

## SCHOOLS' FUNDING FORUM

<b>SUBJECT:</b>	Early education funding for two year olds
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### **SUMMARY OF REPORT:**

On 27 November 2012, the LA received confirmation from the DfE of its 2013/14 funding allocations for early year's education for two year olds. This paper provides members of the Forum with the relevant information as well as seeking permission to retain £250,000 towards the additional administration costs associated with this next phase of early education for two year olds in Kent.

### **1. Background**

- 1.1 In 2012/13, the Local Authority (LA) received £1.8m of Early Intervention Grant (EIG) for a pilot for early education for two year olds. This pilot provided early education for approximately 1,500 two year olds for 2 terms only.
- 1.2 On 27 November 2012, the Department for Education (DfE) announced the early education funding for two year olds for the 2013/14 financial year. Funding for 2013/14 will be paid to LAs as Dedicated Schools Grant rather than EIG.
- 1.3 This announcement which contains a significant increase in funding reflects the fact that early education will become a statutory entitlement for around 20% of eligible two year olds from September 2013, with LA's having a duty to secure provision. Eligibility criteria for the first phase of the entitlement will be:
  - Looked After Children
  - Children who meet the Free School Meal (FSM) criteria
- 1.4 The programme will be extended further from September 2014 to include 40% of two year olds. The government is due to publish its conclusions from a recent consultation regarding the next target groups to be added to the eligibility criteria.
- 1.5 Kent has the second largest target nationally of 2 year old early education entitlement places at 3,095 by September 2013 rising to over 7,000 by September 2014.
- 1.6 The government have stated that high quality early education is critical to the success of the early years programme for two year olds from lower income families. Therefore they expect LA's to fund places in any settings that are rated good or outstanding by Ofsted.
- 1.7 The DfE want to increase transparency so that providers and parents will be able to hold LAs to account on the rate they are offering. For the first time, from 2013/14, LAs will be required to submit details of the funding rates they pay providers for two, three and four year old places. This information will be published on the DfE website and will enable providers and parents to compare rates across the country, particularly between similar authorities.

## 2. Local Funding Arrangements

- 2.1 For 2013/14, LA allocations have been calculated on estimated number of eligible two year old children likely to receive provision, using FSM data for four to six year olds as a proxy, and include an area cost adjustment.
- 2.2 Each LA's allocation includes a notional amount for statutory basis and a notional amount for trajectory building which will be used to create additional places in preparation for the entitlement to increase to 40% from September 2014.
- 2.3 Kent's allocation for 2013/14 is:
  - Statutory places funding = £8,706,561
  - Trajectory funding = £3,417,960
  - TOTAL = £12,124,521

Note: this compares to £1,776,000 received in 2012/13 for the pilot.

- 2.4 The DfE guidance recommends that LAs should be working with providers to create their own EYSFF for two year olds, and that ideally this should be a flat hourly rate with no additional supplements. Last year through our pilot phase we agreed a flat hourly rate of £4.85 for all two year old places with providers. We intend to continue paying this rate in 2013/14.
- 2.5 The statutory place funding divided by the number of places (3,095 x 15 hours x 38 weeks) equates to an hourly rate of £4.94. However, the reason why we are proposing to retain funding to providers at £4.85 is to cover the additional support for two year olds with additional and special educational needs.
- 2.6 The LA is seeking the Schools Funding Forum's permission to retain £250,000 of the total allocation to cover additional administration costs associated with the increased work from this phase of rollout.
- 2.7 The LA support staff will need to provide advice, guidance and support to potentially 2,300 early education providers (group settings and childminders) and 97 children's centres to both offer places and check eligibility.
- 2.8 Looking forward, the government intends to move towards allocating funding from 2015 and beyond on actual participation. Therefore LAs who have high levels of take up will be rewarded with higher allocations.

## 3. Recommendation

- 3.1 The SFF is asked to note the content of this paper and in particular that we will continue to pay providers a flat rate of £4.85 per hour for two year olds in 2013/14.
- 3.2 The SFF is asked to approve the retention of £250,000 from the total allocation of £12,124,521 to cover the additional administration costs associated with the next phase of early education for two year olds in Kent.