

25 June 2014

FUNDING FOR FREE EARLY EDUCATION FOR 2 YEAR OLDS

Report of the Director of Children's Services

Author: Melany McQueen
Tel: 01992 555874 (25874)

1. Purpose

- 1.1 To inform the Forum of the under spend from the free early education for two year old scheme for the financial year 2013/14.

2. Background

- 2.1 On 1 September 2013 free early education became a statutory entitlement for approximately 2261 two year olds in Hertfordshire, with the LA having a statutory duty to secure provision. As of the 14 May 2014, 93% of the DfE identified eligible children in Hertfordshire had accessed a place. The regional take up rate stood at 71%.

3. Funding Allocation

For the financial year 2013/14 Hertfordshire were allocated the following funding through DSG to meet the LA's statutory duty:

Places	Statutory Place Funding	Trajectory Building Allocation
2261	£6,755,031	£2,651,842

4. Statutory Place Funding – allocation £6,755,031

- 4.1 The government funded Hertfordshire £5.24 per hour per eligible 2 year old. As the average rate across the county is £5.09 , it was agreed by Forum 2013/14 to set the payment rate to early years providers at £5.09

with an additional 'pupil premium' of 50p per hour for category 1 applications (CPP, CiN and CLA).

- 4.2 DfE funded the LA for three full terms, the full financial year 13/14 although the scheme did not become statutory until autumn 2013. The scheme was 'soft launched' during the summer term 2013 to ensure that the online application process was fit for purpose when the scheme became statutory.
- 4.3 Financial forecasting has been challenging due to the scheme being targeted to vulnerable families who historically are less likely to access childcare. Even though our take-up rate is high relative to comparator authorities, many families have chosen not to access a place or to access a reduced number of hours although funding was received for 570 hours of free early education for each of the DfE identified 2261 children.
- 4.4 Being funded for three terms rather than two as well as parents choosing to either access a reduced number of hours or not to take up their entitlement resulted in an under spend of £3.5m.

5. Trajectory Building - allocation £2,651,842

- 5.1 The aim of this funding was to build capacity so that the LA was ready to meet the final places target in 2014/15, of 4400. Over 6500 places are now available across Hertfordshire for eligible two year olds and although providers were offered a number of opportunities to access additional funding to create these places, we had a much lower than anticipated take up of the additional places grant which resulted in an under spend of £811k.
- 5.2 The support which providers did access included:

£500k CPD opportunities;
£630k Capacity building;
£75k Business remodelling support;
£635k Resource grant for every provider able to deliver FEE for two year olds.

6. Future

DfE have announced that from 2015/16 funding for free early education for two year olds will be participation funding bringing it in line with other streams within DSG. DfE will be consulting imminently regarding how this will impact the LA. Our current priority is to ensure that all eligible children access their full entitlement to ensure that the LA receives sufficient funding for future financial years.

7. Conclusion

Although there was a substantial under spend on this area of work, the number of two year olds able to access a free early education place will have exceeded the DfE target by the end of the target period. The priority for the coming academic year is to ensure that all eligible families take up their full entitlement. This will be delivered by continuing to work closely with Children Centre's, health, social care and disability teams.