

REPORT TO: School Forum

DATE: 29th January 2013

REPORTING OFFICER: Child Place Planning Lead

SUBJECT: Funding for Early Education for 2 Year Olds from Lower Income Households

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

To inform School Forum of the expansion of the free entitlement to Early Education for eligible 2 Year olds and the decisions required to allow the local authority to meet its statutory duty.

2.0 RECOMMENDATION: That

- (1) School Forum notes the report**
- (2) Agree funding to allow the local authority to meet its statutory duty in line with DSG regulations**
- (3) Agree to pay flat rate of £4.95 per hour**

3.0 SUPPORTING INFORMATION

- 3.1 Currently Halton provides funding from the Early Intervention Grant (EIG) to provide a free entitlement to Early Education to approximately 125 children for up to 10 hours per week.
- 3.2 The government announced in May 2012, that funding for early education for two year olds will form part of the DSG from 2013-14. This reflects the fact that early education will become a statutory entitlement for around 20% of eligible two year olds from September 2013, in the same way as it is for three and four year olds.
- 3.3 In November 2012, Halton received notification of its funding allocation for the provision of the free entitlement to early education for two year olds from Lower Income Families. From September 2013, the local authority will have a statutory duty to fund all eligible children for up to 15 hours per week for 38 weeks of the year. From September 2014 the estimated number of eligible two year olds will increase from approximately 500 to 800. The funding, which has not been ringfenced, has been allocated in three separately identified strands:
 - Statutory Place Funding - £1,385,717
 - Trajectory Funding - £543,995
 - Capital Funding - £355,916

- 3.4 Local authority allocations have been calculated using an estimated number of two year old children likely to receive provision in each area, using Free School Meals (FSM) data for four to six year olds, as a proxy and including an area cost adjustment. Each local authority's allocation includes a notional amount for "trajectory" building which should be used, in the main, to create non-statutory places in preparation for the entitlement for 40% of two year olds in September 2014.
- 3.5 Local authorities should set hourly rates. To be consistent with Primary and Secondary phase funding, the current funding factors were mapped to the new factors giving total cash values for each sector. The new funding factor cash values have then been calculated to give the same total cash value as under the old formula. For two year old funding, we have taken the calculation for three and four year olds and increased the direct staff costs to take account of the higher staff:pupil ratio. An average rate of £4.95 has been reached using this method.

A separate calculation was carried out to check the average rate is reasonable and affordable. The allocation of £1,385,717 was divided by the number of places at 15 hours per week for 38 weeks. This gave an hourly rate of £4.93.

- 3.6 The capital allocation has been provided as a contribution to local authorities' capital budgets and can be used to support the implementation of early education for two year olds from lower income families.

4.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Funding Early Education for Two Year olds from Lower Income Households Guidance	Rutland House	Mark Conway