

SCHOOLS' FUNDING FORUM

SUBJECT:	Free Early Education for Two Year Olds
-----------------	--

AUTHOR:	Simon Pleace, Revenue Finance Manager
DATE:	21 March 2014

SUMMARY OF REPORT:

To update Forum members on the roll out of free early education for two year olds in 2013-14 and plans for 2014-15. This includes an increase to the hourly rate and a proposal, which requires Forum approval, to continue retaining some funding to support the roll out.

FOR: Information & Decision

1. Background

- 1.1 Prior to 2013-14, the Local Authority (LA) received £1.8m of Early Intervention Grant (EIG) for a pilot project for early education for two year olds. This pilot provided early years education for approximately 1,500 two year olds, for 2/3rds of the year.
- 1.2 From September 2013, the LA has a statutory responsibility to provide early year's education places for 20% of eligible two year olds. Eligibility is initially defined as children who are looked after or who meet the Free School Meal criteria. In September 2014 the entitlement is extended to 40% of eligible two year olds, and the eligibility criteria have been extended to capture more families. In terms of places the targets for Kent are shown in table 1 below:

Table 1	September 2013	September 2014
Percentage of two year olds	20%	40%
DfE target no of places (original)	3,095	7,000
DfE target no of places (revised)	3,847	6,501

- 1.3 The DfE have provided LA's with additional DSG funding to support this new responsibility and the allocations for both 2013-14 and 2014-15 are shown in the table 2 below:

Table 2	2013-14 £'m	2014-15 £'m
Place Funding	8.707	15.808
Trajectory Funding	3.418	1.892
Total Funding (one off)	12.125	17.700

- 1.4 In addition to this, the LA has received capital funding of £2.468m in 2013-14 to be spent by the LA on necessary capital investment in settings to support the delivery of the entitlement for two year olds.
- 1.5 At the meeting of the Schools' Funding Forum on 8 March 2013, the LA reported to the Forum its intention to pay providers an hourly rate of £4.85. The Forum also approved the retention of £250,000 for staffing to cover the additional administration costs associated with this project.

2. Update on progress

- 2.1 A full audit of all individual Private, Voluntary and Independent early years settings, (PVI's) was carried out in 2012 to identify actual numbers of places registered, places offered and vacancy levels. From this information barriers were identified and support directed to overcome these to encourage and support the expansion of current provision and also potential new developments. A subsequent audit was carried out in May 2013 (in the term when providers traditionally have the fewest vacancies) to review progress to date and produce new development targets.
- 2.2 To accurately reflect vacancy patterns and new places developed a follow up full audit was carried out in September 2013 and February 2014 to further inform development targets. Audit outcomes have been particularly valuable in identifying both vacancy levels and take up by eligible parents, therefore it is planned to carry out bi-annual audits throughout the development phase.
- 2.3 The hourly rate of £4.85 per hour that KCC currently pays for Two Year Olds Early Education places is lower than many providers charge on the open market, sometimes quite significantly, and this has proved to be a challenging situation in that providers have typically said that it is difficult for them to provide places at this level of funding.
- 2.4 Through collaborative working with providers and the range of support offered, the number of providers now offering places for two year olds has significantly increased as follows:

Group providers: At the start of January 2012 a total of 288 group providers had registered for Two Year Old places. By July 2013 this had risen to 513 with the current total as at February 2014 being 562. This equates to a total of 81% of all early years group providers in the county.

Childminders: At the start of January 2012 a total of 57 eligible childminders had registered. By July 2013 this had risen to 236 with the current total as at February 2014 being 355.

Table 3: Early Education Places for Two Years Olds – anticipated impact of development activity

Districts	Places Originally Required (*)	Places Developed to Date	Places currently in Development 2014/15	Estimated Shortfall in Places
Ashford	522	429	44	49
Canterbury	566	513	23	30
Dartford	500	311	12	177
Dover	633	549	7	77
Gravesham	634	271	116	247
Maidstone	613	389	151	73
Sevenoaks	299	245	0	54
Shepway	605	424	50	131
Swale	882	586	66	230
Thanet	1035	790	142	103
Tonbridge and Malling	354	292	0	62
Tunbridge Wells	357	304	20	33
Grand Total	7,000	5,103	631	1,266

* The original place target from the DfE for Kent was 7000 by September 2014 and district targets were calculated on this figure. It should be noted that a new target of 6,501 (a reduction of 499) has recently been set by the DfE. We are awaiting new targets from the DfE therefore at this time, whilst we would anticipate a reduction; we do not know how this will impact on targets and subsequent development requirements at ward level

Children Taking up Places

- 2.5 Two year old children eligible for a free place and taking up their entitlement from 1st April 2013 was 4,103 (cumulative), with, 2194 (based on a snap shot) as at the end of February 2014. Advertising is currently taking place and will continue into 2014-15 to inform those parents and carers entitled to a free 15 hours of early education.

How has the funding been allocated in 2013-14?

- 2.6 Funding has been allocated to support the development of early education places for two year olds across the county over the past few months. £1.7 million has been allocated to 917 childcare providers and childminders to assist with the purchase of additional equipment supporting and securing 5,103 early education places for two year olds.
- 2.7 Small items of equipment have been purchased by providers utilizing the funds allocated to Kent from the DfE including wooden room-scapes which offer a bespoke environment for 2 year olds. This provides rest/sleeping areas, low level store/select furniture to support storytelling and introduction to books, items for outdoor play areas and 2 year old imaginative play areas.

All items have been purchased through a bespoke Web shop provided through KCS with items initially approved by the Early Years Quality and Outcomes Team.

3. Looking ahead to 2014-15 & future years

- 3.1 The DfE have confirmed that from 2015-16 allocations will be based on the levels of participation in each local authority. This is an important point to note as it means despite the current healthy funding levels, this will not be sustained and in future we will be funded on actual participation.
- 3.2 The 2014-15 per child funding rate for each local authority remains at the same level as 2013-14. In Kent this is £4.94 per hour, and this compares to a national average of £5.09 per hour. To assist providers with offering further 2 year old places the LA has agreed to increase the funding rate per hour it pays from £4.85 to £4.94 from 1 April 2014. Although this increase is relatively modest it does mean that the LA can now demonstrate that it is passing 100% of the place funding it receives.
- 3.3 With the increase in the target to 40%, and the need for us to provide advice support and guidance to 2,300 early education providers (settings and child-minder's) and children's centres, the LA is again seeking the Forum's permission to retain a small amount of the total allocation to cover both additional administration costs and training for early years providers. The LA would like to retain the following amounts:
 - Additional administration costs £350k
 - Training for providers £150k
- 3.4 To further develop additional two year old places, capital is also being allocated to individual Private, Voluntary and Independent early year settings, (PVI's) to enable them to grow their business to support those two year old children in Kent that are entitled to a free place. This will in turn enable KCC to meet its statutory duty of developing 6,501 places by September 2014.
- 3.5 There are numerous projects being explored and developed with individual Private, Voluntary and Independent early year settings (PVI's). These projects will include room extensions to existing buildings, refurbishment of toilets to facilitate two year olds and small works such as door access to provide a free flow and safe entrance for the children.

4. **Recommendation**

- 4.1 Members of the Forum are asked to
- a) **note** the content of this paper and in particular the LA's decision to increase the flat funding rate from £4.85 to £4.94 per hour from 1 April 2014.
 - b) **approve** the retention of £500k from the total allocation of £17.7m (2.8%) to cover the additional administration and training costs associated with the next stages of early years education for two year olds in Kent.

Background Papers:

- 1) [Early education funding for two year olds \(Item 6\) – Schools' Funding Forum 8 March 2013](#)