



Agenda Item
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Report Status

For information/note
For consultation & views
For decision

Appendix

Report to Haringey Schools Forum – 19th October 2017

Report Title: Projections for the Delivery of the Free Entitlement for 2, 3 & 4 year olds in Haringey: 2017/18 – 2019/20.

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Purpose: To provide Schools Forum members with an overview of the delivery of the free entitlement for 2, 3 & 4 year olds in Haringey and the budgetary implications for the financial years 2017/18 – 2019/20

Recommendations:

1. That Schools Forum notes the report.

1. Introduction

- 1.1 The purpose of this paper is to provide Schools Forum with a general overview on the delivery of the free entitlement for 2,3 & 4 year olds in Haringey. It is intended to give Forum a brief overview of the key delivery issues and delivery and expenditure projections for the financial years 2017 to 2019.

Background

2. The Two-Year-Old Offer

- 2.1 Since September 2013, local authorities have had a statutory duty to provide 15 hours per week of free early education for all eligible two year olds. Eligibility is limited to those children who meet the following criteria:
- Children whose parents would be eligible to claim for Free School Meals (FSM)
 - Looked After Children (LAC)
 - Families receiving Working Tax Credits and have annual gross earnings of no more than £16,190 a year
 - Children receiving a current statement of Special Educational Needs or an education, health and care plan
 - Children attracting Disability Living Allowance
 - Children leaving care through special guardianship or through an adoption or residence order
- 2.2 The Department for Education's (DfE) estimations for the number of eligible children for this borough have continued to change since the offer was introduced. Data about potentially eligible children is provided to local authorities by the Department for Work and Pensions (DWP) on a termly basis, as a minimum. The Table below shows the changing profile for eligible numbers of children since the introduction of this statutory entitlement.

Table1: Haringey's changing eligibility profile since 2013.

Academic year	DfE/DWP Estimate for potentially eligible children
2013-14	891
2014-15	1790
2015-16	1710
2016-17	1620
2017-18	1500

2.3 Grant Funding for the 2-year-old Offer

- 2.3.1 Haringey Council receives funding for the provision of the two year olds free entitlement through the Early Years Block of the Dedicated Schools Grant (DSG).
- 2.3.2 For the period April 2013 to March 2015, the funding allocation given to the Council for statutory place provision by the DfE is based on the anticipated number of places required (place-led) giving us the flexibility to secure places within a variety of settings before children are allocated. In 2014-15, the DSG Early Years Block funding for the Two-Year-Old Free Entitlement comprised of two elements:
- £2.656 million revenue place-led funding for statutory place provision; and
 - £1.043 million one-off trajectory funding to support the expansion of the programme.

By the end of 2014-15, not all of this funding had been fully utilised and Schools Forum agreed to ring fence any unused allocation for the purpose of delivering the two-year-old programme.

- 2.3.3 From April 2015, DfE moved to funding the two-year-old offer on participation-led basis, in line with the funding arrangements for the universal three and four-year-old free entitlement. This meant that the amount of grant funding allocated to Haringey from April 2015 onwards would be based on the numbers of children recorded as accessing a 2-year-old free entitlement place in the January census.

2.4 Funding providers for the delivery of 2-Year-Old Free Entitlement Places

- 2.4.1 From April 2013 to March 2017, Haringey Council was funded by DfE at a rate of £5.28 per hour for a two-year-old place. This funded rate increased from April 2017 to £5.66 per hour.
- 2.4.2 Since April 2014, providers in Haringey have been paid at a rate of £6.00 per hour to attract more providers to offer places within the borough and to bring our funding formula rate more in line with neighbouring local authorities. This increase to the funding rate was agreed by Schools Forum and the Council in autumn 2013 and, to date, has been funded through the existing ring-fenced funding allocation for the two-year-old offer.
- 2.4.3 In February 2017, a decision was made by the council to reduce the £6.00 per hour funding rate to £5.66, matching the rate of funding received by the Council from DfE. This will ensure that the continued delivery of the 2-year-old offer in the borough can be sustained within the funding envelope allocated by the DfE. However, it presents a

significant risk to the sufficiency of places across the borough due to the new funding rate being potentially lower than the levels that providers feel is necessary for them to continue delivering the offer.

- 2.4.4 In light of plans to reduce the provider funding rate from April 2019, two major priorities for the continued delivery of the statutory 2-year-old free entitlement are to ensure that we are able to manage the transition from Haringey's current funding rate levels to the rate at which the Council is funded and to safeguard the sufficiency of 2-year-old places from April 2019.

3. The Three and Four-Year-Old Offer

- 3.1 From September 2017, a new, statutory 30-hour free entitlement was rolled out nationally, providing up to an additional 15 hours of free early education for working. This offer is now available alongside the existing universal 15-hour free entitlement, which continues unchanged.
- 3.2 Eligible families can access up to a maximum of 15 hours per week/570 hours per year, in addition to the existing universal 15 hours of free early education.

Eligibility will include households where:

Both parents are working and/or:

- One parent working in lone parent family (earning equivalent of 16 hours a week on National Minimum Wage (currently £107 per week) including those receiving tax credits or Universal Credit)
- One/both parent/s is away from work on leave (parental, maternal etc.)
- One/both parent/s receiving Statutory Sick Pay
- Working – employed or self employed
- Maximum earning limit of £100K for each parent
- Zero hour contracts – calculated on average earnings

- 3.3 To access the 30-hour offer, Parents apply, and are issued with an eligibility code from HMRC which is presented to settings offering 30 hour places. To date, **1023** codes have been issued by HMRC to parents in Haringey. So far, **866** codes have been validated by the Council. The difference in number may mean that some parents have chosen not to use the entitlement or may need to wait until January for their child to start in a setting, so are yet to present the code.
- 3.4 The full impact of this new offer is yet to be seen. Early indications are that there are many households in Haringey where parents will be ineligible and therefore children will remain entitled to the universal 15 hour offer only. Some parents are choosing not to take up the offer

due to concerns about the impact of taking up the free offer on the levels of childcare tax credit or other benefits they receive. Work will be undertaken from the Autumn term to review the effect the offer is having on the childcare and early education sector in Haringey, as well as on children and families. Key actions include:

3.5 A review of the impact of the offer in Haringey is to be undertaken from October 2017, as phase one of our new Childcare Sufficiency Assessment (CSA). As part of this we are seeking to:

- Understand the impact of the new offer on the early years landscape in Haringey.
- Understand how the new early years funding formula is working and its effect on providers in the borough.
- Raise awareness and understanding across the sector about the importance of the census and its relationship to the Council's funding allocation for early years education.
- Gain an initial a view of parents and carers as to the benefits and disadvantages of the offer, as well as learn more about any emerging barriers to access.

4. Early Years Free Entitlement Budget Profile and Expenditure Projections to 2019/20

4.1 Actual and estimated budgets for the 2, 3 & 4-year-old entitlement 2017/18 and 2018/19.

Funding Element	Funding Amount 2017-18 (£)	Funding Amount 2018-19 (£)
3 & 4 YO Funding	13,757,850	15,634,106
Centrally held funding	1,049,157	822,848
2 Year Old Programme	2,400,000	2,599,242
EYPP	160,000	174,876
Maintained Nursery Schools (MNS)	662,993	662,993
	18,030,000	19,894,064

4.2 **Table 1** below sets out the take-up and expenditure projections based on current trajectories to 2019/20.

Table 1: Free Entitlement: 2, 3 & 4-year-old take-up and expenditure projections based on current trajectories to 2019/20.

EARLY YEARS FUNDING PROFILE															
Actual EY Funding 2016-17				Estimated EY Funding 2017-18				Estimated EY Funding 2018-19				Estimated EY Funding 2019-20			
Funding	No. of children	£ Rate/hour	Total Funding	Funding	No. of children	£ Rate/hour	Total Funding	Funding	No. of children	£ Rate/hour	Total Funding	Funding	No. of children	£ Rate/hour	Total Funding
3 and 4 year olds	4,010	5.63	12,860,000	3 and 4 year olds	4,095	5.14	11,997,531	3 and 4 year olds (15 hours)	4,177	5.14	12,237,775	3 and 4 year olds (15 hours)	4,177	5.14	12,237,775
				3 and 4 year olds (30 hours)	853	5.14	2,499,119	3 and 4 year olds (30 hours)	953	5.14	2,792,099	3 and 4 year olds (30 hours)	953	5.14	2,792,099
2 year olds	880	6.00	3,009,600	2 year olds	967	6.00	3,307,140	2 year olds	967	6.00	3,307,140	2 year olds	967	5.66	3,119,735
Total			15,869,600	Total			17,803,790				18,337,014				18,149,609