

Schools Forum 24th February 2015

Report of the Interim Director of Children's Services

Education Funding for Disadvantaged Two Year Olds – Sufficiency and Take Up Data

Purpose of Report

1. To provide Schools Forum with an update in respect of the sufficiency and take up of two year old places for early year's education.

Budget Working Group Discussed

2. Yes – 11th February 2015.

Schools Forum Role and Responsibilities

3. From 1st April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. Schools Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.

Action for Schools Forum

5. To note the progress to date in respect of the DfE's disadvantaged two year olds early education initiative, with particular reference to the sufficiency and take up of places.
6. A further update to include the finalised data will be presented at the March Forum meeting.

Attachments to Report

7. Appendix A - DfE 2014/15 Section 251 benchmarking data in respect of the rates payable per two year old for regional neighbours.
8. Appendix B – DfE 2014/15 Section 251 benchmarking data in respect of the rates payable per two year old for statistical neighbours.

Donna Farnell/Laura Jones-Moore
Childcare Strategy Manager/Principal Accountant
6th February 2015

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Education Funding for Disadvantaged Two Year Olds – Sufficiency and Take Up Data

Purpose of Report

1. To provide Schools Forum with an update in respect of the sufficiency and take up of two year old places for early year's education.

Background

2. The provision of Early Learning for two-year-olds became a statutory entitlement for targeted children in September 2013; Phase 1 introduced criteria aimed at Looked After Children, children with Special Educational Needs and Disabilities (SEND) and parents who were benefit recipients receiving income of less than £16,190. Phase 2 widened the criteria to include children who had left care through adoption or child arrangement orders and low income working families with earnings of less than £16,190.

Financial Implications - Dedicated Schools Grant Funding to Dudley

- 3 Funding for two-year-olds is allocated by the DfE through the Dedicated Schools Grant via the Early Years block. The DfE has provided Dudley with a unit rate of £4.89 per hour although this is not ring-fenced.
- 4 The DfE set reach targets for each local authority based on the number of families within the area who meet the criteria. Data is collated in January annually in arrears from the Early Years Census Returns, and more recently a voluntary return was invited by the DfE in October 2014. Dudley's funding for 2014/15 is summarised in Table 1.

Participation Funding for Two Year Olds for 2015/16

- 5 From January 2015, the data collected via the Early Years Census will be used by the DfE to identify levels of take up for two-year-olds and therefore the associated funding to be made available for two-year-old places to the local authority. This allocation of funding will be based on participating children and take up units of 15 hours; therefore overall funding will be reduced as discussed at the January 2015 Forum meeting. There will be a further voluntary Early Years Census collection in October 2015 so that adjustments can be made to the level of funding received by local authorities to support the on-going increase in take up of places.

- 6 Therefore from 2015/16 as the funding will no longer be based on the DfE target but on participation the funding received by Dudley will be lower. Table 2 details the national and local take up position at September 2014. In year funding contingencies may be required if the take up increases significantly.
- 7 DSG funding for 2015/16 will be confirmed in June 2015 and then adjusted in year following the mid year second data count

Table 1 – Dudley’s Grant Allocation for Early Years Education Funding for Disadvantaged Two Year Olds – 2014/15

	Eligible Two Year Olds	Targeted Funding £
Statutory Funding - April to August 2014	945	879,271
Funding for 40% Disadvantaged Children – September to March 2015	1,754	3,264,002
Trajectory Funding to build capacity		506,374
Total		4,649,647

Table 2 – Early Years Education Eligible Two Year Old Data (as at September 2014)

	Eligible Two Year Olds Accessing Funding	% of Eligible Population
Nationally	149,878	55.2%
Dudley	612	33.9%

Financial Implications – Dudley’s Funding Paid to Providers

- 8 Of the £4.89 per hour received from the DfE, it was agreed that the local authority would retain 39p of the allocation to ensure family support and early intervention remains central to the Dudley offer, as this has the most significant impact on sustainable outcomes for those children accessing two-year-old places or Time for Two’s (as the offer is known in Dudley); providers received £4.50 per hour.
- 9 In November, the DfE issued the 2014/15 annual Section 251 benchmarking data which provides comparable national data in respect of the rates payable per two year old. This is attached at Appendix A and B. Local neighbours are typically paying between £4.85 and £5.00 per hour.

Dudley’s Forecast Financial Outturn 2014/15

9. There is currently a projected underspend of £1.585m in respect of the two year old provision due to a shortfall in the take up. This is reflective of the national position, as demonstrated in Table 2. At the November Schools Forum meeting a forecast under-spend of £0.574m was reported which related to the Summer term 2014 take up. The actual Autumn term take up has increased the under-spend further. The Spring 2015 take up will be known by the end of February 2015. Any under-

spending in respect of the Dedicated Schools Grant can be carried forward for use in a future year.

Sufficiency of Two Year Old Places

10. There are currently around 120 early education funded providers offering places for two year olds in Dudley. Only providers rated good or better by Ofsted are able to provide Time for Two places (86% of Dudley providers are rated Good – Outstanding; the national average is 80%). However, local authorities may use providers rated less than good if they have insufficient places in a locality; there are therefore a small number of closely monitored and intensively supported providers who are being used for a small number of children, where children were already accessing the provision prior to the providers most recent inspection where they may have received a 'requires improvement' Ofsted judgement.
11. Currently there are three new providers being supported by the Childcare Strategy Team to set up provision in those areas of the borough where sufficiency of two year old places is limited; these providers will deliver new two year old places and have access to both place revenue and capital funding. On average it can take between six and eight months for a new provider to register with Ofsted and open their service.
12. Each term the Childcare strategy team officers produce a Community Childcare Plan (CCP) which is an assessment of the sufficiency of places across a township locality based on child age groups and type of provision available and therefore identification of gaps; the next data collection exercise was undertaken during the week commencing 26th January. The CCP also includes information about local economic development and employment opportunities and housing development which can have significant impact on availability and sustainability of childcare provision across a given locality.
13. Childcare strategy team officers continually assess sufficiency of places, mapping provision to identify the areas of greatest need and childcare place gaps; they continue to explore opportunities with existing providers to deliver more flexible two year old places and facilitate and encourage development of new services. Officers also continue to seek out vacant premises that may be suitable for developing new childcare services across the borough, including the potential use of premises which are part of the Dudley corporate property portfolio.
14. At the same time, schools with maintained nurseries are being supported to explore options for taking children earlier as rising three's, (although the required 1 : 4 staff to child ratio is proving to be prohibitive) who would attract the two year old funding for one term and to identify potential opportunities to deliver their own childcare services for two – three year-olds. It is expected that from September 2015 schools will not be required to register any childcare provision for under three's, this provision will be inspected by Ofsted as part of the school inspection.

Marketing and Promotion

15. Lists are received from Department for Work and Pensions (DWP) termly that identify those families in receipt of eligible 'out of work or in work benefits' which also indicate the number of eligible children. These parents are contacted three times

over the life of the list which is generally six weeks from receipt. The last DWP list contained 1,793 potential eligible children. We are advised that the next DWP list is due towards the end of February or early March 2015.

16. Since August 2014 Dudley has operated an online application system which is advertised on the Dudley MBC website and on all publicity and marketing material. To date we have received 1,261 applications; on receipt of an application all parents' details are run through the DWP Eligibility Checking Service (ECS) checker system to confirm their eligibility for a place. To date, 1,202 of these applications have been confirmed as eligible by DWP ECS checker which equates to 67% of target families eligible for a funded two year old place. The turnaround from initial application to confirmation of eligibility is less than one hour.
17. Posters, leaflets and promotional materials have been supplied to children's centres, private and voluntary childcare providers, schools, libraries, community centres and neighbourhood learning centres and to GP surgeries. Birthday cards are to be sent to all rising two's, the team takes up all opportunities to attend promotional events across the borough and have delivered information and briefing sessions to other local authority teams, job centre plus and job/work clubs, private and voluntary childcare providers and schools; this activity is ongoing and work continues.

Parent and Provider Surveys

18. Parents who have not taken up a place when they have been informed that they are eligible are contacted and asked why they have not taken up the opportunity; some parents respond saying that they do not wish to take up a place as they feel their child is too young; or they already have a place lined up for their child in the following term; or that if their preferred provider does not have a place available at the time they want they do not wish to go elsewhere. We have some anecdotal evidence that parents are using lack of affordable childcare as one reason that they are unable to go back to work with local job centres.
19. Providers who are reluctant to offer funded two year old places report that the funding provided by the local authority is insufficient to meet their overheads; the higher staff: child ratio required is prohibitive to both private and voluntary providers and more so to schools, who will have higher salaries and on-costs. In addition, some providers report that parents may take up places initially but then decide their child is not settling or unhappy so will stop attending, this can be a real issue and effect business sustainability when providers have employed extra staff to maintain the appropriate staff/child ratio and are then left out of pocket.

Current Take Up of Provision and Issues with Data Collection

Spring Term 2015

20. The take up of Time for Two's places cannot be accurately assessed until after the Early Years Census - head count on the 15th January; returns are received from providers giving their actual take up data for funded two, three and four year olds. Local authorities have up to 13th March 2015 to collect and return this data to the DfE, although the aim is to complete this by the end of February.

Table 3 – Spring Term 2015 Data Collection- To Date

Spring Term Applications approved so far*	Spring Term places taken up so far*	% of places taken up so far* (England take up Not/Known)
1,220	875	48.6%

**this is from advance early education funding returns received from 66 Private Voluntary and Independent providers, an additional 63 providers will submit their claim as part of the Early Years Census return.*

21. Ofsted data supplied to Family Information Services no longer includes a breakdown of the type of places available by age range i.e. 0-2; 2-3; 3-5 years for each childcare provider; the information only includes the overall number of child places available within the setting, and since 2012 providers are able to change the composition of the number and age group of places available in their provision to meet the changing demands of parents which can make accurate assessments of sufficiency of places for a particular age group challenging.
22. The Childcare Strategy team have commenced a data gathering exercise to confirm the actual number of available two year old places in Dudley. The places identified will include both targeted and universal two year old places.
23. The Early Years Census is the most accurate way of capturing the take up and sufficiency of two year old places for targeted and universal provision in Dudley. The Childcare strategy team are aiming to complete the exercise by the end of February 2015, in order that the findings and data will be reported to Schools Forum at the meeting scheduled for 24th March 2015.

Finance

24. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2014.
25. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012 as amended by the 2013 and 2014 School and Early Years Finance (England) Regulations.
26. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

27. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

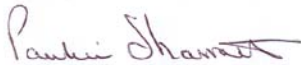
Equality Impact

28. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

29. Schools Forum to note:

- a. the progress to date in respect of the DfE's early years education funding for disadvantaged two year olds initiative, with particular reference to the sufficiency and take up of places to date and associated funding position;
- b. that a report detailing the finalised data is to be presented at the March 2015 meeting.



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Section 251 2014/15 Benchmarking for Rates Payable for Two Year Olds
– Regional Neighbours

	Delegated budget allocated to providers per pupil			Delegated budget allocated to providers per hour		
	Private, Voluntary, Independent	Nursery Schools	Primary Nursery Places	Private, Voluntary, Independent	Nursery Schools	Primary Nursery Places
Local Authority						
England	£2,935	£3,016	£3,007	£5.15	£5.29	£5.28
England Median	£2,839	£2,884	£2,850	£4.98	£5.06	£5.00
England Minimum	£2,565	£2,112	£2,026	£4.50	£3.71	£3.55
England Maximum	£5,047	£12,880	£4,304	£8.86	£22.60	£7.55
Dudley	£2,565	-	£2,565	£4.50	-	£4.50
Birmingham	£2,787	£2,787	£2,787	£4.89	£4.89	£4.89
Coventry	£2,765	£2,765	-	£4.85	£4.85	-
Wolverhampton	-	-	-	-	-	-
Sandwell	£2,850	-	£2,850	£5.00	-	£5.00
Shropshire	£2,827	-	-	£4.96	-	-
Solihull	£2,850	-	-	£5.00	-	-
Staffordshire	£2,765	-	-	£4.85	-	-
Stoke-on-Trent	£2,765	-	-	£4.85	-	-
Telford and Wrekin	£2,765	£2,765	£2,765	£4.85	£4.85	£4.85
Walsall	£2,793	-	-	£4.90	-	-
Selection Median	£2,776	£2,765	£2,776	£4.87	£4.85	£4.87
Selection Minimum	£2,565	£2,765	£2,565	£4.50	£4.85	£4.50
Selection Maximum	£2,850	£2,787	£2,850	£5.00	£4.89	£5.00

Section 251 2014/15 Benchmarking for Rates Payable for Two Year Olds – Statistical Neighbours

	Delegated budget allocated to providers per pupil			Delegated budget allocated to providers per hour		
	Private, Voluntary, Independent	Nursery Schools	Primary Nursery Places	Private, Voluntary, Independent	Nursery Schools	Primary Nursery Places
Local Authority						
England	£2,935	£3,016	£3,007	£5.15	£5.29	£5.28
England Median	£2,839	£2,884	£2,850	£4.98	£5.06	£5.00
England Minimum	£2,565	£2,112	£2,026	£4.50	£3.71	£3.55
England Maximum	£5,047	£12,880	£4,304	£8.86	£22.60	£7.55
Dudley	£2,565	-	£2,565	£4.50	-	£4.50
Wigan	£2,822	£2,822	£2,822	£4.95	£4.95	£4.95
Doncaster	£2,765	-	-	£4.85	-	-
Nottinghamshire	£2,901	£2,901	-	£5.09	£5.09	-
Thurrock	£2,765	-	-	£4.85	-	-
Rotherham	£2,765	-	-	£4.85	-	-
Lancashire	£2,753	-	-	£4.83	-	-
Derbyshire	£2,765	-	-	£4.85	-	-
Telford and Wrekin	£2,765	£2,765	£2,765	£4.85	£4.85	£4.85
Stockton-on-Tees	£2,719	-	£2,719	£4.77	-	£4.77
Bolton	£2,765	-	-	£4.85	-	-
Selection Median	£2,765	£2,822	£2,742	£4.85	£4.95	£4.81
Selection Minimum	£2,565	£2,765	£2,565	£4.50	£4.85	£4.50
Selection Maximum	£2,901	£2,901	£2,822	£5.09	£5.09	£4.95