

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet Member for Children and Education Services
2.	Date:	12 th January, 2015
3.	Title:	2 Year Old Early Education Capital Funding Proposal
4.	Programme Area:	Children and Young People's Services

5. Summary

The Department for Education provided the Local Authority with capital funding in 2013/14 to increase the number of 2 year old early education places. A capital strategy was developed and 399 new childcare places have been successfully created. The remaining capital funding has been carried over into 2014/15. Due to significant changes in the childcare market, it is proposed to revise the method of allocating future capital funding to ensure more 2 year old early education places are created in areas of need and to ensure stabilisation of the childcare market.

6. Recommendations

- **Cabinet Member notes the contents of the report.**
 - **Approval is granted to revise the 2 year old capital spend as detailed.**
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7. Proposals and Details

The Childcare Act (2006) requires the Local Authority to ensure sufficient, free, flexible, early education is available to meet the needs of all eligible 2 year old children who wish to access a place and to ensure sufficient high quality, accessible, affordable, sustainable childcare is available to meet the needs of working parents.

The 2011 Education Act states that all economically disadvantaged and looked after 2 year old children will be entitled to 570 hours free early education from September 2013. From September 2014 this increased to include more low income families, children with a special educational need or disability (SEND) and children no longer looked after but not returned to their family (e.g. adopted children). The DfE estimated that in Rotherham approximately 1,600 children from September 2014, will meet the eligibility criteria.

It is evidenced that high quality early years provision from the age of two has a significant impact on children's cognitive and social outcomes, particularly for those children from more disadvantaged backgrounds. It is also known that in Rotherham children from disadvantaged backgrounds are less likely to take up their full early education entitlement at age 3. Ensuring there is adequate provision and that all eligible parents are aware of and take up their entitlement at the age of 2 is critical to ensuring the best outcomes for children in Rotherham.

In March 2013 Cabinet approved the capital strategy to deliver sufficient early education places to meet the statutory entitlement for two year olds.

£449k of capital funding was provided from the Department for Education in 2013/14 for the creation of new 2 year old early education places.

The original strategy was to fund new places at a rate of £480 per new place created. To date 399 new places have been created across 14 providers (9 new providers created, 5 existing providers expanded) at a cost of £192k.

The childcare sufficiency analysis which formed the basis of the original capital strategy has been repeated in Summer 2014. The position has changed significantly since April 2013 due to a large increase of childminders who are now contracted to deliver early education places (19 to 81); the creation of new provision with support of the capital funding and the creation of new provision without capital funding.

The level of early education take-up by two year olds in Rotherham is one of the highest in the country with 78% of 2 year olds taking up a place in the Autumn term (compared to the national average of 55%).

Due to a number of changes since the original capital strategy was produced it is proposed to revise the future allocation of capital funding.

Changes:

- The number of places needed has reduced (as detailed above)

- The current eligibility criteria only became a statutory entitlement in September 2014 – it is too early to accurately identify the future level of take-up / demand for places throughout the year
- Two year early education old take-up will have a positive impact on 3 year old early education take-up which will also impact on availability of places
- The other significant change in the market is the re-structuring of Children's Centres in Rotherham. To enable the reduced number of Children's Centre buildings to accommodate all of the Family Support and Outreach staff who will be based in them, some modifications will be needed.

There is still £257k two year old capital budget available.

Based on the latest childcare sufficiency analysis, there are still a number of geographical areas across Rotherham, where there would not be sufficient places if all eligible children wanted to take up their entitlement.

The proposal for future use of the funding is detailed below:

1. Utilise the capital funding to make the necessary changes to Children's Centre buildings which will remain open in 2015/16
2. Work with existing providers in geographical areas of need to identify potential to expand and fund them to do so at a rate of £480 per new place created
3. If after step 1 and 2 there is still a lack of capacity then open up opportunities for new provision to be created by either existing or potential new providers
4. Retain capital funding into 2015/16 to ensure that further provision can be created if required following Summer 2015 childcare sufficiency analysis.

The above proposal would ensure stabilisation / support of the existing childcare market, only opening up the market where the need cannot be met by existing providers.

8. Finance

The Early Years and Childcare Service provide support to childcare providers to ensure that the childcare workforce are appropriately qualified to meet Ofsted requirements and support the delivery of high quality provision. In addition, the Families Information Service provides information to parents on childcare, support and activities available to them, as well as checking the eligibility of 2 year olds for free early education places. This is funded via the Directorate's Revenue Budget.

The funding to deliver early education places for 2, 3 and 4 year olds comes through the Early Years Block of the Dedicated Schools' Grant.

The DfE capital allocation to increase the number of places to meet the statutory entitlement for early education places for disadvantaged 2 year olds is **£449,857. £192,835 of this has already been allocated leaving a balance of £237,782**

9. Risks and Uncertainties

The childcare market consists of maintained, private, voluntary and independent providers. The Local Authority will work initially with existing and then if needed potential providers to increase capacity of childcare provision, however it has no direct control over the sector.

In relation to the number of eligible two year old children the following risks and uncertainties include:

- Changes due to economic factors or population variations resulting in more/less places needed than currently predicted.
- Inaccuracies in the sufficiency data (supplied by existing childcare providers) resulting in inaccuracies in current capacity to accommodate eligible children.
- Population movement between areas of the borough creating changes in the level of demand within those areas.
- Suitable applications which meet all the funding criteria may not be forthcoming resulting in the LA statutory duty not being met and a resultant underspend against the capital programme.
- Created places are not used by sufficient eligible two year olds due to lack of take-up resulting in unsustainable provision.
- Existing childcare providers close creating new gaps in areas previously thought to have sufficient childcare to meet the statutory requirement.

10. Policy and Performance Agenda Implications

The LA has statutory duties to meet under the 2011 Education Act and Childcare Act 2006. If there is insufficient early education and childcare provision to meet parents' needs, the LA will not meet its statutory responsibilities.

11. Background Papers and Consultation

DfE Research RR246 *Childcare sufficiency and sustainability in disadvantaged areas* (December 20th, 2012).

Extending Free Early Education to More Two-year Olds – DfE consultation (September 2012)

Childcare Act 2006

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