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11 March 2014

**Name of Cabinet Member**

Cabinet Member (Children and Young People) – Councillor Duggins

**Director Approving Submission of the report:**

Executive Director, People

**Ward(s) affected:**

All

**Title:** Early Learning for Two Year Olds and Childcare Sufficiency Duty

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**Is this a key decision?**

Yes

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**Executive Summary:**

This report is to seek approval for plans to develop sufficient places and increase participation and deliver on the Department for Education (DFE) targets for 40% of all 2 year olds in the city to access their entitlement to a funded early learning place. This will have an impact on some families living or working in areas of all Wards.

The report also describes how the City Council's Childcare Sufficiency Statutory Duty is being met, including recent assessment information and recommendations relating to how it is intended to secure sufficient childcare regarding the implementation of the Early Learning Programme for 2 year olds.

**Recommendations:**

The Cabinet Member (Children and Young People) is requested to endorse the activity outlined in the report in order to meet the DfE Early Learning 2 year olds target and the City Council's Childcare Sufficiency Duty.

**List of Appendices included:**

1. Childcare Sufficiency Assessment 2013/14
2. Childcare Sufficiency Action Plan

**Background papers:**

None

**Other useful documents:**

Early Education and Childcare Statutory Guidance for Local Authorities  
September 2013

**This document is available for download at**

<http://education.gov.uk/aboutdfe/statutory/g00209650/code-of-practice-for-las>

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## Report Title: Early Learning for Two Year Olds and Childcare Sufficiency Duty

### 1. Context (or background)

- 1.1 The Childcare Act 2006 sets out the statutory duties for Local Authorities including Section 6 which places a duty to secure sufficient childcare for working parents or those undertaking education/training leading to employment and Section 7 which requires the local authority to secure free early years provision. Regulations made under Section 7 set out the type and amount of free provision and the age of children to benefit (2, 3 and 4 year olds) and Section 11 places a duty to assess childcare provision. Regulations made under Section 11 set out how the assessment must be prepared and published.
- 1.2 The purpose of the assessment is to measure the nature and extent of the need for, and supply of, childcare in each ward of Coventry so far as is “reasonably practicable”, and help identify where there are current gaps in the childcare market and propose recommendations in order to address demand and meet need in line with national or local agendas (see Appendix 1).
- 1.3 Until recently, Coventry has had minimal gaps in sufficiency of places versus demand. As a result of the roll out of the Early Education offer for 2 year olds, an unprecedented requirement to develop new places has been identified which requires significant market development. This will require a focus on the creation of places for 2, 3 and 4 year olds. The increase in capacity for places for 3 and 4 year olds is necessary in order to ensure sufficient places are available for the increased numbers of 2 year olds in settings and transition between age groups.
- 1.4 The Early Learning programme for 2 year olds was an initiative as a result of the 2007 Children’s Plan published by the previous Government. The Plan included day care provision for 2 year olds and family support. Following a series of national pilots, the programme was rolled out to Coventry in September 2009. The programme initially provided funded childcare places and family support for 164 children, however, it continued to grow and funding was directed through the Early Intervention Grant.
- 1.5 The Early Education and Childcare Statutory Guidance for Local Authorities September 2013, states that local authorities have a duty to secure early learning places for an initial 20% of specified 2 year olds (originally calculated and set at 1,100 and later increased as a result of Department for Work and Pensions (DWP) data to 1,255). The eligibility for delivery of an early learning place at this point was aligned to the free school meals eligibility criteria or a child in the care of the Local Authority (LAC). At this time the funding was moved into the Dedicated Schools Grant.
- 1.6 As part of the new grant arrangements, there was no longer a specific element for family support, although there is some flexibility in the grant allocation to recognise this. This has been addressed in Coventry by embedding the development of this Programme within the Children’s Centre core offer as part of Children and Families First in order to meet the needs of those most vulnerable families.
- 1.7 Coventry delivered 723 places for the autumn 2013 term. This equates to 66% of the original target. At national and regional events, it has been reported that on average other Local Authorities have achieved approximately 70% participation rates. As this programme is not universal, this presents a challenge as any publicity needs to be targeted in a way to reach those families who are entitled, through a focused marketing action plan. It is still relatively new and although awareness is increasing with families and professionals, this has not yet led to the required levels of take-up.

- 1.8 It is planned that the marketing plan will be further developed in line with the introduction of the full eligibility criteria from September 2014, which it is anticipated will result in increased participation to 85% of eligible 2 year olds.
- 1.9 There is an on-going marketing campaign which includes targeted work with partners, professionals, parents and carers and child care providers which aims to increase participation rates. Further details are included in the action plan which sits behind the Sufficiency Assessment (see Appendix 2).
- 1.10 From September 2014, the Early Education and Childcare Statutory Guidance for Local Authorities states that the Early Learning for 2 year olds programme will extend to full implementation, for 40% of eligible 2 year olds to receive 15 hours of provision. Eligibility is set nationally, with some flexibility for local criteria. The national criteria include:
- households in receipt of Working Tax Credit (including those in receipt during the four-week period immediately after their employment ceases, or after they start work fewer than 16 hours per week);
  - households with an income of less than £16,190 as assessed by Her Majesty's Revenue and Customs (HMRC);
  - children who have a statement of special educational needs (or in future an education, health and care plan) who attract Disability Living Allowance;
  - children who have left care through Adoption Orders, Residence Orders or Special Guardianship.
- 1.11 In November 2013, the Coventry Prevention and Early Intervention Board agreed to additional local criteria which include: children subject to a CAF (Common Assessment Framework) and those who are subject to a Child in Need or Child Protection Plan.
- 1.12 The target for September 2014 is that 2,435 two year olds who meet the above criteria will access 15 hours of provision.
- 1.13 Effective implementation of this programme is key to improving attainment and life chances of some of the most vulnerable children. Research has demonstrated that access to good quality early learning and education has a long term impact on attitudes to the importance of school attendance. It also provides an opportunity to support parents return to or extend their work or training, benefitting the maternal labour market and economic growth locally.
- 1.14 Interest from schools in the delivery of the Early Learning Offer for 2 year olds is increasing due to the recent media profile and recognition of the positive impact of early learning and education on children's longer term attainment and attendance. It is also anticipated that more schools will be interested when the Ofsted requirements are changed to enable schools to take 2 year old children as part of their school registration. A consistent and transparent approach will be required to seek expressions of interest/ identify schools that will deliver the 2 year old offer.

## **2. Options considered and recommended proposal**

- 2.1 In order to secure sufficient high quality childcare places and achieve the participation targets for the Early Learning for 2 year olds programme, the following actions are in place and the Cabinet Member (Children and Young People) is requested to endorse this activity as outlined below:

- Monitor the availability of childcare type (full day-care, pre-schools, out of school care, holiday schemes, childminders, children's centres with childcare) by Ward and direct new/existing providers to operate in areas where there is a need.
- Monitor the long term sustainability of the childcare market and work closely with Providers approving funding through the Early Years Funding Panel where appropriate to ensure capacity of places is maintained.
- Building on the recent fundamental service review of Childcare in Children's Centres, investigate options to ensure best use of space in response to sufficiency of places and demand. This needs to be considered in conjunction with other priorities with regards to the use of space within Children's Centres.
- To respond to gaps in sufficiency and increase capacity by targeting the £838,323 capital funding allocation within the early year's sector to maximise the number of places created in the areas of greatest need.
- Continue to develop effective partnership working with schools to address specific school related issues in order to enable them to extend their offer to families in a more flexible way and participate in the delivery of provision for 2, 3 and 4 year olds. This will include a plan to review the current policy on Early Years admissions.
- Increase delivery of funded places by Childminders by targeted recruitment in order to build capacity.
- Apply a focused capital condition criteria to funding to improve access and inclusion for children with additional needs.
- Investigate further uses of the data provided by DWP to target eligible families to encourage participation.
- Explore the use of internally held data sources (Capita 1, eCAF and Protocol) to enable targeted marketing and the monitoring of participation by vulnerable groups.
- Involve Health partners in the direct marketing of this programme to families.
- Continue to implement a comprehensive marketing campaign which includes road shows, leaflets, briefings to partners etc. which is getting the message out to Parents/ Carers and professionals who can refer and signpost parents/carers to settings in order to access their funded place.
- Embed systems with a range of relevant professionals and their Managers across agencies, to ensure that those parents/carers of children who are entitled to a funded place are aware and are supported to access and take up a place.
- As part of the Children's Centre core offer a brokerage service is in place to support those eligible families who are at risk of not taking up their entitlement.
- Monitor Ofsted outcomes to ensure sufficient childcare of high quality is available citywide to meet the demands of the Early Learning for 2 year olds DfE target. (Under the DfE expectations, settings require an Ofsted outcome of good or

outstanding – where there are insufficient places available local authorities can fund settings with a satisfactory judgement.

- To review Local Authority support mechanisms to all setting types who contribute to the delivery of funded places with a focus on sustained quality of practice and need.
- Focus workforce development for the sector to address growth in service for 2 year olds, including an inter-agency conference and training events for Providers which will include sustainable business models to deliver increased places for 2 year olds.

### **3. Results of consultation undertaken**

- 3.1 Providers in the city have been briefed on the development of the Early Learning for 2 Year Olds Programme, DfE targets for growth and funding available to support this. They have been invited to share suggestions on how to best raise awareness with families.
- 3.2 From the summer term 2014, Providers will be asked to sample a percentage of Parents/ Carers taking up their entitlement to confirm how they found out about the programme. This will be used to inform future marketing.
- 3.3 Further consultation with providers regarding sustainability, workforce development and plans for expansion has been undertaken through the Childcare Sufficiency Assessment.
- 3.4 The funding arrangements for early year's provision are consulted on annually with the Schools' Forum.

### **4. Timetable for implementing this decision**

- 4.1 The priority of this work is to ensure awareness is high and take up of entitlement is at a maximum in preparation for 2015 when funding will be based on participation. This will be monitored through the Early Years Strategic Group.
- 4.2 There is a detailed action plan which sits behind Sufficiency assessment which will be delivered on and monitored through the Childcare Sufficiency Working Group which is a Sub Group of the Early Years Strategic Group.
- 4.3 Take up of places will be monitored through Head Count Data.
- 4.4 Sufficiency of places will be monitored termly through local Children's Centre Cluster areas.
- 4.5 The next annual Childcare Sufficiency Assessment will be updated in 2015.
- 4.6 An update report will be provided to the Cabinet Member (Children and Young People) through quarterly performance meetings

### **Comments from Executive Director, Resources**

### **5. Financial implications Revenue Funding**

Funding for 2 year olds for 2012/13 was directed through the unringfenced Early Intervention Grant. Prior to that money was received via the Early Learning Programme. From 2013/14 monies were directed through the ringfenced Dedicated Schools Grant (DSG).

The funding received through the DSG in 2013/14 was higher than required, based on assumptions made in the funding methodology. £3.2m was received which was based on funding for 15 hours of provision for 1,138 places for the whole financial year (i.e. the full 20% of children), this was despite the fact that the target was not in place until September 2013. In addition, £1.2m trajectory funding was received to support capacity building for increasing the number of 2 year old places. In 2013/14 £700k of the funding was directed to central early years support for 2 year olds. This was agreed as part of the central spend budget setting by the Schools Forum.

At quarter 3 a £1.5M underspend is forecast in this area, which is largely due to over-funding and lower take-up of places. Although the DSG is ringfenced, it can be spent in other areas in line with the overall financial regulations for use of DSG. However, as this resource is needed for 2 year olds in the future, it can only support one-off spend. Any underspend in 2013/14 will be reserved for future use of Early Years areas. This will be revisited at the end of 2014/15.

For 2014/15 funding, the DfE has used the estimated 40% of Coventry's most deprived 2 year olds (2,435) from September 2014, and awarded funding at 20% provision for Summer Term and 40% for Autumn and Spring Terms. There has also been further grant awarded for trajectory funding. The following table summarises the funding position as at 2014/15:

<b>Summary of 2 year old Revenue Funding 2014/15</b>	
	<b>£000's</b>
<b>Funding from Dedicated Schools Grant 2014/15:-</b>	
Places	5,699
Trajectory	703
<b>TOTAL Grant Funding</b>	<b>6,402</b>
<b>Expenditure:-</b>	
Participation – Places	4,389
Participation – Support	862
Quality	13
Sustainability	635
<b>TOTAL Planned Expenditure 2014/15</b>	<b>5,899</b>
<b>Estimated 2014/15 Underspend:-</b>	<b>(503)</b>

One off capital funding was awarded by the DfE for 2 year old capacity building in 2013/14 of £839k. All early years providers (including schools) can utilise this funding as long as it meets the criteria for 2 year old capacity building. The allocation of £839K is not sufficient to meet all of the funding needs. The table below sets this out.

<b>Summary of 2 year old Capital Funding (single pot).</b>	
	<b>£000's</b>
<b>2013/14 one off Capital Grant</b>	<b>839</b>

Expenditure to Date 2013/14	372
Current Expressions of Interest	690
Additional capital expenditure estimated	400
<b>Total Estimated under resourcing from 2 year old capital grant to fund capacity building in Schools and Private Voluntary and Independent Childcare Sector</b>	<b>623</b>

A proposal will be presented to the Schools Forum in February to fund the further capital pressure of £623K from the 2013/14 early years underspend of £1.5M. This will also require DfE approval as capital expenditure funded from revenue cannot exceed previous year values without approval.

From 2015/16 revenue funding through the DSG will be based on participation, not places. There is no information available at this stage on the level of funding per child. Therefore, to maximise funding and provision moving forward it is in the Council's interests to increase participation in the 2 year old offer to the highest level possible.

Assuming the Council is able to use £623K from previous years' underspends towards capital, there will be an estimated £1.4M underspend remaining in this area at the end of 2014/15. Based on the further information that will be available funding for 2015/16, a view will need to be taken on how this funding is utilised.

## 6. Legal implications

Local authorities are under a duty to secure sufficient childcare for working parents and in prescribed cases provide early years provision free of charge.

Section 11 of the Childcare Act 2006 imposes a duty on the local authority to assess sufficiency of childcare provision (sufficiency assessment). This duty is likely to be repealed within the new Children and Families Bill.

## 7. Other implications

### 7.1 How will this work contribute to achievement of the Council's key objectives/corporate priorities (corporate plan/scorecard)/organisational blueprint/Local Area Agreement (or Coventry Sustainable Community Strategy)?

Provision of early education ensures children are ready for school and contributes to longer term attainment and good school attendance. This funding supports the Council's focus on supporting vulnerable children and families in order for them to live safe from harm and achieve positive and fulfilling lives.

### 7.2 How is risk being managed?

A reduction in the number of settings achieving good and outstanding outcomes following Ofsted inspections would impact on the amount of available 2 year old places that could be offered. Officers continue to monitor and support settings with quality improvement in a targeted way through the Setting Review and Setting Causing Concern processes.

The co-ordination and timing of new place creation against demand and participation could result in short term sustainability issues for some providers. Officers will work to assess and



approve where appropriate short term sustainability funding support through the Early Years Funding Panel.

The service is working to ensure that professionals are more proactive in supporting families to take up their entitlement.

### 7.3 What is the impact on the organisation?

There are no implications on the organisation.

### 7.4 Equalities/EIA

An EIA is not applicable for this report.

### 7.5 Implications for (or impact on) the environment

There are no implications.

### 7.6 Implications for partner organisations?

Opportunities for private, voluntary, independent and maintained (including schools) childcare sector growth, bringing new business and jobs to Coventry.

This programme adds to the portfolio of support available for professionals as part of the family support offer for some of Coventry's most vulnerable families.

This work will directly link to the Acting Early programme for children 0 – 5 years. The integrated local multi-disciplinary teams of midwives, health visitors, children's centre and early years staff will be ideally placed to identify those families who would benefit and also link them to the most appropriate provider. The Acting Early programme will start with the 2 Demonstrator sites which are Tile Hill and Hillfields with citywide roll out planned for 2014/15.

### Report author(s):

#### Name and Job Title:

Angela Harley  
Service Manager Children and Families First  
Early Years and Parenting

#### Directorate:

People

#### Tel and email contact:

Tel: 024 7678 5901

Email: [angela.harley@coventry.gov.uk](mailto:angela.harley@coventry.gov.uk)

Enquiries should be directed to the above persons.

#### Name and Job Title:

Mandy Pickles  
Childcare Quality and Sufficiency Manager

#### Directorate:

People

#### Tel and email contact:

Tel: 024 7683 3280

Email: [mandy.pickles@coventry.gov.uk](mailto:mandy.pickles@coventry.gov.uk)

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Resources	17/02/14	24/02/14
Mark Godfrey	Deputy Director	People	14/02/14	24/02/14
David Haley	Director of Education Inclusion	People	17/02/14	21/02/14

Nicola Leslie	Finance	Resources	10/02/14	14/02/14
Amanda Reynolds	Service Manager	People	14/02/14	14/02/14
Andy Pepper	Assistant Director	People	14/02/14	24/02/14
John Forde	Consultant in Public Health	Public Health	14/02/14	21/02/14
<b>Names of approvers for submission:</b> (Officers and Members)				
Finance: Rachael Sugars	Finance Manager	Resources	17/02/14	24/02/14
Legal: Julie Newman	Children and Adults Legal Services Manager	Resources	17/02/14	25/02/14
Director: Brian Walsh	Executive Director	People	25/02/14	25/02/14
Members: Name				
Councillor Duggins	Cabinet Member (Children and Young People)		24/02/14	26/02/14

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## Appendices