

Briefing note

Early Year's Report to School's Forum.

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Date	December 2024
Purpose	The purpose of this report is to provide members of the Schools Forum with an update on the latest duties and participation rates for funded early years education in Milton Keynes as compared to the wider local and national picture, and make recommendations for next steps in that context.

Recommendations

To note the annual report on early years and give consideration to the funding request included in item 2e

Background

Access to high quality early years education can have a positive and long-lasting impact on children's outcomes, particularly for disadvantaged children. Furthermore, access to flexible and affordable childcare provision can also remove a significant barrier that restricts parents from returning to work to improve their family's financial position.

Local authorities are expected to play a strategic, and supportive role within the local early years sector, rather than directly delivering provision, and have the following statutory duties:

- 1) Secure sufficient places to enable eligible access to free early education for those who are eligible.
- 2) Provide information, advice, and guidance to parents regarding their entitlements and encourage access for those that would benefit.
- 3) Secure information, advice, and guidance to new early year providers or those which have been judged less than 'good' by Ofsted, regarding:
 - a. meeting the requirements of the Early Years Foundation Stage Framework,
 - b. meeting the needs of children with special educational needs and disabilities, vulnerable and disadvantaged children; and
 - c. effective safeguarding and child protection.

The local early years marketplace

Local authorities are reliant on Private, Voluntary, and independent providers, and school based early years provision to fulfil their duty to secure sufficient provision for those who need it. Providers within the early years marketplace deliver provision through a variety of operating models to ensure that there is the flexibility available to meet the needs of children and their families. This provision

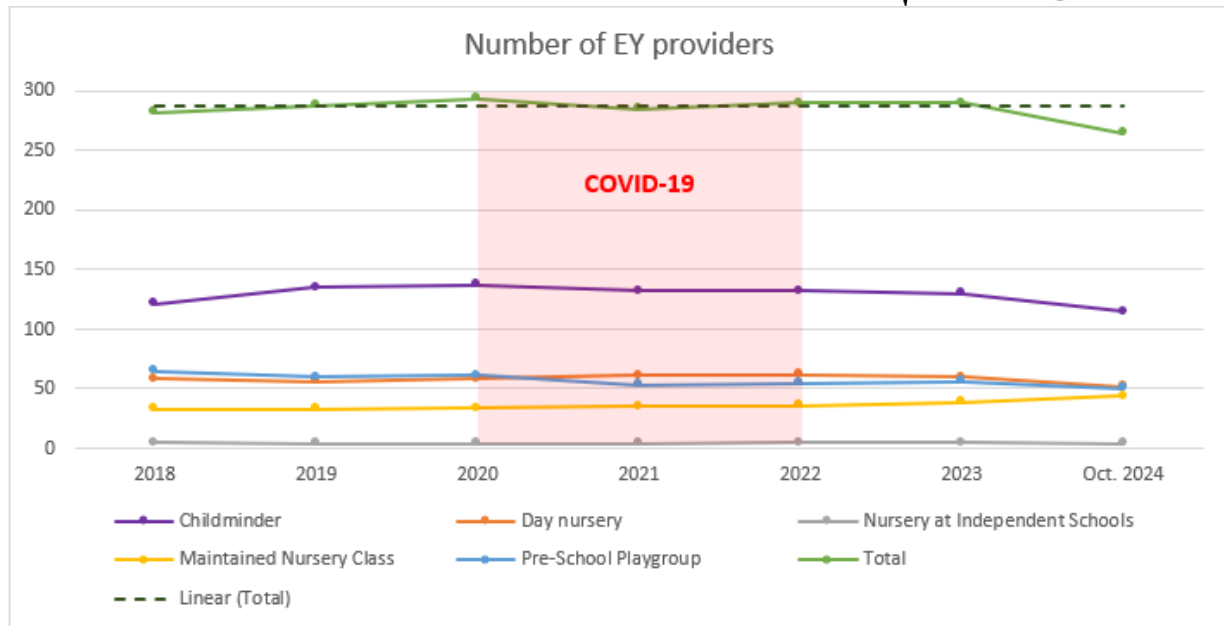
can range from childminder to playgroups through to year round full day nursery. In Milton Keynes private, voluntary and independent (PVI) organisations account for the majority of the funded early education and childcare market (85%). These providers operate from a variety of different premises (including purpose-built facilities, shared community buildings, schools, churches, converted offices and domestic premises). The remainder of the sector consists of nursery schools and nursery classes within schools. These providers offer a mixture of full day care or sessional care dependent upon the type of setting to provide parents with a mixture of choice to meet needs of families across the city.

Current 'funded' provider landscape as at October 2024

Provider Type	No. Providers	Registered Places	Type of care
Childminder	115	758	FULL
Day Nursery	52	3279	
Nursery Unit at Independent Schools	4	448	
Maintained Nursery Class	44	1669	
Pre-School	50	1869	SESSIONAL
Total	265	8023	

Despite the challenges the marketplace has faced over the years due to the impact of Covid-19, the Milton Keynes early years sector has remained relatively buoyant in comparison to the national position. Nationally there has been a significant reduction in providers in recent years however, in Milton Keynes, the number of providers has remained relatively stable over the past 7 years with the number of places available slightly increasing (4%). This can largely be attributed to an increased number of places being offered at nursery settings as their operational models enable them greater flexibility in what they are able to offer, and the significant focus locally on ensuring parents are aware of their entitlements to early education, and how it benefits children.

Milton Keynes City Council maps the current and projected future supply and demand for early education provision across the city and publishes the information annually. Whilst this is complicated by the variety of operating models for providing early education, and the fact that parents can pay to access additional sessions, this 'Early Years Forward View' can be used by local providers to identify potential gaps and opportunities across the borough. Local providers are able to cross reference this information with their own market intelligence and are usually quick to progress opportunities to fill any potential gaps in the local marketplace. As is the trend nationally and locally, community run (voluntary led) pre-school providers have struggled the most in recent years. However, in recent history, high quality local nurseries chains are quick to identify and takeover operation of any provision when there is a continued need.



Access to free early education

Currently families can access the following free entitlements:

1. Disadvantaged two-year-olds - the equivalent of 15 hours a week for 38 weeks.
2. All three- and four-year-olds – the equivalent of 15 hours a week for 38 weeks (universal entitlement).
3. Working parents (extended entitlement) – for 38 weeks a year the equivalent of up to:
 - a. 30 hours a week for children aged 3&4
 - b. 15 hours a week for children aged 2 (introduced April 24)
 - c. 15 Hours a week for children aged from 9months (introduced September 24 and rising to 30 hours from September 25)

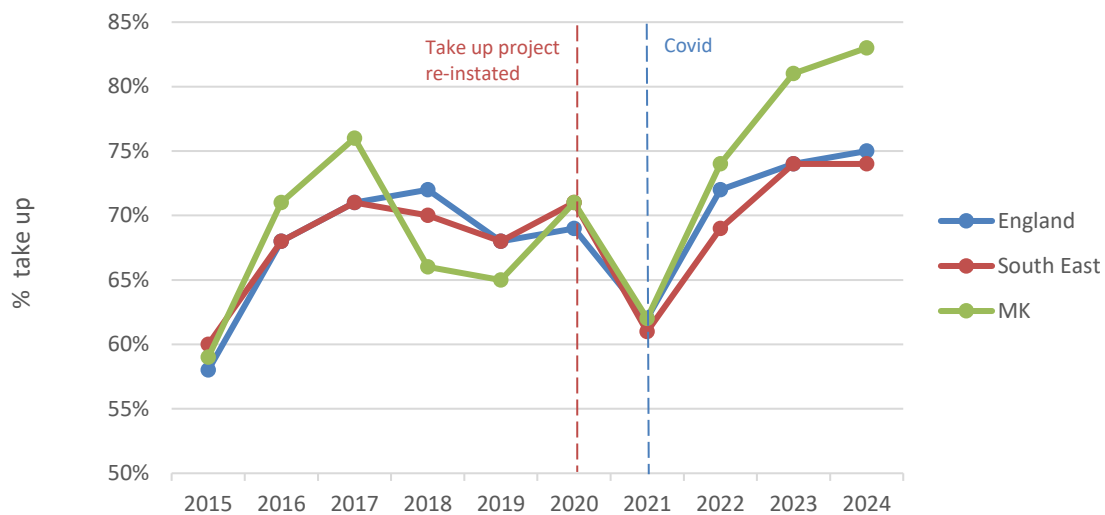
Whilst there is no legal obligation on parents to access early education provision, the evidence is clear that accessing good quality early years provision can generate immediate positive impacts on development, and sustained, significant improvements on children’s long-term outcomes, reducing inequalities in later life, particularly for those otherwise disadvantage children. For example, research has shown that pupils who enter reception with pre-school experience are better equipped to access learning in the reception class.

Two-year-old entitlement

When the statutory duty to offer free early education provision to all disadvantaged two-year olds was introduced it was supported by initial trajectory funding which Milton Keynes City Council used effectively to deliver a participation project which included a significant promotional campaign. Participation rates across Milton Keynes were consistently higher than that of the South East region and the national average. The participation project and promotional campaign stopped following the expiration of the initial trajectory funding, and Milton Keynes subsequently experienced a decrease in participation rates during 2018 and 2019.

In recognition of the reduced take up, a participation project and promotional campaign was re-instated in 2019 and has been running ever since, using centrally retained funding from the early years block. The project particularly focusses on improving direct engagement with families at the point they become eligible for the scheme. In addition to the information available on our webpages, and writing directly to inform families of their entitlements, this also includes colleagues within our Family Centres speaking directly with the eligible families to identify their individual barriers to accessing, supporting them to overcome these, and reporting back to the project group to inform further strategic planning and development. Whilst there was an overall drop in 2021, due to the impact of covid at the point of the January Census, take up rates have risen again, and participation rates are again significantly higher than national or regional averages and continue to grow (see graph below).

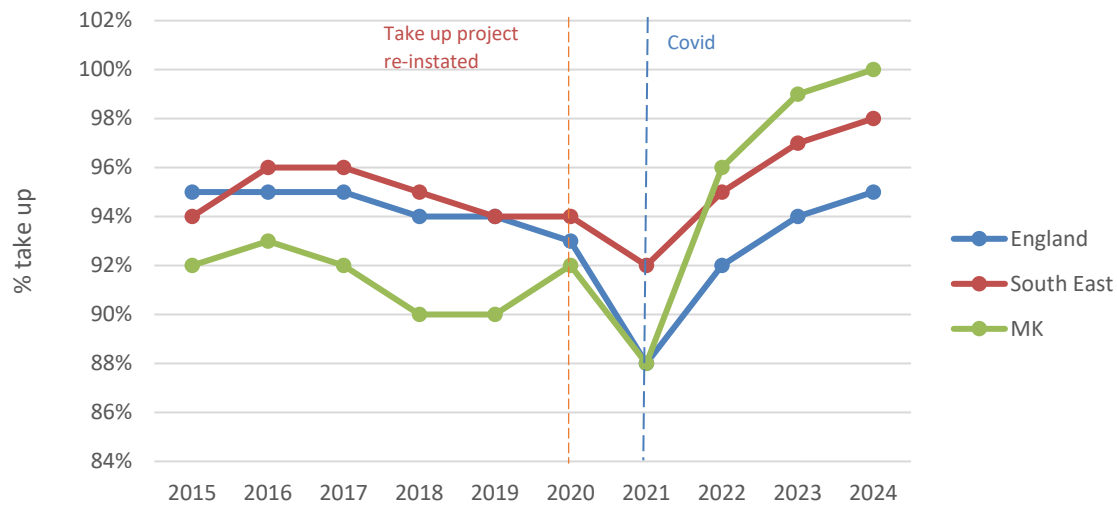
2 year old take up (January Census)



Universal three- and four-year-old entitlement

Historically, Milton Keynes participation in universal three- and four-year-olds has been reported as being consistently lower than regional and national levels. Whilst this has previously been attributed to the mobility of local families, it should also be considered with caution as the DFE’s take up calculations are based on population estimates. This is a contrast to two-year-old take up calculations, where the number of eligible children is derived from actual claimant data from the Department for Work and Pensions (DWP). Whilst the exact take up rates for the universal entitlement are unclear, there is a clear correlation between the participation rates for disadvantaged two-year-olds, and the subsequent universal participation rates for three- and four-year-olds. Following the re-instatement of the two-year-old participation project, there has been a significant increase in the participation rates for three- and four-year-olds. Other than the dip associated with Covid-19, universal take up rates are now calculated as being higher in Milton Keynes than regional and national averages and also continue to increase (see graph below).

3 & 4 year old universal (15 hours) take up (January Census)



Extended entitlements for working parents

The Spring 2023 budget announced a range of phased national changes to the early years sector. The aim of the measures is to support parents to access affordable, high-quality childcare so they can return to work more easily. A summary of the announcement can be found in **Annex A**. The announcements are the most significant national changes and investment into the early years sector in several years and are proposed to bring a number of potential benefits to parents:

- Support to provide more parents the opportunity to get back into work if their work barrier was childcare related.
- Supporting access to childcare for those who may not have been accessing due to affordability.
- Supporting those already accessing provision, by reducing costs for these families.
- Increases parental childcare options.

In addition to the existing work undertaken by MKCC, a project group has been established since July 2023 which comprises officers from multiple services within MKCC to consider and progress the steps required to meet these new duties, and the support available for the local early years sector.

To date we have successfully rolled out two of the three expanded entitlements; 15 hours for eligible working parents of 2 year olds from April 2024 and 15 hours for eligible working parents of children from 9 month olds from September 2024. Thus far we have had no issues raised of any parents being unable to access a free entitlement place in Milton Keynes.

The third and final expanded entitlement offer (30 hours for eligible working parents of children from 9 months) will be rolled out from September 2025. Whilst to date we have had no issues with parents being able to access provision, it is possible that there may be some areas of Milton Keynes where demand for places may be higher than current provision capacity for the last phase of entitlement expansion. As such, we are proactively engaging with the sector, via an Expression of Interest process, to understand if there is sector appetite and any opportunity to add additional early years places to the local system predominantly focussing on the 9 month to 2 year old age group. We will be seeking to support any suitable proposals through allocation of grant funding we have

available (Childcare Expansion Capital Grant that) which we have been allocated to specifically support the provision of new early years entitlement and wraparound places

In addition, to this there is the nationally run 'school based nursery' scheme which we are signposting schools towards. This scheme is supported by a one-time capital grant available for eligible state-funded primary-phase schools to either convert spare space within school buildings into a new nursery or expand an existing nursery. Applications are made directly to the DfE who are solely responsible for determining who is successful. Should local schools be successful in this process it will support to increase the availability of early years provision in Milton Keynes.

The current rate of new entitlement take up is c.33% and we are projecting this could grow to c. 50% with the final phase of entitlement expansion. This is line with the national projected range of uptake. However, it is possible that take up of the latest entitlement may be higher than this as new parents not currently accessing early years provision may seek to access the latest expanded entitlement. We will continue to monitor take up information as it becomes available to us in the summer term and work directly with the sector to mitigate any access issues that may arise as a result.

Information, advice, and guidance to providers

A regular newsletter 'Early Years Essential' (EYE) is sent to all Milton Keynes early years providers, to ensure they are kept updated of important local and national information, initiatives, or changes. Support, Advice and Guidance is also given to all early years providers, as and when required, to ensure accessibility of provision and appropriate support for children with SEND, or vulnerable/disadvantaged children. Providers are also able to access direct advice and guidance regarding early education funding enquiries or issues. Schools which deliver nursery provision are also able to purchase additional advice, guidance, and support through the 'traded support offer provided by the MKCC School Improvement Service.

For new providers, or those judged by Ofsted as being less than Good, MKCC provides direct support, advice, and guidance in relation to the areas of specific identified need. These will include matters in relation to meeting the requirements of the Early Years Foundation Stage Framework, meeting the needs of children with SEND, of vulnerable/disadvantaged children, or effective safeguarding and child protection. These will either be directly delivered by specialist MKCC officers or by other qualified professionals that work within the local early years sector and commissioned by MKCC as and when required to deliver specific support to other providers. The MKCC Early Years Improvement Partner also works with local providers and the Department for Education, to identify those who are eligible and would benefit from the national support schemes launched by Central Government in 2022 under their 'Post Covid recovery programme'. This includes the 'Experts and Mentors Programme' and 'Stronger Hubs'.

As of October 2024, 100% of local early years group-based settings, and 99% of childminders, achieved good or better in their last Ofsted judgement.

Impact on school readiness

The increase in early education participation rates at high quality early years provisions has had a positive impact on child development. The latest published data (relating to 2023) shows the proportion of children achieving a Good Level Of development (GLD) in Milton Keynes was 69.8% as

compared to 67.2% nationally. Although this is a headline measure relating to the end of the reception year, it indicates the impact of higher early years participation rates in Milton Keynes, as research shows that pupils who enter reception with pre-school experience are better equipped to access learning in the reception class. In addition, discussions with MK leaders recognise the positive impact of the participation project in comparison to pupils who haven't accessed pre-school provision and are often significantly behind their peers.

Early education funding

Funding for 'free' two-, three- and four-year-old entitlement places is provided to local authorities via the Early Years Block of the Dedicated Schools Grant (DSG) by the Education and Skills Funding Agency (ESFA). The funding received is based on the number of eligible children accessing places on the January census. High levels of participation are therefore important, not only because this provides high quality investment in children's education from an early age, but also because a drop in participation will drive a drop in funding the amount of funding received.

Local authorities have a responsibility for distributing funding to local early years providers, based on participation and in line with a locally agreed funding formula, which must align with national guidelines. Whilst the funding MKCC receives from central government is based on the January Headcount, it must be paid to providers based on termly participation rates. This causes complications, as the number of children eligible to receive the free entitlements increases each term. The 'hourly rate' of funding paid to providers must therefore account for fluctuations and growth across the academic year. The local hourly funding rates are determined by each local authority, but Milton Keynes Council does this in collaboration with providers via the Local Schools Forum, and related subgroups. Schools Forum is a consultative group which considers matters regarding DSG funding and is comprised of representatives from schools and early years providers. Matters regarding early education funding, are usually informed by the work of the Early Years Reference Group, which comprises a range of early years providers from the PVI and maintained sectors, as well as local authority officers. To support high quality delivery and provider sustainability, the Early Years Reference Group has outlined an intention to maximise the hourly rate paid to Early Years providers, whilst ensuring sufficient funding is retained to deliver the central functions required. Nationally local authorities have been required to pass-through a minimum of 95% of the DSG Early Years funding received for eligible children to early years providers with the remaining 5% able to be used flexibly for 'central costs' such as the administration of the funding, quality and improvement of settings and raising participation. Government has advised that this will rise to 96% in 2025/26, with plans to move to 97% once the new entitlements are sufficiently embedded. Government have also clarified that the retention / passthrough provision will be applicable to the total Early Years Funding Block, including the extended entitlements, which will enabling local authorities to fund the central services required to support the full entitlement offer. The pass-through rate to providers in Milton Keynes for 2024/25 is 97.1% and a rate of c.98.2% has been proposed for 2025/26, subject to the appropriate approval processes and government's confirmation of the amount of the final funding allocation. This is higher than the national requirement, and so continues to support the intention of the Early Years Reference Group.







For providers to be able to access free places for their children they must agree to comply with the 'Milton Keynes City Council Early Education Funding Provider Guidance', which is based on the national funding guidance for local authorities and is reviewed and refreshed annually. The guidance sets out the requirement for providers to comply with the Early Years Foundation Stage requirements, and there is a requirement for providers to be able to demonstrate, via their Ofsted

judgements, that their provision is of sufficient quality to merit the funding. If a provider becomes Inadequate, funding is removed for all children. If a provider becomes Require Improvement, funding is removed for eligible, disadvantaged two-year-old places (new to the provider) in most cases. There is therefore a direct link between the quality of provision and sufficiency of places.

Annex A – Summary of Spring budget 2023 EY announcements and phased roll out plan

Summary

The Budget announced a range of measures to support education and help parents with childcare so they can return to work more easily

-  **Entitlements:** Eligible working parents in England will be able to access 30 hours of free childcare per week, for 38 weeks a year, from when their child is 9 months old to when they start school. Govt will also increase the hourly rate for providers.
-  **Wraparound:** The government will invest £289m over two academic years, from Sept 2024, to enable schools and local areas to set up wraparound childcare provision
-  **Market reforms,** including more choice for childminders and changes to EYFS requirements, to improve flexibility for providers and support the workforce.
-  **Changing staff:child ratios** from 1:4 to 1:5 for two-year-olds in England to align with Scotland and provide greater flexibility for providers
-  **Childminder grants** to attract people to childminding, with £1200 for those who register with a childminder agency and £600 for those who register with Ofsted
-  **Universal Credit reforms** will pay childcare support up-front when parents move into work or increase their hours and increase the monthly re-imburement caps

 Department for Education

These will be rolled out in stages, to ensure enough supply in the system

Autumn 2023	<ul style="list-style-type: none"> • Childminder grants become available • Invest £204m into 3/4yo and 2yo funding rate • Staff:child 2yo ratio change
April 2024	<ul style="list-style-type: none"> • 15hrs for eligible working parents of 2-year-olds introduced • Invest £288m into 3/4 yo and 2yo funding rates
Sept 2024	<ul style="list-style-type: none"> • National wraparound support begins • 15hrs for eligible working parents of children 9 months plus introduced
Sept 2025	<ul style="list-style-type: none"> • 30hrs for eligible working parents of children from 9 months to primary school age introduced
Sept 2026	<ul style="list-style-type: none"> • All schools able to offer 8am-6pm wraparound on their own or in partnership