

## **CABINET**

**16 APRIL 2013**

### **DUTY TO SECURE EDUCATION PLACES FOR VULNERABLE CHILDREN AGED TWO YEARS**

Portfolio Holder: Councillor Les Wicks, Children's Services

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#### **Summary**

The duty to secure early education places for vulnerable young children & those from low income households requires provision for around 1400 children.

This report identifies the number of additional places required, and proposes a capital programme across 2013 and 2014 to ensure that the Council's statutory duty is met, drawing upon the additional capital grant funding allocated to Medway by the Department for Education (DfE) for this purpose.

#### **1. Budget and Policy Framework**

- 1.1 These proposals are consistent with the Council Plan and the Children and Young People's Plan. The Council Plan includes as one of the four strategic priorities that "children and young people have the best possible start in life".
- 1.2 Additions to the capital programme where the funding source is not ring-fenced are a matter for Full Council.
- 1.3 The Cabinet is asked to consider this as an urgent item to enable this matter to be referred to Full Council on 25 April 2013. The new statutory duty to secure sufficient places for eligible families commences in September 2013. Deferral to a later meeting would not allow sufficient time for works to be carried out prior to the introduction of the duty.

#### **2. Background**

- 2.1 The Coalition Agreement included commitments to improve children's readiness for school, and to increase fairness in education, through providing free early education places for children aged two years from the most

vulnerable and low income households. Regulations define eligibility by a number of income related criteria, which means around 40% of all children of this age will be eligible for a free place by 2014. In Medway this equates to approximately 1400 children.

- 2.2 The provision of high quality interventions targeted at the most disadvantaged and vulnerable young children has the potential to address many of the current issues affecting Medway's child population – in particular the persistent low attainment in reading and communication of some children in primary education.
- 2.3 At the meeting on 4 September 2012, Cabinet instructed officers to:
  - Develop a robust and detailed project plan to ensure that by September 2013 the authority is able to meet its statutory duty to provide free early education places to children aged two-years from low income households
  - Encourage providers of good quality early education and childcare to engage with the programme for two-year-olds, and to maximise opportunities to expand and develop new provision to meet the needs of local families.
- 2.4 Medway has a large number of private & voluntary (PVI) settings that already provide publicly funded places for children aged 3 years, and generally also provide places for children aged two years where parents are willing and able to pay fees. Strategically, we have adopted an approach of seeking to secure the large majority of additional places required to meet the duty by working with the existing 100 PVI settings.
- 2.5 Revenue funding for places is from within the Dedicated Schools Grant (DSG), which includes some capacity for ensuring that settings are supported to prepare for additional numbers of younger children, for example through purchase of additional resources and play equipment.
- 2.6 In assessing the capacity of the existing market to supply sufficient places, it is apparent that a capital programme is required. There are currently insufficient places in the localities where places will be required. Whilst we anticipate that the market will expand over time, reliance entirely on market forces to respond to the increased demand for places is judged to represent a significant ("catastrophic") risk to the Council's statutory duty.
- 2.7 A comprehensive audit of Medway pre-school settings was undertaken during autumn 2012 using the ITERS and ECERS tools (Infant and Toddler / Early Childhood Environmental Rating Scale), identifying the steps that each setting needs to take if they are to effectively meet the needs of this cohort of younger children.
- 2.8 In addition, place-planning analysis has assessed the projected numbers of eligible families in each geographical locality, and mapped this against the availability of places in settings.
- 2.9 The scope for each setting to maximise or increase capacity was considered. For example some settings have a large floor-space, but are limited by having

too few toilet and was facilities. Other settings operate from multi-room buildings, but are limited to only part of the building footprint due to security or access issues.

- 2.10 Additionally, in some parts of Medway it is known that there is an evidential shortfall of places – where existing settings are full and without scope for expansion, or where there are insufficient settings to meet the increased entitlement.

### **3. Options**

- 3.1 The audit of settings has identified that a capital programme of improvements and expansion at approximately 50 settings - when combined with utilising all available capacity in the remaining 50 settings that do not require investment - will generate capacity for approximately 1200 eligible children by 2014.
- 3.2 The costs for these works have been assessed using standard QS methods for installation of additional toilet cubicles etc. In total, an estimated programme of £200,000 is required.
- 3.3 The place-planning analysis has identified that in three areas – north Gillingham, Twydall, and central Chatham – where there will be a concentration of eligible families, there is a shortfall in places. Whilst there is scope in 2013-14 for places to be met within settings in neighbouring localities, by September 2014 additional provision will be required.
- 3.4 Initial investigations have identified a number of potential locations which together would generate additional capacity of up to 200 places. An indicative programme of £653,000 is required.

### **4. Advice and analysis**

- 4.1 There are strong indications that the market of early years providers in Medway is ready to adapt to the opportunities that this very large expansion of publicly-funded education brings. Over time, the local commercial sector will expand – as has been evidenced in all previous expansion of early education.
- 4.2 However, the nature of this business sector is that in general there is little or no capacity to meet the financial costs associated with the rapid and regulated expansion that will be necessary if the Council is to meet its statutory duty of securing sufficient places in 2013 and 2014.
- 4.3 Government has recognised that there will be additional capital costs on local authorities, and has allocated funding accordingly. It is proposed that Medway adopt a carefully targeted capital programme; focusing primarily on small works that will maximise additional places within good quality local establishments; and supplemented by a small number of projects in targeted localities.
- 4.4 This represents a sustainable approach, utilising existing buildings, making improvements to local community infrastructure, and ensuring that places are provided in the communities in which eligible families live.

## 5. Risk management

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Market capacity	Reliance on existing market to expand to ensure sufficiency of places, such that the Council's statutory duty is met. (ie: for the LA to take no action).	Development of a targeted capital programme	A1
Programme delivery	Capital works are required in at least 50 different establishments, mostly independent businesses operating from 3 <sup>rd</sup> party buildings (eg: church halls).	Implementation of robust planning and monitoring	D2

## 6. Consultation

- 6.1 Informal consultation has taken place with current and prospective providers of early education places in Medway. The overwhelming response has been a willingness to engage in working with the local authority in delivering this new government programme. It was consistently reported in briefing meetings and during site visits that a potential barrier to delivery of places would be the absence of funding to support small scale capital works – for example to add additional toilets and changing facilities, or to create additional secure space within multi-use premises.
- 6.2 The Cabinet Advisory Group for the Children and Adults Capital Programme has endorsed this report for consideration by Cabinet.

## 7. Financial and legal implications

- 7.1 The Education Act 2011, Part 1, enables a new entitlement for disadvantaged two-year-olds to 15 hours early education per week from September 2013
- 7.2 On 27 November 2012, the Department for Education (DfE) announced allocation of funding for local authorities in respect of the new duty to secure nursery education for children aged two years in disadvantaged circumstances. The allocation to Medway is £560,659, and is available with immediate effect. There is no specified time limit by which the funding must be spent.
- 7.3 The letter from Elizabeth Truss MP, Secretary of State, detailed the capital funding as follows:
- *£100 million of capital funding will be allocated in 2012-13 as a contribution to local authorities' capital budgets.*

- *This funding is being paid to local authorities under section 31 of the Local Government Act 2003 and is not ring-fenced for the early years programme for two year olds from lower income families. This additional funding may be used for any capital purpose, but it is intended to support implementation of early education for two year olds.*
- *Local authority allocations have been calculated using the same formula used for revenue funding to estimate the number of eligible two year old children likely to receive provision in each area. Funding has then been distributed using a capital specific area cost adjustment.*

7.4 Whilst the estimated cost of the proposed schemes to secure sufficient places to meet the new statutory duty total £853,000, the works will be prioritised and a programme developed which will not exceed the £560,659 grant allocation.

7.5 During 2013 continued efforts will take place to encourage commercial providers of early education and childcare to access private sector capital where it is viable to do so, with a view to reducing the need to draw on Council funds.

7.6 The Council is legally obliged to meet the new statutory duties prescribed.

## **8. Recommendations**

8.1 That Cabinet recommends to Council that a capital scheme be approved to secure sufficient additional places for young children to meet the authority's statutory duty.

8.2 That Cabinet recommends to Council that, initially, an upper limit of £560,000 is set – equivalent to the additional capital funding allocated by the Department for Education (DfE).

8.3 That a further report be brought back to Cabinet in spring 2014 to allow for a review of progress to date, and to assess whether further capital works and funding is required to ensure that the statutory duty is met.

## **9. Suggested reasons for decision(s)**

9.1 The local authority is obliged to meet the new duty within the Education Act 2011 to secure sufficient early education places for eligible children aged two-years.

9.2 The development of a capital programme working with existing good quality providers in the private, voluntary and maintained sectors across the next 12 months will provide a secure basis for expansion of places whilst maintaining a focus on high quality provision for both the child and the family as a whole.

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## **Background papers**

Cabinet Report 4 September 2012 – Early education for two-year-olds  
<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=17550>