

Local Authority Provider Payments investigation 2024

NDNA's Freedom of Information (FOI) request into local authority provider payments discovered that additional funding pressures are being put on providers due to too many local authorities paying providers late.

- The investigation asked if councils paid early education and care providers on a monthly or termly basis for the funded childcare offer. Out of the 122 councils that responded 46 reported paying monthly, 56 said they paid termly and 20 offered providers a choice, making both monthly and termly payment arrangements.
- Out of those local authorities that said they pay monthly including a mix/provider choice (66): 5% pay upfront, 50% pay in arrears (week one or week two) and 45% pay in week three or week four creating cashflow challenges for providers.
- Out of those local authorities that pay termly including offering a mix/provider choice (76) only 14% pay upfront. Most payments, 78%, are made within the first two weeks or within two to four weeks. One council pays within four to six weeks and two (Manchester and Buckinghamshire) pay after week six.
- Two councils reported that while they have been paying termly, they will change as of September with Tameside moving to termly and monthly payments and Gloucestershire changing to monthly payments.
- Payment splits vary widely across the 122 local authorities from four paying 100% (Hammersmith & Fulham, Gloucestershire, Portsmouth and Calderdale) to an 85/15% split (Croydon), 75/25% (Medway), 70/30% (Cheshire West & Chester), 60/40% (Enfield) and 50/50% (Cornwall).
- Out of 122 councils, 56 say they have consulted with providers in the last 2 years. 23 are currently running or planning to consult, 33 say they haven't consulted. Of the remainder 122 LAs, eight didn't answer the question, one deemed the question not applicable, and one said it hadn't consulted because it was the providers' choice.
- All local authorities have a duty to provide sufficient childcare places within their area. When NDNA asked if they had completed a Childcare Sufficiency Assessment in the last two years, 99 councils said that they had. Thirteen said they had not carried one out, seven didn't answer, three are currently completing.
- NDNA's FOI request to 151 local authorities in July 2024 covered the academic year 2024/25 in which they pay childcare providers for the delivery of funded early education and childcare places.
- Out of 151 local authorities contacted, 122 (81%) responded, 25 did not respond, three sent incomplete responses and one didn't answer the FOI questions.