Funded Early Education Guidance 2018

From 1 September 2018
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1. Introduction

Welcome to London Borough of Merton’s Guidance for the delivery of funded places for 2, 3 and 4-year-olds. This document sets out the terms and conditions that early education providers agree to when delivering funded early education places.

These terms and conditions will ensure that the Local Authority (LA) meets its statutory duties under the Childcare Act 2006, the Education Act 2011 and the Early Education and Childcare statutory guidance for Local Authorities (June 2018). This legislation and statutory guidance for LAs underpins all aspects of our local terms and conditions for funding early education places. It supports the Merton Early Education Funding Agreement which all providers must sign if they wish to offer funded early education in Merton.

Research shows that the impact on children’s long-term outcomes is improved when they attend high quality early year provision; especially when those children come from vulnerable backgrounds. Early years providers have a key role as part of children’s services in narrowing the gap in outcomes that some children experience.

This Guidance therefore outlines how the LA works in partnership with providers, ensuring that provision in Merton continues to evolve into high quality, inclusive, customer-focused services which offer real choice for families. Our aspiration is that our early year’s provision reflects local need and delivers the best possible outcomes for children, as well as supporting parents to return to work or undertake studying/training.

The Guidance explains:

- Eligibility – who is eligible for an early education place
- Flexibility – how early education can and should be delivered
- Quality – the quality standards required to deliver an early education place
- Local limiting conditions that providers must meet to deliver early education
- The Single Funding Formula
- Funding – the finance processes for funding early education
- Directory of Providers – how to join the Directory, withdraw or be removed from the Directory
- Compliance – the procedure and possible actions for providers who fall short of terms and conditions of funding

This document does not provide guidance on how providers operate their private businesses, including charges for provision over and above a child’s funded early education place. The Local Authority will not intervene in a provider’s private business outside of a child’s funded early education place.
In this document the term ‘providers’ refers to an early years provider other than a childminder registered on the Ofsted Early Years Register; a childminder registered on the Ofsted Early Years Register; a childminder registered with a childminder agency which is itself registered with Ofsted; or, schools taking children age two and over and which are exempt from registration with Ofsted as an early years provider. The term ‘parent’ represents both mother and father and those who have parental responsibility for a child.

2. Key outcomes

London Borough of Merton adheres to the following requirements when managing the delivery of funded early education places:

- Allow all providers that meet the quality standard agreed by the Department for Education and the local funding conditions to deliver early education places
- Ensure that, as much as is practicably possible, the models of delivery of funded early education are flexible enough within a given local area to allow children to take up their full entitlement at the times that fit with the needs of their parents and that places are offered free of charge
- Ensure that children who meet the prescribed criteria are able to take up high quality funded early education, regardless of their parents’ ability to pay, and that parents are aware this does not offer a guarantee of a place at any particular provider
- Ensure that providers who deliver early education do so in accordance with the Local Authority’s terms and conditions as stated in this Guidance
- Ensure that providers are able to keep children safe
- Ensure that providers promote equality of opportunities for disabled children and have arrangements in place to support children with SEN or a disability
- Ensure providers narrow the gap improving outcomes for children and reducing inequalities.

3. Background

The Childcare Act 2006, Childcare Act 2016 and the Education Act 2011 place duties on Local Authorities to:

- Improve outcomes for all children under five and reduce inequalities
- Secure enough childcare, in so far as is reasonably practicable, for working parents
- Secure free early education places for all children who meet the criteria
- Provide information, advice and assistance to parents
- Provide information, advice and training to childcare providers
Section 99 of The Childcare Act allows Local Authorities to collect information about children from providers. These duties are discharged to Local Authorities within the Early Education and Childcare Statutory guidance for local authorities.

4. Early education for 2, 3 and 4-year-olds

**Outcome:** *All children who meet the prescribed criteria are able to take up a free place if parents want one.*

### 4.1 Eligibility criteria for 2-year-olds

Children become eligible for a funded place from the relevant date after their second birthday as in table 1 below and if the parent meets one of the eligibility criteria (see appendix one). The parent must have checked their eligibility via Merton’s checking service and have a unique reference number.

A two-year-old who has met any of the above eligibility criteria can continue to receive their place once they have taken it up even if the child ceases to meet these criteria at a later date.

### 4.2 Eligibility criteria for 3 and 4-year-olds (universal entitlement)

Children become eligible for a funded place from the relevant date after their third birthday based on the Table 1 below and remain eligible up until the term after their fifth birthday.

### 4.3 Eligibility criteria for 3 and 4-year-olds (extended entitlement)

Children become eligible for a funded place from the relevant date after their third birthday as indicated in Table 1 below

**Table 1: Child’s qualifying dates of birth**

<table>
<thead>
<tr>
<th>A child born between:</th>
<th>Child will be eligible for funding from:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January to 31 March</td>
<td>1 April following the child’s second birthday</td>
</tr>
<tr>
<td>1 April to 31 August</td>
<td>1 September following the child’s second birthday</td>
</tr>
<tr>
<td>1 September to 31 December</td>
<td>1 January following the child’s second birthday</td>
</tr>
</tbody>
</table>
Table 2: Qualifying application and validity start dates

<table>
<thead>
<tr>
<th>Date applied/reconfirmed by</th>
<th>Validity start date of code can be</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 March</td>
<td>Up to 14 April</td>
</tr>
<tr>
<td>31 August</td>
<td>Up to 14 September</td>
</tr>
<tr>
<td>31 December</td>
<td>Up to 14 January</td>
</tr>
</tbody>
</table>

The child’s parent must have applied or reconfirmed by the deadlines but may receive their valid 30-hour eligibility code after the beginning of the term, up to the dates in Table 2 above.

Children in foster care may also be eligible for the extended entitlement when the child meets the age criteria if taking up funded early education is consistent with the child’s Care Plan and the foster carer it taking up paid employment outside of their fostering role. It is the role of the responsible Local Authority to determine the eligibility of these children (See appendix 1).

An Extended Entitlement code must be validated by the provider via the Early Years Provider Hub before a child’s place can be confirmed with the parent.

For all entitlements, it is the provider’s responsibility to check the residency and the date of birth of the child by having sight of the child’s original birth certificate or passport.

Eligible 2-year-olds and 3 and 4-year-olds can start in a funded place part-way through a funding period as long as they have not received funded hours at another provider in that funding period and subject to being on roll during and/or after the Headcount week (see section 9).

Eligible 2-year-olds and 3 and 4-year-olds who start in a funded place part-way through a year can only access the number of funded hours that reflect the portion of their entitlement that remains within that year (i.e. pro-rata hours only).

4.4 The Grace Period

A 3 or 4-year-old child who is in receipt of the extended entitlement will continue to be funded for a period of time even when the parent ceases to meet the eligibility criteria; this is known as the Grace Period.

When a parent whose child was previously eligible and receiving the entitlement receives an ineligible decision from HMRC during the first half of the funding block (as defined in the table below) the child will be funded until the end of that Grace Period or for as long as they remain under compulsory school age, whichever is shorter.
When a parent whose child was previously eligible and receiving the entitlement receives an ineligible decision in the latter half of the Grace Period, the place will continue to be funded until the end of the following Grace Period or for as long as they remain under Compulsory School Age, whichever is the shorter.

<table>
<thead>
<tr>
<th>Grace Period start date</th>
<th>Mid point of Grace Period</th>
<th>Grace Period end date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January</td>
<td>11 February</td>
<td>31 March</td>
</tr>
<tr>
<td>1 April</td>
<td>27 May</td>
<td>31 August</td>
</tr>
<tr>
<td>1 September</td>
<td>22 October</td>
<td>31 December</td>
</tr>
</tbody>
</table>

The Local Authority will complete 6 audits per year via the Eligibility Checking Service, which will automatically assign the Grace Period end date to all eligibility codes. The Local Authority will let providers know of any parents that have fallen out of eligibility.

If a child falls out of eligibility for the extended entitlement, the provider must continue to ensure that the child can still receive their universal entitlement at the setting.

Providers should encourage parents to reconfirm their code in order for their child to continue in their place without falling into a Grace Period.

Children may not start a new extended entitlement place at a provider during the Grace Period. This includes the following scenarios:

- Where a parent falls into their Grace Period before the child has started an extended entitlement place;
- Where a parent falls into their Grace Period whilst their child is in an extended entitlement place, and the parent is seeking to move the child to a different provider.

### 4.5 Charging

Providers must give equal and fair access to children to the funded entitlements. Therefore, the funded entitlements must be delivered free of charge to the parent. Providers can charge for meals/snacks, consumables such as nappies or sun cream or for other services such as trips/yoga. These charges must be voluntary for the parent.

Where a parent is unable or unwilling to pay, the provider must be responsible for setting their own policy of how they will respond e.g. waiving or reducing the cost for some parents or allowing parents to bring in their own consumables. Providers must be mindful of the impact of additional charges on the most disadvantaged children.

Providers must deliver the funded entitlements consistently so that all children receive the same quality and access to provision regardless of whether they opt to pay for additional hours, services, meals or consumables.
Providers must publish their charging policy for parents including a list of charges over and above the funded entitlements.

Providers cannot charge top-up fees (this is the difference between the provider’s usual fee and the funding they receive from the Local Authority for the delivery of free places).

Providers cannot charge parents a registration fee for those children taking up a funded entitlement place. Deposits for securing a place can be charged but these should not be at a level that would prevent a child from taking up their entitlement, for example, providers should consider the amount of deposit they would require a funded two-year-old’s parent to pay. Deposits should be returned to the parent as soon as possible after the child takes up their place.

Providers must publish their admissions criteria and ensure that parents understand the hours and sessions that can be taken as funded entitlements.

Providers must ensure that their invoices and receipts are clear, transparent and itemised allowing parents to see that they have received their child’s free entitlement without any charge.

4.6 Inclusion

Providers must ensure that they meet the needs of children by removing barriers to access ensuring that all children can meet their full potential and work within the guidelines set out in the contractual agreement e.g. Looked After Children (LAC), Child in Need (CIN) or a child with Special Educational Needs (SEN)

Providers must help support the identification of children on Early Years Pupil Premium and Disability Access Fund and promote the benefits of the additional funding to parents.

Children must be able to take up their early education place with a provider that actively promotes fundamental British values.

Providers must not promote views or theories as facts that are contrary to established scientific or historical evidence and explanations.

An annual social mobility/disadvantage practice review will take place for all funded providers who are in receipt of EYPP funding, two year funding, DAF and those children in particular cohorts, for example, children with EAL to ensure that funding is being used to support the individual learning outcomes of children. For full details on the audit please refer to appendix two – Annual Reviews and Audits.

4.7 Safeguarding

Providers must follow the Early Years Foundation Stage framework and have clear safeguarding policies and procedures in place that are in line with local guidance issued
by London Borough of Merton as to how to respond to and report suspected or actual abuse or neglect. A lead practitioner must take responsibility for safeguarding and all staff must have training to enable them to identify signs of abuse and neglect. The provider must have regard to ‘Working Together to safeguard children’ 2015 guidance.

An annual safeguarding practice review will take place in all providers to ensure effective safeguarding and promotion of welfare of the children for whom funded early education is provided. For full details on the audit please refer to appendix two – Annual Reviews and Audits

5.   Flexibility - how the entitlement is delivered

Outcome: *Children are able to take up their free place at times that best support their learning and development, and at times which fit with the needs of parents to enable them to work or increase their hours of work if they wish to do so.*

Providers are encouraged to offer flexible packages of free hours, subject to the following standards which will enable children to access regular, high quality provision in keeping with the evidence of the benefits of doing so, whilst maximising flexibility for parents and ensuring a degree of stability in the market. Delivery should be in line with the following standards:

- No session longer than 10 hours
- No minimum session length
- Not before 6.00am or after 8.00pm
- At a maximum of two sites in a single day

Children should be able to take up their entitlements as continuous provision as this is the best interests of the child. This should be, as far as is reasonably practicable, in a continuous block and without artificial breaks (for example, a child having to leave after their universal offer and having to return later to take up their extended entitlement).

Free entitlements can be delivered over 52 weeks of the year, outside of maintained school terms and at weekends.

A child can take up their funded early education place with a provider that does not open for 38 weeks or for 15 hours a week where this suits a parent. It is at the discretion of the Local Authority as to whether to contract with providers that are delivering fewer than 38 weeks a year and so cannot offer children their full entitlement of 570 hours. The reduced offer must be published to parents.

Providers can ‘stretch’ early education places. This allows a parent to take up fewer hours over more weeks of the year. For example, 12.66 hours a week for 45 weeks or 11.4 hours a week over 50 weeks.
Providers cannot compress hours offered, for example, allowing the take-up of more than 15 or 30 hour per week.

If a child is moving between providers, it is the responsibility of both parties to ensure effective transitional arrangement are in place to support the child’s learning and well-being.

London Borough of Merton is required to publish its local flexible offer of funded early education for parents, therefore providers will be required to confirm the particular pattern they use to deliver funded early education as part of their annual Early Education Funding Agreement.

It is possible for parents to defer their child’s school entry for one or two terms, depending on when the child turns five. If the child attends a PVI provider, they will be eligible to claim their funded entitlements up until the term of the child’s fifth birthday.

6. Quality

Outcome: All children are able to take up their free hours in a high quality setting. Evidence shows that higher quality provision has greater developmental benefits for children, particularly for the most disadvantaged children leading to better outcomes. The evidence also shows that high quality provision at age two brings benefits to children’s development.

The Local Authority requires all providers delivering funded early education places to be delivering the Early Years Foundation Stage (EYFS) Framework in full and to be registered with Ofsted on the Early Years Register as an early years provider, childminder, a childminder registered with an agency or a school and inspected as part of the school Ofsted inspection (known as “providers” below).

6.1 Quality conditions

Quality will be determined in the following way:

1. All providers who are inspected and judged to be Good or Outstanding by Ofsted are eligible to deliver funded early education places for 2 and / or 3 and 4-year-olds.

2. A provider inspected and judged as Satisfactory/Requires Improvement by Ofsted is eligible to deliver early education places to children aged 3 and 4 only.

3. A provider inspected as Satisfactory/Requires Improvement by Ofsted will not be funded for early education for children aged 2 unless the Local Authority is unable to secure sufficient places to meet parental demand with providers judged to be Good or Outstanding.
4. A provider with no children on roll which receives an Ofsted judgement of Met is eligible to deliver early education places for 2 and/or 3 and 4-year-olds. The published outcome of next full inspection will determine whether they can continue to receive funding as detailed above.

5. A provider with an Ofsted judgement of Not Met will not be funded to deliver early education.

6. Providers judged to be Inadequate will not be funded to deliver early education.

7. A new provider registered with Ofsted and which holds a valid Ofsted registration certificate is eligible to deliver funded early education places for 2 and/or 3 and 4-year-olds. The published outcome of their first full inspection will determine whether they can continue to receive funding as detailed above.

8. It is at Local Authority discretion to fund providers who have exemptions from the Early Years Foundation Stage (EYFS) Learning and Development requirements. The decision will be made based on whether this provider meets the needs of individual parents, or if not funding these providers would mean that the Local Authority is unable to secure sufficient places to meet parental demand. In order for an exempt provider to be considered to join the Directory of Providers they must have already followed the procedures for seeking exemption. Guidance can be found by following the link below.


9. An individual child with an exemption from the EYFS will be funded.

The Local Authority will follow the procedure as laid out in section 10.3 of this document when and if a provider fails to meet the required quality conditions to deliver funded entitlement.

7. Inclusive practice

All providers delivering funded early education places are required to meet the needs of disabled children and those with Special Educational Needs (SEN). It is a requirement that those providers that deliver funded early education have regard to the Special Educational Needs and Disability Code of Practice 0-25 years (July 2014).


The SEND Code of Practice describes the principles that should be observed by all professionals working with children and young people who have SEN or disabilities. These include:

Merton Funded Early Education Guidance September 2018
• taking into account the views of children, young people and their families
• enabling children, young people and their parents to participate in decision-making
• collaborating with partners in education, health and social care to provide support
• identifying the needs of children and young people
• making high quality provision to meet the needs of children and young people
• focusing on inclusive practices and removing barriers to learning
• helping children and young people to prepare for adulthood

Providers are expected to identify a Special Educational Needs Co-ordinator and make arrangements to support the special educational needs and disability of any child that is funded, and they must maintain copies of the range of support documents relating to meeting a child’s individual needs e.g. Education, Health and Care Plan (EHCP), SEN Support Plan or Behavioural plans.

Some children who have SEN may also have a disability under the Equality Act 2010. For these children reasonable adjustments and access arrangements should be considered as part of SEN planning and review.

Families can also benefit from the published Local Offer, published at www.merton.gov.uk/localoffer, which sets out in one place provision available across education, health and social care for children in the Merton area who have SEN or are disabled.

In addition to the above, providers can access inclusion support and funding to help them in their inclusive practice, and a range of training courses for both the SENCo and other staff who support children with SEN.

• Disability Access Funding (DAF) – to support a child’s access to funded early education and which can be used by a provider to make reasonable adjustments to their setting and/or help with building capacity, be that for the child in question or for the benefit of all children attending the setting. Parents must complete the Parent Funding Form and share a copy of the child’s Disability Living Allowance (DLA) confirmation letter.

• Early Years Pupil Premium – funding to improve the education they provide for disadvantaged cohorts of 3 and 4-year-old children.

• SEN Inclusion Support – providers can request support and advice around effective interventions, or support to guide settings through requesting an EHCP assessment.

The Inclusion Support Request Form can be downloaded at www.merton.gov.uk/support-documentation
Providers can find out about training on offer at www.merton.gov.uk/training_for_early_years_and_childcare_workforce

7.1 Special Educational Needs and Disabilities Inclusion Fund (SENDIF)

Providers in Merton who are offering a funded early education place can apply for additional funding from the SENDIF. Please refer to the Merton Early Years SEND Advisory Support and SENDIF (appendix 3).

Providers will receive an annual Inclusion Practice Review to ensure that they are meeting the unique needs of children with differing learning needs. Those providers in receipt of SENDIF will receive regular Child Audits to ensure that the funding is being used to meet the learning outcomes of the child as agreed at the point of application. For full details of the audit please refer to appendix two – Annual Reviews and Audits

8. Funding for the entitlements

The Local Authority will base its decision on whether to fund a provider to deliver early education on the standards set out in the Merton Early Education Funding Agreement.

8.1 Early Years Single Funding Formula (2018-19)

Funding for early education places is a locally-determined formula agreed in consultation with the Early Years sector through the Schools’ Forum of the Local Authority. This is London Borough of Merton’s Early Years Single Funding Formula (EYSFF).

**Base Rate**

- 3 and 4-year-olds £4.85
- 2-year-olds £5.65

**Deprivation Rate**

Providers will be funded for 3 and 4-year-olds based on the number of children on the Headcount who meet the eligibility criteria for Early Years Pupil Premium. (refer to appendix 1)

- Deprivation £0.70

**Sparsity/Small Setting Rate (childminders only)**

- Sparsity Rate £0.60
8.2 Disability Access Fund (DAF)
Providers will receive a fixed annual rate for all 3 and 4-year-olds who are in receipt of DAF. The DAF is paid as a lump sum as soon as possible from when the child takes up their entitlement.

In the case of children whose funded hours are split between more than one provider, the DAF will go to the one provider nominated by the parent.

- DAF Rate (one-off payment) £615 per year

8.3 SEN Inclusion Fund
Providers will be funded for all 2, 3 and 4-year-olds who qualify (refer to section 6)

- SEN Support (Level 1a) £Nil
- SEN Support (Level 1b) £2.50
- SEN Support (Level 1c) £7.76

8.4 Early Years Pupil Premium
The Early Years Pupil Premium (EYPP) continues to be additional funding to early years settings to improve the education they provide for disadvantaged 3 and 4-year-olds.

- EYPP Rate £0.53

For Looked After Children, the EYPP will be processed in accordance with national guidance.
9. Funding Process

9.1 Funding process overview

The Funding Year runs from 1 April to 31 March and is split into three Funding Periods. (See Table 1 below). Each funding period contains 7 phases. (See Fig 1.).

<table>
<thead>
<tr>
<th>Funding Period</th>
<th>Period 1</th>
<th>Period 2</th>
<th>Period 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01/04/2018 - 31/08/2018</td>
<td>01/09/2018 - 31/12/2018</td>
<td>01/01/2019 - 31/03/2019</td>
</tr>
<tr>
<td>School Term</td>
<td>Summer</td>
<td>Autumn</td>
<td>Spring</td>
</tr>
<tr>
<td>Draft Indicative Budgets Issued</td>
<td>05/03/2018</td>
<td>27/07/2018</td>
<td>26/11/2018</td>
</tr>
<tr>
<td>Indicative Budgets Confirmed</td>
<td>16/03/2018 - 30/03/2018</td>
<td>27/07/2018 - 10/08/2018</td>
<td>26/11/2018 - 07/12/2018</td>
</tr>
<tr>
<td>Interim Payments Issued*</td>
<td>03/04/2018</td>
<td>07/09/2018</td>
<td>28/12/2018</td>
</tr>
<tr>
<td>Headcount Claim Week</td>
<td>14/05/2018 - 20/05/2018</td>
<td>01/10/2018 - 07/10/2018</td>
<td>14/01/2019 - 20/01/2019</td>
</tr>
<tr>
<td>Headcount submission by</td>
<td>20/05/2018</td>
<td>07/10/2018</td>
<td>20/01/2019</td>
</tr>
<tr>
<td>Headcount Payment*</td>
<td>08/06/2018</td>
<td>26/10/2018</td>
<td>01/02/2019</td>
</tr>
<tr>
<td>Late Claims</td>
<td>21/05/2018 - 20/07/2018</td>
<td>08/10/2018 - 05/12/2018</td>
<td>21/01/2019 - 12/03/2019</td>
</tr>
<tr>
<td>Late claims submission by</td>
<td>20/07/2018</td>
<td>05/12/2018</td>
<td>12/03/2019</td>
</tr>
<tr>
<td>Account Close*</td>
<td>03/08/2018</td>
<td>14/12/2018</td>
<td>29/03/2019</td>
</tr>
</tbody>
</table>

Table 1: Funding Periods and payment dates
* Payments sent to finance for processing. Providers should receive payment into their bank account within 5 to 10 working days

In order to receive early education payments the provider must have completed a Funded Early Education Account Set-up. This is used by the Local Authority to monitor claims, monies issued/invoiced. In this, the provider confirms the delivery scheme (how they will deliver the funded entitlement) in each funding period. They must also provide their bank details so that payments can be made.

A delivery scheme includes:
- The total number of weeks per year that the provider delivers funded education
- The number of weeks in each funding period (this should add up to the total)
- The maximum number of funded hours per week. See Section 5 for more details on ‘stretching’ the offer
- Any additional closure dates.

Providers can have up to 2 different Delivery Schemes.
9.2 Funding Cycle

Phase Two
Approximately 1 month before the start of the funding period we will send you a survey. You will need to confirm the numbers of funded children you will have in provision at the beginning of the funding period.

Phase Three
Provider will be issued an 80% up front payment

Phase Four
Providers submit headcount claim form during the specified week (see table 1.1)

Phase Five
Headcount payments are issued to providers – please refer to table 1.1 below

Phase Six
After the headcount week and within the late claim dates (refer to table 1.1) providers can submit an additional headcount

Phase Seven
We will issue final payments or invoices to balance your account and send an account statement

Phase One - Draft Indicative Budgets Issued
- At the beginning of March, providers will be issued with a draft indicative budget based on claims data from the previous calendar year and the funding formula. This phase will only happen once a year.

Phase Two – Place Confirmation – indicative funding
- As the indicative budget is based on the previous year and this often does not reflect the reality, providers will be asked to confirm the number of places they will be offering in that period for each type of funding.

Phase Three - Interim Payments Issued
- Only providers who have confirmed their number of places as part of phase two will be issued an indicative budget.
- An indicative payment will be made to providers – funding for 80% of the number of children confirmed.
- If the provider has outstanding arrears due to an overpayment in a previous funding period then the arrears will be deducted from the interim payment.
Phase 4 - Headcount Claim Week
- The provider must complete and submit a Headcount Claim Form by the required date (refer to table 1) for all children with a Parent Funding Agreement Form fully completed.

Phase 5 - Headcount Payment
- Providers will receive a payment for all children submitted who are not on hold for the following reasons:
  - Extended entitlement (30-hours code) is not valid
  - Duplicate
  - 2-year code is not valid
  - Incorrect DOB
  - Missing data
- Providers will be paid the monetary value of the claim (other than the entries on hold). If the total value of the claim is less than the 80% already paid, then the arrears will be taken forward to the final payment of the funding period. If the arrears are more than 20% of the value of the interim budget, the provider will be issued with an invoice for the overpayment.

For all providers, an “Account Statement (Headcount)” will be issued showing the account’s current position and breakdown of claim values at setting and individual child level.

Phase 6 - Late Claims:
Providers can claim for any children who have commenced after the headcount and who have not taken up a funded place with another provider earlier in that funding period. This will also apply to children who claim an additional entitlement e.g. the extended entitlement.
- Providers can submit late claims via their headcount claim form and submitted before the deadline as set out on table 1.

Phase 7 – End of funding period payment and account close
- Providers will receive a final funding period payment for the following children:
  - Eligible children submitted through a late claim process
  - On hold children where resolutions have been determined
  - A child who has gone through SENDIF panel after the Headcount
  - A child who was a duplicate and resolution has been determined.

- If the provider claim is greater than the funding that has already been issued a final payment will be accredited to them for the additional children.

- If the funding that has already been issued to the provider is greater than the value of the claim the following actions will be taken:
If the value of the arrears is 20% more than the value of the indicative budget issued at the commencement of the financial year, an invoice will be raised and the provider will be required to pay back the overpayment before the commencement of the new funding period.

If the value of the arrears is less than 20% of the total value of the indicative budget issued, this arrears will be taken forward to the next funding period and deducted from the interim budget. However, if this is the final funding period of the contract, then an invoice will be raised of the outstanding payment.

For all providers, the Local Authority will issue an “Account Statement (Closing)” detailing the account’s current position and breakdown of claim values.

After the Funding Period has ended, the provider cannot request any further amendments to their Account.

9.3 Claims

Payments will be made to providers who follow the funding cycle as laid out in section 9.2.

Payment will only be made for children where a fully and accurately completed Parent Funding Agreement Form is in place prior to the child starting in their funded place. If during an Audit it is found that a claim is made for child without this Agreement being in place, then any funding issued against that child will be recouped.

<table>
<thead>
<tr>
<th>Table 3 – Calculation of payments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payment phase</strong></td>
</tr>
<tr>
<td>Interim payment</td>
</tr>
<tr>
<td>Headcount payment</td>
</tr>
</tbody>
</table>
| Final payment | Child starts AFTER Headcount Claim Week.  
Child who was on hold and resolution determined  
SENDIF child whose funding has been determined after the headcount | Number of weeks from headcount to end of funding period x no. of funded hours  
Maximum Funded weeks x no. of funded hours  
Number of hours x number of weeks left to end of funding period | The child will funded a pro-rata’d amount until the end of the period. |
### 9.4 Duplicate Claims

The Local Authority and Department for Education run checks to ensure that no child has claimed more than their maximum entitlement at multiple settings. The Local Authority will work with the providers to resolve the dispute in one of two ways:

- One or more of the parties withdraw their Claim
- One or more of the parties reduce the number of hours claimed.

If neither party wishes to amend their Claim, the Local Authority will audit each provider and determine the outcome based on compliance to the terms and conditions of funding in this Guidance and the Parent Funding Form.

It is the responsibility of the provider to liaise with and recoup payment from parents for rejected Claims.

### 9.5 Late submission, Claims on hold and fees

**Claims on Hold**

It is sometimes necessary to put an individual child-level Claim ‘on hold’. When a Claim is on hold, it will not be processed and funding will not be released until outstanding issues are resolved.

Any Claim that was on hold and subsequently resolved will be paid at Account Close at the end of Funding Period, if not already paid. It is the provider’s responsibility to provide the requested information before Account Close; if the provider fails to do so, the Claim will be rejected.

**Late submissions and excessive errors**

For submissions that arrive after the headcount deadline providers will jeopardize their funding payments if this affects census submissions to central government. For submissions with excessive errors (over 50% inaccurate) the Claim will be rejected and the provider will be charged an administration fee of £120. To avoid this, providers should attend the Headcount Support Sessions provided for each funding period.

In the case of late submissions the provider will not receive a headcount payment, they will have to wait until phase 7 of the payments process which is account close. The provider will also incur an administration fee of £60.
9.6 SEN Inclusion Funding and EHCPs

- A child cannot be in receipt of SEN Inclusion Funding and have an Education Health and Care Plan (EHCP) at the same time
- When an EHCP becomes effective for a child, any SEN Inclusion Funding will cease at the end of the funding period.

10. Merton’s Directory of Providers

London Borough of Merton maintains an up-to-date Directory of Providers that includes all the providers approved to deliver funded early education places for 2, 3 and 4-year-olds. This Directory is marketed to parents seeking a childcare place for their child and enables parents to find further details about the provider on the Merton Family Services Directory.

To be included in the Directory, the provider must demonstrate that they can meet the conditions laid out in the Early Education Funding Agreement and confirm which entitlements they will be delivering.

10.1 Providers new to the funded early education programme

There is no automatic inclusion in the Directory of Providers. A decision will be made as to the provider’s ability to comply with the conditions as stated in the Agreement for Funded Education. The Local Authority has the right to reject any application on the grounds of:

- Information published by Ofsted or known by the LA about the provider/childminder including any recent history about the childcare provision that relates to a particular address.
- Local information related to the provider related to their ability to keep children safe
- Insufficient evidence that the setting can deliver on the terms and conditions set out in Agreement for Funded Education and this document.

A rejected provider can appeal using the procedure set out in section 11.4.

A new provider will be required to complete an Early Education Funding Agreement and submit this via providers@merton.gov.uk. A member of the Funding team will get back to the provider to support them complete the other documentation required to join the Directory.

If you are an existing provider and want to be added to the Directory or start offering one of the entitlements that is not part of your current Agreement, email a request to providers@merton.gov.uk and a member of the team will get back to you.
10.2 Change of ownership
Where a registered provider in Merton changes owner the current contract with the provider ceases meaning that for the new owner there is no automatic inclusion in Merton’s Directory of Providers. New owners will need to follow the process as laid out in section 10.1

10.3 Voluntary withdrawal from the Directory
Any provider who no longer wishes to offer funded Early Education places can withdraw from the Directory of Providers. Providers are required to inform the Local Authority, in writing, at least two months before the end of any funding period, and also notify parents of children currently accessing funded early education places of the decision to withdraw. This letter must clearly state the contact details of the Family Services Directory to ensure parents can find alternative provision.

Merton’s Family Services Directory

Website: www.merton.gov.uk/fsd
Email: fsd@merton.gov.uk

10.4 Removal from the Directory
A provider can be withdrawn from the Directory of Providers if they:

Fail to meet the quality conditions
- Refer to section 6.1

The Local Authority is notified by Ofsted of inspection outcomes. Those receiving an inadequate inspection will be sent notice of their removal from the Directory with an effective date which is the most appropriate point in the funding period. The provider must notify parents of their removal from the Directory.

If the Ofsted notification is requires improvement and the provider delivers funded 2, 3 and 4-year-old places, the registered person or their representative will be invited to a meeting to discuss the areas of weakness highlighted by Ofsted. Actions and timescales will be agreed to remedy those areas. Failure to make improvements in the agreed timescales will result in a notice of removal being issued.

A provider who deliver funded 2 year-old places and who receive requires improvement judgement may be removed from the Directory. Before this happens, the Local Authority will review the total number places available at providers with good and outstanding judgements in the local market. If there are sufficient numbers of places locally for families, the provider will be given notice of their removal from the Directory with an effective date which is the most appropriate point in the funding period.
Fail to ensure that individual children’s needs are met

- The provider is required to promote equality and inclusion, particularly for disadvantaged children, looked after children, children in need and those with disabilities or SEN and keep children safe.

This condition can be triggered by a provider not meeting standards set out in the EYFS and monitored through the practice review, a LADO investigation or suspension by Ofsted. In the event of a suspension by Ofsted, the provider will receive immediate written notice of their removal from the Directory until the outcome of any investigation is completed. Alterations to funding will be made based on the date of suspension. In all other cases, the registered person, or representative will be invited to attend a meeting to discuss the areas of weakness that have been highlighted. An action plan and timescales will be agreed and failure to meet the agreed changes will result in a notice of removal being issued.

Fail to ensure effective use of the Early Years Funding

The Local Authority is required to ensure that early education funds are used properly to deliver high quality early education and meet the conditions of delivery laid out in the Early Education Funding Agreement

Action for this condition is triggered by a funding audit. The provider will receive a written report after a funding audit takes place. Failure to comply with the required actions will result in the provider receiving a notice of removal.

For information on the funding audit, please refer to appendix two - Annual Reviews and Audits

The Provider has the opportunity to appeal the decision of removal and should respond in writing within 14 days of receipt of this notification to:

Service Manager
Early Years, Childcare and Children’s Centres Service
Children, Schools and Families Department
London Borough of Merton
Civic Centre, London Road
Morden SM4 5DX
providers@merton.gov.uk

A provider who has been removed from the Directory may be re-admitted if the grounds for removal are no longer applicable, such as an improved Ofsted judgement. The provider will be required to request submission back onto the Directory via an email sent to providers@merton.gov.uk

10.5 Appeals process

A Provider whose registration is rejected or who has been notified that they are to be removed from the Directory can appeal against the decision using the following process:
• Notify the Local Authority in writing within fourteen days of their intention to appeal. The letter must clearly identify the grounds on which the provider is appealing.

• The Provider will be invited to attend an appeal panel. This will be within 21 days of the appeal letter having arrived at the Local Authority.

• The appeal will then be heard by two senior officers within the Children, Schools and Families department who will be independent of the decision to reject or withdraw the Provider. The Provider will then be given an opportunity to make their case submitting any evidence. Minutes will be taken at this panel meeting and a final decision will then be made by the panel members.

The Provider will then be notified of the outcome in writing within 5 days of the appeal panel meeting.

11. Working with parents and parental support

All providers delivering funded early education places have a responsibility to ensure that children receive any additional support through the appropriate referral routes.

The Local Authority is committed to providing outreach and family support services for each identified family to ensure that the best outcomes are achieved from the child’s attendance in their early education place.

If you have concerns about a child who is attending you should visit the web page below for details of how to proceed:

www.merton.gov.uk/worriedaboutachild.htm

11.1 Attendance

There is a vast range of evidence that confirms that children who access high quality early years settings succeed beyond their peers, especially for those children from vulnerable backgrounds. There is also evidence that erratic attendance can be a key indicator that other factors are impacting on the family. It may mean that additional support services would be of benefit. For all children who are being funded for early education there will be an expectation that attendance across a funding period is no less than 95%.

In order to Claim for a child on the headcount they must be in attendance for the total number of hours agreed on the Parent Funding Form, unless there is a valid reason. During an audit you may incur losses if you cannot demonstrate a viable reason for why a child you have submitted on the headcount was absent.

Providers should promote good attendance and Ofsted’s welfare requirements state that you must record children’s attendance on a daily basis. Attendance by children must be recorded on a daily register with start and end times and if the child is absent the register should record the reason.
If a child has not attended for two or more days without their parent informing the provider, the provider must contact the parent or legal guardian and check the reason for the non-attendance. If the child has a named lead professional, the provider must contact the lead professional informing them of the absence and any reasons that the parent has given you.

If the child’s attendance under either of the above scenarios does not improve, you are required to send a formal letter to the parent explaining that if they do not regularly attend, their place will be withdrawn. Please ensure that you maintain any correspondence that you have with parents; this may well be required as part of any audits by the Local Authority.

If a child’s attendance is a cause of concern then please follow your child protection procedures.

11.2 Parental concerns/complaints

If a parent has a concern regarding how a provider is delivering the early education place, Stage One requires them to first seek to resolve their concern directly with the provider. If their concern is not resolved to their satisfaction the parent can choose to escalate to a Stage Two complaint.

An investigating officer will be appointed and will request to see the provider to view any relevant information or paperwork related to the parent’s complaint. If the review concludes that there has been a breach of the terms and conditions then the provider will be notified in writing of the breach and given a clear action plan with timescales in which to comply. Parents will be notified of the outcome.

If the provider fails to comply with the required actions within the timescale given they will be formally notified of their removal from the Directory of Providers.

Providers can appeal against the decision to remove them from the Directory of Providers using the appeals procedure.

For details of the complaints procedure, please go to:
www.merton.gov.uk/early_years_fund.htm

11.3 Exceptional circumstances during a funding period

Once a parent has completed the Parent Agreement Form, they will know that the provider cannot Claim funding if they move their child before the Headcount date. However, it is recognised that there may be exceptional circumstances which will need to be agreed by the Early Years, Childcare and Children’s Centres Service.

The following circumstances will be considered:

- Safeguarding or where there is evidence that a child’s well-being is significantly impaired.
- Urgent closure of a provider for more than two weeks resulting in a parent needing to find alternative childcare.

If you meet either of the above, please email London Borough of Merton at 
providers@merton.gov.uk

Appendices

Appendix 1 - Eligibility Criteria
Appendix 2 - Annual Review and Audits for Early Years Providers Delivering Funded Early Education Places
Appendix 3 - Merton Early Years SEND Advisory Support and SENDIF
Appendix 4 - Parent Funding Form
Appendix 5 - Early Education Funding Claims Process

Appendices are available to download from the Merton website at 
www.merton.gov.uk/ early_years_funding_providers_guide

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