

Consultation events on two year old early education entitlement

Introduction

From September 2013 the 20 per cent most disadvantaged two year olds will be eligible for 15 hours of free early education – roughly equivalent to 150,000 children. From September 2014 this will be extended to the 40 per cent most disadvantaged two year olds – around 300,000 children.

Although 20 and then 40 per cent of two year olds will be eligible for the offer nationally, the actual percentage of eligible two year olds will vary across local authorities, based on the levels of disadvantage in each authority. Some local authorities are expected to have as few as 300 eligible two year olds, whereas other may have as many as 10,500 eligible two year olds.

From February to May 2012, the Department for Education ran a series of events across England to inform local authorities and providers about the development of the offer, and allow them to ask questions about its implementation. The events were attended by representatives from local authorities and childcare providers. Each event involved a presentation about the entitlement followed by a question and answer session in addition to presentations from local authorities and providers that have participated in the trials of the offer that are currently taking place.

What follows is a summary of issues and queries that were raised by local authorities and providers at the events.

Top 3 issues

Although a number of issues were raised at the events, providers and local authorities consistently highlighted three key concerns:

Increasing capacity

Local authorities were clearly concerned that they would not be able to create enough high quality places for the eligible two year olds, thereby failing to meet their statutory obligations. These concerns were often grounded in misunderstandings around the eligible children; namely, that the majority of children would not otherwise be using formal childcare if it was not for the offer.

Local authority representatives also discussed narrow strategies for increasing the number of available places, such as using childminders or helping current providers expand through capital investments. Discussions at the events helped emphasise a more rounded strategy to increasing capacity that incorporated a number of strategies for increasing capacity.

Level of funding for providers

Local authority representatives at the events suggested that they may struggle convince providers to participate in the offer due to the level of funding for each place. Providers at the events also talked about the offer being less worthwhile financially than a full-time fee paying place. Given that providers may need to dedicate extra resources to working with disadvantaged two year olds and their families – in terms of staff time and working with social workers etc. – some attendees believed that the level of funding may not be enough. Although local authorities may increase the level of funding through the EYSFF and DSG allocation, there was a belief that local authority budget holders would not release the necessary funds to encourage providers to participate and make the offer sustainable.

Concern around working with disadvantaged two year olds

Local authorities and providers were concerned about the challenges of working with disadvantaged two year olds and their families. Specifically, there was a feeling that take up would be low due to a disinterest in formal childcare services among the eligible group. Both local authorities and providers were also concerned that providers would not be able to immediately meet the challenge of working with families with complex additional needs and that the funding level for the offer would not enable them to do so. The presentations which showed that almost half of the eligible group already use formal childcare helped to dispel the myths that less advantaged families are not interested in using formal childcare services and that less advantaged families all have complex additional needs. Nevertheless, there was still some apprehension around the extra challenges that providers will face when delivering the offer and whether the level of funding will enable them to meet these challenges effectively.

Eligibility

Phase One – the eligible 20 per cent

At each event there were a number of queries around the eligibility criteria; local authorities wanted to know how the 20 per cent most disadvantaged two year olds were to be defined.

Since the events, guidance has been published on this issue which states that Free School Meals data will be used to identify the 20 per cent most disadvantaged two year olds nationally. These data have been used to create estimates of eligibility for each local authority in England and can be found [here](#).

These estimates should be used for planning purposes. However, local authorities should note that the actual number of eligible children in each authority will change between now and 2013. Local authorities should use locally available data to supplement these estimates.

In addition to those children identified through FSM data, looked after children will also be eligible for 15 hours free early education from September 2013. Local authorities asked to be provided with a definition of 'looked after children'.

Phase Two – the eligible 40 per cent

Local authorities also asked how the group of children eligible in the second phase of the offer (the 20 to 40 per cent group) will be defined. The Department is currently conducting a consultation in order to decide the most appropriate way to define this group. The consultation closes on October 15 2012 and can be found [here](#).

Local discretion

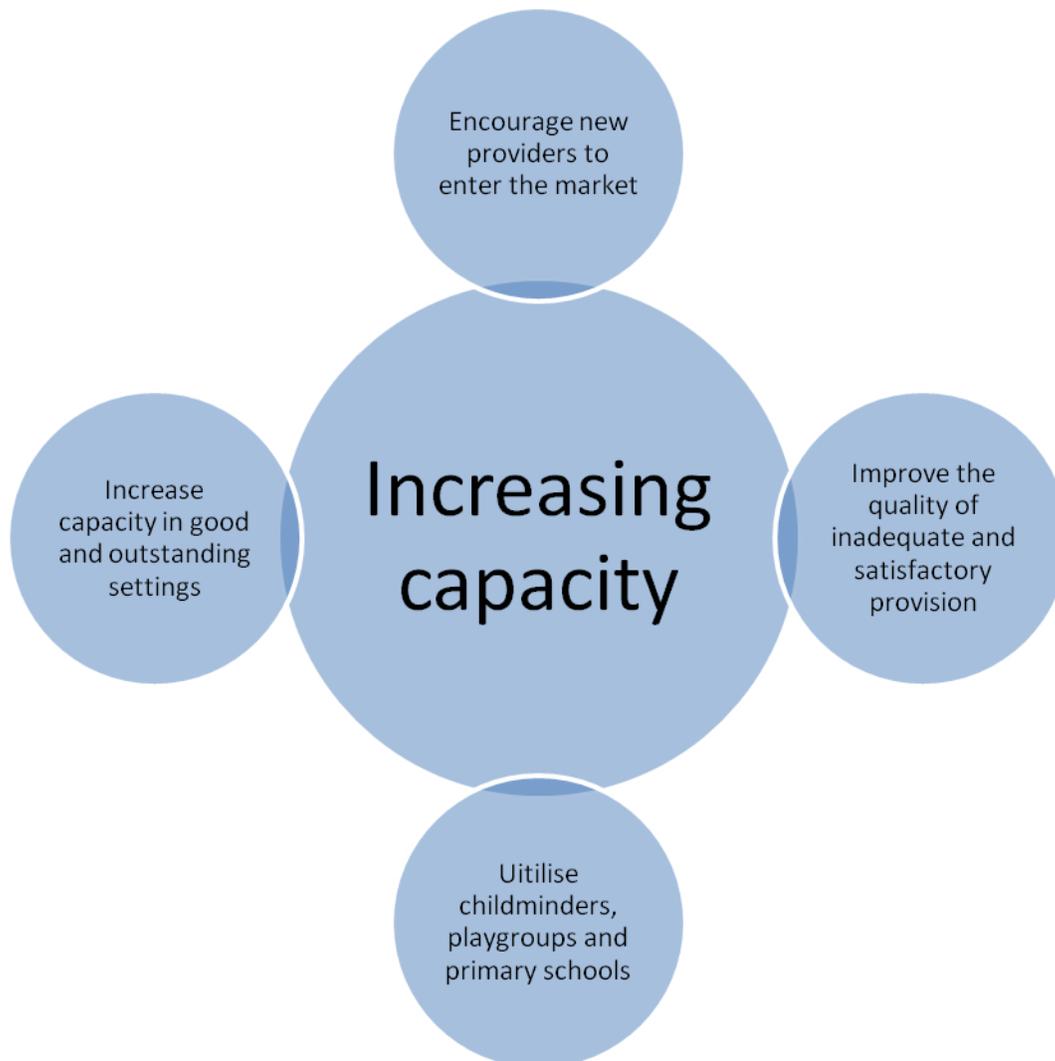
At the events, the department confirmed that local authorities will have discretionary powers to enable them to target the offer at groups they deem to be disadvantaged, even if they do not meet the eligibility criteria. However, local authorities must ensure that they fulfil their statutory obligations.

Local authorities may also use extra funding from the Early Intervention Grant (EIG) to provide additional places for two year olds, or provide extra hours for two year olds receiving the offer, as part of an early intervention strategy.

As with the three and four year old free entitlement, local authorities will be expected to develop their own funding formula. The Early Years Single Funding Formula will enable local authorities to develop appropriate funding mechanisms that take account of particular local circumstances. There will be less onus on local authorities to publish their EYSFF than before. Further information on the EYSFF can be found [here](#).

Capacity

A holistic strategy to increasing capacity



With an estimated 300,000 two year olds being eligible for the offer from September 2014, local authorities across the country raised concerns around capacity.

There was some concern that there might not be enough three and four year old places for eligible two year olds to filter through to due to the need to reconfigure capacity to provide enough places for two year olds.

A provider in London raised the issue that providers are faced with greater costs – such as class one National Insurance contributions – when trying to expand their service, therefore making expansion financially unappealing.

The Department intends to look into this issue further, to see what can be done to encourage and support high quality providers to expand their service. The Department will also be talking to the banks to make them aware of the new two year old funding stream, thereby providing access to new capital for providers wishing to expand.

It is also important to remember that the expansion of the market should not just rely on the expansion of current providers; it may require new providers to enter the market. An increase in bank lending to potential providers would also help new providers to establish themselves.

Buildings/access to capital funding

There was some concern from local authority representatives that significant capital funding would be needed in order to increase the number of places for two year olds. For example, one local authority in London was concerned that they would need approximately 37 new settings in order to secure 1800 new places for the two year olds estimated to be eligible from September 2014.

Although the estimated eligibility figures may be daunting, local authorities should remember that:

- Around 40 per cent of eligible two year olds already receive some type of formal childcare
- There are a number of ways to increase capacity, including using new types of provision such as childminders and playgroups; improving the quality of settings that are not currently able to provide the free entitlement offer under the Code of Practice; and encouraging potential providers to participate in the offer that do not already do so.

The Early Intervention Grant can be used to fund capital expenditure to increase the number of two year old places. Although it may be necessary to expand current provision, local authorities should also assess whether they currently have spare capacity across all provider types including childminders.

Department for Education officials also reported that they are considering changing regulations to enable primary schools to deliver the entitlement (schools would currently have to change the age range of the school or register two year old provision separately).

Physical adaptations

Providers present at the events believed that two year olds should not be forced into a three year old's environment because they may require close, personal relationships with staff. It was suggested that pushing two year olds into a three year old's environment too quickly would rush them into premature independence.

Although two year olds should not receive the offer in an unsuitable environment, local authorities should work with providers to develop flexible, innovative solutions. Not all children develop at the same rate and there may be scope for extending the current practice of mixed rooms that contain children of different ages.

Childminders

In order to increase the number of two year old places available, local authorities will need to consider how they can utilise childminders. It was accepted by most local authorities that childminders would be crucial to the successful delivery of the offer. It was recognised that the use of childminders to deliver the offer provides an opportunity to increase the use of childminders for the three and four year old free entitlement offer.

During their participation in the recent trial of the offer, Walsall council found that some parents were reluctant to use childminders for their free entitlement as they did not view them as equivalent in quality to nurseries.

Local authorities that intend to use childminders to deliver the offer must therefore think about marketing childminders as a viable service to parents.

Several local authorities suggested that, in order to secure enough places for the eligible cohorts of children, they would need to use childminders that were not currently achieving an Ofsted good or outstanding grade. It was felt that local authorities could work with these providers to improve the quality of their practice.

Other examples were given by trial areas of ways that they are increasing the supply of places. For example in addition to using childminders, Walsall council is exploring how to develop and utilise playgroups to deliver the offer.

Rural areas

There was much discussion about the particular challenges faced by rural areas with concerns raised about the availability and cost of transport to enable children to attend their free place. There was a strong likelihood that disadvantaged children living in rural or remote areas would not receive their entitlement due to a lack of transport to and from the family's desired setting.

Where provision in rural areas is scant, local authorities may want to consider how they can use the EYSFF to cultivate high quality provision in rural areas. Childminders were again considered to be part of the solution, with Cornwall Council describing its strategy of encouraging outstanding childminders to recruit an assistant to allow them to expand the number of places available.

Further concerns were raised about marketing and outreach strategies in rural areas, particularly that eligible families would be hard to reach.

In rural areas, mobile Sure Start centres, Health Visitors and other local services will be vital in promoting the offer to eligible children.

Flexibility

DfE suggested that providers should be encouraged to be more flexible with their ages and ratios in order to increase capacity. It was suggested that, for instance, rooms may be created for children aged 18 months to two-and-a-half years and for children aged two to three years in order to split two year olds into separate groups that would allow providers greater flexibility with their ratios.

It was acknowledged that providers would need to be supported by Ofsted to achieve this, and caution was urged to ensure that rooms contained an appropriate mix of ages to ensure that the younger children in particular receive suitable care.

Providers should also be urged to consider how eligible children may potentially access their provision at different times of the day in order to a) enable providers to work with more children and maximise capacity, and b) provide children and families with a service that best meets their requirements. Any consideration on flexibility should not force eligible families to access their free entitlement at times that are not appropriate for them.

Quality

The evidence is clear: high quality early education has lasting benefits for disadvantaged children. For that reason, the Code of Practice on the delivery of the free entitlement for three and four year old children, which will be extended to two year old children, is also clear: the free entitlement should be delivered through providers that are graded as 'good' or 'outstanding' by Ofsted. Where a provider has a 'satisfactory' Ofsted grade, they must satisfy other conditions that demonstrate their underlying quality and commitment to quality improvement. The Code of Practice for the free entitlement can be found [here](#).

Support that local authorities are offering

The Department for Education has received feedback that, in many areas, 'outstanding' providers may already have long waiting lists for places and may therefore be unlikely to deliver the two year old offer. DfE suggests that local authorities work with these providers to expand their current provision. However, it is equally as important that local authorities work with 'satisfactory' providers to improve quality in these settings.

A number of trials and pilots have and are being undertaken in regards to the two year old offer. The pilots have enabled local authorities to seriously consider how they can effectively deliver and use the funding as a lever to improve the local childcare landscape more generally. Each pilot has a specific focus – for example, some are aimed at improving quality while others have attempted to develop effective outreach strategies – and provides examples of [best practice](#) that local authorities may want to build in to the support they offer providers.

Use of QA schemes/ECERS/ITERS

Although the offer should be primarily delivered through providers with 'good' and 'outstanding' Ofsted grades, it is very important that local authorities use additional quality measures to determine the quality and appropriateness of settings.

The use of additional quality assurance schemes will enable local authorities to assess the suitability of a provider that is only rated as 'satisfactory' by Ofsted. They will also allow local authorities to determine the quality of a new setting, before it has received an Ofsted grade. Furthermore, in future Ofsted ratings for primary schools will be for the whole school and they will not be given a separate grade for early years provision.

There are a number of tools that may be used to supplement Ofsted measures of quality and it is up to the local authority to decide which ones to use.

Local authorities may decide to develop or commission their own measures of quality early education for two year olds. This path was pursued by Manchester, one of the local authorities participating in the 2011-12 trials, which developed and applied a bespoke Quality Assurance Framework to ensure that all settings were working towards reaching the same level of quality. The QAF was subsequently purchased by neighbouring Tameside council, another trial participant, and used to the same effect.

Ofsted

In accordance with the [free entitlement Code of Practice](#), the offer should be delivered through providers that are rated good or outstanding by Ofsted. Providers that are rated as satisfactory may deliver the offer if they can satisfy at least one other criteria to demonstrate that they are improving the quality of their practice.

Local authorities should also make use of other quality assurance tools such as ITERS, RAG ratings and bespoke assessment frameworks. These assessment tools will also enable local authorities to decide whether a setting can deliver the offer if it has not yet received an Ofsted inspection.

There was some concern from local authorities that the proposals to deregulate childminders would create barriers to quality assurance if implemented.

Staffing/training issues

Some providers expressed reservations about participating in the offer due to concerns about the challenges of working with very young children and vulnerable families. This is particularly the case for childminders, given their relatively limited access to other professional development opportunities.

In order to ensure that providers are equipped to work with eligible children and their families, local authorities must consider the additional training needs of practitioners.

DfE has commissioned Achieving Two year Olds (a partnership between Mott Macdonald and Hemsalls) to deliver a support contract to provide local authorities and providers with bespoke support, including training materials.

Quality issues for childminders

Ofsted data shows that a smaller proportion of childminders achieve good or outstanding grades than group settings – 71 per cent compared with 80 per cent respectively.

DfE is aware that childminders typically find it more difficult to access training than practitioners in group settings because they are required to work with children throughout the day. Local authorities should take account of this fact and develop strategies to improve the quality of childminding. In Essex for example, a Continual Professional Development package is being produced for childminders.

Wider support for families/links to other services

It is important to remember that the 40 per cent most disadvantaged two year olds will not all have multiple and complex needs. However, there will be some families that are eligible for the free entitlement that do require wider support packages. In such instances, DfE, local authorities and providers were in agreement that the free entitlement must be viewed as one pillar of a wider package of early intervention and support.

Providers that had participated in the trials – that were not already located within an environment that could offer broader support, such as a children’s centre – said that they required help to work with families with complex and additional needs, even if they were a good or outstanding setting.

It was also noted that funding from the Early Intervention Grant can be used to supplement the two year old offer, to provide wider packages support for families with complex and additional needs as part of a programme of early intervention. To achieve this effectively, local authorities must consider the need for joined-up working across children’s services and the potential training needs of childcare staff that will be working with eligible children and their families.

Evidence has shown that the home learning environment is the strongest predictor of a child’s educational performance. Providers that have participated in the pilots are acutely aware of this fact and have championed the need of parental engagement and home learning. However, it was felt that providers may need support to develop their capacity to provide such support for families with complex needs and families that expect providers to “fix” their child. Local authorities must therefore consider ways they can support providers and encourage parents to improve the home learning environment

Funding

Future funding arrangements

Local authorities that attended the events were eager to know how the offer would be funded in the future. There were specific concerns that the funding would not be secure beyond 2012-13.

£291 million has been made available for the two year old offer in 2012-13 through the Early Intervention Grant (EIG). Because this money is allocated through the EIG, it is not ringfenced. The funding will be increased to £534 million in 2013-14 and £760 million in 2014-15 and will sit in the Dedicated Schools Grant (DSG). As such, the funding will be ring-fenced for spending on education.

Levels of funding/local authorities EYSFF

The funding that local authorities receive for the free entitlement of three and four year olds is calculated on the basis of take-up in each local authority from the previous year. It will not be possible to replicate this for the funding of two year old places as there will be no pre-existing data on which to base such calculations.

Therefore, local authorities will receive funding based on the [estimated number of eligible two year olds in their area](#) and levels of deprivation within the authority. At present, there are no estimates on the actual amount of funding that each local authority will receive.

As with the three and four year old offer there will be no national funding formula. Local authorities will decide their own funding formulas.

DfE has produced a benchmarking tool that allows local authorities to compare:

- the total early years budget per pupil and the percentage of the DSG spent on the three and four year old offer
- take up rates for the three and four year old free entitlement offer
- the percentage of providers rated good or outstanding by Ofsted
- the percentage of children achieving a good level of development on their EYFS profile

This tool should be used by local authorities to develop a clearer understanding of the way they currently fund the free entitlement offer for three and four year olds and the potential outcomes for children. It provides useful information for developing funding formulas. The tool can be found [here](#).

Encouraging take up

Targeted outreach

Although a significant proportion of the poorest families are already accessing formal childcare services – some 43 per cent of the poorest 20 per cent and 37 per cent of the 20 to 40 per cent bracket – there are still many that do not use formal provision.

Targeted outreach is essential to ensure that eligible children receive their entitlement.

Local authorities were keen to know whether they could gain access to Free School Meals data, in order to target the offer directly at families that were eligible.

A legal provision is required in order to allow local authorities to do this. DfE is currently in discussions with DWP over this matter and hopes to make an announcement soon.

Health Visitors and Sure Start children's centres will play an important role in referring eligible families to the local authority in order that they may target the offer effectively.

Providers and local authorities were also keen to know whether providers would be able to check a child's eligibility.

A tool is being developed that will allow local authorities, providers and parents to check whether a child is eligible.

Wider information services/role of FIS

Data from DfE's Childcare and Early Years Survey of Parents shows that the most disadvantaged parents are less likely to get childcare information through word of mouth, from friends and family. As such, they are more reliant on official sources of information. Local authorities should therefore consider the mechanisms that must be in place to effectively market the offer to eligible families.

Discussion between local authority representatives and DfE identified the potentially important role of Family Information Services, Job Centre Plus, Health Visitors and Sure Start children's centres among others.

Data sharing (esp health and benefits data)

There is a top level agreement between education and health. However, data sharing remains a challenge due to the legal issues surrounding such processes.

In order to determine eligibility, local authorities, providers and parents will have access to an online eligibility checker

Sources of support for local authorities and providers

Communication between DfE and local authorities

There was a strong desire from event attendees for regular communication between DfE and local authorities.

There was also a fear that senior local authority staff may not buy into the offer and that sufficient resources may therefore not be available at a local level to secure enough high quality places and fund the wider packages of support that families with complex additional needs may require.

Statutory guidance

The [statutory guidance](#) provides detailed information on the duties of local authorities for the delivery of free entitlement places for three and four year old children. These regulations will also apply to the two year old offer. Local authorities should use the guidance document to ensure that they are meeting their statutory obligations and providing the best possible service for eligible two year olds and their families.