a decrease; 30% for each and 40% for Estimates.
- 2% suggested tapered payments, such as a 50% initial payment, followed by a second smaller amount of 20%, with the remainder paid via Actuals. Would provide some funding for unexpected large expenses in the early part of the term.

6.5 Suggested improvements to this option

- 1% of responders suggested set dates for receipt of funding to aid with bills, direct debits etc.
- 1 responder said Actuals payments would be too late. Would rather they be sooner.
- 1 responder suggested some means of increasing the Estimates payment later should more children join.
- In the interest of full disclosure, 7% of responses to this question were to scrap Option 3 completely.

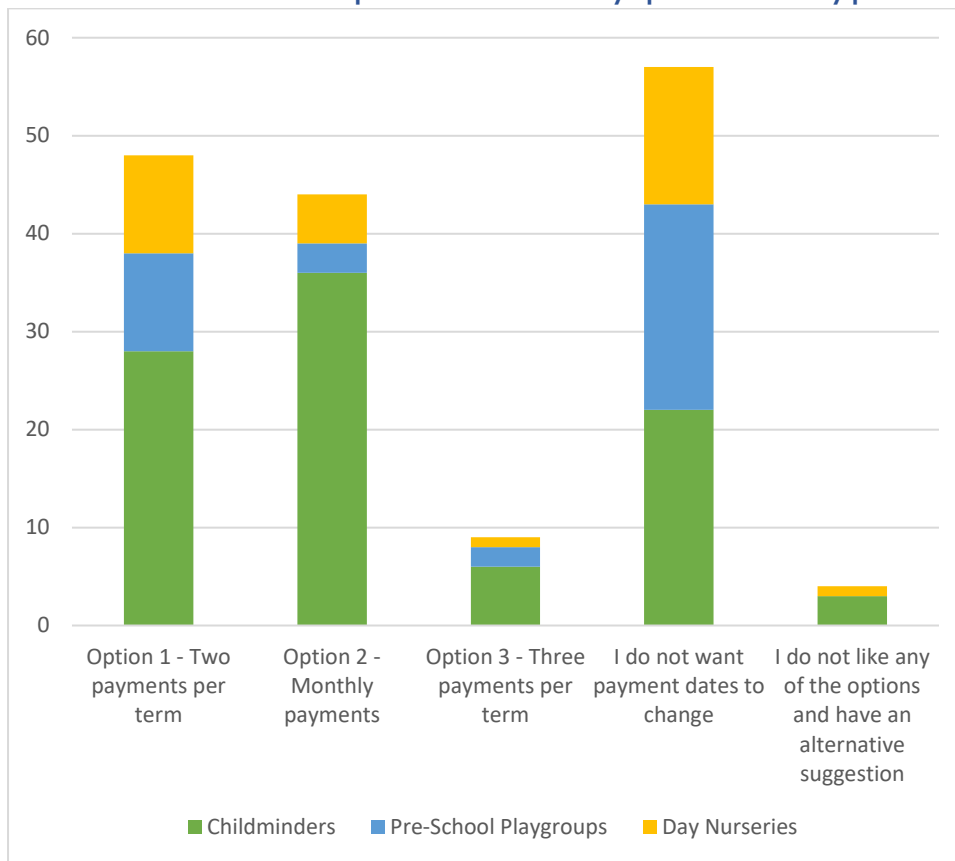
7. Preferred options

7.1 What is your preferred option?

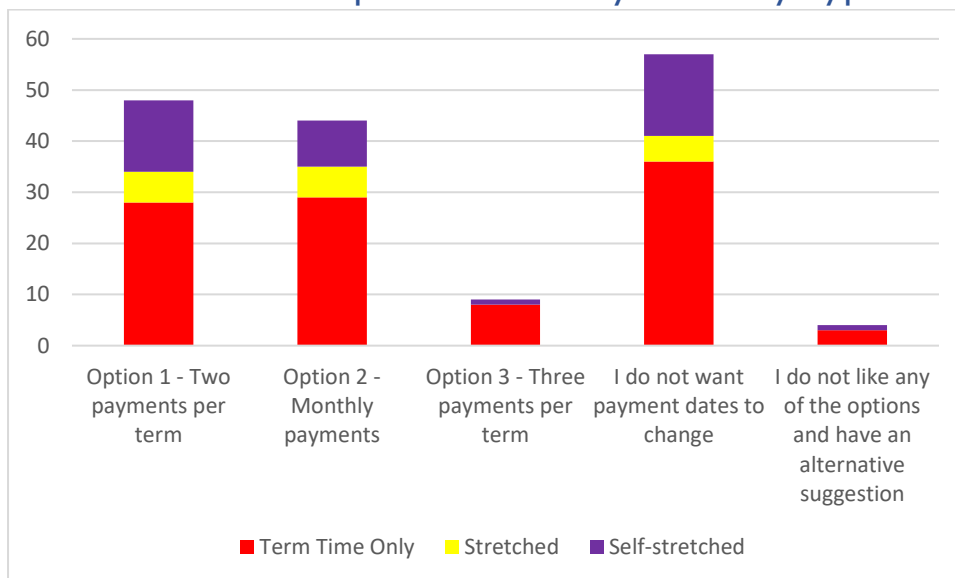


Option 1 - Two payments per term	48	29.6%
Option 2 - Monthly payments	44	27.2%
Option 3 - Three payments per term	9	5.6%
I do not want payment dates to change	57	35.2%
I do not like any of the options and have an alternative suggestion	4	2.5%

7.2 Breakdown of preferences by provider type



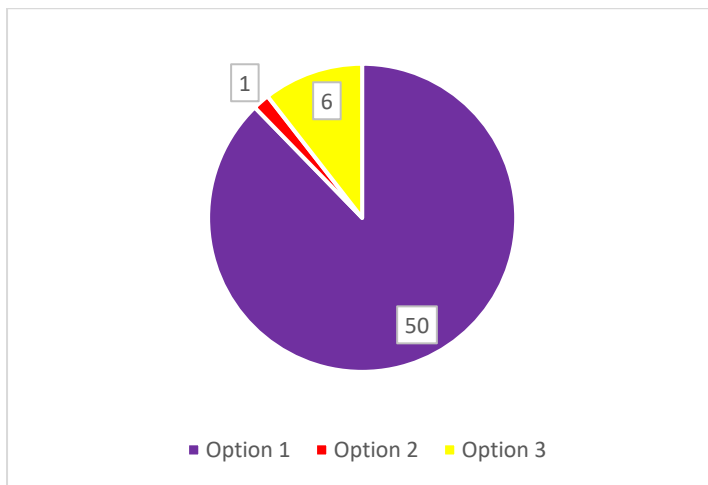
7.3 Breakdown of preferences by delivery type



7.4 Brief summary of the four suggested alternatives

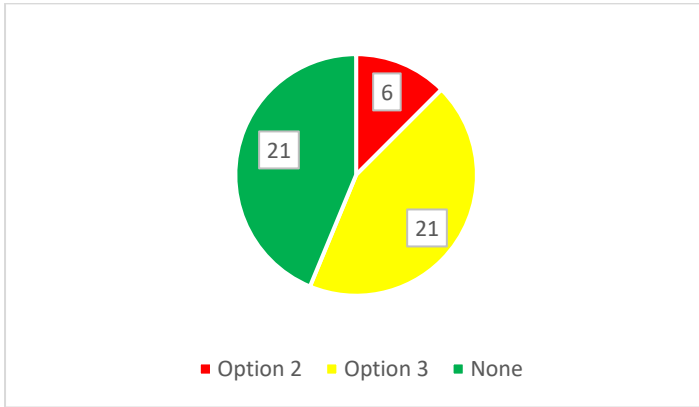
- First payment to be released at least two weeks before the start of term, and any subsequent payments made should reflect Actuals.
- Two providers suggested moving Actuals to the very beginning of term and be paid once.
- Change the whole submission portal to function more like the childcare grant website. Providers enter sessions, parents agree, and then payment is automatic.

7.5 For those who chose "I do not want payment dates to change", if you had to choose one of the three options, which would you choose?



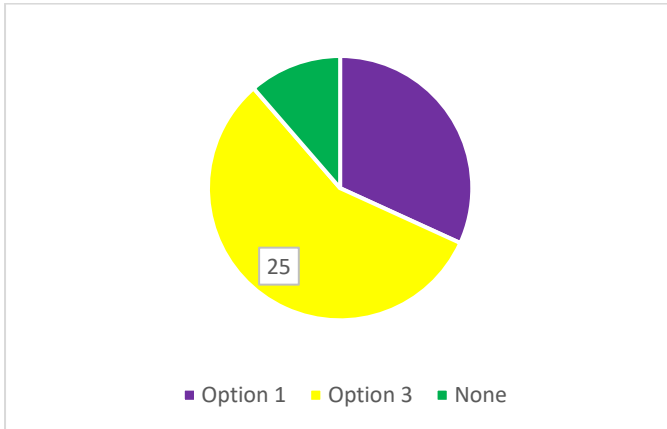
Option 1	50	87.7%
Option 2	1	1.8%
Option 3	6	10.5%

8.6 Second choice for those who chose Option 1



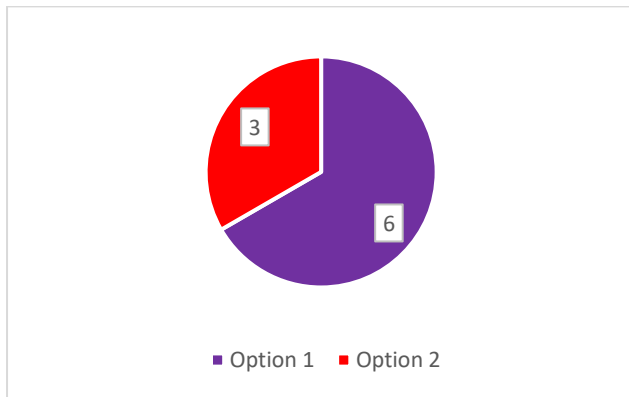
Option 2	6	12.5%
Option 3	21	43.8%
None	21	43.8%

8.7 Second choice for those who chose Option 2



Option 1	14	31.8%
Option 3	25	56.8%
None	5	11.4%

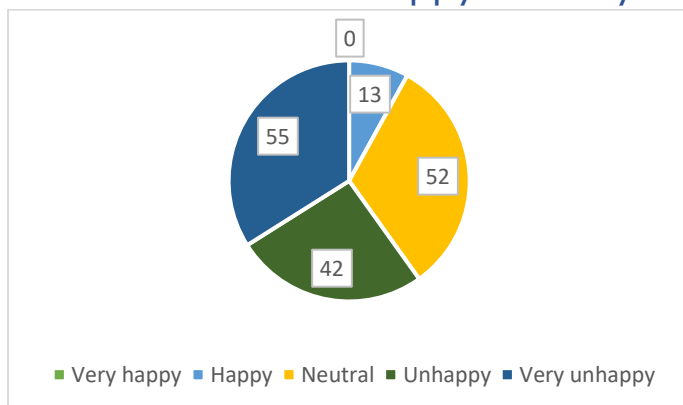
8.8 Second choice for those who chose Option 3



Option 1	6	66.7%
Option 2	3	33.3%
None	0	0%

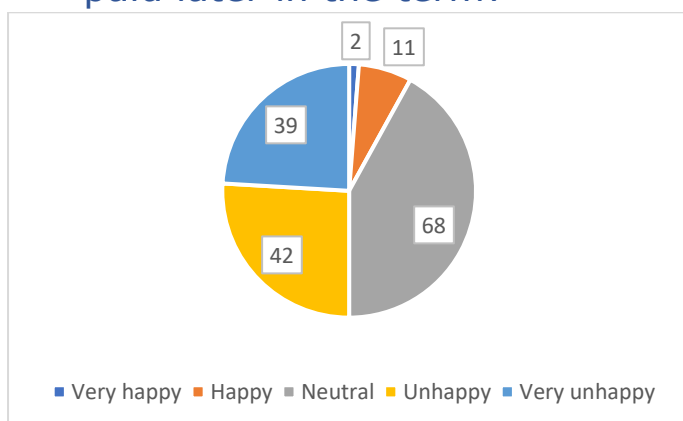
9. Impact on transfers and additional funding

9.1 If Actuals payments occur later in the term, this may affect the ability of some providers to transfer funding until this is received. How happy would you be to wait for this transfer?



Very happy	0	0.0%
Happy	13	8.0%
Neutral	52	32.1%
Unhappy	42	25.9%
Very unhappy	55	34.0%

9.2 How do you feel about the possibility that additional funding such as EYPP, the Deprivation Supplement and DAF would be paid later in the term?



Very happy	2	1.2%
Happy	11	6.8%
Neutral	68	42.0%
Unhappy	42	25.9%
Very unhappy	39	24.1%

Preliminary conclusions

- Whilst the current system is functional and appears to be best for many providers, it is clear that for other providers, more regular payments would be beneficial.
- Payments twice per term; one for Estimates and one for Actuals, has proven to be the most popular means of receiving funding. However, there is notable demand for monthly payments; made up of multiple Estimate payments and a final Actuals payment.
- The third option of three payments per term did not see sufficient support or enthusiasm from providers compared to the other two options. It is therefore unlikely that WSCC will pursue this option further.
- We are planning to launch a second survey in October; this will likely explore the option of offering Option 1 and 2 simultaneously, so providers may choose to receive either up to two payments per term, or a payment each month. However, to accommodate both options, it is likely changes to these two options will be needed compared to how they were presented in this consultation. This could include, for example, the percentage of termly funding that Estimates would represent, proposed payment dates, and how these schedules would work with Disability Access Funding and Inclusion Funding.
- Were we to proceed with Option 1 and/or Option 2, this would differ from the current schedule by moving the submission of Estimates and the payment to be later. Whilst this possibility received a mixed reception, one benefit to providers would be the later deadline would enable your Estimate to be more accurate (i.e. you will know better by the deadline what children are joining, leaving, and how many hours they wish to access and are eligible for). Many suggestions were for payments to be paid as close to or prior to the beginning of the applicable term (for providers opting for two payments per term) or month (for providers receiving monthly payments). We will take these suggestions into consideration, and should we proceed with offering Option 1, consider how and when the transition will take place to help mitigate any risks to changes in payment schedules.

Next Steps

- Determine viable options for early years and childcare providers to consider.
- October – further consultation regarding options available.
- Outline roles and responsibilities for focus and pilot groups.
- Work with providers to agree lead-in time and roll out of any changes to payment schedules.