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**FUNDED CHILDCARE PLACES FOR TWO YEAR OLDS – FUNDING APPROVAL  
AND RELEASE**

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**Responsible Cabinet Member - Councillor Cyndi Hughes,  
Children and Young People Portfolio**

**Responsible Director - Murray Rose, Director of People**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The purpose of this report is to seek Members' approval for the release of capital funds relating to the expansion of places for two year old children. This funding consists of:-
  - (a) £212,638 designated capital funding;
  - (b) £500,000 converted from two year olds revenue funding agreed by DfE and Schools Forum.

**Summary**

2. Darlington Local Authority has a target of 288 free, good quality childcare places to be made available to eligible two year olds by September 2013 (target set by DfE).
3. The criteria for 'eligible' are those looked after by the local authority and those meeting the free School Meals criteria, and families receiving Working Tax Credits with annual gross earnings of no more than £16,190 per year; children with a current statement of SEN or an Education Health and Care plan; children who attract Disability Living Allowance; and children who have left care through special guardianship or an adoption or residence order.
4. By September 2013, 292 appropriate childcare places were available and currently the number of eligible children occupying those places has increased is 213.
5. The DfE target for Darlington is 634 places by September 2014. A mapping exercise has indicated that the 'hot spots' where the number of eligible children far exceeds the number of appropriate childcare places are DL1 4 (Eastbourne/Lascelles), DL1 5 (Park East), DL3 0 (North Road corridor), and DL3 6

(Pierremont).

6. This paper therefore requests the release of capital to fund providers to expand and improve premises to create the required additional places.

### **Recommendation**

7. It is recommended that:-
  - (a) Members approve the release of £212,638 two year olds capital funding; and
  - (b) Members approve the release of £500,000 two year olds capita funding (converted two year olds revenue funding),
  - (c) Members approve delegated powers as below to create the additional funded places for two year olds, as outlined in paragraph 27 and as per **Appendix A**.

### **Delegations**

8. It is recommended that Members approve delegated powers to the Director of People to make decisions about the use of this capital funding. And that this power should be exercised:-
  - (a) in consultation with the Local Authority Asset Management Group who will have oversight of the funded places for two year olds capital programme; and following recommendations from the funded places for two year olds Project Board,
  - (b) in order to agree finalised project values following full feasibility and further scoping works, not to exceed the total value of the capital programme of £712,638;
  - (c) to create the additional funded places for two year olds as outlined in Paragraph 27 and as per Appendix A.

### **Reasons**

9. The recommendations are supported to enable providers to extend provision and therefore the Local Authority to meet its September 2014 funded childcare places for two year olds targets.

**Murray Rose**  
**Director of People**

### **Background Papers**

Section 1 of The Education Act, 2011  
Statutory Guidance for Local Authorities on the exercise of their duties relating to early education and childcare, Department for Education

Nicola Davies : Extension 2803

S17 Crime and Disorder	The report is about the creation of funded childcare places for disadvantaged two year olds and will not impinge on the duty on the authority to prevent crime and disorder in the Borough.
Health and Well Being	The creation of these funded childcare places will assist in improving the health and well being of Darlington's pre-school population.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	There are no specific proposals within the report that impact on diversity issues. All providers must meet their duties under the Equality Act 2010 when delivering the funded places for two year olds entitlement.
Wards Affected	All wards are affected.
Groups Affected	Disadvantaged two year olds and their families will benefit from being able to access high quality, free childcare places.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	This is a key decision as it affects one or more wards in the Borough.
Urgent Decision	A delay in the release of capital may prevent Darlington Local Authority from achieving the September 2014 childcare place creation targets it has been set by the DfE.
One Darlington: Perfectly Placed	Access to free, high quality childcare places will improve the quality of life and the health and well being of these two year olds and will also enable their parents to access training or work opportunities. It links to 'best start in life' objective
Efficiency	

## MAIN REPORT

### Information and Analysis

10. From September 2009 until August 2012, Darlington took part in a national scheme to provide a free entitlement of 10 hours per week for 38 weeks a year to two year olds experiencing economic disadvantage. Darlington was allocated £133,050 for the period 2009/10 and £167,150 in 2010/11 with an expectation that 50 places in 'outstanding' or 'good' provision would be offered in each year. Due to partial take up and late access to the scheme, more than 80 children accessed the scheme each year.
11. From September 2013, Local Authorities have a statutory duty (Section 1 of the Education Act 2011) to provide free early education to disadvantaged two year olds. This is an extension to the existing entitlement of free early education for eligible three and four year olds and is a key strand of the Government's social mobility and foundation years' strategies. The entitlement is for up to 570 hours per year; if taken over 38 weeks in a year, this represents 15 hours per week. However, providers are encouraged to meet parental requirements where possible and the same number of hours may be 'stretched' over the full year including non-term times.
12. Nationally, there is a phased implementation of the eligibility criteria, under which 20% of two year olds have been eligible for the legal entitlement from September 2013 and 40% will become eligible from September 2014.
13. The DfE recently announced that from September 2014 the eligibility criteria will be expanded to include:
  - (a) families in receipt of Working Tax Credits with annual gross earnings of no more than £16,190 per year;
  - (b) two year olds with a current statement of Special Educational Needs or an Education, Health and Care plan;
  - (c) two year olds who attract Disability Living Allowance; and
  - (d) two year olds who have left care through special guardianship or an adoption or residence order.
14. The September 2014 target provided is 634. This proposal is about individual children being legally entitled to the provision and not about entitlement based on geographic areas.
15. The allocations received to enable the Local Authority to meet its targets were separated as follows:

(a) Statutory Place Funding for 2013-14 (Revenue)	£796,850
(b) Trajectory Building Allocation for 2013-14	£312,822
(c) Capital Allocation	£212,638

16. In September 2013, a project group was established to develop and implement a project plan for expansion of places for two year olds.
17. A mapping exercise was undertaken whereby the average number of Free School Meals children in each ward in the Borough in 2010, 2011 and 2012 was mapped against the number and type of childcare places in each ward located in 'outstanding' or 'good' provision. The wards where the number of children exceeded the number of places by 10 were Cockerton West, Eastbourne, Haughton East, Haughton West, Lascelles, North Road and Park East, with the largest deficits being in North Road and Park East. In early September 2013, data was received from the Department for Work and Pensions (DWP) detailing families who may be eligible for a place on the scheme in the Autumn 2013 term. The post code areas in which the number of children resident far exceeded the number of appropriate childcare places is in DL1 4 (Eastbourne/Lascelles), DL1 5 (Park East), DL3 0 (North Road corridor), and DL3 6 (Pierremont). There were, however, childminders with a 'good' or 'outstanding' Ofsted rating in most of these areas apart from in DL1 5, so these childminders have been used to offer 52 additional places.
18. A phone audit of existing 'outstanding' and 'good' provision including private day nurseries, playgroups and childminders was undertaken in early 2013 to assess providers' interest to deliver additional funded places for two year olds from September 2013. The results of the audit showed that utilising the private, voluntary and independent sectors the maximum number of funded places which would be available for two year olds in September 2013 was 292, thus exceeding the target by five places.
19. The project group used the DfE's basic eligibility criteria of 'looked after' children and low income households from September 2013.
20. The list of contact details from the DWP, for those local children who may be eligible in September 2013 to a free funded place for a two year old, was used by People and Families' Information Support to contact these parents and inform them of their possible eligibility, this will continue to happen on a termly basis. A marketing campaign has also been implemented.
21. The onus is on parents to show their child's entitlement, with additional support being provided to those parents who need it.
22. At the Autumn Term 2013 headcount, which was taken on 3 October 2013, the number of eligible two year olds accessing a place had increased from 80 to 187. The spring 2014 figure changed to 213 children, most of these children are attending for 15 hours a week.
23. In addition to encouraging existing 'good' or 'outstanding' childminders who are not yet offering funded places to two year olds to be part of the scheme, increased capacity for September 2014 will need to be delivered by schools, new childminders and a small number of private day nurseries and playgroups who may be able to increase their capacity slightly.

24. To ensure the most effective use of the capital monies, three factors have been used to map provision: existing nursery schools and schools with a nursery unit in the 'hot spots' where accommodation has been created previously using early years capital; linking to school expansions in the hot spot areas; and commissioning the delivery of places by existing or new providers in Local Authority and non-Local Authority premises. A Capital Investment Programme (please see **Appendix A**) has been produced.
25. It has been identified that in readiness for September 2014, assuming the target of 634 childcare places for two year olds, a minimum of 96 places are still required by September 2014 (ie the capital target).
26. A mapping of the DWP eligible postcodes shows that in areas of high demand, capital investment is required to fill the 96 places required.
27. A priority list of projects which could deliver from the capital target of 96 places has been developed. Five priority projects to the value of £364,325 have been identified that can realistically provide these places from September 2014. A reserve list of projects that could provide approximately 80 places to the value of £612,000 have also been agreed. All projects require further feasibility and development work. The places that can be delivered by the reserve projects can be used as replacement for any projects that do not proceed for any un-foreseeable reason. These projects can also provide the capacity to provide more places over time which puts Darlington in the best position to respond to any further Government policy changes. A potential scenario is that the funded places for two year olds policy is rolled out as a universal offer as was the case for three year olds. Projects will only proceed if the programme is within budget overall.

## **Financial Implications**

28. Darlington has received £212,638 of non ring fenced capital budget for the creation of two year old nursery places.
29. Revenue funding of £1,109,672 was allocated for two year old nursery funding in 2013/14. This funding is paid through the Dedicated Schools Grant (DSG) and is therefore ring fenced for education purposes. It was identified in the autumn that there was a projected underspend of £500,000 in this funding due to the phased take up of two year old places in Darlington. It was also identified that the capital allocation provided for two year old nursery provision was insufficient to create the number of places required to meet the DfE targets. After consulting the Schools' Forum, permission was sought from the DfE to convert £500,000 unspent 2013/14 revenue funding into capital funding. This was agreed by the DfE in December 2013. This converted funding needs to be spent by March 2015 and therefore will be used first to fund capital costs of places created.
30. Childcare places for two year olds are funded annually as part of the DSG revenue grant from the DfE. Currently funding is based on the childcare place target for each Local Authority, Darlington's allocation for 2014/15 is £1,648,302. From April 2015, the DfE intends to base revenue funding on the number of places filled.

## **Legal Implications**

31. The release of capital and the creation of additional funded childcare places for two year olds will enable the Local Authority to meet its statutory duty (Section 1 of the Education Act 2011) to provide free early education to disadvantaged two year olds.
32. Providers who will be granted capital to create funded places for two year olds will be required to sign a funding agreement that has been developed based on the legal services agreement previously used by private and voluntary providers who accessed the Quality and Access capital grant of 2010-11. Providers are required to register with OFSTED under the Early Years Inspection Framework.

## **HR Implications**

33. HR implications are for those schools who decide to deliver funded two year old places themselves, rather than commissioning a private provider to do this on their premises. Schools who may offer the two year old places will either be a nursery school or a primary school with a nursery unit so they will have staff who are already offering 15 hours of free flexible entitlement to three and four year olds, mainly for three hours a day over five days. If a school decides to offer the funded places for two year olds more flexibly than this may have implications for staff working patterns, but this would need to be funded by the school and included within their business model.

## **Corporate Landlord Advice**

34. Some projects identified will affect the Council's land holdings or involve a lease, (Academies,) Corporate Landlord approval will be sought at the appropriate time (normally after planning permission has been granted).

## **Procurement Advice**

35. The capital programme was submitted to the LA Asset Management Group on 11 March 2014. The capital programme contains a mixture of procured activity. Some grant funding direct to private and voluntary providers, as well as Academy schools. Other works will be delivered directly by the Council's Design and Building Services Teams.

## **Equalities Considerations**

36. All providers must meet their duties under the Equality Act 2010 when delivering the funded places for two year olds entitlement.

## **Consultation**

37. This information has been approved by the funded places for two year olds Project Board and has been to the Schools' Forum and Senior Leadership Team (People).

## **Outcome of Consultation**

38. The proposals to release capital funding and create additional childcare places for two year olds have been agreed by those groups.