

2014/15 2 Year Old Early Education Places

Committee: Schools Forum

Date: 11th March 2014

Author:	Head of Commissioning – Economy and Attainment
Wards Affected:	All
Locality Affected:	All
Parishes Affected:	All
Settings Affected:	Maintained nurseries, Private and Voluntary Pre-Schools and Nurseries and Childminders are specifically affected. As the Dedicated Schools Grant is ring-fenced specific funding provided by the Department for Education to meet the educational needs of early years, school age and all 0 to 25 year old high needs pupils, any decisions on how the grant is utilised indirectly affects all settings.

1. Purpose and Reasons

- 1.1 To update Schools Forum on the progress to meet the DfE targets regarding free nursery entitlement for disadvantaged 2 year olds and to further consider the hourly rate that should be payable in 2014/15.

2. Recommendations

- 2.1 To approve an hourly rate of £4.95 per hour for 2014/15
- 2.2 To note the plans to create additional places and raise participation towards the DfE 2014/15 target

3. Detail

Background and progress update

- 3.1 DfE expects LAs to fund places in all settings that are rated “good” or “outstanding” by Ofsted and we can also fund places in “satisfactory/requires improvement” settings by placing funding conditions to address concerns raised by Ofsted.
- 3.2 During 2013/14 the LA was set a target to fund 503 places, has created 623 places and is currently providing funding for 584 children, with 26 further children awaiting placement. Swindon has been recognised by Hemsall’s (consultants working with the DfE to provide support to the 2 year old project) as making excellent progress with the 2 year old project and is on track to meet the future requirements.
- 3.3 Set out below is the 2014/15 budget proposal which was supported at the January Forum subject to a review of the effectiveness of the £0.40p supplement at this Forum meeting:

Further information on the subject of this report can be obtained from Gareth Cheal, Senior Commissioner – Education Place Planning, 01793 465802, or E-mail: gcheal@swindon.gov.uk

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<u>Table 1 – Disadvantaged 2 year old funding 2014/15</u>		
<u>2014/15 funding</u>		
Total DfE allocation		£2.628m
<u>2014/15 spending</u>		
Provision – assuming a full year average of 773 children access 570 hours		
• Basic funding @ £4.95 per hour	£2.180m	£2.628m
• Supplementary funding @ £0.040 per hour (TBC)	£0.176m	
	£0.008m	
• Provision of training	£0.055m	
• Contribution to Early Years team costs	£0.209m	
• Potential contribution to capital to maximise increased provision		

Supplementary £0.40p payments

- 3.4 The DfE emphasised in the early years grant announcement letters that LAs should set hourly rates in 2014/15 which can be sustained in 2015/16 to give providers the confidence to offer new two year old places. It is important for the Forum to acknowledge that the LA would not be able to sustain the £0.40p supplement beyond 2014/15 without reducing school funding.
- 3.5 Retaining a basic funding rate of £4.95 per hour was agreed at the last Schools Forum but a decision on whether to continue to pay the £0.40 year end retrospective supplement was deferred pending an assessment of whether this was effective. The £0.40 supplement is favourably received by providers, but there is no quantitative evidence that this additional payment actually increases take up.
- 3.6 However, it should be noted that the £4.95 per hour rate in some settings is lower than the charge for private provision. This could present a risk to the delivery of the 2014/15 target as the rate could be unattractive to providers and does not offer an incentive to grow provision. The Schools Forum may therefore be asked to consider whether additional budgetary provision should be made above the level of the 2 year old funding provided by DfE. However given that DSG per pupil values have been frozen it is difficult to see what areas of spending could be reduced to free up additional funding for 2 year olds.

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- 3.7 The advice from the DfE is that the LA is not able to offer the £0.40 top up and the recommendation is to set the flat rate of £4.95 per hour as this will be sustainable for 2015/16. As a result the £0.176m identified in Table 1 for the supplement can be added to the £0.209m surplus to create a budget for growth of £0.385m.

As explained at the January Schools Forum the grant conditions allow the DSG (a revenue grant) to be converted into capital funding subject to approval by the Secretary of State. This avenue may be appropriate for Swindon depending on the nature of the spending that is required locally to expand provision. Any investment in SBC assets (such as extending a school nursery) or making a grant to a PVI provider to buy, extend or refurbish premises would be deemed as capital expenditure. Making payments to subsidise rent or rates would be classed as revenue spending.

Proposals to grow places during 2014/15

- 3.8 The LA is taking steps to ensure maximum participation from eligible families. Extensive marketing was undertaken to ensure the entitlement is widely recognised and easily accessible. Joint multi-agency working with a range of professionals has made this project viable and ensures the best possible outcomes for families and their children. The eligibility criteria have recently been widened in April 2014 and are in line with the DfE guidance in advance of the proposed September 2014 implementation. In line with the proposals below work is scheduled to take place throughout 2014 and 2015 to ensure the entitlement is widely advertised throughout the Borough and processes and systems are streamlined to ensure that participation is maximised.
- 3.9 The 40% DfE target is to provide places for 957 children by September 2014 and with current provision of 584 children an additional 373 places need to be provided. The budget agreed by Schools Forum is based on delivering nursery provision to an average of 773 children and set out below are commentaries on the types of settings where expansion is considered possible.

a) Maintained and Academy nurseries

- 3.10 There are maintained and academy nurseries that currently take 2 year old funded children, but the numbers at the nurseries located at Goddard Park, Moredon, Mountford Manor, Oliver Tomkins, Swindon Academy and Hazelwood Academy indicate that they have approximately 55% surplus across the settings. It may be possible to explore converting these underutilised places to offer to 2 year olds. Initial estimates for additional numbers are tbc.

- 3.11 Some schools have considered the possibility of introducing funded 2 year olds. However, the proposal from the government is to encourage schools
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with capacity to extend their provision to offer full daycare to parents where it is needed. Schools can achieve this by:

- extending their hours, for example from 8am – 6pm,
- delivering the early education entitlement in a flexible way, for example over three days rather than five,
- charging parents for additional hours over and above the free entitlement

3.12 Extending provision means schools can make further use of existing resources and provide a more flexible range of early years and childcare services to better use any existing spare capacity. This has the potential to provide a good quality early education to more children and enable parents to work where they want to make that choice.

3.13 Schools would need to consider both regulatory requirements (EYFS and Ofsted) and business implications such as staffing, availability of premises, resources, provision of meals and charging policy. The LA intends to start discussions with schools about their options to extend their provision in the near future. Initial estimates for additional numbers are tbc.

b) Childminders

3.14 A relatively small number of 2 year old places are currently provided by registered childminders in Swindon. In September 2014 the DfE consulted and approved proposals to all childminders (not just those on the registered network) to apply for Early Education Funding.

3.15 At present 10 childminders provide capacity for 14 2 year old children, but there are 110 childminders in Swindon now eligible to offer Early Education. Therefore, this area has the potential to contribute significantly towards the 2014/15 DfE target.

3.16 As a method of attracting childminders to the benefits of Early Education Funding the LA will be promoting the offer through provider roadshows in partnership with Hemsall's (consultants working with the DfE to provide support to the 2 year old project). It is expected that no trajectory building funding would be needed. Initial estimates for additional numbers are tbc.

c) Private and Voluntary Pre Schools and Nurseries

3.17 Private and Voluntary providers have contributed the majority of new places to date though the match funding schemes. However, the LA has potentially exhausted the match funding opportunities available for new places.

3.18 There is interest for new providers wishing to open new settings, but they are finding it difficult to find premises. During 2013/14 the LA has made contact

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with land and property agents who have indicated there is an abundance of unoccupied office space within the borough. The plan is to identify potential and suitable accommodation and work up proposals to offer start up incentives over a phased timeline for settings to occupy premises to ensure sustainability.

3.19 Planning legislation was recently altered to allow for a simplified change of use from office to residential. Although the same legislation cannot be directly applied when changing the use to a childcare facility, there may be ways of easing the process for potential Landlords, for example through the 'pre-application service' currently offered.

3.20 The LA has identified North Swindon as an area where there is a significant shortage of demand for places. There are 3 developments during 2014/15 which will create additional places in the locality.

- Tadpole Farm School (SBC & s106 funded) could be provided by school or PVI . Initial estimates for increased places are tbc .
- Redhouse Community Centre (s106 funded) Initial estimates for additional places are tbc.
- Jigsaw Nursery – attempts to get back into operation, previously Jigsaw offered 60 3 & 4 year old places plus 2 year olds before the early education funding. (estimates have been sought) Initial estimates for additional places are tbc.
- Tick Tock Nursery and Wroughton Library (SBC funded and estimates have been sought). Initial estimates for additional places are tbc.

3.23 It must be noted that some settings with 2 year old places have been put in an inadequate category by Ofsted which requires Early Education Funding to be withdrawn and the children placed elsewhere, which can put the delivery of the strategy at risk especially in areas of disadvantage.

4. Alternative Options

4.1 At this stage the LA is not in a position to make firm proposals although a number of options to expand 2 year old nursery provision are included in this report. The estimated number of additional places through taking these options is to be confirmed. The level and type of proposed spending is also unclear and further work will be undertaken to refine and cost the options.

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 As this is essentially a financial report the implications are explained throughout the document.

Legal and Human Rights Implications

- 5.2 There are no legal and human rights implications arising from this report.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 The school funding reform programme is causing a degree of volatility in the distribution of DSG funding which may have implications for schools and other providers which are detrimentally affected by this. DfE are providing substantial additional funding for LAs which should have a positive impact on local employment.

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Utilisation of the DSG has a direct link to two of the Council's five priorities – "Right skills, right jobs in the right place" and "Make the best use of Swindon's resources inside and outside the Council".

Diversity Impact Assessment

- 5.5 The DfE's school funding reform programme is clearly aimed at ensuring funding is targeted at disadvantaged pupils and at pupils with low prior attainment and/or special education needs in order to narrow the attainment gap between these and other pupils.

Risk Management

- 5.6 The key risks arising from this report is that the LA may not meet its targets to create sufficient places in the most cost effective way.

6. Consultees

- 6.1 The Board Director Finance, Revenues, Benefits and Property (Chief Financial and Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 Previous reports to the Schools Forum since March 2013 have explained the background to this initiative.

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8. Appendices

8.1 None

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