

# Consistent funding for early education and childcare in Flintshire Pilot: qualitative evaluation of early impacts

Final Report by:  
**Arad Research**

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# 1. Introduction

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Between January and August 2019, the Welsh Government, in partnership with Flintshire County Council, ran a pilot project to test the impact of a consistent funding rate for early education and childcare. Arad Research undertook an evaluation of this pilot alongside their year two evaluation of the Early Implementation of the Childcare Offer in Wales.

## 1.1 Background

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Foundation Phase Nursery for pre-compulsory school age children (3 and 4 year olds) known as early years Foundation Phase education or FPN, has been in place since 1999. The Welsh Government's Childcare Offer for Wales (the Offer) was launched in 2017 and supports 30 hours of government-funded early education and childcare for up to 48 weeks of the year for eligible working parents of three and four year olds in Wales. This includes the provision of at least 10 hours a week of FPN education and up to 20 hours a week of funded childcare. The funding mechanisms for childcare and FPN are different. Childcare funding is directly funded by the Welsh Government, whereas local authorities are supported to fund FPN and are therefore responsible for FPN funding decisions including rates.

The childcare funding included within the Offer is currently set at a flat rate of £4.50 per hour per child across all participating settings in Wales. The FPN funding rate on the other hand varies across and between local authorities. Based on Welsh Government calculations from 2018 data, the median funding rate offered to providers delivering the 10 hours (or more in some cases) of FPN was around £2.96 per hour per child across Wales.

The early implementation of the Offer further highlighted the disparities between the funding paid by local authorities for the provision of FPN and the childcare element of the Offer<sup>1</sup>. This prompted concerns that some providers, who deliver both childcare and FPN, may stop delivering FPN in favour of the relatively better funded childcare provision.

In response to this, in January 2019, Welsh Government Ministers announced their intention to run a pilot project in Flintshire to explore the impact of increasing the funding for FPN provision to bring it in line with the current £4.50 level of the childcare funding. This new rate only applied to children receiving FPN in non-maintained settings and is only available to children receiving FPN1 (i.e. children who have had their third birthday prior to the start of the spring term 2018/19 but have not yet begun FPN2 provision, which is made available the term following a child's fourth birthday). This new funding rate was available to these non-maintained settings for both spring and summer terms for the academic year 2018/19.

This evaluation aims to understand how providers used the additional funding, the effectiveness of any additional spending made, and the outcomes generated as a result. The evaluation also aims to explore how the pilot funding rate influenced providers' current and future FPN1 delivery plans, as well as how this might be affected if the funding were to continue at the same level or if it were to return to the pre-pilot rate.

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<sup>1</sup> [Evaluation of the Early Implementation of the Childcare Offer for Wales](#) section 6.22 (page 121)

## 1.2 Current FPN provision in Flintshire

FPN is the part-time education for 3 and 4 year old children before they enter compulsory education at the age of 5. Local authorities are required to make arrangements to secure the delivery of a minimum of 10 hours a week of FPN1 for three and four-year olds. They are also required to provide a FPN1 place from the term following a child's 3rd birthday. Some children will receive five terms, some four terms and some three terms, depending on when they were born<sup>2</sup>.

In Flintshire, children who turn three years of age between September 1st and the last day of the school Christmas holidays are entitled to receive 10 hours of funded FPN1 from the beginning of the school Spring Term. Children who turn three years of age during the school Spring Term up until the last day of the school Easter holidays are entitled to receive 10 hours of funded FPN1 from the beginning of the school Summer Term.

Most FPN provision in Flintshire is delivered within maintained, primary school, settings. However, 50 non-maintained (private and third sector) childcare / playgroup settings in Flintshire are also registered to deliver FPN1 to eligible children within their care.

Prior to the pilot phase considered within this report (Spring and Summer school terms 2019) funding for the delivery of FPN1 was set by Flintshire County Council at a rate of approximately £185 per child per academic school term. This equated to £2.91 per hour per child across all settings. During the pilot period, however, non-maintained childcare settings in Flintshire were offered a funding rate of £4.50 per hour per eligible child to deliver FPN1. This ensured that the funding rate for delivering FPN1 in non-maintained childcare settings matched the funding rate for delivering childcare to children eligible for the Offer.

Table 1: Type and number of non-maintained settings delivering FPN1 in Flintshire

Type of setting	Number of settings	Average number of children supported by FPN funding in each setting	Average number of children supported by the Childcare Offer in each setting
Playgroups	28	10	6
Day nurseries	22	14	19

Source: Flintshire County Council data

Note: These figures exclude settings which were registered to deliver FPN1 but are no longer registered to do so.

<sup>2</sup> [Foundation Phase provision for three- and four-year-olds: Guidance for local authorities in Wales](#)

## 2. Approach

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During the pilot period, 50 non maintained settings in Flintshire delivered FPN1 to three-year olds, with almost all of these settings also delivering the childcare element of the Offer. All 50 settings received the higher FPN1 funding rate available during the pilot stage. A sample of 10 provider settings were chosen to take part in one to one telephone interviews. The interviews were conducted with the manager, leader or another individual within the settings who had a good understanding of the education provision delivered, knowledge of the pilot scheme and how it influenced wider childcare and education provision decisions.

The discussions focussed around the following:

- Previous knowledge / awareness of different funding rates between FPN and Welsh Government funded childcare;
- Settings' financial situation pre-pilot and during pilot;
- Impact of parity payment;
- How the additional FPN1 funding had been used;
- The difference the additional funding had made to date;
- The difference the additional funding had made to forward planning and sustainability?<sup>3</sup>

In addition to these telephone interviews, a further two face-to-face interviews were conducted with non-maintained childcare providers who also received funding to deliver FPN1. Information gathered from these face-to-face interviews were used to develop detailed case studies which are presented in section 5 of this report. Consultations were also undertaken with the Early Entitlement / Childcare Offer team in Flintshire County Council.

Alongside the collection of qualitative evidence gathered during interviews, the evaluation reviewed monitoring data gathered and analysed the findings gathered from a survey of providers undertaken by Flintshire County Council. The survey questions are presented in the annex.

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<sup>3</sup> It is important to note the limitation of this pilot funding in making a difference to providers' forward planning and sustainability. Providers received this additional funding for only a short period of time. It would therefore be unlikely to have made a significant difference to their forward planning and sustainability as they were not certain whether they would continue to receive this funding rate in the future.

## 3. Findings

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This section outlines the influence that the introduction of a consistent funding rate for the delivery of childcare and FPN1 within the Offer, has had on the short-term financial position of the settings involved as well as short and longer-term plans in relation to the continued plans to deliver FPN1 provision.

### 3.1 Impact on the financial situation of settings

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The increase in funding for FPN provision to bring it in line with the current £4.50 level of childcare funding has had an overall positive impact on the financial situation of settings interviewed. Generally, the sessional day care settings interviewed have found the increase in funding to have had a larger impact on their financial situation than the full day care settings. The main reason for this difference is that the FPN1 funding tends to make up a larger proportion of sessional day care settings' income / revenue generated compared with full day care settings.

Most settings interviewed noted that they had been aware that there was a difference in the funding rate provided for the delivery of FPN and the funding rate provided to deliver the Welsh Government funded childcare. However, the introduction of the pilot funding level has made this difference even more prominent amongst the settings interviewed. These settings explained how they were surprised to learn about the extent to which the funding rates differed. They were also of the view that there should not be any disparity given the higher workload involved in delivering FPN provision compared to the childcare element of the Offer.

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*“The pilot made me more aware of it [the disparity in funding rates]. I was surprised to realise that settings are getting more for the Childcare Offer and we were getting less for Early Entitlement even though we have to do more paperwork [for Early Entitlement].” (sessional day care setting)*

*“It [parity of funding rates] is long overdue, especially since the introduction of the Childcare Offer which requires less monitoring and is care only - not education. Early Entitlement funding has never gone up. In fact, it went down at one point.” (sessional day care)*

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Findings emerging from Flintshire County Council's providers' survey support these interview findings, with many respondents referring to the higher workload involved in delivering FPN1 compared to childcare. Some survey respondents noted that this additional work often results in staff members having to work outside of their paid hours. Comments from providers surveyed also suggested that they felt undervalued and had low staff morale. Furthermore, around half of the respondents noted that they were struggling financially to cover the cost of delivering FPN1.

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*“We felt totally undervalued and really did question the fact that the Offer was £4.50 per hour (which is reasonable) and EE was £2.91. The amount of work that needs to be done (with staff costs) really wasn't covered by the rate.”*

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Following the introduction of the increased FPN funding rate, most settings interviewed noted that their financial situation had improved. For many settings the pilot meant that they have been able to stay financially viable. This was particularly important for those settings who noted that, prior to the pilot, they were facing financial challenges as the revenue gathered from FPN funding and childcare charges, were not enough to cover their running costs. These settings often noted that prior to the pilot funding they were relying on fundraising and / or sustainability funding grants to stay financially viable. For these settings the additional £1.59 / hour / child meant the difference between remaining open to deliver both childcare and FPN1 or closing altogether.

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*“The extra money enables us to keep going for the next year. It was so difficult before that we are still struggling now.” (sessional day care setting)*

*“The increase has made the setting more sustainable. Before we relied on access to grants to make us more sustainable. But we can now apply for grants to move forward rather than to keep us in the same place. For example, we can now apply for grants for equipment rather than to help keep us open.” (Sessional day care setting)*

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For other settings interviewed, the increase in FPN1 funding enabled them to buy equipment such as bikes, iPads, a printer and other IT resources which they would not otherwise have been able to purchase. These settings were of the view that the purchased equipment has enabled them to enhance the quality of their FPN1 provision, which has significantly improved their children’s experiences and learning.

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*“The pilot has helped us with staff wages, and we can buy more IT resources for the children e.g. laptops. We can access programmes, software and apps for the children now with these new laptops.” (Sessional day care setting)*

*“We’ve ploughed the money back into setting, ensuring it is a high-quality setting.” (Sessional day care setting)*

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A few settings noted that the increase in FPN1 funding has enabled them to fund training that they would not otherwise have been able to afford. For example, one setting explained that before the pilot, they were only able to access free training, when available, as their financial situation meant that they could not afford to pay for training that was not mandatory.

Another setting explained that since the pilot, they have been able to release staff to attend training courses because they have been able to afford to pay for another member of staff to cover their session whilst they are attending the training. Examples of the type of training staff have been able to undertake includes:

- Makaton (a form of communication to help children with speech difficulties, which uses speech signs and symbols)
- Healthy eating
- Literacy
- IT

In addition to enabling staff to undertake more training, the increase in FPN1 funding has enabled one setting to take on more staff in order to divide the children in their care into two different rooms based on their age. This setting now has 2-year olds in one room and 3-year olds in another room, meaning that the activities can be better suited to the children's age, thus improving the quality of provision provided for children in both age groups (see also case study 2 for an example of how the additional funding has enabled an increased focus on quality).

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*"It's been a massive help. We have been able to split our 2 and 3 year olds into two separate rooms. Staff have taken on more hours to staff both rooms...If it wasn't for the Offer, I don't think we would have been able to run our Early Entitlement room. The money doesn't even cover one member of staff for an hour." (Full day care setting)*

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Findings from the survey echo these interview findings, with a large proportion of providers noting that the increased FPN1 funding rate has enabled them to stay financially viable. For these settings, the additional funding has simply been used to pay staff wages and utility bills. Other providers offered examples of how they have used the increase in funding to improve the quality of their setting by purchasing new equipment and resources.

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*"[we've used the additional funding to cover...] running costs, staff wages and buying essential resources for the children, paint paper card etc"*

*"The additional funding has been needed for staffing costs, as I always have to get extra staff around April-June time to help staff manage all of the paperwork connected with delivering FPN1."*

*"Having the extra money has allowed us to concentrate more on developing our outdoor area and to purchase any additional resources."*

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Overall, the increase in FPN1 funding has had a positive impact on the settings interviewed. Settings that were financially unsustainable and considering closing before the introduction of the pilot, have become more sustainable. Settings that were already financially sustainable before the pilot was introduced, have been able to purchase new equipment, access staff training and, in one case, increase staff numbers. In their view these changes will significantly improve the FPN1 provision that they can now offer - all of which would have been difficult to achieve without the increased funding rate.

### **3.2 Impact on the provision of FPN**

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A couple of the providers interviewed noted that they would have continued to deliver FPN1 regardless of the funding rate increase introduced as part of the pilot. One of these settings noted that the value of the funding they received for delivering FPN to each eligible child was passed directly on to the parents in the form of reduced childcare bills. As such the increased rate of FPN1 funding they received had no effect on the financial position of their setting but did reduce the overall childcare costs charged to parents.

The same setting explained that if the FPN funding were to return to the pre-pilot rate, they would simply charge parents more for their overall childcare. As such there would be no financial implication to the setting but there would be a negative impact on parents' financial situation.

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*“Everything would be exactly the same regardless of funding rate. It will only have an impact on parents because their bill will increase.”*

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Another setting noted that as they were situated in a largely deprived area within Flintshire, the delivery of funded FPN1 was the only provision that local three and four-year olds could access. They outlined that most local parents could not afford to pay for private childcare, and most were not eligible for the Offer due to their employment status. As a result, discontinuing FPN1 in favour of delivering other forms of childcare was not a realistic option for them. This provider also considered it their 'duty' or 'responsibility' to deliver FPN1 as local children did not have many other options with regard to accessing early education.

Three of the ten providers interviewed noted that delivering FPN1 was not commercially viable for their setting. However, they also noted that it is likely that they would have continued their delivery of FPN1 even at the lower funding rate as they feared that not doing so would result in all the three year olds, who currently take up places within their setting for both FPN1 and childcare, simply moving to another setting. This was a particular concern amongst sessional day care settings - including playgroups and cylchoedd meithrin (see also Case Study 1).

Many of these settings noted that the income they received from childcare was used to offset the net cost of delivering FPN1.

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*“We wouldn't be able to afford to deliver Early Entitlement (FPN1), but we also couldn't afford to not deliver it because we would have lost children to another setting and also the funding.”*

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About half of the settings interviewed noted that they would have seriously considered or had already planned to drop the provision of FPN1 if the funding had remained at the rate that it was. For these providers the lower rate paid for FPN1 did not justify what they considered to be the additional work (including children's observations/profiles), responsibility and accountability (including an Estyn inspection) associated with providing early years education.

One provider noted that a number of children within their setting, who were entitled to the Offer, only book or take up 20 or less of the 30 hours of funded childcare and FPN1 available to them. At present the Offer in this setting is made up of 10 hours of funded FPN1, with the remaining 20 hours being classed as childcare funded hours. The provider outlined that if they stopped delivering FPN1, these parents/children could potentially claim the maximum of 20 hours of childcare funded provision, instead of splitting their funding between 10 hours of FPN1 and 10 hours of childcare. In the opinion of the provider, most parents don't make a clear distinction between childcare and FPN1 provision, especially when it is delivered within the same setting. The



provider noted that the priority for most parents of children aged 3 and 4 is to ensure that their child is being taken care of by someone responsible and qualified for the hours they need each week. As a result, the parents would not mind if the 20 hours they booked were made up of 10 hours of FPN1 and 10 hours of childcare or 20 hours of childcare. Either way they would be able to ensure that their child was cared for within the same setting, for the hours they need each week and be no better or worse off financially than they previously were.

### **3.3 Impact on forward planning / Sustainability - Future plans for delivering FPN**

One provider noted that they did not plan to continue with their current provision of FPN even if the pilot funding rate continued. For this provider, even the higher funding rate did not, in their view, fully reflect the additional time, resources and accountability associated with delivering FPN1.

Most other providers noted that the prospect of a continued higher FPN1 funding rate would place them in a more sustainable position financially, which in turn would enable them to make firm planning decisions for the future, instead of 'surviving' on a hand to mouth basis.

Flintshire County Council representatives noted that two non-maintained providers had recently stopped delivering FPN1, one had closed completely no longer deliver childcare or FPN1. According to Council representatives, the main reason cited for this decision was that delivering FPN1 was not financially viable.

### **3.4 What would happen if the funding returned to pre pilot rate**

The increase in FPN funding has encouraged some settings interviewed, that were considering ceasing the delivery of their FPN provision prior to the pilot, to continue delivering FPN.

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*"We were disappointed when we realised the difference (in rate of funding for FPN and the Offer) because there is a lot more paperwork involved in Early Entitlement with the observations. And the Offer was more for just childcare. We were considering doing just the Offer." (Sessional day care setting)*

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If the funding were to return to the same pre-pilot rate, around half of the settings interviewed noted that they would have to consider whether they would be prepared to continue delivering FPN1.

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*"We would have to look at coming out of the scheme as the parents are paying too much for the children. It's shone a stronger light on the fact that it's not really viable and has made it clearer that we should leave if the FPN drops back to the previous amount." (Sessional day care setting)*

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It was suggested that if the FPN1 funding were to return to the same pre pilot rate, this may have a negative impact on staff morale. One setting explained how their staff put a lot of time and effort into delivering FPN1 provision, particularly developing the observations / children's profiles required, and they would be disheartened if the funding rate were to return to the same pre pilot rate because they would feel that their efforts were not being recognised and valued.

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*“It would be like ‘oh! All that work and they don’t think we’re worth it’. The committee would be cross.”*

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Many of those consulted were concerned that offering a higher funding rate for a trial period only to then reduce it back again to its original level, may be more damaging than not offering a higher rate at all. This, it was feared, would be considered by providers as a process of taking something away from them rather than returning to the norm. This in turn may encourage more providers across non-maintained settings to consider whether continuing to deliver FPN1 is a viable option for them.

Representatives of the Early Entitlement team in Flintshire County Council noted that at the time of our interview (September 2019) a number of the non-maintained settings had not yet confirmed whether they would be delivering FPN1 from January 2020 onwards. It would appear that these settings are waiting to see what the funding rate will be before committing to this.

## 4. Conclusions and recommendations

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All the non-maintained childcare providers in Flintshire interviewed as part of this evaluation welcomed the increase in funding available to deliver FPN1 provision during the pilot phase. For many the additional income gained from the funding rate enabled them to purchase equipment and staff training that would enable them to further improve the quality of their FPN1 provision.

For others the additional funding ensured that the delivery of FPN1 was a financially viable option for their setting, as opposed to one that was subsidised by their childcare revenue, and / or delivered at a loss in order to attract childcare places amongst younger age groups. For a few the increased funding rate made the difference between continuing to operate as a financially viable setting or closing.

It's not possible to draw any clear conclusions as to the impact, if any, the pilot funding rate may have had on the longer-term planning and sustainability of the providers involved as they were aware that the rate was only agreed for the short-term period of the pilot. As such any planned changes made focussed only on the short-term duration of the pilot. However, providers did note that they would be more likely to continue with their current FPN1 provision if the pilot funding rate were to continue in the future.

Many providers voiced concerns however, that if the FPN1 funding rate were to return to its pre-pilot level, that their continued provision of FPN1 may not be sustainable beyond the very short term. It's possible to argue that it may be in providers' best interest to voice these concerns in order to encourage a sustained higher FPN1 funding rate for the future. However, there is little room to argue that the gap between the funding rate offered to deliver childcare funded through the Childcare Offer and the pre-pilot funding rate to deliver FPN1 is significant, and providers are aware of this. A couple of providers have already ceased to deliver FPN1 in Flintshire citing this funding gap as one of the key reasons for doing so.

One provider noted that even a continued higher funding rate for FPN1 would not be enough to encourage them to continue with their provision given the additional observation work and inspections that are associated with delivering FPN compared to childcare.

Given that some non-maintained settings in Flintshire have already ceased to deliver FPN1, claims by some providers interviewed that they will no longer deliver FPN if the pilot funding rate is not maintained cannot be ignored. If non-maintained childcare providers in Flintshire were to cease their delivery of FPN1, then this in turn could lead to a number of potential knock-on effects. The first would be the increased pressure this would place on the maintained school sector to pick up the FPN1 provision shortfall that would be created as a result.

Even if maintained settings could deliver all the FPN1 provision required, this would lead to concerns relating to a lack of parental choice, especially as some parents may feel that a school setting may not yet be suitable for their child at the age of three. Some non-maintained childcare settings claim that if they operated just as childcare providers, they may not be able to attract younger children to their setting if they could not also offer them FPN1 provision when they turned three. These providers were concerned that they may not be able to continue as a commercially viable business if this were the case. This in turn could create childcare capacity shortages for younger children (0 to 2 year-olds) as well as wrap around care for older children.

## 4.1 Recommendations

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- Consider continuing the higher funding rate introduced in Flintshire to deliver FPN1 for non-maintained settings to ensure enough provision of early years education for three-year olds in the future
- Explore feasibility of ensuring that the rate paid to deliver FPN continues to be matched to the rate paid for delivering childcare within the Childcare Offer for Wales, and
- Explore feasibility of all local authorities paying the same rate for delivering FPN and to align this with the funding rate offered to deliver childcare within the Childcare Offer for Wales.

## 5. Case studies

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### Case Study 1

Nursery 1 is an established Day Nursery operating in Flintshire and across its borders as it sits close to the border with Wrexham and Cheshire. The nursery is registered to cater for up to 38 children aged from six months to 12 years old. During the pilot funding period (January to July 2019), the nursery delivered two hours a day of FPN1 education to six children. The nursery also worked in partnership with a local school and another playgroup to provide wrap around care for nine children accessing FPN1 education at these settings. The other 17 children taking up places at the setting were younger children who were not yet entitled to FPN1 education provision.

Prior to the pilot period, the funding rate for delivering FPN1 received by the setting was slightly lower than the childcare rate charged to fee paying parents and significantly lower than the childcare rate received for children supported by the Childcare Offer for Wales.

*“The FPN1 funding rate didn’t even cover the staff salary and training costs. The funds received from our childcare provision was used to subsidise the delivery of FPN1” (setting lead)*

The setting continued to provide FPN1 education under the old funding rate even though it was not commercially viable for it to do so. The reason for this was that the nursery was reliant on providing early education to three-year olds at its setting in order to attract younger children to take up childcare places now, safe in the knowledge that they will be able to access FPN1 within the same setting at a later stage. In effect they were delivering FPN1 as a loss leader. Under the higher pilot funding rate however, the nursery could consider the provision of FPN1 as a commercially viable deliverable in its own right.

### The future

If the funding rate for delivering FPN1 were to stay at its pilot rate, then the setting would continue to deliver early entitlement education sessions, even though the work involved, and level of scrutiny and inspection associated with it, is higher than that associated with childcare.

If on the other hand the rate were to fall back to its original rate, the setting would, in the immediate short term, feel obliged to revert to delivering FPN1 as a loss leader. However, if the funding gap for the delivery of FPN1 and childcare were to continue beyond the short term, then the nursery would have to seriously consider whether continuing to deliver FPN1 was a sustainable option.

If the nursery were to discontinue with its delivery of FPN1, then, it is possible that the resulting shortfall in provision could be balanced by an increase in provision by the local schools (assuming these schools had sufficient capacity to do so). However, this would reduce parental choice of early education settings. Without the delivery of FPN1, the nursery would be reliant on the provision of childcare to younger age groups (0 to 2 year olds) as its main source of income. For reasons noted above, as a result of not delivering FPN1 the nursery could also experience lower take up of places by children in this age group. This potential drop-in demand, accompanied by higher staffing ratios and therefore costs associated with delivering childcare to younger age groups, could make the setting financially unsustainable.

If a similar sequence of events were to occur across other non-maintained settings in Flintshire, then the result could be increased pressure on maintained settings to deliver FPN1 and an under supply of childcare provision for younger age groups as a result of fewer non-maintained providers being available.

## **Case Study 2**

### **Under Fives Playgroup**

The playgroup has been providing childcare for two to four-year-old children for over 20 years. Until recently, the setting ran sessions from 11.30am till 3.15pm in the shared-use youth hall attached to the local primary school. The setting was at risk of closing as its funds didn't cover overhead costs such as rent and staff.

The neighbouring school had always been very supportive of the setting as it provided wrap around childcare for children accessing Foundation Phase Nursery (FPN) education within the school. As such it didn't want to see the setting close. In October 2018 the school offered the setting space from which to operate. The physical space available in the school was slightly smaller than the space they had previously occupied, and as a result, the number of children they could accommodate was lower (reduced from 19 to 15).

However, the move meant that the setting could now operate from 8.00 a.m. to 3.15 p.m. five days a week. This provided the setting with the possible option of delivering FPN1 to three-year olds during two-hour morning sessions when demand for this early entitlement education provision is at its highest. Extending the opening times could also enable the setting to offer wrap around care for children before school, full day childcare for two and three-year olds and wrap around childcare for children accessing FPN within the school. However, the extended opening times would also increase staff costs and require existing staff members to work longer hours.

Ensuring high quality provision is the setting's main priority. As such, to ensure that the option of extending the hours was financially viable, the setting had to ensure that the funds generated would be sufficient, not only to cover staff salaries but also enable staff members to access the resources and training they need to continue to deliver high quality FPN1 provision. The higher FPN1 funding rate for non-maintained settings offered as part of the pilot, was the key factor that made this option financially viable for the setting.

Since Oct 2018, the setting has been operating as a full day nursery in their own room within the school, which they have sole use. Parents can access their early education (FPN1) and wrap around childcare within the same building regardless of whether they take up their FPN1 hours with the school or the playgroup setting. The school has also benefited by having a provider within their premises which will feed their school intake. Funding to deliver two hours a day FPN1 education currently contributes to a third of the setting's annual turnover.

While the funding for delivering FPN1 remains at the pilot rate level, the current operating structure of the setting remains viable. However, if the rate were to fall back to its pre pilot level, the setting fears that even though they may be able to continue to deliver the same provision, they may not have the funds to access the same level of training for its staff or to purchase equipment and

resources for the children. This in turn could negatively influence the quality of the FPN1 provision they offer.

If the setting were to discontinue their delivery of FPN1, then it may struggle to remain sustainable from the income generated as a setting that only provides full day care for two-year olds and wrap around care for three and four-year olds. The setting would also have fewer children to feed into the school which would then potentially reduce the school's intake of four-year olds each year. Even if the fall in FPN1 provision at the setting was offset by increased FPN1 provision within the school, the change would still limit parental choice as to which setting they would like their child to access early years education.

If the setting were to close, then parents would need to make arrangements for alternative childcare provision for two and three-year olds. In addition, children currently accessing FPN1 at the school would not have access to any wrap around care within the school setting. As a result, these children would either need to access childcare and FPN1 at two different locations, possibly requiring transport to move from one setting to another, or parents would move their children to another setting for both FPN1 and childcare. This would further impact on the primary school's intake of three and four-year olds.

## 6. Annex

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### Questions included in survey of providers undertaken by Flintshire County Council

1. Number of Funded EE Children
2. Number of Full Time Equivalent staff working with EE children
3. When the rate was £2.91 per hour, how did you feel about being an EE Provider? Please list constraints or challenges?
4. Has the extra £1.59 per hour made a difference to your setting? If so, how?
5. How has the extra £1.59 funding been spent?
6. If, at the end of this pilot, the rate were to return to £2.91, would it influence your decision to continue delivering EE? If yes, How?

Please note any additional comments that you wish to make: