

**READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF EDUCATION, ADULT AND CHILDREN'S SERVICES**

TO:	ADULT SERVICES SOCIAL CARE, CHILDREN'S SERVICES AND EDUCATION COMMITTEE		
DATE:	7 July 2104	AGENDA ITEM:	11
TITLE:	NEW EARLY EDUCATION/CHILDCARE PLACES FOR TWO YEAR OLDS IN READING.		
LEAD COUNCILLOR:	JOHN ENNIS	PORTFOLIO:	EDUCATION
SERVICE:	EARLY YEARS' SERVICE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	THERESA SHORTLAND	TEL:	0118 939 0957
JOB TITLE:	HEAD OF EARLY YEARS AND EXTENDED SCHOOLS SERVICES	E-MAIL:	theresa.shortland@reading.gov.uk

1. PURPOSE OF REPORT AND SUMMARY

- 1.1 In May 2012 the Government confirmed that two-year-olds that live in households which meet the eligibility criteria for free school meals would be entitled to a free fifteen hours early education place, along with children who are looked after by the state. These set out the national eligibility criteria for the first phase of the two-year-old entitlement to free early education from September 2013. This is intended to extend the free early education offer to 20% of the least advantaged two-year-olds from September 2013 and 40% by September 2104.
- 1.2 This report updates members on progress to date, seeks approval on the principles of funding on quality measures and the proposals to develop further work with Schools in Reading.

2. RECOMMENDED ACTION

- 2.1 That the progress of the early education places for two year olds in Reading be noted.
- 2.2 That the proposed work with schools to create new places for two year olds on school sites be approved.
- 2.3 That the principles of funding for new places for two year olds within the context of the Ofsted Inspection framework be approved.

3. POLICY CONTEXT

- 3.1 The Achieving 2 Year Olds project is a key element of the Coalition Government's social mobility and foundation year's strategies and aims to counter the impact of poverty on the development of very young children.
- 3.2 In May 2012 the Government confirmed that two-year-olds that live in households which meet the eligibility criteria for free school meals would be entitled to a free fifteen hours early education place, along with children who are looked after by the state. These set out the national eligibility criteria for the first phase of the two-year-old entitlement to free early education from September 2013 to September 2014.

The criteria to receive this entitlement is:

- Income Support
- Income Based Job Seekers Allowance
- An income-related Employment and Support Allowance
- Support under part VI of the Immigration and Asylum Act 1999
- Child Tax Credit - provided they are not entitled to Working Tax Credit and have an annual income that does not exceed £16,190 (as assessed by Her Majesty's Revenue and Customs)
- The Guarantee element of State Pension Credit
- Child subject to a Child Protection Plan
- Looked after Child

Additional criteria set locally by RBC for September 2013:

- SEN- A child that is currently subject to a Special Education Needs Statement
- A child that has a registered disability and is currently in receipt of Disability Living Allowance
- A child who has been referred to a Pre-School Support Teacher or the portage team through the Early Intervention Panel (This will only continue until the end of March 2015 as its funded from the grant funding.)

- 3.3 The criteria are going to extend this free early education offer to 40% of the least advantaged two-year-olds from September 2104. The eligibility criteria for this extended entitlement will be:

- In receipt of the Working Tax Credit provided you have an annual income that does not exceed £16,190 as assessed by Her Majesty's Revenue and Customs they are looked after by the local authority;
- they meet the criteria used to determine eligibility for Free School Meals;
- the family receives Working Tax Credits and have an annual gross income of no more than £16,190 per year;
- the child has a current statement of Special Educational Needs or an Education, Health and Care plan;
- they are entitled to Disability Living Allowance;

- they are no longer looked-after by the local authority as a result of an adoption order, a special guardianship order or a residence order.
- 3.4 A new Early Years Foundation Stage (EYFS) was implemented in September 2012; this is the framework for children from birth until the 31 August after their fifth birthday. The new EYFS meant that Ofsted changed how they register and inspect providers on the Early Years Register. The changes in the revised early years Ofsted framework introduced in September 2012 had an impact on some providers and the judgments made by Ofsted.
- 3.5 The statutory guidance to local authorities for early education funding also changed in 2013 and is changing again in September 2014. Local authorities are no longer able to apply any local quality requirements on the funding of early education places. Ofsted judgements are now considered the only measure of quality. This is the measure that is used to fund all early education places. The funding for two year old places should only be given to early years settings that are deemed 'good' or 'outstanding' by Ofsted.
- 3.6 The funding guidance from the Department for Education (DfE) indicates that children that meet the eligibility criteria for a funded place for two year olds can only be allocated places in settings that are deemed 'good' or 'outstanding' by Ofsted. In Reading this aligns with our aspiration to fund children within 'Good' or 'Outstanding' providers only.
- 3.7 Schools wishing to take 2 year olds currently need to register as an early years provider with Ofsted, in addition to their school registration. Proposals to change this are expected from the DfE in 2015.

4. THE PROPOSAL

Progress so far:

- 4.1 The allocation of funding for places for two year olds to local authorities from the DfE is based on estimates of the number of the least advantaged children living in Reading. This is sourced from the Department for Work and Pensions (DWP) and the data gives details of the parents that may be eligible for their child to take up a place.
- 4.2 The initial estimates established that there were 440 children in Reading from September 2013 when the eligibility criteria was the 20% least advantaged children. When the eligibility criteria extends to the 40% least advantaged children in September 2014 it was estimated that 857 children will be eligible in Reading.
- 4.3 From April 2015 the funding for two year old places will move to being participation based, which is the same as the early years single funding formula (EYSFF) for 3 and 4 year olds. Until then 2 year olds are being funded on a place led basis which depends upon estimates of children eligible to take up the places.

- 4.4 In June 2014, 238 children aged two had taken up a new place. See table 1 for performance breakdown from September 2013.

End of quarter	Target	<i>2 year old funded Places available</i>	Places taken up
Dec 2013 - Q3 Autumn Term	488	260	174
March 2014 - Q4 Spring Term14	488	298	215
June 2014 - Q1 Summer Term 2014 (to 17/6/14)	488	434	238

- 4.5 The funding available from 1 April 2014 is noted in the table shown in section 9 of the report.
- 4.6 In Reading difficulties arose in setting the rate for funding places for two year olds initially, due to the rates paid for 3 and 4 year old funded early education places from the EYSFF. There were protracted negotiations to resolve this issue which impacted on the decisions to create more places and resulted in a delay in creating new places for funded for 2 year olds. An interim funding rate was set from April 2013 of £5.00 per hour. The funding rate for two year old places was agreed at Schools Forum in July 2013 and set at £5.36 per hour which is the rate we receive from the DfE in this financial year.
- 4.7 A bidding process was implemented in autumn 2013 which invited early years providers in Reading to bid for funding to create new places for two year olds. The bids were assessed against a set criteria and it was agreed that 9 bids would receive funding. This created 187 new places for eligible two year olds at a cost of £273,636. A decision book was approved for the allocation of funding in February 2014.

The future:

- 4.8 The number of children taking up places in September 2013 against the DfE targets was initially slow, but there is currently very little unmet demand for places, there are currently sufficient places for two year olds available across Reading. However, some settings are very popular with parents and they are choosing to wait for a place for their child at these settings. New settings and those that have not taken two year olds previously are slowly increasing their take up. We aim to incentivise settings that have not taken two year olds previously by offering place led funding for one term in the autumn term 2014. This should enable these settings to put in place the staff ratios they require to make the place provision.
- 4.9 In September 2014 the criteria for entitlement extends to 40% least advantaged two year olds. The funding allocation for 2014-5 was based on an estimated 857 children that will be entitled to a place. The most recent DWP data indicates that there are 748 parents with eligible children. Some of these

children will already be attending early years settings and will already be taking up a place.

- 4.10 The current assessment of demand for places indicates there are some areas that require a greater share of the new places for September 2014. This assessment will be used to provide a weighting for the second round of bids to ensure that any gaps in supply are addressed.

Places for two year olds in schools

- 4.11 The government are pressing local authorities to work with schools to enable them to take two year olds, and offer childcare from 8am to 6pm. We have had little proactive interest from schools so far and propose that we use some of the trajectory funding to actively work with schools to establish a number of 2 year old places. This, in principle, will also cover the issues of place led funding and funding of places for rising 3s in schools. Schools forum would be consulted as part of this proposal. It is proposed to undertake further work with schools to support those that want to develop places for two year olds.

Marketing and the role of children centres.

- 4.12 The Department for Work and Pensions (DWP) data that is provided to all local authorities includes information on the potentially eligible families that are entitled to a free place for their two year olds. Use of this data is becoming firmly embedded in the initial stage of the application process for targeted families. The DWP data is being used in Reading to make initial contact with families if they are not already taking up a place.
- 4.13 The children's centres have been proactive in using the data within the protocols established by early years for sharing this. The children centre outreach staff use the DWP data to contact eligible parents and provide a wider outreach programme to support parents to take up the offer.
- 4.14 Children's centres are inspected by Ofsted. Within the Ofsted framework the children's centres are judged on the provision and facilitation for targeted children to take up the free entitlement to early education, especially two year olds from the least advantaged families.

Developing an on line application process and marketing

- 4.15 The application process is currently being reviewed with a view to making the whole process available on line. This would mean a parent can check eligibility and place availability on line streamlining the process and making it easier for them to secure a place. The service will be one of the first across the Council to work with the new website and the transformation project to accelerate the process.
- 4.16 We have also reviewed the marketing action plan. A broad reach media programme has been planned for the summer from June 2014 with the aim of getting parents interested and taking up the entitlement. The RBC media team have worked with early years to develop clear and concise marketing

messages. This promotes the offer to all families not just the targeted list provided by the DfE.

- 4.17 Not all eligible parents want to take up their place. The reasons that parents have given for not taking up the offer of the entitlement have been monitored. In general, the majority of those parents not taking up a place are of the opinion that their child is too young and not ready. Other parents have indicated they have family reasons or issues on either the health of a parent or a child. We need to raise the profile of child-minders as an option for parents to take up the offer as that take up is currently very low.
- 4.18 The role of the local authority is to change parent perceptions of the free entitlement from one of childcare to early education. National research clearly shows that early education can play a pivotal role in supporting the development of children. The first major European longitudinal study of a national sample of young children's development was the EPPE project. This research project focused on the Effective Provision of Pre-School Education (EPPE). EPPE has demonstrated the positive effects of early education on children's intellectual and social/behavioural developmental. High quality provision shows the greatest benefits. New longitudinal research has been commissioned by Government in 2013 to look at how effective early education is for two, three and four year olds in England.

The DfE

- 4.19 The take up of funded two year old places is being monitored by the DfE. In May 2014 Reading Council and 15 other councils were invited to a meeting with the parliamentary Under -Secretary of State for education and childcare at the DfE. The purpose of this meeting was to explore what was holding back take up in these, mainly urban, areas.
- 4.20 The DfE indicated that it is possible for RBC to convert unspent place revenue to capital. In April 2013 an application to do this we sent to the DfE. We are still awaiting a decision on this. In April 2014 we have implemented a second round of procurement to create new places for two year olds.

Quality

- 4.21 A small number of early years settings in Reading have received Ofsted judgements that are 'requires improvement' or 'inadequate' since the new Ofsted framework has been implemented in September 2012. Where this has happened these settings have not been able to offer places to two year olds. Currently we have 32 places for two year olds that are in this category. We have been undertake work with these settings to improve the quality, and will continue to do this so that the places are available for two year olds when they are re-inspected. Two of the settings have since been re-inspected and received good judgments so are now able to provide places for two year olds.
- 4.22 We have not had to remove funding from a setting falling below the quality judgement threshold in Reading so far, however, a procedure is in place that is

in line with statutory guidance, should we need to take such action in the event that actions to improve are not effective.

- 4.23 The early years resources team will undertake monitoring and compliance visits and develop an ongoing programme to do this. We need to ensure providers are meeting the grant conditions and comply with the statutory guidance.

Risks

- 4.23 There risks that should be considered and noted that may impact on the supply and demand for places for two year olds. The greatest risk is that early years settings do not get a 'good' or 'outstanding' outcome from their Ofsted Inspections. This has potential to limit the number of places available. Other risks include:

- Parents not taking up the offer despite a full media campaign.
- Place availability is not close enough, some travel may be required
- Schools do not have space to take two year olds
- Childminders do not engage with the two year olds programme
- There may be delays in the delivery of the capital bids to create new places
- The numbers of entitled children will always fluctuate and impact on the sufficiency in the sector, resulting in an increase or decrease in demand for places

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 To promote equality, social inclusion and a safe and healthy environment for all is at the heart of the work with early education.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 A range of media and marketing activity has been delivered to date to provide information to eligible parents on the entitlement. This has included on line information and advice from the family information service, alongside the outreach work undertaken by the children's centres staff.

- 6.2 A number of promotional events have taken place in parks over schools holidays and there have been other events in Broad Street Mall. A range of literature, leaflets and posters have been distributed to early years providers and other public services.

- 6.3 The media action plan has been reviewed with the extension of the entitlement to 40% least advantaged children in September 2014. A media campaign has been planned from July 2014 with the 40% criteria to promote the entitlement to eligible parents.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 The statutory guidance for early years and childcare requires that providers promote equality and inclusion, particularly for disadvantaged families, looked after children, children in need and children with disabilities or special educational needs by removing barriers of access to early education and working with parents to give each child support to fulfil their potential. Local authorities must ensure they meet their duties under the Equality Act 2010 when securing early education places.
- 7.2 The procurement process for the individual bids to create new places for two year olds assessed the equality impact of those individual bids.
- 7.3 A full sufficiency report in the autumn 2014 will consider these issues on early education on a Reading wide basis.

8. LEGAL IMPLICATIONS

- 8.1 Local Authorities have a statutory duty under sections of the Childcare Act 2006 to provide free early education to eligible 2 year olds from September 2013. This entitlement is an extension to the existing entitlement for three and four year olds, whereby any 3 or 4 year old child can claim a maximum of 15 hours early education per week. This entitlement is free to the children and funded by a government grant.
- 8.2 Allocation of funding to provide places is set within the compliance requirements of the Dedicated Schools Grant. The details of the requirements for receiving funding for the provision of early education are provided in the 'early education statutory guidance for local authorities'. The guidance for 2014 is currently in draft but expected to be confirmed by July 2014.
- 8.3 Local authorities are expected to limit the requirements they place on any early years provider or child-minder to those which ensure:
- early education places are delivered completely free of charge to parents;
 - early education places are provided flexibly in a pattern which meets the needs of parents;
 - that the funding provided is used properly and in accordance with any arrangements made with providers;
 - that the provider meets the needs of disabled children and children with special educational needs; and
 - that providers keep children safe.

Each provider is required to sign a providers agreement with RBC to state they will comply with the conditions. A programme of visits is undertaken by the early years team to monitor the compliance.

- 8.4 The sharing of DWP data has been agreed following advice from legal services. A memorandum on data sharing is in place and a protocol exists for all RBC staff to adhere to in handling the data.

9. FINANCIAL IMPLICATIONS

9.1 The funding available is shown in the table below.

					Note 1	
	2013/14	Capital	2014/15	2014/15	2014/15	2014/15
	C/fwd	Committed	Original	Rev to Cap	Revised	
	£000		£000	£000	£000	£000
Place Funding (DSG)	915		2,223	- 500		2,638
Trajectory Fund (DSG)	367	-	270	-		637
Capital (non DSG)	236	- 77	-	500		659
Total						3,934
Note 1: £500k transfer is subject to Secretary of State Approval						

9.2 This expenditure relates to specific funding provided via a grant through the Dedicated Schools Grant. The value for money of the approach has been reviewed by Schools Forum and the EYSFF sub group of Schools Forum with reference to national benchmarks.

9.3 Capital and revenue bids are subject to scrutiny by the local authority, via a multi-disciplinary team and result in separate approval via the decision book process.

9.4 The key financial risks going forward will be sufficiency of places once capital funding is used and the move from place led to participation funding

10. BACKGROUND PAPERS

10.1 The following papers have been referenced to underpin this report.

- *Early education and childcare statutory guidance for local authorities. Draft September 2014*
- *Statutory framework for the early years foundations stage. Published March 2014, effective from September 2014.*
- *Framework for the regulation of provision on the Early Years Register. 2013*
- *Early Years Block Report to Schools Forum 20 March 2014 setting rates, agreeing funding carry forwards and approving central retentions*