

TO: SCHOOLS FORUM
DATE: 13 SEPTEMBER 2012

FREE EARLY EDUCATION FOR TWO YEAR OLDS
(Director of Children, Young People and Learning)

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members of the Schools Forum on the new duty to provide substantially more free education and child care places for 2 year olds with the funding of places and associated support services being added to the Dedicated Schools Grant.
- 1.2 From September 2013, the 20% most disadvantaged 2 year olds should have an early education place, with this figure rising to 40% from September 2014. Provision can also cover looked after children and other needy families at local discretion.

2 RECOMMENDATIONS

- 2.1 **That the changes around participation rates, support for providers and funding arrangements for early education for 2 year olds are NOTED;**
- 2.2 **That the draft work programme and timetable is AGREED (paragraph 5.18 and Annex A);**
- 2.3 **That in respect of the new arrangements for 2 year olds, the Schools Forum NOTES it will be required in the new year to agree:**
 - 2.3.1 **the composition of the Early Years Single Funding Formula for 2 year olds (paragraph 5.17)**
 - 2.3.2 **the range of support services required (paragraph 5.17), and**
 - 2.3.3 **the level of budget to be funded from within the Dedicated Schools Grant (DSG) (paragraph 5.19).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 **The Schools Forum is responsible for agreeing the Early Years Single Funding Formula to be used to finance providers of early education for 2 year olds and also setting the budget for associated support services.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 These will be considered in the light of responses received to the Bracknell Forest consultation on implementing new arrangements for 2 year olds.

5 SUPPORTING INFORMATION

Background

- 5.1 From 2010, local authorities have been required to fund early education places for a small number of vulnerable two year olds. Funding for this responsibility was provided through general grant income to the Council and was not finance from the DSG or included in the Schools Budget.
- 5.2 Funding for free early education for two year olds will, from 2013-14, be from within the DSG), and the Department for Education is currently consulting on aspects of how funding arrangements should operate. The basic intention is to move the funding source for this responsibility from local authorities to the Schools Budget.
- 5.3 The DfE also intends from September 2013 to place a new duty on local authorities to provide substantially more free places, for the 20% most disadvantaged increasing to 40% from September 2014. This will include looked after children and other needy families at the LA discretion. Clearly, the development of two year old places will grow substantially over the next two years, which for BFC is an increase from 60 to 300 places at September 2013 and 300 to 600 places from September 2014.

National Funding

- 5.4 The amount of funding intended to support development of and payment for two year old places will grow substantially over the next two years. In 2012-13, £291m is included within the Early Intervention Grant. In 2013-14 some £530m, and in 2014-15 some £760m, will be in DSG.
- 5.5 Funding for two year old early education will not be ring-fenced within the DSG. However, the amount which is intended for two year olds will, from 2013-14, be identifiable in each LA's allocation.
- 5.6 In each year, funding is intended to support the delivery of places for children meeting national eligibility criteria (both before the entitlement start and after), places for other children at local discretion, and for work to build capacity and quality. So, for example, 2013-14 funding is intended:
- for delivery from September 2013 to children eligible in the first (20%) phase of the entitlement;
 - for delivery earlier in the year to some children meeting the 20% criteria;
 - for delivery to some children meeting the second (40%) phase eligibility criteria in advance of introduction of the September 2014 entitlement
 - for delivery to other children at the LA's discretion
 - as well as for work to build capacity and quality

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- 5.7 Data on the number of eligible two year olds taking their entitlement in each LA is not currently available and therefore the DfE is proposing the development of a Formula that would target funding locally towards need and eligibility against the entitlement. It would also recognise that the costs of delivery will vary between LAs, so include an area cost adjustment.

Funding providers for the delivery of early education to 2 year olds

- 5.8 LAs will be required to fund early years providers of free early education for two year olds through an early years single funding formula (EYSFF) for two year olds, just as LAs currently have an EYSFF for three and four year olds. This requirement will start from 1 April 2013.
- 5.9 Using the EYSFF approach ensures authorities will work with providers to determine the cost of delivery and calculate fair funding rates accordingly. Therefore enabling comparability between areas on funding rates (base rates and supplements) paid to providers, so that LAs and providers can compare across areas, supporting transparency and value for money.
- 5.10 The DfE intend to allow two changes to the requirements for the EYSFF for 2 year olds:
- to remove the requirement of a deprivation funding supplement as the allocation is already targeted to the most deprived;
 - to permit a place-based funding approach for two year olds, to support LAs working with providers to increase capacity in advance of delivering the 20% and 40% entitlements:
- 5.11 There is also the expectation that the cost of providing support to 2 year olds will be more expensive than for 3 and 4 year olds and LAs are therefore encouraged to engage with local providers to establish the appropriate cost base to determine the level of funding to apply to the EYSFF for 2 year olds.
- 2 year old places will only be available to the PVI sector as the welfare needs of this population are considerably different to those of 3 and 4 year olds and these needs could not be met in the maintained sector.
- 5.12 The DfE specify quality of provision is critical to the success of the two year old entitlement and there is an expectation that LAs and providers work together to improve the quality of provision on offer. Targeted funding can be used in supporting increases in quality. A quality supplement in the EYSFF can give LAs a means to target funding at incentivising increases in quality in provision.
- 5.13 As a general principle, the DfE is keen to maximise the flexibility available to LAs, particularly during the development phase of the two year old entitlement, to use the DSG locally in ways that support the most effective delivery of the two year old entitlement locally, subject to the normal assurances about regularity, propriety and VFM.
- 5.14 LAs may already use DSG to support the provision of free early education through spend other than that passed to providers through the EYSFF and this will continue with two year old spending. LAs must agree levels of early year's central expenditure with the Schools Forum. The DfE does not intend

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to provide advice on potential areas of spend on a case by case basis: it is for LAs to decide how they use the DSG. The DfE requires local authorities to provide assurances about how they have used the DSG and that it has been deployed with regards to regularity, propriety and value for money. Potential uses include for example promoting the entitlement to parents and providers, and providing advice and support to providers.

- 5.15 For BFC, the expectation is that funding would need to be held centrally for family support and outreach for families experiencing difficulties. We intend to give targeted onsite advice, guidance, training and mentoring for providers to ensure they are offering a quality nurturing learning environment to support children's development towards school readiness. Central funding will also be required to enable providers in setting up and/or expanding new childcare places, this will include additional staffing, changes to the environment and equipment to ensure the requirements of the EYFS statutory framework and OFSTED inspection regulations are met.

Next steps

- 5.16 This is a significant development that will require substantial additional funding, although at this stage it is not known how much funding will be allocated to the Schools Budget for this purpose.
- 5.17 The key initial tasks include liaising with providers to establish the relevant cost base, consider what factors should be included in the EYSFF and what local support services are required to ensure quality, capacity, sufficiency and accessibility.
- 5.18 To help develop the required arrangements Annex A sets out a draft work programme and timetable which the Forum is asked to agree.
- 5.19 Final proposals for these arrangements, including setting the appropriate budget will be presented to the Forum for a decision in February 2013.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The duty referred to in this report is created by amendments made to the Childcare Act 2006 by the Education Act 2011. The relevant provisions have yet to be brought into force

Borough Treasurer

- 6.2 The financial implications arising from this report have yet to be determined, and will need to be financed from the additional funding to be added to the Dedicated Schools Grant. The Schools Forum will need to agree the final budget proposals.

Equalities Impact Assessment

- 6.3 A screening will be completed however this funding is targeted at a particular vulnerable group that will meet a prescribed criteria set out by central Government.

Strategic Risk Management Issues

6.4

Issue	Impact	Risk
Insufficient funding	<p>Quality will be adversely affected</p> <p>Family support not in place particularly for those chaotic families</p> <p>Prevention and early intervention not addressed</p> <p>Support costs will increase as families deteriorate</p> <p>Providers will not be sustainable</p> <p>Not enough places to meet need</p>	HIGH
Insufficient places	<p>Not meeting statutory duty</p> <p>Child poverty may increase</p> <p>Families with multiple problems will continue to increase</p>	HIGH
Outcomes for children	<p>The attainment gap will not close as quickly as desired</p> <p>The Early Years Foundation Stage Profile results for these children will continue to struggle to meet the national average</p>	HIGH
Family Support	<p>Insufficient capacity to provide effective family support will result in lost opportunities for 2 year olds to achieve their potential.</p>	HIGH

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable at this stage

Method of Consultation

7.2 Not applicable at this stage

Representations Received

7.3 Not applicable.

Background Papers

Various DfE documents

Contact for further information

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Draft Work Programme: 2 Year old funding formula

04/09/2012	<ul style="list-style-type: none"> • Brief DMT
13/09/2012	<ul style="list-style-type: none"> • Brief Schools Forum
29/08/2012 – 07/09/2012	<ul style="list-style-type: none"> • Prepare questionnaire re cost of providing 2 year old provision
29/08/2012 – 07/09/2012	<ul style="list-style-type: none"> • Establishment of Representative Body
07/09/2012	<ul style="list-style-type: none"> • Briefing & Questionnaire re cost of providing 2 year old provision to all relevant providers
13/09/2012	<ul style="list-style-type: none"> • Head Teacher briefing
03/10/2012	<ul style="list-style-type: none"> • PVI Provider meeting for questions & concerns
13/10/2012	<ul style="list-style-type: none"> • Deadline for Questionnaire returned
15/10/2012 – 02/11/2012	<ul style="list-style-type: none"> • Analysis of questionnaire • Design and evaluate draft formula for 2 year olds • Internal approval of draft formula
05/11/2012 – 16/11/2012	<ul style="list-style-type: none"> • Approval of formula by representative body • Any required adjustments
19/11/2012 – 14/12/2012	<ul style="list-style-type: none"> • Consultation with providers • Meetings with providers
15/12/2012 – 07/01/2013	<ul style="list-style-type: none"> • Analysis of consultation responses and final changes to formula following consultation
07/01/2013-16/01/2012	<ul style="list-style-type: none"> • Approval of final formula by representative body & Internal approval of formula (Education Finance & Legal)
29/01/2013	<ul style="list-style-type: none"> • Approval of formula by DMT
07/02/2013	<ul style="list-style-type: none"> • Formula to Schools Forum

Subject to change and amendment as work progresses