

Report to PVFM Select Committee

Free early education entitlements for 2, 3 and 4-year-olds: Overview of key trends and developments

Portfolio Holder:

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Purpose of the Report

To provide an overview of key trends and developments in the delivery of free early education entitlements for two, three and four-year olds since the report to the Performance and Value for Money Select Committee in August 2018.

The report draws on most recent national statistics released by the Department for Education (DfE) in June 2020 to enable benchmarking of Oldham's position against other local authorities at that time. It also reflects on the impact of the Covid-19 pandemic on the availability and uptake of early education over the past year and sets out priority action to redress a recent decline in uptake rates.

Recommendations

That the report be noted.

Free early education entitlements for 2, 3 and 4-year-olds: Overview of key trends and developments

1 Background

- 1.1 Despite a recent trajectory of improvement, school readiness in Oldham, as measured by the percentage of children reaching the Good Level of Development in the Early Years Foundation Stage at age 5, remains below national and regional averages¹.
- 1.2 The impact of the Covid-19 pandemic on access to an early learning environment for so many children is likely to further exacerbate the situation in terms of early education outcomes, and makes it more important than ever that a pro-active approach is taken to improving take-up rates for the free early education entitlements for two, three and four year olds.
- 1.3 There are three early years entitlements:
- 15-hour entitlement for all parents of three and four-year-olds (the universal entitlement). It equates to 570 hours a year of free education over no fewer than 38 weeks of the year.
 - 30 hours entitlement for working parents of three and four-year-olds who meet the eligibility criteria² (the extended entitlement).
 - A 15-hour entitlement for the most disadvantaged two-year-olds who meet nationally prescribed criteria.³
- 1.4 In addition to the national qualifying conditions for two-year olds, locally adopted criteria extend eligibility to the following:
- Children open to Social Care as either Children in need (CIN) or those on a Child Protection Plan (CPP)
 - Children in families open to Early Help
 - Children with special educational needs and disabilities (SEND) as evidenced by one of the following:
 - 24 Month ASQ-3 (Ages and Stages Questionnaire) assessment score in black area for 'communication' (i.e. below 25), or 'Personal/social' (i.e. below 31).

¹ Between 2018 and 2019 the percentage of children in Oldham achieving a good level of development increased from 64.1% to 68.1%. This follows a trend of a year on year increase from 41.1% in 2013.

² 30 hours are available to families where both parents are working (or the sole parent is working in a lone parent family) and each parent earns at least £139 per week, equivalent to 16 hours at the national minimum wage or living wage and less than £100,000 per year.

³ Two-year-olds are eligible for 15 hours of free early years provision if the parent(s) claim one of the following benefits: Income Support; income-based Jobseeker's Allowance (JSA); income-related Employment and Support Allowance (ESA); Universal Credit, and your household income is £16,190 or less after tax; tax credits and household income is £16,190 a year or less before tax; the guaranteed element of Pension Credit; the Working Tax Credit 4-week run on; Children are looked after by the local authority; have a statement of Special Educational Needs (SEN) or an Education, Health and Care Plan; are in receipt of Disability Living Allowance; have left care under an adoption order, special guardianship order or a child arrangements order; receiving support under the Immigration and Asylum Act.

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- Professional diagnosis endorsed by a named health professional) of a condition that impacts on the child's learning (e.g. Downs Syndrome, Hearing impairment; visual impairment).

2 Current Position

- 2.1 In June each year the Department for Education (DfE) publishes an annual statistical report on provision for children under five years of age in England.⁴ It is based on data sourced from the Early Years Census conducted in January, the School Census, and the School Level Annual School Census. It provides a comprehensive picture of the number of children taking up free early education entitlements, as well as the type and quality of the settings in which they do so.
- 2.2 The national headlines in the June 2020 report relating to each entitlement are set out below along with commentary on Oldham's performance relative to other local authorities.
- 2.3 Benchmarking of Oldham's performance against national, Greater Manchester and statistical neighbour authorities is presented at **Appendix 1**.
- 2.4 Ward level uptake data is presented at **Appendix 2**.

2.5 Universal early education entitlement (3 and 4-year olds).

- 2.5.1 National headlines:
Take up remains consistent, with 93% of three and four-year-olds benefitting from universal funded early education.
- 2.5.2 The Oldham context:
An uptake rate of 98% for three- and four-year olds places the borough above the national average and our Greater Manchester (GM) and statistical neighbours.

2.6 Two-year old entitlement

- 2.6.1 National headlines:
The 2020 census recorded an uptake rate of 69%, which represents a fall since the peak in 2018 when it reached 72%.
- 2.6.2 The Oldham context:
The position in Oldham mirrors the national picture, although the uptake rate fell more sharply in Oldham from 84% in 2018 to 70% in January 2020.
- 2.6.3 A key factor in the scale of the reduced uptake is the fact that in the corresponding period Oldham saw a 20% increase in the number of potentially eligible parents, which was disproportionately high compared with other LA's. This is due to parents on Universal Credit 'Live Service' being included in eligible numbers from March 2018. As a result, the number eligible rose from 1629 to 1955 over a twelve-month period.
- 2.6.4 Another contributory factor was the impact of the 30 hours extended entitlement for working parents that was introduced in September 2017. In Oldham, take-up of the 30 hours childcare offer exceeded projections, and this had a knock-on effect on the number of two-year old places available. The 2019/20 Childcare Sufficiency Assessment (CSA) showed that 177 places were lost between spring 2018 and spring 2019.
- 2.6.5 It is imperative that the Council continues to work closely with providers in all sectors and key delivery partners (e.g. Bridgewater Community Healthcare; Positive Steps Oldham) to drive up

⁴ Provision for children under five years of age in England: January 2020. DfE. Published June 2020.

the number of children benefitting from the two-year old entitlement. Action taken to this effect includes the following:

Table 1: Action to increase two-year old uptake

Issue to be addressed	Action	Progress
Confusion about eligibility under Universal Credit (UC)	Provide updated UC eligibility checking guidance for frontline parent engagement workers, health visitors and children's centre staff.	Revised guidance issued to Bridgewater Trust and PSO teams in June 2019.
Increasing numbers of children with EAL (DfE commissioned research in September 2018 ⁵ identified that higher proportions of children with EAL predicted lower take up rates of the 2yo entitlement. Between 2012 and 2018 there was a 3.5% increase in the percentage of children in Oldham schools whose first language is not English).	Continue to work through the Emerging Communities Team's established networks to cascade messages to target communities. Engage in GM Behavioural Insights project to better understand and address the reasons for non-take up.	Staff briefed on free entitlements / Joint messaging at community drop-ins Part 1 completed Dec. 2020 Part 2 to due to complete Mar 2020
	Ensure frontline engagement workers & Health Visitors are aware of the Council website and Government 'Childcare Choices' web pages and are able to use translation capability to assist parents to understand the benefits and processes re. the 2YO entitlement.	'Changing lives through childcare' workshops held in August and December 2020.
Financial pressures faced by providers may have led some to reduce the number of 2-year old places in favour of more cost-effective places for 3 & 4-year olds, thus affecting local supply of places.	Provider business planning support available both locally and nationally through the DfE LA support programme.	Funding advice packs produced May 2020. Provider event held October 2020
Localised shortfall of 2YO places We know that proximity to childcare is a prominent factor in parents taking up the 2-year old entitlement.	Work to Increase supply of early education places in Alexandra, Waterhead, Hollinwood, Coldhurst, Werneth and Medlock Vale wards in line with spring term 2019 childcare sufficiency assessment.	Priority in Childcare Sufficiency Action Plan/ Local place planning hubs convened.

2.6.6 A DfE survey of two-year old uptake during the autumn term 2020 ranked Oldham third among ten statistical neighbours. (**Appendix 3**)

2.7 Free education entitlement uptake rates: Termly comparison

Table 2. Termly uptake rates

Free Entitlement	Summer Term			Autumn Term			Spring Term		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
2-year old	71%	69%	67%	91.0%	78%	67%	85.8%	69%	73%
3 & 4-year old universal	101.0%	93.5%	*	103.6%	96%	103.4%	100.07%	94%	98.6%

⁵ Take-up of free early education entitlements Research report, September 2018. NatCen Social Research & ASK Research.

*No data available due to cancellation of school's census

Note: this represents the position at the end of each term. Spring term figures differ slightly from those presented at Appendix 1 which are based on uptake on national census day (Mid-January)

2.8 Quality

2.8.1 National Headlines:

In January 2020, 97% of two-year-olds and 92% of three and four-year-olds took up their funded early education at a setting rated good or outstanding.

2.8.2 The Oldham context:

99% of two-year-olds and 90% of three and four-year-olds were accessing their free entitlement in good and outstanding settings. At the time there were two settings rated as inadequate. One has since closed, and the other achieved a good outcome in their subsequent inspection. There are no settings in Oldham currently rated inadequate.

2.8.3 All early years providers receiving early education funding are required to work in partnership with the LA to improve the quality of the provision.

2.8.4 **Appendix 4:** Benchmarking the quality of settings where children in Oldham take up the free entitlement against other LA's.

3. The impact of Covid-19 on supply and demand of early education and childcare places

3.1 Supply of places

The pandemic has placed pressures on early years providers in terms of reduced demand and the need for new ways of working. They have faced the combined challenges of lockdown closures, part closures, parental caution, and additional requirement to comply with social distancing and infection control measures. However, despite this, to date the market in Oldham has remained reasonably stable.

3.2 Table 3: Changes to Ofsted-registered provider numbers during the pandemic

Provider type	March 2020	January 2021	Details
Schools and Academies	63	63	N/A
EY Units in Independent Schools	4	4	N/A
Childminders	157	154	15 resigned / 8 new registrations*.
Pre School playgroups	7	6	One closure due to falling numbers related to Covid-19.
Day Nurseries	47	46	One closure due to falling numbers related to Covid-19.
Extended day playgroups	31	30	One setting closed before the first lockdown but did not cancel their Ofsted registration until Jan 2021.

*Although we are aware of several childminders opting to leave the profession due to the impact of Covid-19, this is countered to some extent by the general turnover rate in the profession, as we have seen 8 new registrations over the same period.

3.3 Table 4: PVI Setting closures during pandemic

Date	% of settings open	% of settings closed	% of settings uncontactable
08/04/20 (Full lockdown)	33%	54%	13%
04/06/20 (Lifting of restrictions)	44%	51%	5%
15/07/20	53%	44%	3%
15/12/20 (autumn term peak)	89%	11%	-
12/01/21	89%	11%	-

3.4 **Childcare Recovery Plan**

The objective of the recovery plan is to ensure the Council's sufficiency duty can be met in the mid to long-term, and in so-doing support recovery of the local economy. To this end it aims to:

- i) support the financial sustainability of the local childcare market, recognising that many settings may not be able to operate at full capacity, and parental demand may be reduced.
- ii) support the re-opening of childcare provision to ensure childcare is available as far as possible for parents who need it, and when they need it, taking account of changing parental needs and preferences.
- iii) return uptake rates for the 2, 3- and 4-year-old free early education entitlements (FEEE) to their pre-Covid levels and beyond.

Appendix 5: Childcare sufficiency Recovery Plan: Overview of progress to date

4. **Summary**

- 4.1 The impact of the Covid-19 pandemic on the uptake of free early education has been significant and is likely to present on-going challenges for some time to come. Through the actions set out above we have in place a support framework intended to address some of the key risks to the sustainability of early years and childcare providers in terms of reduced uptake, changing patterns of parental need and financial risk. The situation will continue to be kept under scrutiny with the recovery plan reviewed and re-focused accordingly.

5. **Key Issues for Overview and Scrutiny to Discuss**

- 5.1 This is an update report for noting.

6 **Key Questions for Overview and Scrutiny to Consider**

- 6.1 As above

7. **Links to Corporate Outcomes**

- 7.1 Termly uptake of the free early education entitlements is a performance measure in the Corporate Plan aligned to the overall objective of creating an inclusive economy where people and enterprise thrive.

8. **Additional Supporting Information**

8.1 [Case studies, information from other authorities / bodies]

9. Appendices

Appendix 1: Benchmarking Oldham's Free Entitlement Uptake rates against other local authorities (January 2020 Census Data).

Appendix 2: Free Entitlement Uptake by Ward (Autumn term 2020)

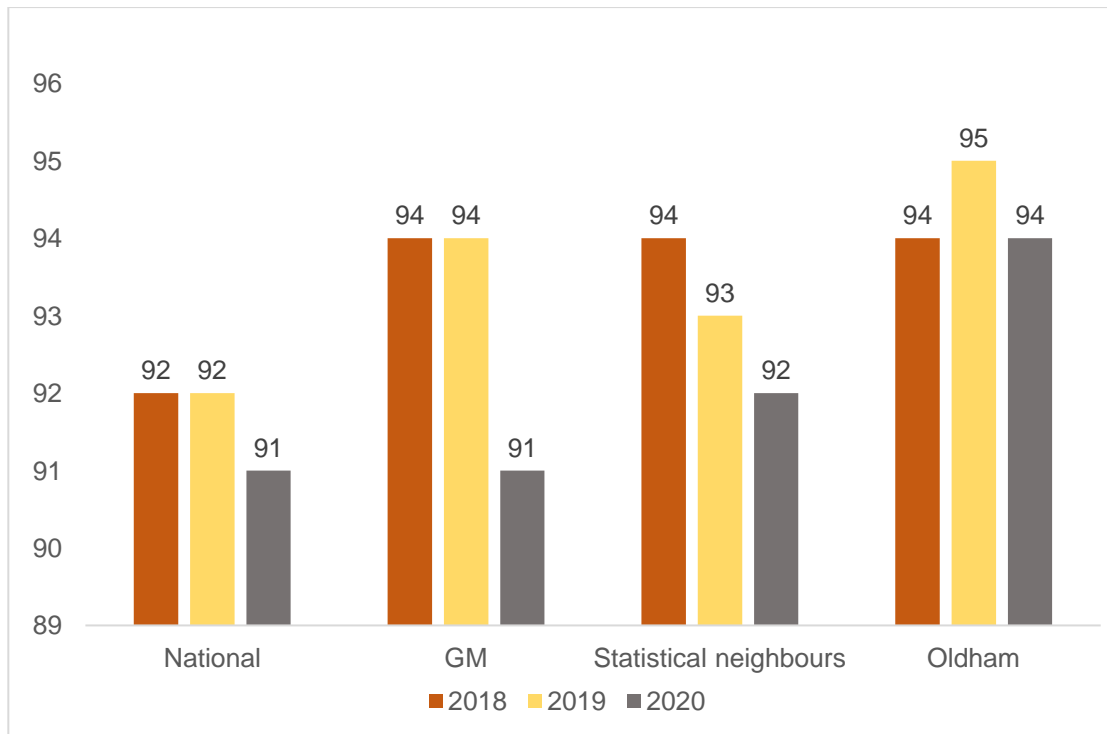
Appendix 3: DfE Two-Year-Old Take-up Operational Survey Data: Autumn 2020

Appendix 4: Benchmarking the quality of settings where children in Oldham take up the free entitlement against other local authorities.

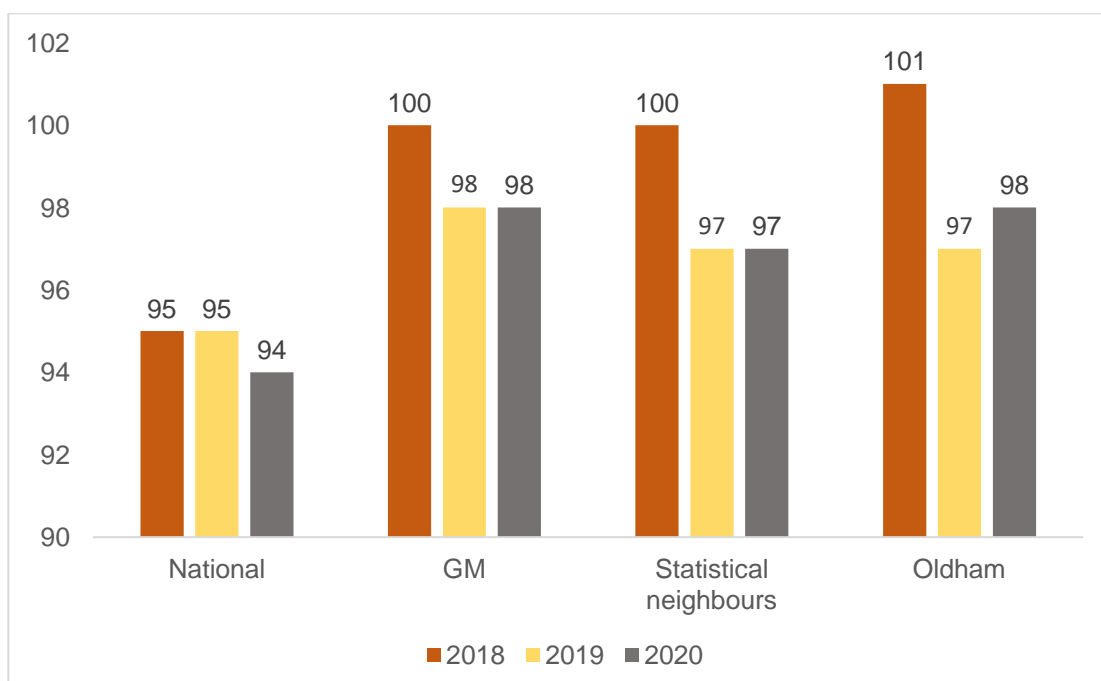
Appendix 5: Childcare sufficiency Recovery Plan: Overview of progress to date

**Benchmarking Oldham’s Free Entitlement Uptake rates against other local authorities
(January 2020 Census data)**

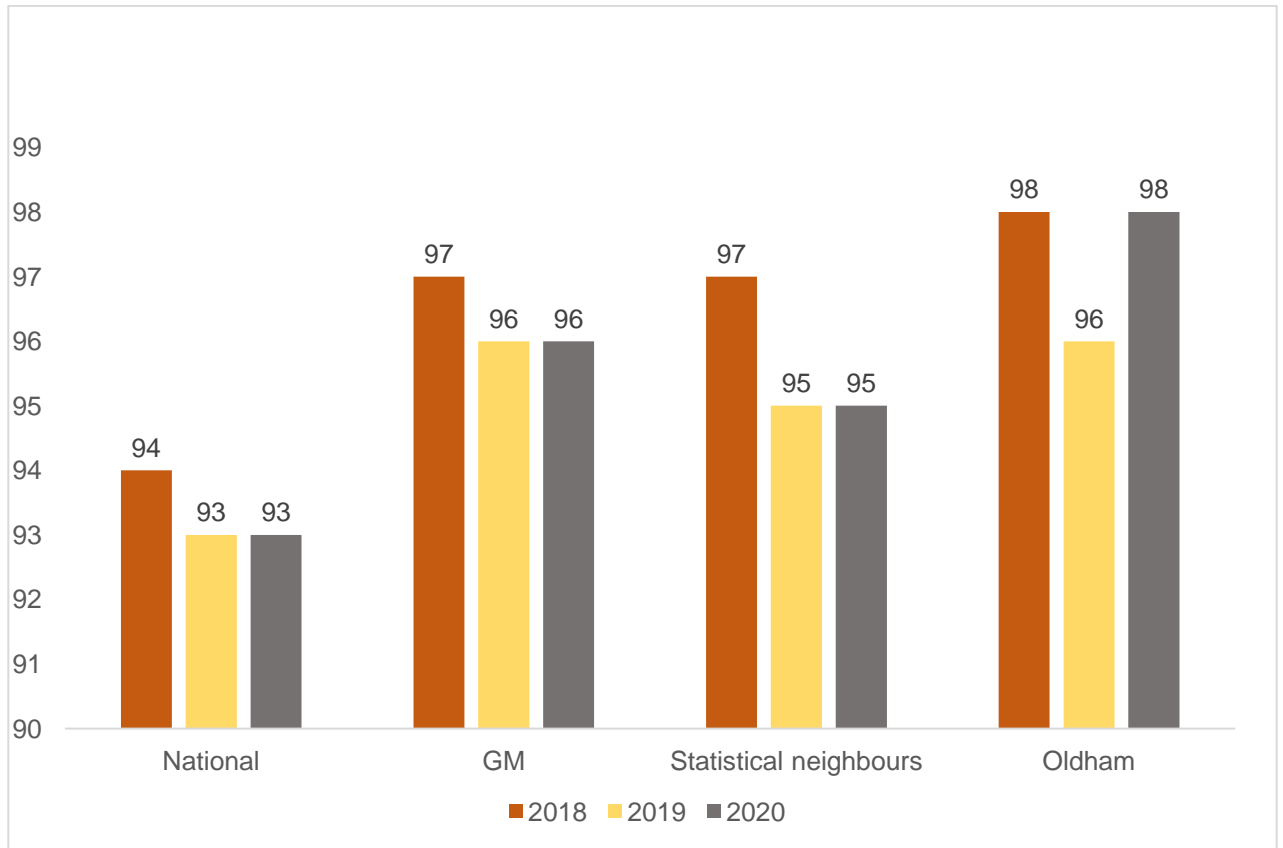
1. Take-up of funded early education by 3-year-olds (%)



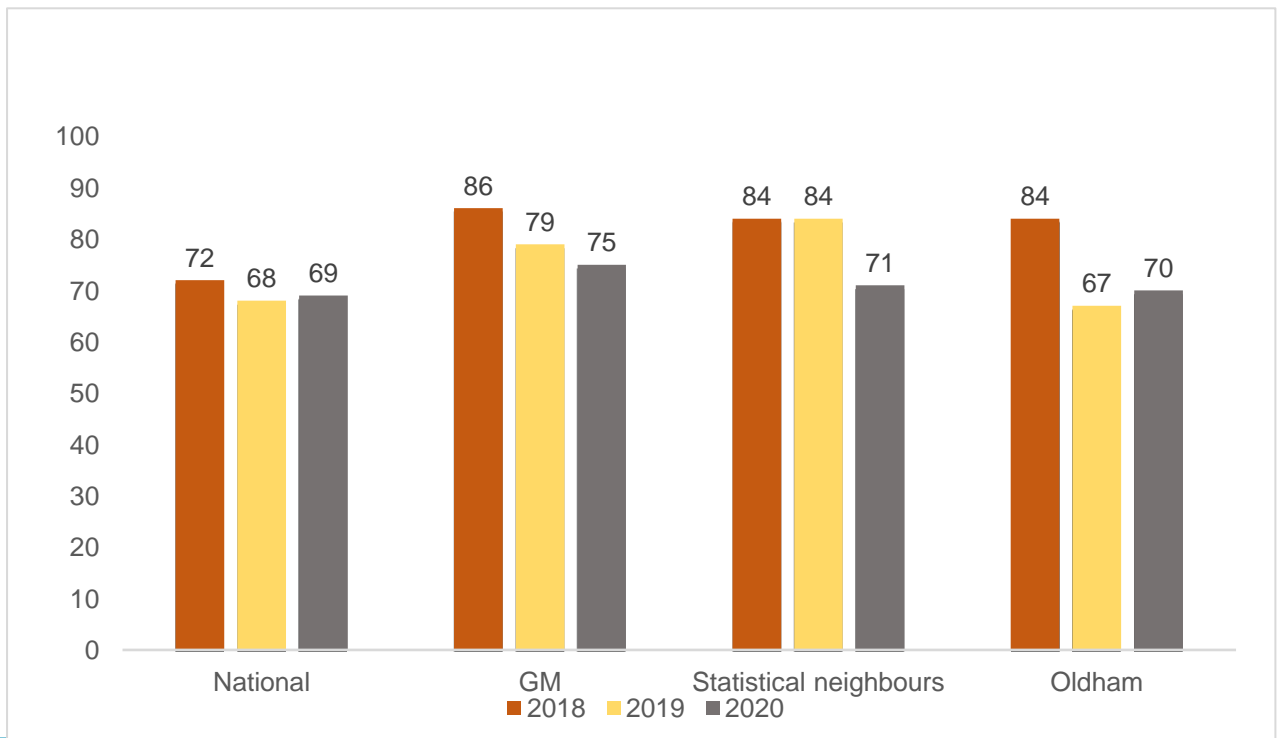
2. Take-up of funded early education by 4-year-olds (%)



3. Take-up of funded early education by 3 and 4-year-olds (%)



4. Take-up of funded early education by eligible 2-year-olds



Free Entitlement Uptake by Ward (Autumn term 2020)

1. Two-year-old Free Entitlement

Ward	Number accessing a place	Eligible Population	Percentage uptake rate
Alexandra	93	157	59.2%
Chadderton Central	34	43	79.1%
Chadderton North	56	82	68.3%
Chadderton South	46	67	68.7%
Coldhurst	90	166	54.2%
Crompton	18	39	46.2%
Failsworth East	29	38	76.3%
Failsworth West	36	65	55.4%
Hollinwood	91	124	73.4%
Medlock Vale	87	134	64.9%
Royton North	30	38	78.9%
Royton South	16	33	48.5%
Saddleworth North	8	11	72.7%
Saddleworth South	8	8	100%
Saddleworth West and Lees	29	40	72.5%
Shaw	46	53	86.8%
St James	88	107	82.2%
St Marys	102	170	60.0%
Waterhead	103	148	69.6%
Werneth	81	170	47.6%
Not Recorded	51	0	-
Grand Total	1124	1693	66.4%

Notes:

1. The population data is taken from the Office for National Statistics' Mid-Year Population Estimates 2019'. Data for such small localities is subject to some variation.
2. Uptake rates are based on where children access their free entitlement and not where they live. Therefore, where the uptake rate exceeds 100% this will be due to there being more places than children in the ward, and places being accessed by children from other wards.

Free Entitlement Uptake by Ward (Autumn term 2020)

2. Three and four-year old Universal Entitlement (15 hours)

Ward	Number accessing a place by Age			Population			Percentage Uptake Rate		
	3 YO	4 YO	3 & 4 YO	3 YO	4 YO	3 & 4 YO	3 YO	4 YO	3 & 4 YO
Alexandra	227	233	460	276	306	582	82.2%	76.1%	79.0%
Chadderton Central	96	129	225	115	134	249	83.5%	96.3%	90.4%
Chadderton North	141	149	290	138	160	298	102.2%	93.1%	97.3%
Chadderton South	111	134	245	163	166	329	68.1%	80.7%	74.5%
Coldhurst	223	233	456	237	228	465	94.1%	102.2%	98.1%
Crompton	107	95	202	86	111	197	124.4%	85.6%	102.5%
Failsworth East	78	97	175	99	114	213	78.8%	85.1%	82.2%
Failsworth West	116	132	248	127	118	245	91.3%	111.9%	101.2%
Hollinwood	192	187	379	178	200	378	107.9%	93.5%	100.3%
Medlock Vale	198	237	435	228	266	494	86.8%	89.1%	88.1%
Royton North	79	126	205	116	108	224	68.1%	116.7%	91.5%
Royton South	104	106	210	103	111	214	101.0%	95.5%	98.1%
Saddleworth North	73	84	157	90	106	196	81.1%	79.2%	80.1%
Saddleworth South	44	107	151	94	112	206	46.8%	95.5%	73.3%
Saddleworth W & Lees	81	105	186	107	103	210	75.7%	101.9%	88.6%
Shaw	80	120	200	132	106	238	60.6%	113.2%	84.0%
St James'	188	239	427	243	232	475	77.4%	103.0%	89.9%
St Mary's	237	281	518	290	272	562	81.7%	103.3%	92.2%
Waterhead	174	241	415	241	234	475	72.2%	103.0%	87.4%
Werneth	213	283	496	276	261	537	77.2%	108.4%	92.4%
Total Oldham	2762	3318	6080	3339	3348	6787	82.7%	96.2%	89.6%
Out of Authority	607	139	746						
Total	3402	3526	6928				101.9%	102.3%	102.1%

Notes:

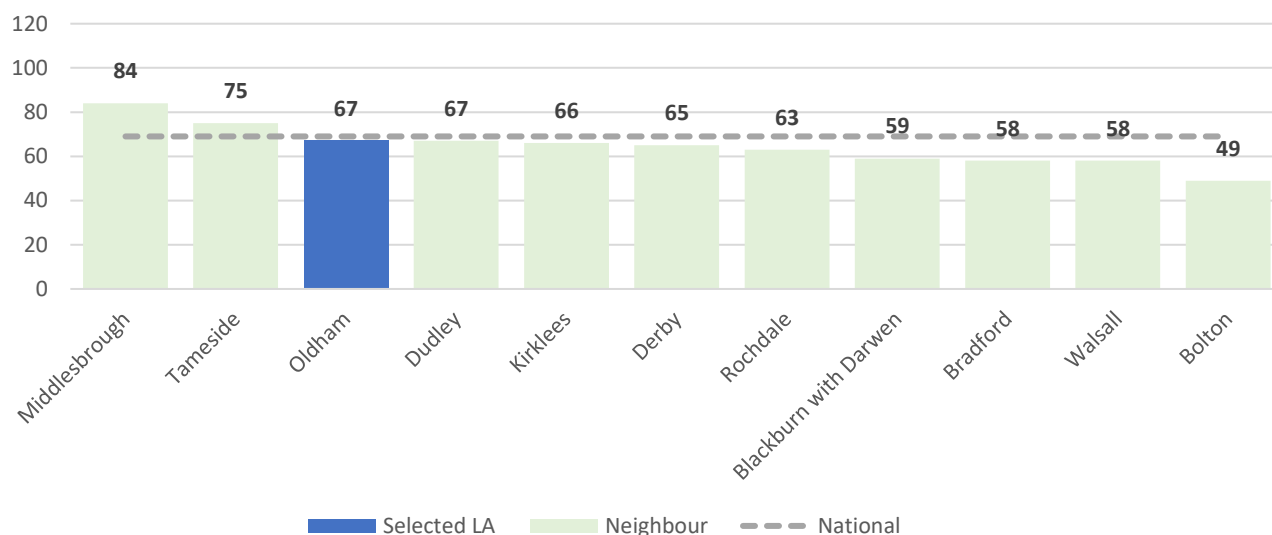
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DfE Two-Year-Old Take-up Operational Survey Data: Autumn 2020

1. Ranking relative to other LA's

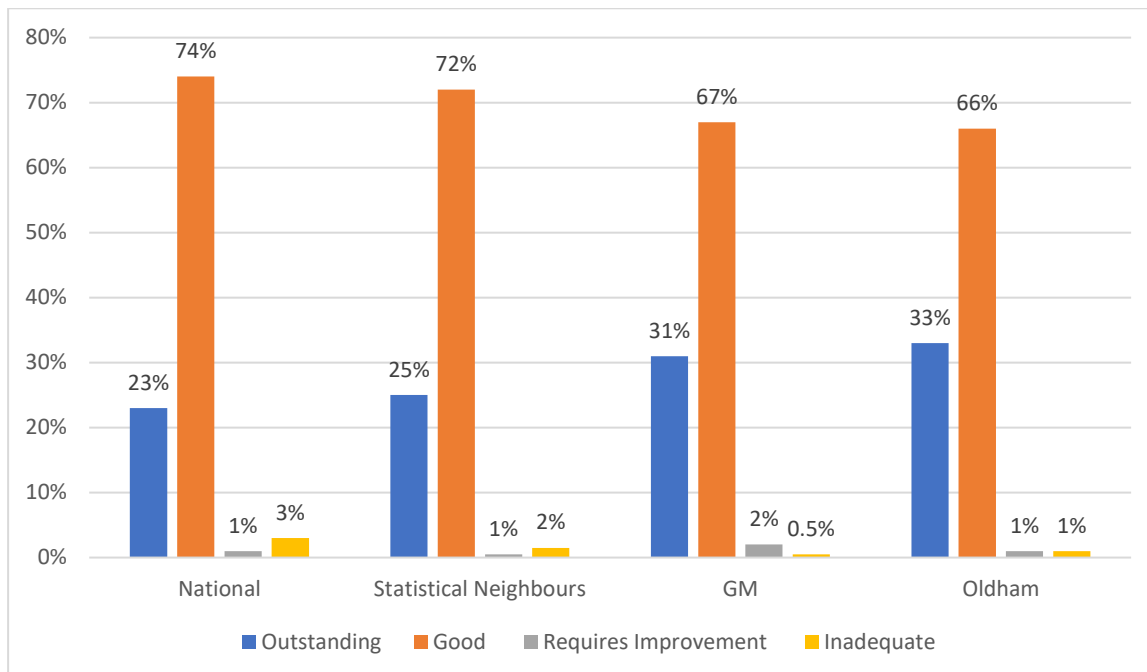
Oldham %	National Rank (out of 151)	Statistical Neighbour Rank (out of 11)	Region Rank (out of 23)
67	73	3	16

2. Uptake of two-year-old funded early education places compared with the 10 nearest statistical neighbours.

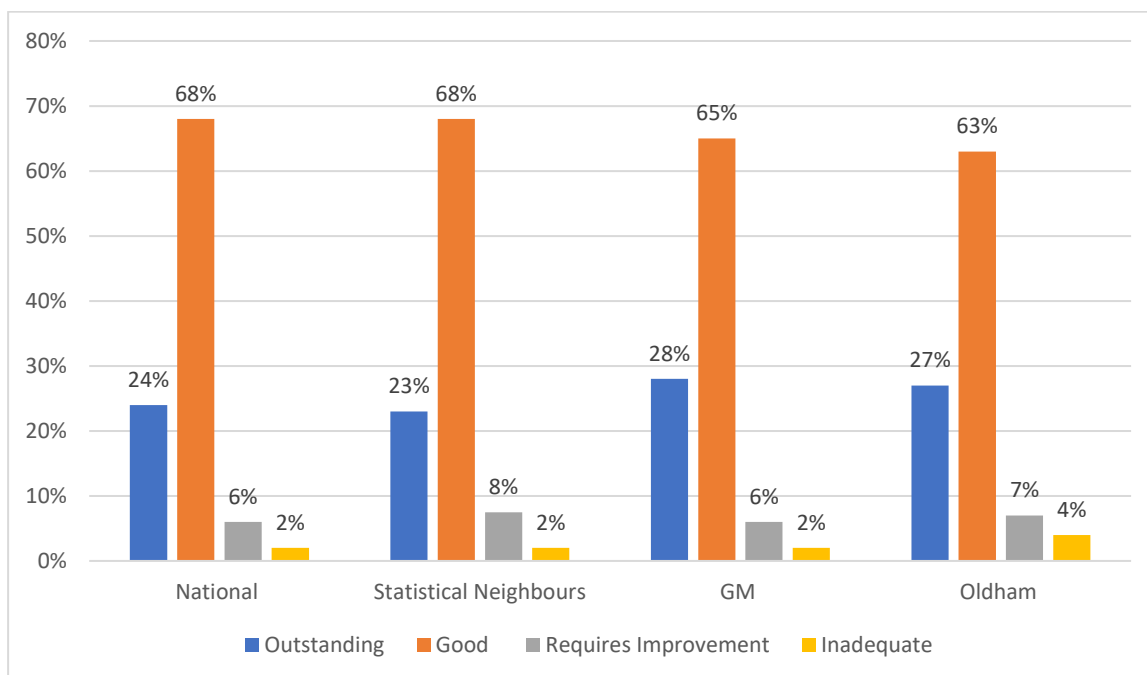


Benchmarking the quality of settings where children in Oldham take up the free entitlement against other local authorities

2-year-old uptake by Ofsted inspection rating (%)*



3- and 4-year-old uptake by Ofsted inspection rating (%)*



*Note: Because of rounding, totals do not always equal 100%.

Source: Provision for children under five years of age in England: January 2020. DfE. Published June 2020

Childcare sufficiency Recovery Plan: Overview of progress to date

Aim	Action to date
i) To support the financial sustainability of the local childcare market.	Funding advice packs produced for childminders, pre-schools and day nurseries detailing funding streams available from central government and eligibility criteria. E.g. Business rate support, small business grant, Job retention scheme etc.
	Free entitlement funding assurance In line with DfE Guidance, PVI providers were given assurance of summer-term funding regardless of closure, and autumn term 2020 payments at least at the autumn 2019 level, unless they were closed due to public health reasons.
	Local Covid-19 Small grants scheme To help meet the costs of infection control and implementing social distancing measures for early years and childcare providers (Including out of school clubs) that are open during the summer term. To date: <ul style="list-style-type: none"> • 76 settings funded (46 childminders / 30 group settings). • £28k paid out in first round. (Second round pending).
	Local Early Years Covid-19 Recovery Fund This was launched in September to support providers experiencing significant risk to their business as a result of the Covid-19 crisis. The purpose was to secure the supply of early years and childcare places across Oldham during the autumn term 2020 and beyond. (To date; £46,240 awarded across. 3 settings).
	Early Years Funding Forums Drop-in sessions hosted via 'Teams' to give providers opportunity to speak to the Early Years Funding team about issues arising.
ii) To support the re-opening of childcare provision	Supporting businesses to respond to changing needs of parents Provider <i>Finding your way through</i> sessions commissioned and delivered by Hempsall's. Separate sessions for childminders and group settings. Set out a 6-part process to address challenges and looking at new ways of working.
	Social Media training for providers Part of the recovery support package commissioned from Hempsalls.
	Case studies 6 case studies completed (4 nurseries and 2 childminders) to show how they are operating under restrictions and sharing their learning. These are being utilised by GM as part of the EYs recovery programme.
iii) To return uptake rates for the 2, 3 and 4-year-old entitlements	Changing Lives Through Childcare workshop for partners Online workshops for key partners held in August and December to raise awareness of the free early education entitlements and the important advocacy role of front-line professionals in promoting uptake. Two sessions delivered. Attended by reps from Early Help; Positive Steps; Right Start; Action Together; District Partnerships; Emerging Communities.

<p>to pre-Covid levels</p>	<p>Temporary extension of local 2-year old criteria In order to support vulnerable families through some of the covid-induced tensions they face, the age at which children on the social care or early help caseload can access the two-year-old entitlement was lowered to eighteen months in November. This will be reviewed at the end of the spring term. To date, 26 referrals have been made by Early Help and Social Care.</p>
	<p>Work to support increasing 2yr old uptake across GM The Early Years Service is actively engaged with GM work to increase uptake rates for the two-year old entitlement across the area through two work strands:</p> <ol style="list-style-type: none"> 1. Developing evidenced-based messages to increase parental confidence in taking up the 2-year old entitlement in the wake of the coronavirus pandemic; 2. Developing tailored approaches for groups with historically low take-up, with a focus on Asian communities.
	<p>Information session for schools to promote their important role in increasing uptake of early education places. We are asking Hemsalls to deliver their <i>Finding your way through</i> Information session for schools. The session looks at: the effects of COVID-19 on provision; making necessary changes to future models of delivery; and beneficial business relationships with other settings locally.</p>
	<p>Ongoing monitoring of childcare supply and demand and targeted outreach. Working with key partners in Early Help and Right Start services, data will be used to target areas with the greatest identifiable shortfalls in uptake.</p>