



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 9th July 2013

Subject: Arrangements for the funding of Early Years Education for Two Year Olds

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Purpose of the report: This report outlines changes to statutory entitlement in regard to free early years entitlement to all eligible 2 years olds from September 2013 and proposed funding method.

Recommendation: To endorse the preferred funding option proposed by the EY Task and Finish Group.

1. Background

Free early education will become a statutory entitlement for eligible two year olds from 1 September 2013, with the local authority having a duty to secure provision. Eligibility criteria are set out in The Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012 (SI 2012/2488), made under Section 7 of the Childcare Act 2006 as amended by Section 1 of the Education Act 2011.

The DfE want to increase transparency so that providers and parents will be able to hold local authorities to account on the rate they are offering. For the first time, from 2013/14, local authorities 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. Funding

Funding for free early education for two year olds is part of the Dedicated Schools Grant (DSG) in the Early Years block. Local authorities are strongly encouraged to passport all available funding to providers to deliver two year old places.

Walsall's allocation for 2013-14 is £2,631,835 which works out at £4.89 per hour, per child based on an estimated uptake of 943 children. Eligible children are those where their families meet the criteria used to establish school-aged children's eligibility for free schools meals or those that are looked after by the Local Authority.

3. Task and finish group

Local authorities have been directed by the DfE to work with and consult providers on the creation of the EYSFF for two year old places, in a similar way to the current arrangements for three and four year olds. The EYSFF for two year olds should be simple, and the DfE are strongly encouraging local authorities to fund providers on the basis of a flat hourly rate for two year old places with no additional supplements.

A task and finish group met to discuss options for a single funding formula for two year old places. The group comprised:

Jenny Mander, Early Years

Jo Morgan, Charlie Caterpillars Day Nursery

Dawn Morris, Schools and Early Years Finance

Andy Nicholls, Headteacher, Moorcroft Wood Primary
Alison Pursglove, Fibbersley Children's Centre
Andria Simms, Children's Centre Manager
Margaret Turley, Headteacher, Ogley Hay Nursery School

The group was facilitated by an external consultant provided through the national support contract. It discussed a number of issues and has identified three options.

4. Options

Option 1 - To pass on the full £4.89 per hour i.e. the hourly rate used to fund the authority

Option 2 - To fund at £4.70 per hour. The balance of the funding retained to commission speech and language support and play in the home learning environment across the providers delivering 2 year old places.

Training would be specifically child development for 0-2 year olds, speech and language, how providers can support school readiness.

Option 3 - As option 2, with an element of guaranteed place funding for a transitional period i.e. the 1st four places funded via place value plus £4.70 per hour for the 5th child and above.

Smaller providers feel planning staffing too difficult when the number of 2 year olds attracting funding is still relatively small i.e. less than 4 children. The task and finish group felt that if the 1st four places were funded as a guarantee, regardless of the number of children taking up provision, this method of funding would be more attractive and encourage more providers to make the provision.

The ratio for 2 year old provision is 1:4. The place value would notionally equate to 0.5 of qualified level 3 practitioner, the minimum staffing required to make provision to four 2 year olds taking up full entitlement. Each child taking up provision over the 1st four would be funded using the £4.70 hourly rate.

After considering the all three options the group's preference was Option 3, initially for the 2013-14 academic year.

5. Recommendation

To endorse funding option 3 as detailed in section 4.