

## **Schools Forum**

**7<sup>th</sup> July 2015**

### **Creating Free Education for Eligible 2 Year Olds**

#### **1. Purpose of report**

- 1.1 The purpose of this report is to update Schools Forum with progress data regarding both the creation and take up of places. The report will also reassure the members that the processes and monitoring arrangements are fit for purpose and adhere to financial regulations.

#### **2. Recommendations**

##### 2.1 School's Forum to:

- Agree that the process for the allocation of '2 Year Old Capital and Revenue' ensures economic, efficient and effective use of funding and safeguards the Local Authority's assets and interests.
- Have an awareness of the current status of all projects.
- Agree way forward regarding further place creation due to the potential financial risk to funding
- To consider and agree the proposed funding process outlined for supporting 2 year old providers incurring costs whilst places that have been created are being filled.

#### **3. Background**

- 3.1 In September 2013 funded early education became a statutory entitlement for around 130,000 eligible two-year-olds (some 20% of two year olds) in England, with local authorities having a statutory duty to secure provision.

- 3.2 From September 2014, this entitlement was extended to reach approximately 40% of two-year-old children. The DfE estimated that 2199 two year olds would be eligible for their free early education place.

- 3.3 The local authority is responsible for ensuring that:

- there are sufficient places for eligible two year olds (preferably by January Census 2015)
- parents are aware of the entitlement and are supported to access the free place.

- 3.4 School Forum (14<sup>th</sup> October 2014 and 13<sup>th</sup> January 2015) agreed that £2,200,000 from the Designated Schools Grant would be used to create further places for two year olds, as well as £183k capital carried forward from 2014/15. In addition £1.2m revenue trajectory funding would be carried forward into 2015/16.

- 3.5 At the Schools Forum meeting, on 10<sup>th</sup> March 2015, the forum requested this report.

#### **4. Progress and Current Status**

##### **4.1 Where are we now?**

By March 2015, 67% of the 2199 eligible two year olds had accessed their free education. (1473 children) Some of these places were already available in existing daycare and childminder provision. 404 new places were created in this phase. (Phase 1)

4.2 Following a further needs analysis in March 2015, schools in target areas were approached to create the remaining 33% places (726)

4.3 12 schools and 1 private provider responded and were approved. This creates a further 436 places. (Phase 2) (See Appendix 1 )

4.4 There are additional places being created in the reconfiguration of the Children's Centres. Currently we are aware of 64 places but the remaining total is currently being determined.

4.5 A robust marketing campaign ensures families who are eligible are aware of the provision in their local area and are encouraged to take up their place.

4.6 Training Sessions are underway for schools new to providing education for two year olds. (See Appendix 2)

4.7 A document is being developed to share with schools and settings that outlines their responsibilities to inform DfE and the Local Authority regarding changes to their provision.

4.8 There are processes in place to ensure that all grant applications are considered in line with council policy. This ensures quality of provision, value for money and legal compliance. This process has been strengthened by the involvement of procurement and legal personnel within the LA.

4.9 The allocation of funding and monitoring of progress is managed by the Capital and Revenue Sub Group. Terms of Reference have been agreed (See Appendix 3) This sits alongside the Process and Flowchart (See Appendix 4) The sub group makes decisions within the parameters laid down by the Capital and Asset Board. Both groups meet monthly and have representation from Deputy Directors from Education and Children's Services, Finance, Procurement, Children's Service Teams, Integrated Facilities Management.

4.10 The Capital and Revenue Sub Group identified a number of risks that could impact on the places not being created in time for the January census. Measures have been put in place to minimise these risks to include:

- the appointment of a project lead
- individual project plans for schools that will support them to plan and take the necessary actions to create and fully staff the provision and transition children into their places safely
- individual family support to share information about places available

- weekly meetings between the project lead, Integrated Facilities Management and the Early Years Improvement Manager to RAG rate projects and address issues that arise

4.11 There are a number of new schools that have applied for funding to create places in the last two weeks. These applications will be processed at the next Capital and Revenue Sub Group.

4.12 There are a number of schools that have identified the financial risks of appointing staff before the children are taking up their places. Schools need to appoint staff to ensure a smooth and safe transition for the children and families. The Schools Individual Project Plans will identify the financial issues. These will be considered by the Capital and Revenue Sub Group and recommendations made to the Capital and Asset Board for agreement to allocate funds where necessary.

4.13 Arrangements for monitoring the quality of 2 year old provision will be formalised.

4.14 A further gap analysis is being drawn up to inform future planning; this will consider the number of places being created in Children's Centres.

## 5. Financial Implications

5.1 Table 1 provides a summary position of committed spend against the agreed funding allocations to support the creation of 2 year old places.

Table 1	Capital	Revenue
Schools Forum Allocation (including carry forward)	£2,383,000	£1,200,000
Committed to Date	£1,189,460	£170,652
Remaining Balance	£1,193,540	£1,029,348

### Potential Impact on funding received by Walsall from the DfE

5.2 Funding for 2 year old places for Walsall is allocated via the DfE for each financial year based on the number of 2 year old places filled rather than places available at the time of the January census. The timing therefore of creating places and those placements being occupied can lead to a potential for financial pressure.

5.3 Funding for the 2015/16 financial year is based on the January 2015 census. Therefore funding will not have been received for the places we are now creating. The EFA have confirmed a voluntary census can be submitted in October 2015 which provides an update on the number of places that are now available and filled at that point and it is believed a further allocation of funding will then be provided to account for the increase in occupied places seen in 2015/16, therefore this option will be followed.

5.4 This removes the risk to funding for places that have been created that are occupied at that time, however for places created that are not occupied at that point (October 2015) no funding will be received for the 2015/16 financial year (if they are occupied by January 2016 Walsall will receive funding for the 2016/17 financial year so the ongoing pressure is reduced).

5.5 This risk can potentially be reduced by focussing attention on filling all of those places that are now being created and pausing the programme to create further places until the end of the 2015/16 financial year, with the funding allocated to the programme carried forward to support this.

5.6 Schools Forum are asked to confirm the approach to be taken, being mindful that for every place created that is not filled by October 2015 there is a loss in income to Walsall of circa £2,787 per place in the 2015/16 financial year e.g. if 150 places are vacant at that point it would equate to lost income of circa £420k for year.

#### **Potential Impact on Financial Position of Providers**

5.7 The funding of 2 year old placements in Walsall (payments made to providers) is based on actual occupied places, with money only paid for the time that places are occupied.

5.8 There is therefore a potential pressure on providers whereby they are currently seeking to increase staffing levels to be able to deliver services for the total number of places being created from the first day that places are available.

5.9 However if all places created are not filled from day one, providers will be paying costs for staff / expenses for all places created, but will only be funded for occupied places. The potential pressure this creates may therefore lead to provider failure or providers withdrawing provision (and therefore costs incurred for the investment in place creation being lost). There is a further potential pressure for providers in that should schemes fail, they would also be liable for costs involved in ending staff contracts e.g. redundancy costs.

5.10 To avoid this risk occurring Schools Forum are therefore asked to consider and agree the following proposal:

- For the 2015/16 academic year only, and only in relation to those providers where funding has been invested by the authority to create additional 2 year old places, a 'transitional support scheme' will be operated.
- This 'transitional support scheme' will involve the following:
  - **Autumn Term 2015/16** – for those relevant providers where there is a gap of less than or equivalent to 10% between places available and places filled, no additional funding will be provided. For any gap between places available and places occupied of more than 10% the vacant places between 10% of the total places and above will receive 100% funding

For clarity if there is a provider with 100 places and 70 places are filled and 30 are vacant the provider would receive 100% funding for the 70 occupied places, no funding for the first 10% of the overall places available that are not filled which equates to 10 places, and 100% funding for the remaining places that are vacant which equates to 20 places.

- **Spring Term 2015/16** - for those relevant providers where there is a gap of less than or equivalent to 15% between places available and places filled, no additional funding will be provided. For any gap between places available and places occupied of more than 15% the vacant places between 15% of the total places and above will receive 50% funding

For clarity if there is a provider with 100 places and 70 places are filled and 30 are vacant the provider would receive 100% funding for the 70 occupied places, no funding for the first 15% of the overall places available that are not filled which equates to 15 places, and 50% funding for the remaining places that are vacant which equates to 15 places.

- **Summer Term 2015/16** - for those relevant providers where there is a gap of less than or equivalent to 20% between places available and places filled, no additional funding will be provided. For any gap between places available and places occupied of more than 20% the vacant places between 20% of the total places and above will receive 25% funding

For clarity if there is a provider with 100 places and 70 places are filled and 30 are vacant the provider would receive 100% funding for the 70 occupied places, no funding for the first 20% of the overall places available that are not filled which equates to 20 places, and 25% funding for the remaining places that are vacant which equates to 10 places.

- The intention of the scheme is to put in place a short term amount of financial support, which tapers off throughout the academic year, to avoid providers incurring significant unfunded costs associated with supporting places that have been created, whilst these places are being filled.

5.11 It is difficult to estimate the exact financial cost of this scheme as it will be dependent on how quickly the places created are filled. However to provide an example, if there are 200 of the additional places that are being created that then need to be funded through the transitional support scheme for the year this would equate to the following cost:

Autumn Term - £4.89 per hour x 15 hrs per week x 14 weeks x 200 places x 100% = £205,380

Spring Term - £4.89 per hour x 15 hrs per week x 11 weeks x 200 places x 50% = £80,685

Summer Term - £4.89 per hour x 15 hrs per week x 13 weeks x 200 places x 25% = £47,678

Total Cost = £333,743

5.12 If 400 places need to be funded through the scheme for the whole year the total cost would double to £667,485.

5.13 If Schools Forum are in agreement with utilising a 'transitional support scheme' it is recommended that any costs of this are met from the £1.2m of 2 year old trajectory funding that has already been allocated by Schools Forum to the programme.

5.14 Is it thought that further transitional support is required after the 2015/16 academic year a further report will be brought back to Schools Forum to consider this.

## **6. Legal Implications**

6.1 All development of this agenda considers the legislative frameworks and statutory guidance as outlined in:

- The Children and Families Act (2014) <http://tinyurl.com/CandFAct2014>
- Equality Act (2010) <http://tinyurl.com/EA2010guidance>
- Working Together to Safeguard Children (2013) <http://tinyurl.com/WTTSC2013>
- Education Act 1996 <http://tinyurl.com/EducationAct1996>

## **7. School Improvement**

7.1 The implications for school improvement are that eligible 2 year olds will access quality learning opportunities earlier resulting in improved levels of development and a closing of the disadvantaged gap.

# Schools Forum - Creating Free Education for Eligible 2 Year Olds

## Appendix A - Funded Settings

Setting	No of places provided
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### Phase 1 - schools

Maple Tree	32
Little Green Dragons	16
Rosehill	0
Valley Nursery	0
Ogley Hay Nursery	0
Charles Cuddy Walker	0
Palfrey CA	0
The Beeches	8
Adventureland	32
Millfields	16
Little Stars	16
Skittles	20
Kiddies Playhouse	32
Little Rascals	80
Sandbank Nursery	24
Alumwellies	48
The Nest	80

<b>PHASE 1 -TOTAL PLACES PROVIDED</b>	<b>404</b>
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### Phase 2 - schools

Fullbrook Nursery	64
Lower Farm	48
King Charles	48
Abbey	16
Barcroft	32
Brownhills West	16
Castlefort	32
County Bridge	16
Goldsmith	32
Kingshill	48
Pool Hayes	12
Walsall Wood	32

### Phase 2 - private providers

First Friends	40

<b>PHASE 2 -TOTAL PLACES</b>	<b>436</b>
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## Professional development for schools and settings working with 2 year olds 2015/16

<p>WellComm</p> <ul style="list-style-type: none"> <li>• Getting started</li> <li>• Next steps</li> </ul>	<p>The WellComm Toolkit provides tailored intervention activities that can help improve language skills, whatever the age or ability of the child and it ensures each child receives the exact support and intervention they need.</p> <p>These two workshops provide an introduction for practitioners to undertake assessments of children and plan appropriate activities to improve progress.</p>
<p>Early Years Foundation Stage workshops</p>	<p>Workshops to develop reflective practitioners</p> <ul style="list-style-type: none"> <li>• Being outstanding</li> <li>• Celebrating good practice</li> <li>• Next steps</li> <li>• Working with parents</li> </ul>
<p>Beginning with Babies</p>	<p>To improve practice with children aged 0-3 years old</p> <ul style="list-style-type: none"> <li>• To understand how to develop effective partnerships with parents.</li> <li>• To embed the role of the reflective practitioner</li> </ul>
<p>I'm two-fun on the floor</p>	<p>Developing practice and looking at provision for 2 year olds with particular focus on the more vulnerable children. The course will enable practitioners of every level to look at their provision and practice through the eyes of the 2 year old to build on their current practice and develop their enthusiasm, spontaneity and creativity.</p>



## **The Early Years Capital and Revenue Sub Group**

### **Terms of Reference**

This is a sub group of the CS Capital & Asset Programme Board. The Early Years Capital and Revenue Sub Group will consist of one representative from: Integrated Facilities Management, Early Years, Schools Finance and Procurement.

The aim of the group is to ensure that the creation of free education for two year olds in Walsall is in line with the government guidelines and offers safety and quality learning from a choice of schools and other settings. Too many transitions early in a child's life can be unsettling and therefore consistency in the child's school journey is considered to be preferable, although cannot always be guaranteed.

The purposes of the group are to:

- Provide a regular opportunity for applicants to submit in writing their application for Schools Forum funding for the creation of two year old places
- Assess and then approve or decline applications for funding to create places for two year olds within the agreed criteria
- Take decisions that fall outside the parameters of the criteria to the CS Capital & Asset Programme Board
- Record decisions made on 'Current Status Report' and communicate clear reasons to the applicant and other interested stakeholders both written and verbally
- Monitor progress towards the creation of all of the places for two year olds and make plans accordingly
- Keep a financial record that is shared at each meeting
- Report decisions to the CS Capital & Asset Programme Board
- Report decision to Schools Forum

The dates are agreed and are prior to the CS Capital & Asset Programme Board meetings.

Once the membership is agreed attendance will be expected at each group, in order that decisions can be made based on the breadth of knowledge and expertise that each professional brings.

Standing agenda items will include: new applications, update on all projects including finances and completion dates, financial update of actual and committed spend for both capital and revenue grants, update 'current status report' and agreed actions.

## Early Years Capital and Revenue Allocation Process

### Purpose

To assist the local authority in meeting its statutory duty to provide sufficient early education places for eligible two year olds.

### Process

1. Schools and settings (Providers) will receive information, from the Early Years Team, about the importance of Creating Places for Two Year Olds.
2. Providers check they meet the criteria for funding and contact Kim Stokes for an informal discussion prior to submitting an application.
3. Kim may invite Integrated Facilities Management to undertake initial scoping visits to establish the viability of the project. This will be funded by the local authority.
4. Providers apply for funding using the Grant Application Form.
5. The application will be assessed by the Early Years Capital and Revenue Sub Group. Applications need to be submitted by e-mail 2 weeks before the panel meets; incomplete applications will not be accepted.
6. The Early Years Capital and Revenue Sub Group will consist of one representative from: Integrated Facilities Management, Early Years, Schools Finance and Procurement. Local Authority legal specialists will be consulted where necessary.
7. Applications will be assessed by a panel against the criteria below.
8. Providers will be contacted by e-mail within 10 days of the decision.
9. If approved then a feasibility study will be commissioned which will be funded by the local authority.
10. If application does not meet criteria reasons will be given and provider can decide to resubmit a revised application. If the applicant does not agree with the decision then the Childrens' Services Capital and Asset Programme Board will hear their appeal.
11. If the application requires more than the £4,000 per place for capital funding it will be referred to the Childrens' Services Capital and Asset Programme Board.

### Application criteria

1. Providers must serve an area where places for 2 year olds are needed  
*Evidence: local authority data*
2. Providers must have a current good or outstanding Ofsted judgement or be on the journey to a good as agreed with the local authority's Improvement Teams  
*Evidence: Ofsted inspection report/Local authority banding*
3. Proposed project must provide best value and be able to demonstrate that it is financially sustainable during the first two years of operation.  
*Evidence: The average cost of the places created using capital grant in Phase 1 was £3,294. This will be used as a guide. Business plan shows sufficient, appropriately qualified staff costs with income against places.*
4. New places must be operational from September 2015.  
*Evidence: Business plan shows how places will be delivered in timescale*

## DRAFT Early Years Capital and Revenue Allocation Process

