

DERBYSHIRE COUNTY COUNCIL

CABINET

16 July 2013

**Report of the Strategic Director for
Children and Younger Adults**

Early Years Funding for Vulnerable Children – (Children and Young People)

1. Purpose of the Report

To seek approval from the Cabinet to the proposed use of funding for vulnerable two year olds within the Dedicated Schools Grant (DSG).

2. Information and Analysis

2.1 Background

In late Autumn 2011 the Government announced that it would enable some families of two year olds to receive free education and care by funding up to 15 hours should they wish to receive it. The Government targeted the offer to 'disadvantaged' families with the intention that the offer would be available to 20% of eligible families of two year olds from September 2013 rising up to 40% from September 2014.

Initial funding was allocated to local authorities via the Early Intervention Grant for 2012-13 and Derbyshire received £1.687m to begin this programme. At its meeting on 3rd July 2012 Derbyshire's Cabinet approved the allocation of this funding which incorporated a £4.85 per hour funding rate.

The target was to reach 800 children (approximately 10% of all two year olds in the county). However, to date 1,200 two year olds have benefitted from this funding. Baseline assessments for the two year old children in the three trial areas were conducted in October 2011. The findings demonstrated the high level of need e.g.

44% were at risk of delay in Attention and Listening

72% were at risk of delay in Understanding

72% were at risk of delay in Expression

76% were at risk of delay in Social Communication.

By April 2012, however, after only six months of being supported by the Early Lead Language Practitioners, the percentage of two year olds at risk of delay dropped in the Langwith, Birdholme and Cresswell settings by 11% in Attention and Listening, by 17% in Understanding, and Expression and by 21% in Social

Communication. These children and practitioners continue to be part of the program for six more months, by which time we are confident that the risk of delay will have dropped even further. Introducing this programme for children at the age of two years means that these children will be in a position to participate in school in a much more effective way.

2.2 2013-14 Funding

On 19 December 2012 the DSG allocations for 2013-14 were announced and Derbyshire's total included £5.641m in respect of funding for vulnerable two year olds. This sum included the £1.687m transferred from the Council's Formula Grant allocation in 2012-13 referred to above.

Of the £5.641m, £4.051m is for statutory place provision and £1.590m trajectory funding to be used, in the main, to create non-statutory places in preparation for the 2014 entitlement for 40% of two year olds. It has been assumed that the trajectory funding is one off in nature as its primary purpose is to create capacity.

In addition to the DSG funding local authorities have been allocated £100m of non-ring-fenced capital funding to support early years development, Derbyshire's share of this fund is £1.037m.

3. Derbyshire's Indicative Proposals

The statutory places funding equates to 1,466 children receiving 570 hours of nursery education at the existing local hourly rate of £4.85 per hour. This rate compare favourably to the Daycare Trust Cost Survey 2012 which shows average hourly childcare fees in England are £4.13 per hour for under-twos and £3.95 per hour for children aged two and over. The Government recently announced that its formula resulted in an hourly rate of £5.09 for two year olds but this included the London weightings. If Derbyshire were to decide to offer this higher rate, then fewer places would be available within the funding allocation.

In addition to those two year olds who are eligible because their parents are in receipt of benefits that would make them entitled to free school meals, the trajectory funding will also help support:

children in care; children who have been adopted; children of care leavers;
children from traveller communities; children of teenage parents;
children in receipt of Disability Living Allowance;
children who have, or are in the process of having, a statement of special education need.

Funding will also be used to support children from households where there is domestic abuse, drug or substance misuse, if the parents are working with support agencies and troubled families.

It is anticipated that children from other groups will become eligible in 2014, including children in need and children who have a child protection plan.

The Authority has yet to determine how it intends to use the £1m capital grant.

The DfE intends to monitor the use of these funds. Derbyshire, alongside other local authorities, will be expected to submit Section 251 statements which set out their planned DSG spending, including early years. In addition, authorities will be required to complete new early years' pro-formas, giving details of the spending on two, three and four year olds' free early education.

4. Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity; environmental, financial, health, human resources, legal & human rights, property and transport considerations.

5. Background Papers

Supporting papers held in CAYA Finance Section.

6. Strategic Director's Recommendations

That Cabinet

- (i) Approves the DSG and capital allocations and the proposals to utilise the funding;
- (ii) Supports the proposed £4.85 per hour rate; and
- (iii) Agrees to receive further reports on this development as required.

Ian Thomas, Strategic Director for Children and Younger Adults