

Lancashire County Council

Education Scrutiny Committee

Monday, 22nd July, 2019 at 10.30 am in Committee Room 'C' - The Duke of Lancaster Room, County Hall, Preston

Agenda

Part I (Open to Press and Public)

No.	Item
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1.	Apologies
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2.	Disclosure of Pecuniary and Non-Pecuniary Interests
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Members are asked to consider any Pecuniary and Non-Pecuniary Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.

3.	Constitution: Membership; Chair and Deputy Chair; and Terms of Reference	(Pages 1 - 8)
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4.	Minutes of the meeting held on 26 March 2019	(Pages 9 - 14)
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5.	Early Years Education	(Pages 15 - 40)
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6.	Maintained Nursery Provision	(Pages 41 - 50)
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7.	School Finance update	(Pages 51 - 60)
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8.	Urgent Business
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An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

9. Date of the Next Meeting

The next scheduled meeting of the Committee is due to be held at 10.30am on 29 October 2019 in Cabinet Room 'C' at County Hall, Preston.

L Sales
Director of Corporate Services

County Hall
Preston

Agenda Item 3

Education Scrutiny Committee

Meeting to be held on Monday, 22 July 2019

Electoral Division affected:
(All Divisions)

Constitution: Membership; Chair and Deputy Chair; and Terms of Reference (Appendix 'A' refers)

Contact for further information:

Craig Alker, Tel: 01772 537997, Business Support Officer,
craig.alker@lancashire.gov.uk

Executive Summary

This report sets out the constitution: membership, chair and deputy chair and terms of reference of the Education Scrutiny Committee for the municipal year 2019/20.

Recommendation

The Committee is asked to note:

- i. The appointment of County Councillors Christian Wakeford and Munsif Dad as Chair and Deputy Chair of the Committee for the remainder of the 2019/20 municipal year;
- ii. The new membership of the Committee following the county council's Annual Meeting on 23 May 2019; and
- iii. The terms of reference of the Committee.

Background and Advice

The Full Council, at its meeting on 23 May 2019, agreed that the Education Scrutiny Committee shall comprise of 16 members (on the basis of 11 Conservative, 4 Labour and 1 Liberal Democrat) and 5 voting co-opted members.

The membership of the Committee, as confirmed by the Political Group Secretaries is as follows:

County Councillors (16):

A Cheetham	S T Clarke
M Dad	B Dawson
J Eaton	A P Gardiner
A D Kay	J Mein
J Molineux	E J Nash
J Potter	D Stansfield
D T Smith	P Steen
C Towneley	C Wakeford

Voting Co-Opted Members (5):

Mr S Smith – Representing RC Schools
Dr S Johnson - Representing CE Schools
Mr K Wales - Representing Free Church Schools
Mrs J Hamid - Representing Parent Governors (Secondary)
Mr J Withington - Representing Parent Governors (Primary)

The Full Council also appointed County Councillors Christian Wakeford and Munsif Dad as Chair and Deputy Chair of the Committee for the 2019/20 municipal year.

A copy of the Committee's terms of reference is attached at Appendix 'A'.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no risk management implications arising from this item.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Appendix A

Part 2 – Article 5 (Overview and Scrutiny)

The council has established the following Overview and Scrutiny Committees:

Committee	Responsibility	Membership
Internal Scrutiny Committee	Review and Scrutinise decisions, actions and work of the Council	12 County Councillors
Health Scrutiny Committee	Statutory responsibility for scrutiny of adult and universal health services	12 County Councillors, plus 12 non-voting co-opted members, nominated by the 12 district councils
Children's Services Scrutiny Committee	Review and scrutinise children and young people's services including the statutory powers of a scrutiny committee as they relate to the NHS.	12 County Councillors, one non-voting co-opted youth council representative, and five non-voting district council members with one member being nominated by each Children's Partnership Board
Education Scrutiny Committee	Review and scrutinise issues around education services provided by the council including those education functions of a Children's Services authority.	16 County Councillors and 5 co-optees, (comprising three Church representatives and two parent governor representatives) who shall have voting rights in relation to any education functions which are the responsibility of the Executive
External Scrutiny Committee	Review and scrutinise issues, services and activities carried out by external organisations	12 County Councillors

All Overview and Scrutiny Committees have the following Terms of Reference:

1. To review decisions made, or other action taken, in connection with the discharge of any functions which are undertaken by the Cabinet collectively, or in the case of urgent decisions which cannot await a Cabinet meeting by the Leader of the Council (or in his/her absence

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Owner – Chris Mather)**

the Deputy Leader) and the relevant Cabinet Member, or Cabinet committees.

2. To make reports or recommendations to the Full Council, the Cabinet, the Leader, Deputy Leader or other Cabinet Members as necessary or Cabinet committees with respect to the discharge of any functions which are undertaken by them or in respect of any functions which are not the responsibility of the Cabinet.
3. To hold general policy reviews and to assist in the development of future policies and strategies (whether requested by the Full Council or the Cabinet, individual Cabinet members, Cabinet committees, or decided by the Committee itself) and, after consulting with any appropriate interested parties, to make recommendations to the Cabinet, individual Cabinet members, Cabinet committees, Full Council or external organisations as appropriate.
4. To consider any matter brought to it following a request by a County Councillor or a Co-optee of the Committee who wishes the issue to be considered.
5. To consider requests for "Call In" in accordance with the Procedural Standing Orders – Overview and Scrutiny Rules at Appendix C – Appendix 3 of the Constitution
6. To request a report by the Cabinet to Full Council where a decision which was not treated as being a key decision has been made and the Overview and Scrutiny Committee is of the opinion that the decision should have been treated as a key decision
7. To request the Internal Scrutiny Committee to establish task groups and other working groups and panels as necessary.
8. To request that the Internal Scrutiny Committee establish as necessary joint working arrangements with district councils and other neighbouring authorities
9. To invite to any meeting of the Committee and permit to participate in discussion and debate, but not to vote, any person not a County Councillor whom the Committee considers would assist it in carrying out its functions.
10. To require any Councillor, an Executive Director or a senior officer nominated by him/her to attend any meeting of the Committee to answer questions and discuss issues.

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Internal Scrutiny Committee

1. To review and scrutinise all services provided by the authority, unless specifically covered by the Terms of Reference of another Overview and Scrutiny Committee.
2. To consider matters relating to the general effectiveness and development of Overview and Scrutiny in the authority including training for county councillors and co-optees.
3. To consider requests from the other Overview and Scrutiny Committees on the establishment of task groups, and to establish, task groups, and other working groups and panels as necessary, as well as joint working arrangements with District councils and other neighbouring authorities including joint committees to exercise the statutory function of joint health scrutiny committees under the NHS Act 2006.
4. To determine which Overview and Scrutiny Committee considers a particular matter where this is not clear.
5. To establish arrangements for the scrutiny of member development, and receive reports from the Member Development Working Group.
6. To recommend the Full Council to co-opt on to a Committee persons with appropriate expertise, without voting rights

Children's Services Scrutiny Committee

1. To scrutinise matters relating to services for Children and Young People delivered by the authority and other relevant partners.

The following provisions relating to scrutiny of health and social care relate to services for children and young people:

2. To review and scrutinise any matter relating to the planning, provision and operation of the health service in the area and make reports and recommendations to NHS bodies as appropriate,
3. In reviewing any matter relating to the planning, provision and operation of the health service in the area, to invite interested parties to comment on the matter and take account of relevant information available, particularly that provided by the Local Healthwatch
4. The review and scrutinise any local services planned or provided by other agencies which contribute towards the health improvement and

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the reduction of health inequalities in Lancashire and to make recommendations to those agencies, as appropriate

5. In the case of contested NHS proposals for substantial service changes, to take steps to reach agreement with the NHS body
6. In the case of contested NHS proposals for substantial service changes where agreement cannot be reached with the NHS, to refer the matter to the relevant Secretary of State.
7. To refer to the relevant Secretary of State any NHS proposal which the Committee feels has been the subject of inadequate consultation.
8. To scrutinise the social care services provided or commissioned by NHS bodies exercising local authority functions under Section 31 of the Health Act 1999.
9. To draw up a forward programme of health scrutiny in consultation with other local authorities, NHS partners, the Local Healthwatch and other key stakeholders.
10. To acknowledge within 20 working days to referrals on relevant matters from the Local Healthwatch or Local Healthwatch contractor, and to keep the referrer informed of any action taken in relation to the matter
11. To require the Chief Executives of local NHS bodies to attend before the Committee to answer questions, and to invite the chairs and non-executive directors of local NHS bodies to appear before the Committee to give evidence.
12. To invite any officer of any NHS body to attend before the Committee to answer questions or give evidence.

Education Scrutiny Committee

1. To scrutinise matters relating to education delivered by the authority and other relevant partners.
2. To fulfil all the statutory functions of an Overview and Scrutiny Committee as they relate to education functions of a Children's Services Authority.

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Health Scrutiny Committee

1. To scrutinise matters relating to health and adult social care delivered by the authority, the National Health Service and other relevant partners.
2. In reviewing any matter relating to the planning, provision and operation of the health service in the area, to invite interested parties to comment on the matter and take account of relevant information available, particularly that provided by the Local Healthwatch
3. In the case of contested NHS proposals for substantial service changes, to take steps to reach agreement with the NHS body
4. In the case of contested NHS proposals for substantial service changes where agreement cannot be reached with the NHS, to refer the matter to the relevant Secretary of State.
5. To refer to the relevant Secretary of State any NHS proposal which the Committee feels has been the subject of inadequate consultation.
6. To scrutinise the social care services provided or commissioned by NHS bodies exercising local authority functions under the Health and Social Care Act 2012.
7. To request that the Internal Scrutiny Committee establish as necessary joint working arrangements with district councils and other neighbouring authorities.
8. To draw up a forward programme of health scrutiny in consultation with other local authorities, NHS partners, the Local Healthwatch and other key stakeholders.
9. To acknowledge within 20 working days to referrals on relevant matters from the Local Healthwatch or Local Healthwatch contractor, and to keep the referrer informed of any action taken in relation to the matter.
10. To require the Chief Executives of local NHS bodies to attend before the Committee to answer questions, and to invite the chairs and non-executive directors of local NHS bodies to appear before the Committee to give evidence.
11. To invite any officer of any NHS body to attend before the Committee to answer questions or give evidence.
12. To recommend the Full Council to co-opt on to the Committee persons with appropriate expertise in relevant health matters, without voting rights.

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13. To establish and make arrangements for a Health Steering Group the main purpose of which to be to manage the workload of the full Committee more effectively in the light of the increasing number of changes to health services.

External Scrutiny Committee

1. To review and scrutinise issues, services or activities carried out by external organisations including public bodies, the voluntary and private sectors, partnerships and traded services which affect Lancashire or its inhabitants, and to make recommendations to the Full Council, Cabinet, Cabinet Members, Cabinet committees or external organisations as appropriate.
2. To review and scrutinise the operation of the Crime and Disorder Reduction Partnership in Lancashire in accordance with the Police and Justice Act 2006 and make reports and recommendations to the responsible bodies as appropriate
3. In connection with 2. above, to require an officer or employee of any of the responsible bodies to attend before the Committee to answer questions
4. To co-opt additional members in accordance with the Police and Justice Act 2006 if required, and to determine whether those co-opted members should be voting or non-voting
5. To review and scrutinise the exercise by risk management authorities of flood risk management functions or coastal erosion risk management functions which may affect the local authority's area

**(Approved and last updated under the Council's Urgent Business Procedure on behalf of the Urgency Committee, 20 June 2017
Owner – Chris Mather)**

Lancashire County Council

Education Scrutiny Committee

Minutes of the Meeting held on Tuesday, 26th March, 2019 at 10.30 am in Cabinet Room 'C' - The Duke of Lancaster Room, County Hall, Preston

Present:

County Councillor Christian Wakeford (Chair)

County Councillors

M Dad	J Potter
L Beavers	J Rear
A Cheetham	D T Smith
S Clarke	D Stansfield
B Dawson	P Steen
A Kay	C Towneley
J Molineux	J Burrows
E Nash	

Co-opted members

Mr Ian Beck, Representing RC Schools
Dr Sam Johnson, Representing CE Schools
Mr Kenvyn Wales, Representing Free Church Schools
Mr John Withington, Representing Parent Governors
(Primary)

County Councillor Joan Burrows replaced County Councillor Andrew Gardiner for this meeting.

1. Apologies

Apologies were received from Janet Hamid.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None were disclosed.

3. Minutes of the meeting held on 6 February 2019

Resolved: The minutes from the meeting held on 6 February 2019 be confirmed and as an accurate record and signed by the Chair.

4. Exclusions, Attendance, Transport and Elective Home Education

The Chair welcomed Steve Belbin, Interim Director of Education and Skills; Debbie Ormerod, Admission Manager; Frances Molloy, School Attendance and CME Lead; and Oliver Starkey, Head of Service, Public and Integrated Transport to the meeting.

The report presented provided an overview of the challenges around attendance and exclusions. It also provided information on children missing education and those who are educated at home. In addition, it provided details transport to Pupil Referral Units. Further to the report, a presentation was provided to the committee.

Attendance and Exclusions

It was reported that attendance rate in both primary and secondary schools were higher than the national average, while the exclusion rate in Lancashire was 2.25% above the national average. The committee was provided a breakdown of the exclusion figures from both primary and secondary schools by district, by permanent and temporary exclusions, and by the reasons for the exclusion.

In response to questions raised by members following this section of the presentation, the following information was provided:

- Concerns were expressed on the figures provided in relation to the reasons for exclusions. It was acknowledged that there could be a number of reasons for exclusion and further detail would be included in the narrative on the exclusion form. However, an exercise could be undertaken by the LA to look at particular issues such as racial or homophobic abuse to determine if there had been a rise.
- A definition of a managed move was provided, and it was noted that a managed move is a mechanism for when a child who may be leading down a path to a permanent exclusion moves to a new school and is in agreement between the two schools, the parent and the pupil. In terms of how a managed move works when the new school is full, it was noted that the guidance from the DFE allows a managed move where a school is full.

The Chair requested further clarification on information within the report and the following were clarified:

- The figures provided for the number of exclusions are the instances of exclusion and not the number of pupils being excluded.
- ICT as one of the reasons for exclusion relates to the use of social media.

Children Look After (CLA)

With regards to Children Looked After (CLA), the figures for the CLA for both primary and secondary schools who had been excluded were provided to the committee. It was noted that the number of CLA in secondary school is far greater than the number of CLA in primary school.

It was also reported that approximately 30% of all CLA exclusions have Special Educational Needs Disabilities (SEND).

Elective Home Education

With regards to Elective Home Education, it was reported that there were 1428 known children in Lancashire receiving home education and this number is continuing to rise. The statistics for the reasons why parents chose to home school their children were provided to the committee. However, it was noted that a reason was not provided by around 50% of parents.

In response to questions raised by members following this section of the presentation, the following information was clarified:

- It was noted that although the Local Authority doesn't have the right of entry into a child's home, they would always make an initial contact with the family, once they have been informed of a child receiving home education. This contact would come in the form of telephone advice or signposting them to the relevant resources. A home visit would always be included as part of this, subject to the families consent.
- It was reported that the number of parents who take up the offer of a home visit was between 15% – 20%, whereas it was reported that between 30% - 40% had taken up the offer to receive only the information and advice.
- It was confirmed that once a concern has been reported about the suitability of a child's education, the Local Authority would then have the powers to make contact with the family and to take the concern forward.
- It was noted that since children being home schooled do not need to take part in public examinations, there were no attainment statistics available.
- It was noted that when a child is not on a school roll, they could register to take their exams as an external candidate. The Local Authority has collated a list of all the facilities that offer examinations for external candidates and this is published on LCC's website.

Children Missing Education

The presentation provided information on the differences between Children Missing Out on Education (CMooE) and Children Missing Education (CME).

- CMooE is defined as children of a compulsory school age who are registered at a school but are not receiving an education.
- CME is defined as children of a compulsory school age who are not registered pupils at a school and are not currently receiving an education otherwise than at a school such as a College Placement or Elective Home Education.

It was noted that there are Information Sharing Agreements in place between Health and District Councils, so if they are alerted to a child missing education during their work with a family, they would pass on the information to the Local Authority to make contact with the family.

Transport to Pupil Referral Units

An overview of the transportation of a pupil to and from a Pupil Referral Unit was provided to the committee. The number of pupils who currently receive the service and the transportation cost for the service was also provided.

It was reported that from March 2019, the service were transporting 289 pupils to a Pupil Referral Unit. The cost for this annually was over £1m.

It was reported that Cabinet had previously approved a proposal to look at a more cost-effective approach and which would look at the different options available to transporting the pupil's to and from the Pupil Referral Unit.

Resolved: That;

- i) The report be noted.
- ii) The work being undertaken to address any issues and sustain improvement around permanent exclusions be considered.
- iii) The review to be undertaken on transport to Pupil Referral Units and the wider options available be noted.
- iv) A letter drafted by the Chair and the Cabinet Member of Children and Young People be sent to the Secretary of State for Education on the release of the guidance on Elective Home Education.
- v) The guidance be reviewed by the Committee.
- vi) A report be brought back to a future meeting of the Committee on Pupil Referral Units, once the consultation has been completed and before a report on the options is agreed by Cabinet.

5. Update from the Chair

The Chair provided a verbal update to the committee and the following were noted:

- An update was provided on the letter previously sent to the Secretary of State regarding the early years funding. It was noted that no response had yet been received.

- The Chair reminded the committee of the date for the SEND Inquiry workshop which is due to take place on Wednesday 5 June in Committee Room A at 9.30am. It was noted that this would be a joint session with Children's Services Scrutiny Committee and would primarily be looking at the transitioning from primary to secondary school for pupils with EHC plans and the challenges they faced.
- A further reminder was given to the committee that a work programming session for the 2019/20 municipal year would be held after the county council's AGM meeting in May 2019. This session would allow committee members to identify items to be included within the work programme for the next municipal year. It was noted that the date for this session would be circulated to members soon.

Resolved: That the update be noted.

6. Education Scrutiny Committee Work Programme 2018/19

The Chair presented to the committee the work programme for the remainder of the 2018/19 municipal year. It was noted that the committee is coming to an end of the current work programme for this municipal year.

Two potential topics was raised for a future meeting of the committee. These topics were:

- i) Physical education levels in schools and how much is done within at-risk groups like pupil with disabilities; and
- ii) Variations of the work done on school places.

7. Urgent Business

There were no items of Urgent Business.

8. Date of the Next Meeting

The next meeting of the Education Scrutiny Committee will take place on 18 June 2019 at 10.30am in Cabinet Room C at County Hall, Preston.

L Sales
Director of Corporate Services

County Hall
Preston

Education Scrutiny Committee

Meeting to be held on Monday, 22 July 2019

Electoral Division affected:
(All Divisions);

Early Years Education

(Appendix A refers)

Contact for further information:

Paul Duckworth Tel: 01257 516166, Head of Service – Education, Quality and Performance (Acting), paul.duckworth@lancashire.gov.uk

Executive Summary

This report provides information about Lancashire's providers of funded early education for 2, 3 and 4 year old children, including updates on take up and quality of provision.

Recommendation

The Education Scrutiny Committee is asked to:

- i. Consider the information contained in the report.
- ii. Note the next steps outlined.
- iii. Identify and agree any recommendations to support ongoing work.

Background and Advice

Lancashire's funded early years education and childcare provision within the county is currently as follows:

Private Day Nursery	332
Nursery provision within Primary Schools (including maintained nursery classes and governor led provision "Section 27")	154
Nursery Schools	24
Childminders	533
Pre-school Playgroup	117
Nursery Units of Independent Schools	14
Special School Nursery Classes	18
After School Club	4
Breakfast Club	1
Total Providers	1197

The vast majority of children access funded early education and childcare in the private and voluntary sector.

Childcare Sufficiency Assessment

Our latest childcare sufficiency assessment (CSA) shows that Lancashire currently has a sufficient number of childcare places. However, we do recognise that sufficiency may become more of a challenge within the next 12 - 18 months due to the impact of minimum wage increases and full implementation of the Early Years National Funding Formula (EYNFF) from April 2019. With this in mind we have developed a new system for undertaking the assessment, this includes reporting at a service planning area (SPA). This provides a more detailed analysis of childcare provision in an area so we can identify any localised issues and work in partnership with providers and parents.

Performance

Annually, the Department for Education (DfE) commissions National Statistics on the performance of each local authority against key headline measures.

Key findings from this year's report (Appendix A)

Ref: "Education provision: children under 5 years of age, January 2019: Early years provision for children under 5 years in the local authority maintained, private, voluntary and independent sectors in England." Published 27 June 2019.

1. National take up of funded early education remains high among 3 and 4 year olds at 1,277,100.

Take up rates of funded early education for 3 and 4 year olds stayed the same as in 2018. 92% of 3 year olds, and 95% of 4 year olds benefited from funded early education in January 2019 – a total of 1,277,100 children (*compared with 1,284,632 in 2018*).

91% of all 3 and 4 year olds receiving funded early education attended a setting rated good or outstanding by Ofsted.

Lancashire take up of funded early education remains high among 3 and 4 year olds at 27,019

Take up rates of funded early education for 3 and 4 year olds increased on 2018. 97% of 3 year olds, and 100% of 4 year olds benefited from funded early education in January 2019 – a total of 27,019 children (*compared with 27,270 in 2018*).

94% of all 3 and 4 year olds receiving funded early education attended a setting rated good or outstanding by Ofsted.

2. Nationally, over 328,000 children benefited from the extended funded early education, up 11%.

Nationally, in January 2019, 328,100 3 and 4 year old children benefited from the extended early entitlement (up to an additional 15 hours – meaning a total of up to 30 hours entitlement). This is an increase of 11% from 296,900 children in January 2018.

96% of all 3 and 4 year olds benefiting from the extended entitlement attended a setting rated good or outstanding by Ofsted.

In Lancashire, over 9,000 children benefited from the extended funded early education, up 7%

In Lancashire, in January 2019, 9,274 3 and 4 year old children benefited from the extended early entitlement. This is an increase of 7% from 8,680 children in January 2018.

97% of all 3 and 4 year olds benefiting from the extended entitlement attended a setting rated good or outstanding by Ofsted.

NB 37% of all 3 and 4 year olds benefiting from the extended entitlement attended a setting rated outstanding by Ofsted, compared with 29% nationally.

3. Take up rate for eligible 2-year-olds decreases to 68% nationally

Nationally, the number of 2 year olds benefiting from funded early education decreased by 6,200 to 148,800 in January 2019.

The take-up rate has decreased from 72% to 68% in 2019. This is mainly due to fewer children benefiting from the entitlement, but has also been partly affected by a change in the calculation of the eligible population.

96% of all 2 year olds receiving funded early education attended a setting rated good or outstanding by Ofsted.

In Lancashire, the number of 2 year olds benefiting from funded early education decreased by 17 to 3,243 in January 2019. The take-up rate has decreased from 75% to 69% in 2019 (see note above).

99% of all 2 year olds receiving funded early education attended a setting rated good or outstanding by Ofsted.

NB 39% of all 2 year olds receiving funded early education attended a setting rated outstanding by Ofsted, compared with 24% nationally.

4. The percentage of 2, 3 and 4 year old children benefiting from funded early education at private, voluntary and independent providers with staff with graduate statuses is high in Lancashire.

This detail is not included in the national main report but is included in the accompanying tables. The percentage of 2, 3 and 4 year old children benefiting from funded early education at private, voluntary and independent providers with staff with graduate statuses is 65% in Lancashire, compared with 52% nationally.

The percentage of private, voluntary and independent providers with staff with graduate statuses is 41%, compared with 36% nationally.

Conclusions from this report

All of the headline data figures contained within the statistical first release (related to take-up and Ofsted outcomes) are better than national figures. In summary, Lancashire's take up of Funded Early Education and the quality of the provision is better than that found nationally for all ages of children and provider types.

Furthermore, the key data is better overall than that of Lancashire's highest performing statistical neighbour (as measured by the Early Years Foundation Stage Profile data).

Further Information

Pupil Outcomes

Last published data from 2018 Early Years Foundation Stage Profile:

GLD: good level of development (the expected standard at the end of Reception)

GLD	2016	2017	2018
Lancashire	69.2%	69.4%	69.7%
National	69.3%	70.7%	72%

Standards of attainment rose marginally in 2018 by 0.3% to 69.7%. Though there is a three year trend of improvement, this is slight and not matched by the national rise. Consequently, results are below the national average and the gap has increased over the last two years.

Early Language Outcomes

The DfE has set an ambitious goal to halve, by 2028, the percentage of children leaving reception year without the communication, language and literacy skills they need to thrive.

The measure that underpins this ambition is the proportion of children achieving the expected level or above for both the 'communication and language' and 'literacy' early learning goals of the early years foundation stage profile (EYFSP).

In Lancashire in 2018 70.8% of pupils achieved this measure, with our best-performing statistical neighbour achieving 76.2%.

Next Steps

1. Work with Public Health colleagues to agree a formal 'strategy' for the Early Years of childhood.
2. Improve the early language and communication skills of the youngest children in Lancashire.
3. Raise overall levels of attainment by the end of a child's first year at school (Reception year).
4. Continue to monitor the sufficiency of places in local neighbourhoods to enable pre-school children to access high quality Early Years provision.

Consultations

An ongoing dialogue continues with providers of funded early education and childcare through the Early Years Consultative Group and the Schools Forum Early Years Block Working Group.

Risk management

This item has the following implications, as indicated:

Financial

Providers of funded early education in Lancashire report a number of financial risks to their ability to provide the funded early education, due to the Early Years national funding formula and increasing staffing costs.

Quality of provision

The ability to retain the current high quality provision in Lancashire may become harder within the continuing financial pressures.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
N/A	N/A	N/A

Reason for inclusion in Part II, if appropriate

N/A



27 June 2019

National take up of funded early education remains high among 3- and 4-year-olds at 1,277,100

Take up rates of funded early education for 3- and 4-year-olds stayed the same as in 2018. 92% of 3-year-olds, and 95% of 4-year-olds benefited from funded early education in January 2019 – a total of 1,277,100 children (*compared with 1,284,632 in 2018*).

91% of all 3- and 4-year-receiving funded early education attended a setting rated good or outstanding by Ofsted (see Section 5).

Lancashire take up of funded early education remains high among 3- and 4-year-olds at 27,019

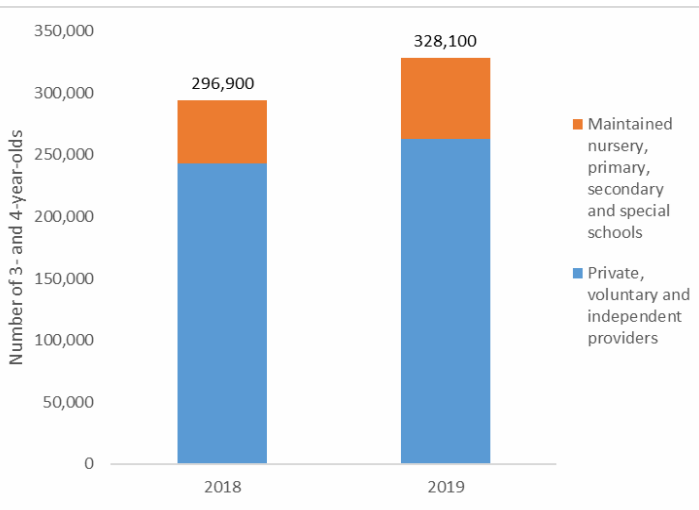
Take up rates of funded early education for 3- and 4-year-olds **increased on 2018**. **97%** of 3-year-olds, and **100%** of 4-year-olds benefited from funded early education in January 2019 – a total of 27,019 children (*compared with 27,270 in 2018*).

94% of all 3- and 4-year-receiving funded early education attended a setting rated good or outstanding by Ofsted (see Section 5).

NB 32% of all 3- and 4-year-receiving funded early education attended a setting rated outstanding by Ofsted, compared with 27% nationally.

Nationally, over 328,000 children benefited from the extended funded early education, up 11%

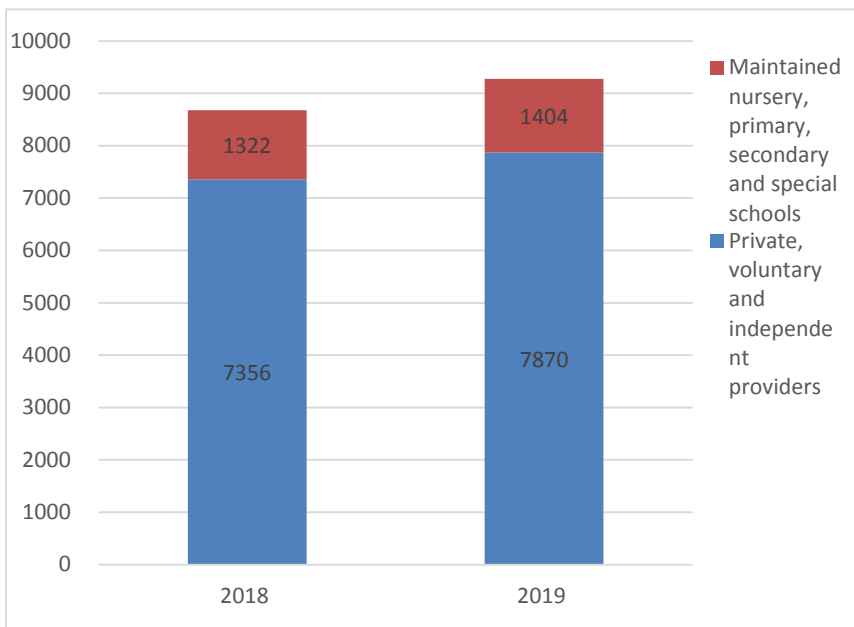
In Lancashire, over 9,000 children benefited from the extended funded early education, up 7%



Nationally, in January 2019, 328,100 3- and 4-year-old children benefited from the extended early entitlement (up to an additional 15 hours – meaning a total of up to 30 hours entitlement). This is an increase of 11% from 296,900 children in January 2018.

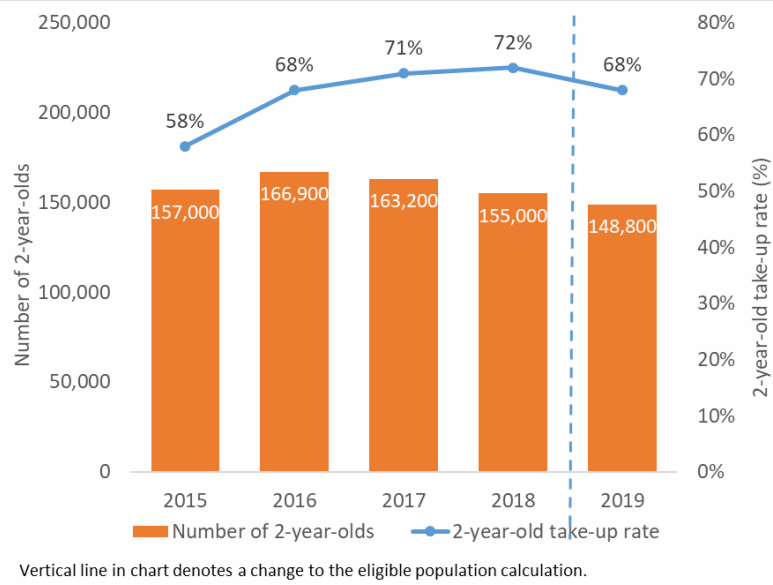
96% of all 3- and 4-year-olds benefiting from the extended entitlement attended a setting rated good or outstanding by Ofsted (see Section 5).

.....



In Lancashire, in January 2019, 9,274 3- and 4-year-old children benefited from the extended early entitlement. This is an increase of 7% from 8,680 children in January 2018. **97%** of all 3- and 4-year-olds benefiting from the extended entitlement attended a setting rated good or outstanding by Ofsted. **NB 37%** of all 3- and 4-year-olds benefiting from the extended entitlement attended a setting rated outstanding by Ofsted, compared with 29% nationally.

Take up rate for eligible 2-year-olds decreases to 68% nationally- and to 69% in Lancashire.

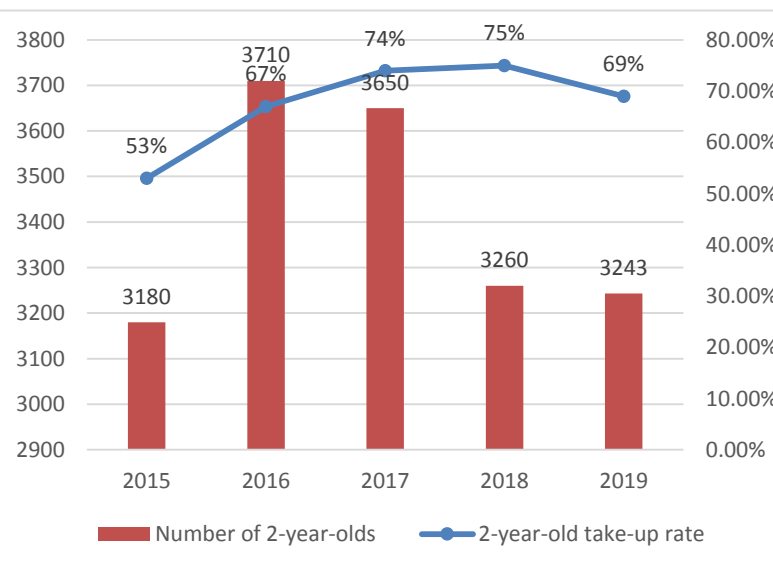


Nationally, the number of 2-year-olds benefiting from funded early education decreased by 6,200 to 148,800 in January 2019.

The take-up rate has decreased from 72% to 68% in 2019. This is mainly due to fewer children benefiting from the entitlement, but has also been partly affected by a change in the calculation of the eligible population. The vertical line in the chart represents this change in calculation.

96% of all 2-year-olds receiving funded early education attended a setting rated good or outstanding by Ofsted (see Section 5).

In Lancashire, the number of 2-year-olds benefiting from funded early education decreased by 17 to 3,243 in January 2019. The take-up rate has decreased from 75% to 69% in 2019 (see note above).



99% of all 2-year-olds receiving funded early education attended a setting rated good or outstanding by Ofsted.

NB 39% of all 2-year-olds receiving funded early education attended a setting rated outstanding by Ofsted, compared with 24% nationally.

The percentage of 2-, 3- and 4- year old children benefiting from funded early education at private, voluntary and independent providers with staff with graduate statuses is high

*This detail is not included in the main report but is included in the accompanying tables. The percentage of 2-, 3- and 4- year old children benefiting from funded early education at private, voluntary and independent providers with staff with graduate statuses is **65%**, compared with 52% nationally.*

*The percentage of private, voluntary and independent providers with staff with graduate statuses is **41%**, compared with 36% nationally.*

All of the headline data figures contained within this statistical first release better than national figures. In summary, Lancashire's nursery take up rates and the quality of the provision is better than that found nationally for all ages of children and provider types. Furthermore, the key data is better overall than that of Lancashire's highest performing statistical neighbor (as measured by the Early Years Foundation Stage Profile data).

The desire to maintain or improve quality and take up is a given and the focus is on sustainability.

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About this release

This statistics publication contains the latest information for January 2019 on provision of funded early education for children under 5 in the maintained, private, voluntary and independent sectors in England, together with figures for earlier years. The data was collected from schools, maintained nurseries, local authorities and private, voluntary and independent providers (PVIs) in January 2019 as part of the early years census, spring school census and the school level annual school census (for general hospital schools).

Figures in the main tables are provided unrounded, however, they are rounded to the nearest 100 in this commentary document for ease of presentation.

In this publication

The following tables are included in the statistics publication:

- Main tables (Excel .xls)
- Underlying data (open format .csv and metadata .txt)

The accompanying technical document, provides information on the data sources, their coverage and quality and explains the methodology used in producing the data.

Feedback

We are changing how our releases look and welcome feedback on any aspect of this document at EarlyYears.STATISTICS@education.gov.uk

1. Numbers benefiting from funded early education (Tables 1, 2, 4 and 6)

Eligibility for funded early education

All 4-year-olds have been entitled to a funded early education place since 1998 and in 2004 this was extended to all 3-year-olds. Since September 2010, all 3- and 4-year-olds have been entitled to 570 hours a year of funded early education over no fewer than 38 weeks of the year (which equates to 15 hours a week for 38 weeks of the year). This is known as the universal entitlement and is referred to in this publication as **funded early education**.

From September 2013, the entitlement to 15 hours of funded early education per week for 38 weeks of the year was extended to 2-year-olds who met certain eligibility criteria and from September 2014, it was further extended to more 2-year-olds who met other eligibility criteria. In April 2018 the eligibility criteria changed to reflect the introduction of universal credit.

In September 2017, the government doubled the funded early education entitlement for 3- and 4-year-olds from working families who meet the eligibility criteria to 30 hours a week for 38 weeks of the year (or 1,140 hours a year over no fewer than 38 weeks of the year). This is referred to in this publication as **extended funded early education**.

Further information about the early education entitlements can be found within the accompanying technical document.

Numbers benefiting from funded early education

Where they are receiving funded early education at more than one private, voluntary or independent provider, children have only been counted once at the provider where they take the majority of their funded hours.

A child splitting their funded hours between a maintained school and a private, voluntary or independent provider may be counted more than once. This does not impact the national take up rates.

For 3- and 4-year-olds, the eligible population used to calculate take-up rates is the ONS population estimate. For 2-year-olds, take-up rates are expressed as a percentage of the estimated eligible population. This is the fifth time they have been based upon data from the Department for Work and Pensions. However, for 2019 the estimated eligible population data includes Universal Credit Full Service claimants for the first time. For further information see the accompanying technical document.

Number of eligible 2-year-olds

National

In January 2019, 68% of the eligible 2-year-old population benefited from some funded early education, down from 72% in 2018. The number of children benefiting decreased from 155,000 in 2018 to 148,800 in 2019.

The eligible population figures increased in 2019 and included Universal Credit Full Service claimants for the first time. This has resulted in the addition of 32,900 children of Universal Credit Full Service claimants to the eligible population data. For further information see the accompanying technical document.

The 2-year-old take-up rate using the number of children benefiting in January 2019 as a proportion of the eligible population used in 2018 statistics release (which excluded Universal Credit Full Service claimants) is 69%. This suggests the main driver for the drop in the take-up rate is the decrease in the number of children benefiting, rather than the addition of Universal Credit Full Service claimants to the eligible population data.

Lancashire

In January 2019, **69%** of the eligible 2-year-old population benefited from some funded early education, down from 75% in 2018. The number of children benefiting decreased from 3,260 in 2018 to 3,243 in 2019.

Number of 3- and 4-year-olds

Population data

The ONS population estimates for 2017 and 2018 used in this publication have been revised, therefore take up rates for these years may differ to those previously published. For further information, see the accompanying technical document.

National

In January 2019, 94% of the 3- and 4-year-old population benefited from some funded early education, the same as last year. However, the number decreased by 7,500 from January 2018 to 1,277,100.

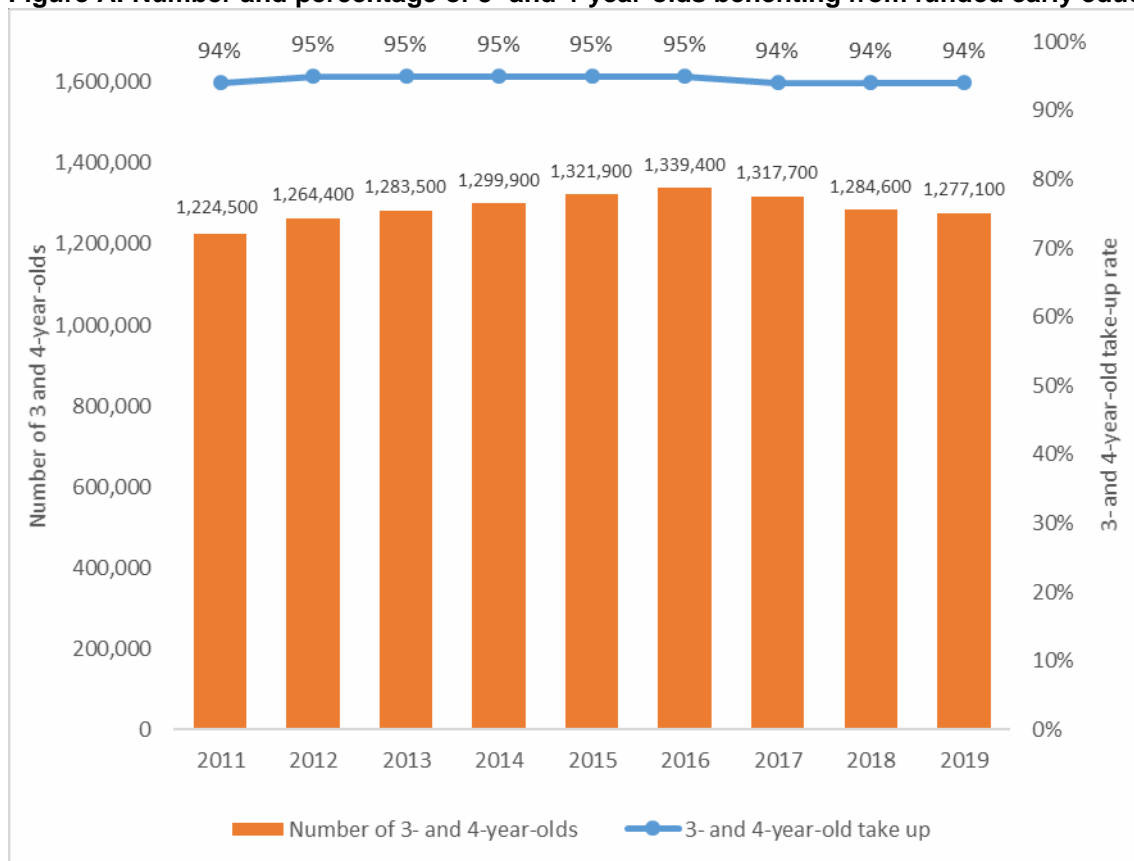
92% of the 3-year-old population, and 95% of the 4-year-old population benefited from some funded early education, each showing little change from January 2018.

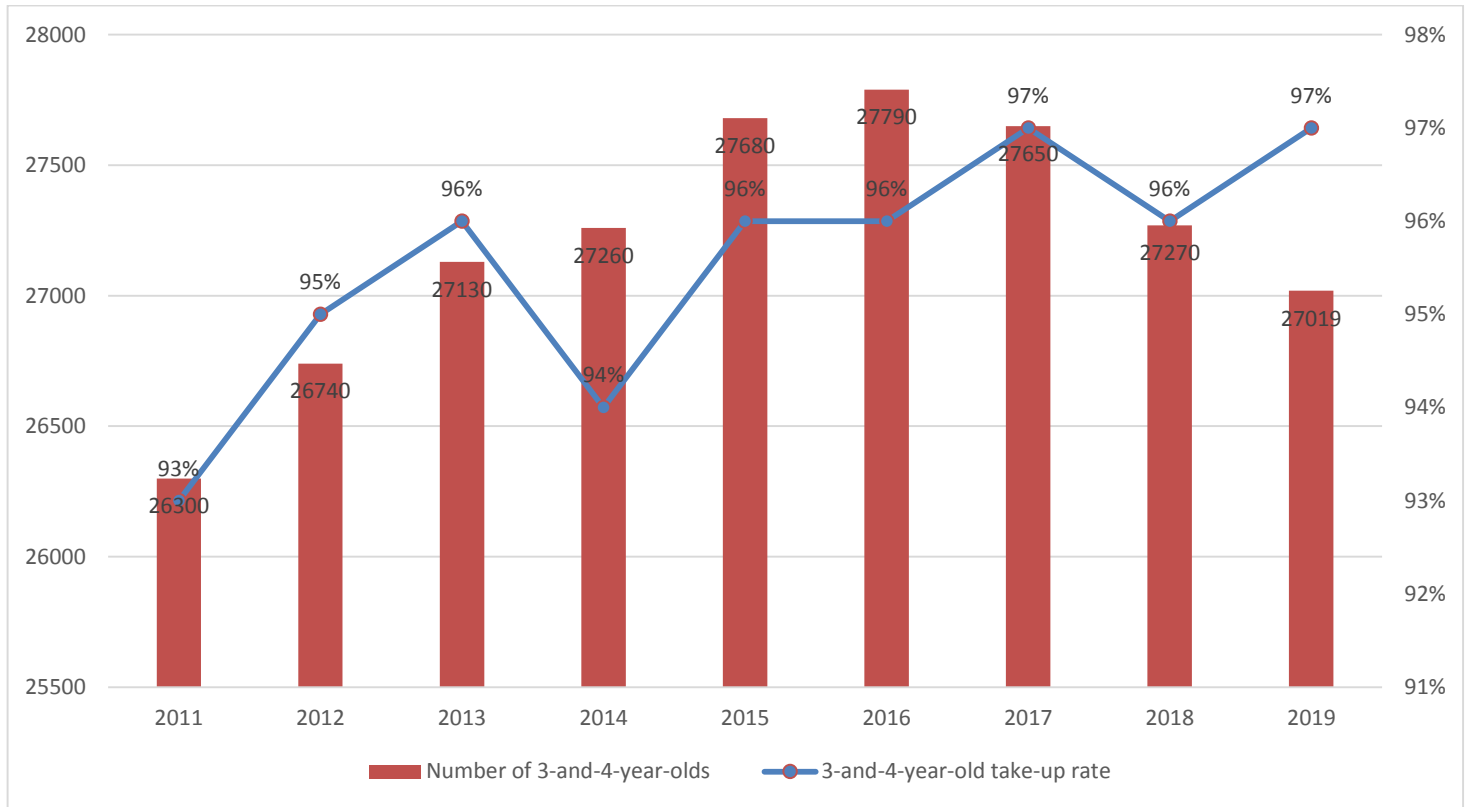
Lancashire

In January 2019, 99% of the 3- and 4-year-old population benefited from some funded early education, a percentage point above last year. However, the number decreased by 251 from January 2018 to 27,019.

97% of the 3-year-old population (up by 1% on January 2018), and 100% of the 4-year-old population benefited from some funded early education (as a year ago).

Figure A: Number and percentage of 3- and 4-year-olds benefiting from funded early education, 2011 to 2019





2. Numbers benefiting from extended early education (Tables 3LA, 5LA & 7LA)

Data sources on the extended early entitlement

Since the introduction of the extended early education entitlement policy in September 2017, the Department for Education has published regular management information to monitor the policy. These consist of [monthly management information](#) on the number of eligibility codes issued and validated, and [termly headcounts](#) of the number of children in a 30-hour place. While spring term 2019 headcount data (published in March 2019) was based on the same census date as both the January 2019 early years census and schools census, the figures will not align exactly as many LAs were still in the process of finalising and refining their figures when they submitted their headcount data.

This statistics publication gives a definitive picture of the number of children in a 30 hours place in January 2019, along with breakdowns by provider type, Ofsted rating of provider, special educational needs provision and staff qualifications.

National

In January 2019, 328,100 3- and 4-year-old children benefited from extended early education, an increase of 11% since 2018. We would expect to see variation across years as the number of eligible children will change depending on the birth cohort and parental employment.

Estimates suggest around 410,000 children were eligible for the extended hours nationally, meaning around 4 out of 5 eligible children have taken up some extended hours. Further information on the eligibility estimate can be found in the accompanying technical document.

Lancashire

In January 2019, 329,274 3- and 4-year-old children benefited from extended early education, an increase of 7% since 2018.

3. Provider types (Tables 12 to 14)

Funded early education for 2-year-olds by provider type

The proportion of 2-year-olds accessing their free entitlement in maintained nursery, primary, secondary and special schools has increased from a very low base since data was first collected in 2014 (See Figure B), whilst the percentage in private, voluntary and independent providers (including childminders) has decreased.

Two factors are likely to have contributed to this increase in the maintained sector; the Small Business Enterprise and Employment Act coming into force in 2015 and clearer guidance for local authorities on whether children should be returned on the early years or school census. Further information can be found in the accompanying technical document.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811642/Provision_for_children_under_5_2019_-_technical_document.pdf

Funded early education for 3-and 4-year-olds by provider type

The majority of 3-year-olds access their funded early education in private, voluntary and independent providers (including childminders). The proportion attending maintained nursery, primary, secondary and special schools has decreased slightly over the last 5 years.

The proportional split of 4-year-olds across provider types has remained broadly similar in recent years with the majority accessing their funded early education in infant classes in primary schools (i.e. reception classes).

Lancashire

Funded early education for 2-year-olds by provider type

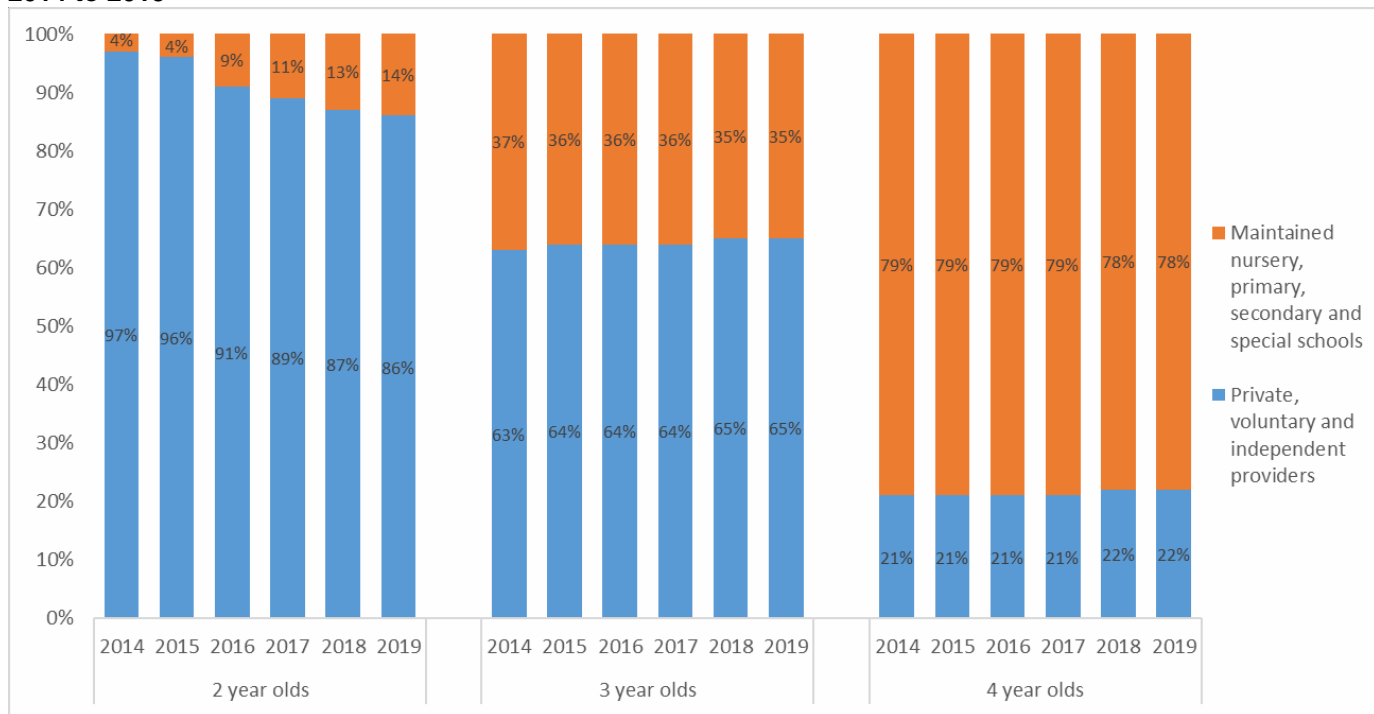
The proportion of 2-year-olds accessing their free entitlement in maintained nursery, primary, secondary and special schools has increased from a very low base since data was first collected in 2014 whilst the percentage in private, voluntary and independent providers (including childminders) has decreased.

Funded early education for 3-and 4-year-olds by provider type

The majority of 3-year-olds access their funded early education in private, voluntary and independent providers (including childminders). The proportion attending maintained nursery, primary, secondary and special schools has been consistent over the last 5 years, with the exception of last year when it dropped to 15%.

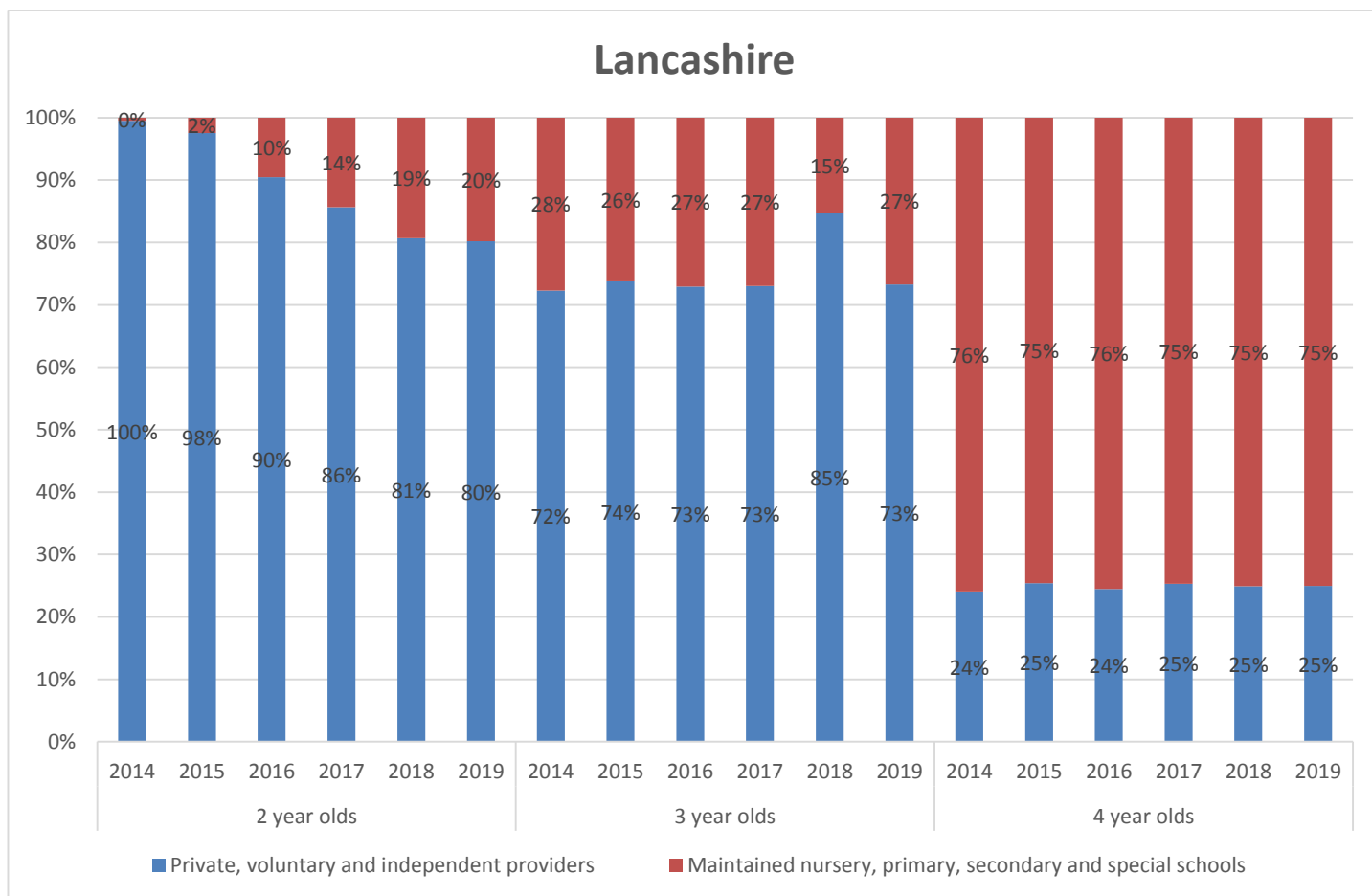
The proportional split of 4-year-olds across provider types has remained broadly similar in recent years with the majority accessing their funded early education in infant classes in primary schools (i.e. reception classes).

Figure B: Percentage of 2-, 3- and 4-year-old children benefiting from funded early education by provider type, 2014 to 2019



Percentages are rounded to the nearest whole number and may not sum to 100%.

Lancashire



Extended early education for 3- and 4-year-olds by provider type

National

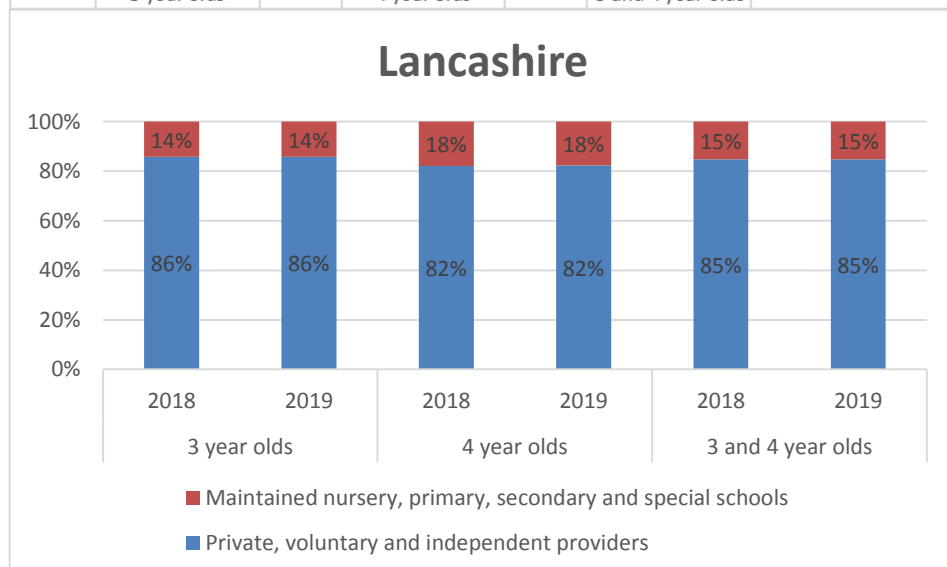
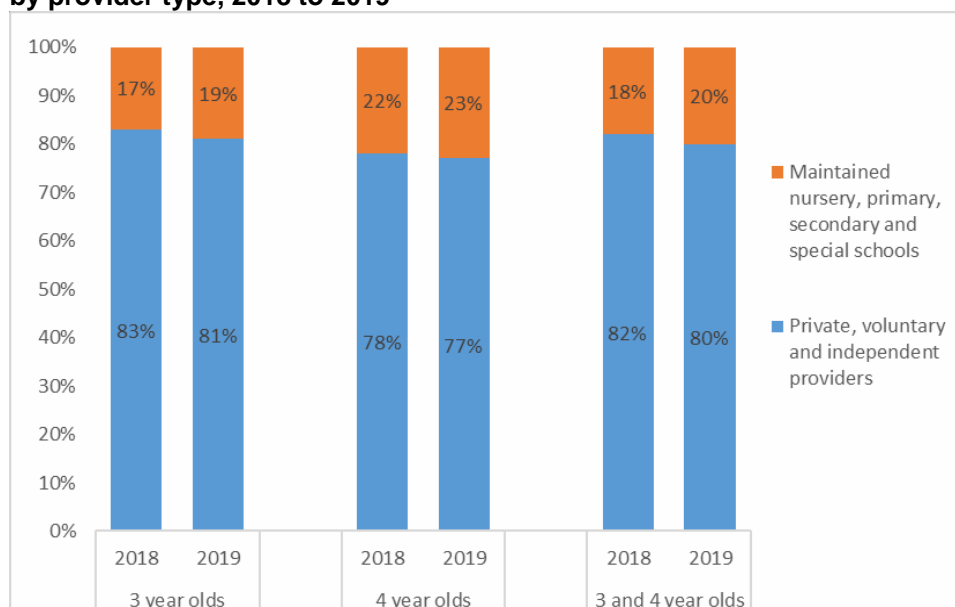
Whilst the majority of extended early education was provided at private, voluntary and independent providers (including childminders), the proportion provided at maintained nursery, primary, secondary and special schools has increased since 2018 from 18% to 20%.

Evidence¹ suggests in the first year of the extended entitlement, schools were offering the first 15 funded hours and private, voluntary and independent providers were providing the extended entitlement as wraparound care. The increase from 18% to 20% seen this year suggests schools are extending their provision to include the extended entitlement.

Lancashire

Whilst the majority of extended early education was provided at private, voluntary and independent providers (including childminders), the proportion provided at maintained nursery, primary, secondary and special schools has remained constant at 14%. There were 888 providers of extended early education in January 2019 compared with 861 providers a year ago. The increase is based on 51 more private and voluntary providers and 5 more maintained school providers of extended early education.

Figure C: Percentage of 3- and 4-year-old children benefiting from extended funded early education by provider type, 2018 to 2019



¹ <https://www.gov.uk/government/publications/30-hours-free-childcare-final-evaluation-of-the-national-rollout>

4. Number of providers (Tables 12, 12LA, 13, 13LA, 14 and 14LA)

Data cleaning exercise for provider types

Since 2014 the number of providers coded as 'other' on the early years census has continued to increase. During the 2019 data collection period, DfE undertook a data cleaning exercise to improve data quality working with local authorities to re-code providers to the correct provider type. Caution should therefore be taken when comparing changes in provider types between 2019 and earlier years. Further information can be found in the accompanying technical document.

When a child splits their entitlement over more than one provider, the provider where they spend the majority of their time is counted. As childminders often provide wrap-around care, the count of childminders is under-reported by this methodology. Further information is available in the accompanying technical document.

National

For 2-year-olds, the total number of providers has shown a small decrease from 22,700 in 2018 to 22,600 in 2019.

48,100 providers delivered funded early education to 3- and 4-year-olds in January 2019, up 1% from 2018.

35,800 settings provided extended funded early education to 3- and 4-year-old children up by 5% compared with 2018.

Lancashire

For 2-year-olds, the total number of providers has shown a small increase from 542 in 2018 to 544 in 2019.

1,296 providers delivered funded early education to 3- and 4-year-olds in January 2019, up 0.5% from 2018.

888 settings provided extended funded early education to 3- and 4-year-old children up by 3% compared with 2018.

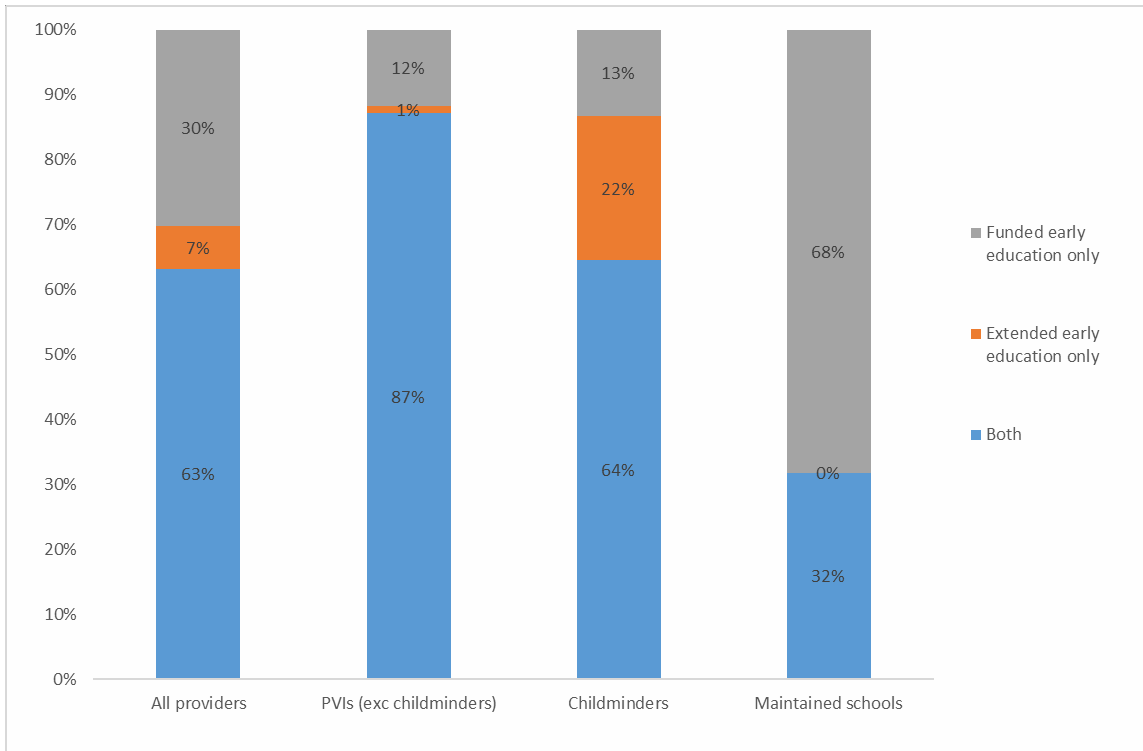
Number of providers by type of entitlement

The following supplementary analysis, not included in the tables, is based on all providers delivering the funded entitlements, therefore numbers will not match those above or published in Tables 12 to 14LA.

Of the 52,400 private, voluntary and independent providers, maintained nursery, primary, secondary and special schools delivering the funded early education entitlements to 3- and 4-year-olds, 63% delivered both funded early education (first 15 hours) and extended early education (additional 15 hours). This has increased from 60% in 2018. 30% delivered only the first 15 hours, and the remaining 7% delivered the extended entitlement only.

This varied by type of early years provider. 87% of private, voluntary and independent providers delivered both entitlements. 22% of childminders delivered the extended entitlement only compared with no maintained schools.

Figure D: Providers delivering funded early education by type of entitlement and provider type



5. Number benefiting by Ofsted inspection rating (Tables 16LA & 17LA)

Numbers benefiting by Ofsted inspection rating

Matching Ofsted inspections data to both the early years census and school census enables local authorities to see whether they are getting value for money and monitor the quality of early years settings receiving government funding to deliver early education places. Percentages exclude providers where we made no match to an Ofsted inspection rating. Further information regarding matching process can be found within the accompanying technical document.

National

In January 2019, 96% of 2-year-olds and 91% of 3- and 4-year-olds benefiting from some funded early education attended a setting rated good or outstanding.

The comparable figure for 3- and 4-year-olds benefiting from extended early education was 96%.

Lancashire

In January 2019, **99%** of 2-year-olds and **94%** of 3- and 4-year-olds benefiting from some funded early education attended a setting rated good or outstanding.

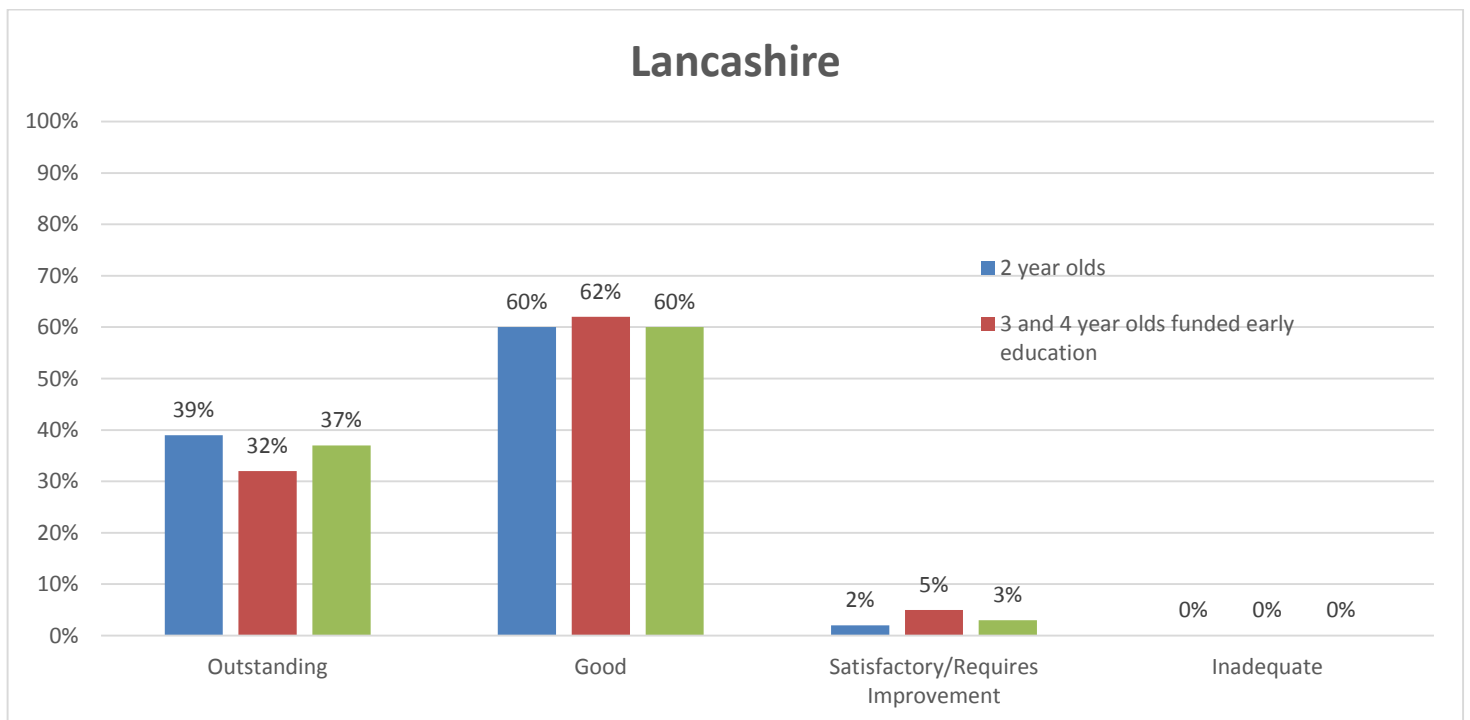
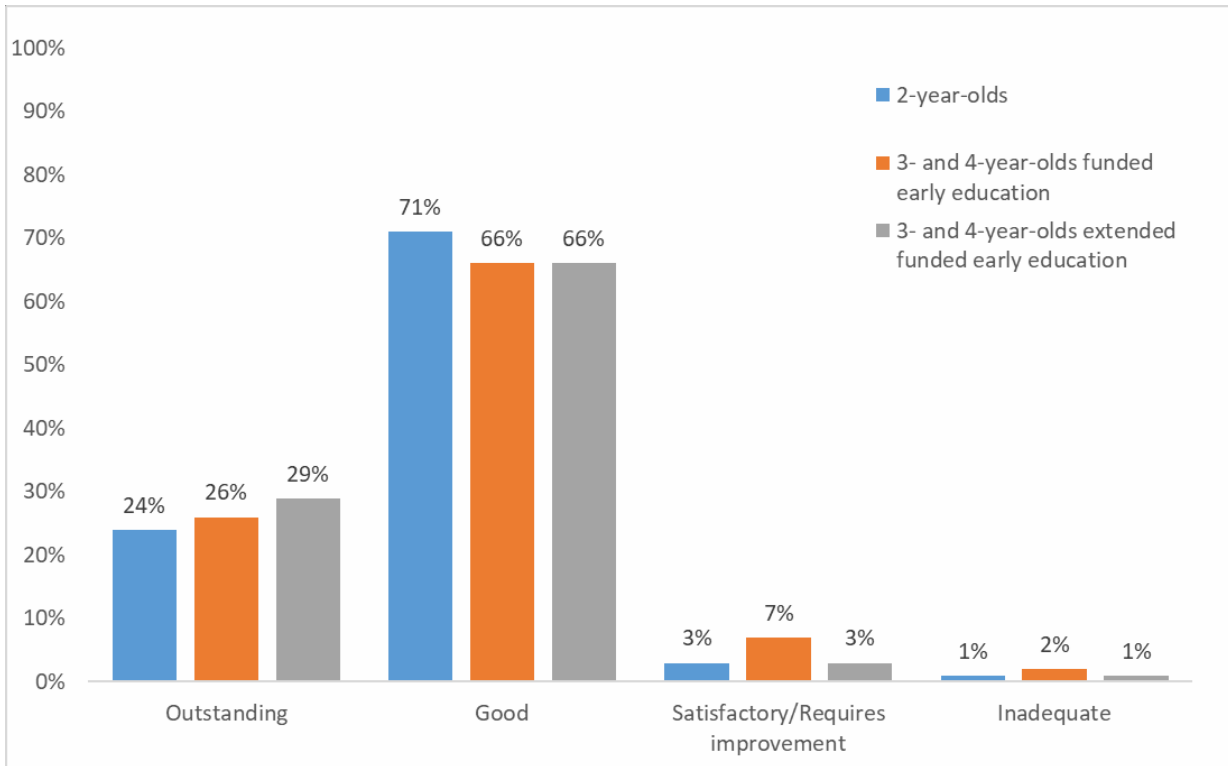
*NB **39%** of all 2-year-olds receiving funded early education attended a setting rated outstanding by Ofsted, compared with 24% nationally.*

***32%** of all 3- and 4-year-receiving funded early education attended a setting rated outstanding by Ofsted, compared with 27% nationally.*

The comparable figure for 3- and 4-year-olds benefiting from extended early education was 97%.

*NB **37%** of all 3- and 4-year-olds benefiting from the extended entitlement attended a setting rated outstanding by Ofsted, compared with 29% nationally.*

Figure E: Percentage of children benefiting from funded early education by Ofsted inspection rating, January 2019



6. Accompanying tables

The following tables are available in Excel format on the [department's childcare and early year's statistics website](#)

National tables

- 1 Number of 2-year-old children benefiting from funded early education places by type of provider
- 2 Number of 3- and 4-year-old children benefiting from funded early education places by type of provider
- 3 Number of 3- and 4-year-old children benefiting from extended funded early education places by type of provider
- 4 Number of 3-year-old children benefiting from funded early education places by type of provider
- 5 Number of 3-year-old children benefiting from extended funded early education places by type of provider
- 6 Number of 4-year-old children benefiting from funded early education places by type of provider
- 7 Number of 4-year-old children benefiting from extended funded early education places by type of provider
- 12 Number of 2-year-olds benefiting from funded early education, in private, voluntary and independent providers, and in maintained nursery, primary, secondary and special schools by type of provider
- 13 Number of 3- and 4-year-olds benefiting from funded early education, in private, voluntary and independent providers, and in maintained nursery, primary, secondary and special schools by type of provider
- 14 Number of 3- and 4-year-olds benefiting from extended funded early education, in private, voluntary and independent providers, and in maintained nursery, primary, secondary and special schools by type of provider
- 20 The basis on which 3- and 4-year-old children were recorded as in receipt of early years pupil premium
- 21 Number and percentage of early years staff at private, voluntary and independent providers, by highest qualification and category of provider
- 22 Number and percentage of private, voluntary and independent providers and 2-, 3- and 4-year-old children benefiting from funded early education at private, voluntary and independent providers, with staff with graduate statuses by category of provider
- 23 Number and percentage of private, voluntary and independent providers and 3- and 4-year-old children benefiting from extended funded early education at private, voluntary and independent providers, with staff with graduate statuses by category of provider

Local authority and regional tables

- 1LA Number of 2-year-olds benefiting from funded early education places by type of provider and local authority
- 2LA Number of 3- and 4-year-olds benefiting from funded early education places by type of provider and local authority
- 3LA Number of 3- and 4-year-olds benefiting from extended funded early education places by type of provider and local authority
- 4LA Number of 3-year-olds benefiting from funded early education places by type of provider and local authority
- 5LA Number of 3-year-olds benefiting from extended funded early education places by type of provider and local authority
- 6LA Number of 4-year-olds benefiting from funded early education places by type of provider and local authority
- 7LA Number of 4-year-olds benefiting from extended funded early education places by type of provider and local authority
- 8LA Percentage of 2-, 3- and 4-year-old children benefiting from funded early education places by local authority
- 9LA Percentage of 2-year-olds in funded early education, by provider type, number of funded hours and local authority
- 10LA Percentage of 3- and 4-year-olds in funded early education, by banded number of funded hours and local authority
- 11LA Percentage of 3- and 4-year-olds in extended funded early education, by banded number of funded hours and local authority
- 12LA Number of providers delivering funded early education to 2-year-olds by type of provider and local authority
- 13LA Number of providers delivering funded early education to 3- and 4-year-olds by type of provider and local authority
- 14LA Number of providers delivering extended funded early education to 3- and 4-year-olds by type of provider and local authority
- 15LA Number and percentage of 2-year-old children benefiting from funded early education in private, voluntary and independent providers, and in maintained nursery, primary, secondary and special schools, by Ofsted inspection rating and local authority
- 16LA Number and percentage of 3- and 4-year-old children benefiting from funded early education in private, voluntary and independent providers, and in maintained nursery, primary, secondary and special schools, by Ofsted inspection rating and local authority
- 17LA Number and percentage of 3- and 4-year-old children benefiting from extended funded early education in private, voluntary and independent providers, and in maintained nursery, primary, secondary and special schools, by Ofsted inspection rating and local authority
- 18LA Number and percentage of 2-, 3- and 4-year-old children benefiting from funded early education by Special Educational Needs (SEN) provision by local authority
- 19LA Number and percentage of 3- and 4-year-old children benefiting from extended funded early education by Special Educational Needs (SEN) provision by local authority
- 20LA Number of 3- and 4-year-old children recorded as in receipt of early years pupil premium by age and local authority
- 22LA Number and percentage of private, voluntary and independent providers and 2-, 3- and 4-year-old children benefiting from funded early education at private, voluntary and independent providers, with staff with graduate statuses by local authority
- 23LA Number and percentage of private, voluntary and independent providers and 3- and 4-year-old children benefiting from extended funded early education at private, voluntary and independent providers, with staff with graduate statuses by local authority

Further information on the tables can be found in the accompanying technical document.

7. Further information is available

Data on funded early education is available for Scotland, Wales and Northern Ireland. Links to these and other related statistics can be found in the accompanying technical document.

8. National Statistics

The United Kingdom Statistics Authority designated these statistics as National Statistics in [July 2012](#), in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed. Information on improvements made to these statistics to continue their compliance with the Code of Practice are provided in the accompanying technical document. The Department has a set of [statistical policies](#) in line with the Code of Practice for Statistics.

9. Technical information

A technical document accompanies this publication. This provides further information on the data sources, their coverage and quality and explains the methodology used in producing the data, including how it is validated and processed.

10. Get in touch

Media enquiries

Press Office News Desk, Department for Education, Sanctuary Buildings, Great Smith Street, London SW1P 3BT. Tel: 020 7783 8300

Other enquiries/feedback

Email: EarlyYears.STATISTICS@education.gov.uk



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About this publication:

enquiries Children and Early Years Statistics, Data Insight and Statistics Division,
Department for Education, Level 2 Riverside, Bishopsgate House, Feethams,
Darlington, DL1 5QE

EarlyYears.STATISTICS@education.gov.uk

<https://www.gov.uk/government/statistics/announcements/provision-for-children-under-five-in-england-january-2019>

Reference: [Provision for children under five in England: January 2019]



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Education Scrutiny Committee

Meeting to be held on Monday, 22 July 2019

Electoral Division affected: (All Divisions);
--

Maintained Nursery School Provision

Contact for further information:

Andrew Good, Tel: 01772 534053, Head of Service Financial Management
(Development and Schools), andrew.good@lancashire.gov.uk

Executive Summary

This report provides an update on the financial position of Lancashire's maintained nursery schools.

Recommendation

The Education Scrutiny Committee is asked to:

- i. Consider the information contained in the report;
- ii. Note the financial position of maintained nursery schools and the support offered.

Background and Advice

Previous reports to the Committee have provided information about maintained nursery schools (MNS) and in particular the financial challenges facing the sector, which are in a part caused by national changes in the early year's national funding formula (EYNFF).

This report updates the Committee on the current financial position facing MNS as at 31 March 2019, sets out information on the support that is being provided to the sector and looks ahead to the continuing challenges that are being faced.

2018/19 Outturn Position

The outturn position at 31 March 2019 offers evidence that MNS continue to face considerable financial challenge. Further information is provided in the following tables:

2018/19 School Balances - In-Year Movement of Balances by Phase

Phase	Balance Brought Forward as at 1 April 2018	Less Net Expenditure 18/19	Balance Carried Forward as at 31 March 19
	£m	£m	£m
Nursery	0.466	-0.049	0.417

As can be seen, the total level of balances held by nursery schools fell by almost £50k to March 2019, and now the aggregate balance across all 24 schools stands at £417k which equates to 3.4% of their total Combined Financial Reporting (CFR) income.

The county council's guideline for schools is to have reserves equating to 12% of their total Combined Financial reporting (CFR) income or a minimum of £60,000. If all the nursery schools held their guideline balance figure this would equate to £1.753m.

2018/19 School Balances –In-Year Movement Count of Schools by Phase

Phase	Count of deficit in year	Count of surplus in year
Nursery	14	10

14 of the 24 schools operated an 'in-year' deficit in 2018/19. This equates to 58% of nursery schools. This represents the highest percentage of schools in any phase and compares to a Lancashire average of 46% that operated an 'in-year' deficit.

2018/19 School Balances – No of Schools in Surplus/Deficit by Phase

Phase	Count of deficit close balance	Count of surplus close balance
Nursery	5	19

5 nursery schools ended the 2018/19 financial year in an overall deficit position, which equates to 21% of schools in the sector. This is the joint highest percentage of schools in deficit across all phases and compares to a Lancashire average of 7%.

One positive note taken from the outturn data is that one fewer nursery school is in deficit at 31 March 2019 than was the case at March 2018, when there were 6 MNS in deficit. All 5 schools in deficit have been worked with. Two of which should recover their deficit within 3 years. Two will take longer to recover but will show in year stability in 2019/20 and 2020/21 respectively.

School in Financial Difficulty (SIFD) Categorisations

As the Committee will be aware, a School in Financial Difficulty (SIFD) Categorisation has been introduced to monitor the financial health of Lancashire schools. The 4 identified categories are:

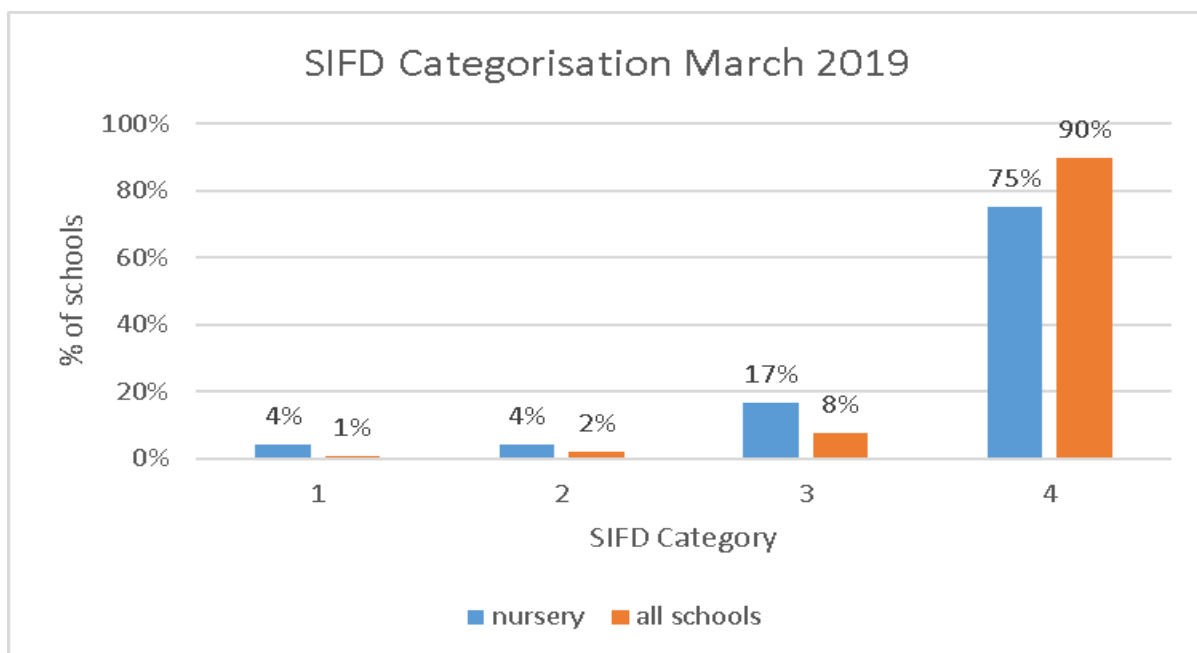
Category	Description
Category 1 Structural Deficit	Structural deficit beyond recovery, school is financially non-viable, strategic solutions required
Category 2 Significant Deficit	Schools have significant deficits requiring intensive intervention and focussed support to recover, or have no agreed recovery plan – pushing boundaries of 3 year timescale
Category 3 Vulnerable Position	Incorporates schools burning through reserves, losing significant pupil numbers, moving into or on the brink of deficit, or schools that are recovering from more significant financial problems, but where the recovery plan is agreed and is on track - require intervention and monitoring in order to prevent failure in the next 3 years – education, challenge and forecasting support
Category 4 No financial issues	No budget issues but continued monitoring of financial indicators to confirm ongoing financial health.

The Categorisations have been rerun based on the 2018/19 outturn data and the details for MNS are shown below:

SIFD categorisation – Nursery Schools 31 March 2019 data

Category	No. of schools	%
1	1	4.2%
2	1	4.2%
3	4	16.7%
4	18	75.0%
	24	

The nursery school sector remains the highest risk sector on the SIFD categorisations, with 25% of schools identified across categories 1, 2 and 3. The equivalent figure across all schools is just above 10%. The graph below shows the nursery school categorisation at March 2019 compared to all Lancashire schools.



LCC Support for the Sector

Considerable targeted support has been provided to maintained nursery schools during the 2018/19 financial year. Officers from school finance and early year's teams have been working with individual schools to review business models and staffing structures as funding becomes increasingly tight. A number of restructures have been instigated, with additional support from Schools HR as required.

During the year, reviews have been carried out at 12 schools and the financial situation has been stabilised at 11 of these schools. Support to schools has been carried out over past 18 months. Several of which have been supported during budget setting for 2019/20.

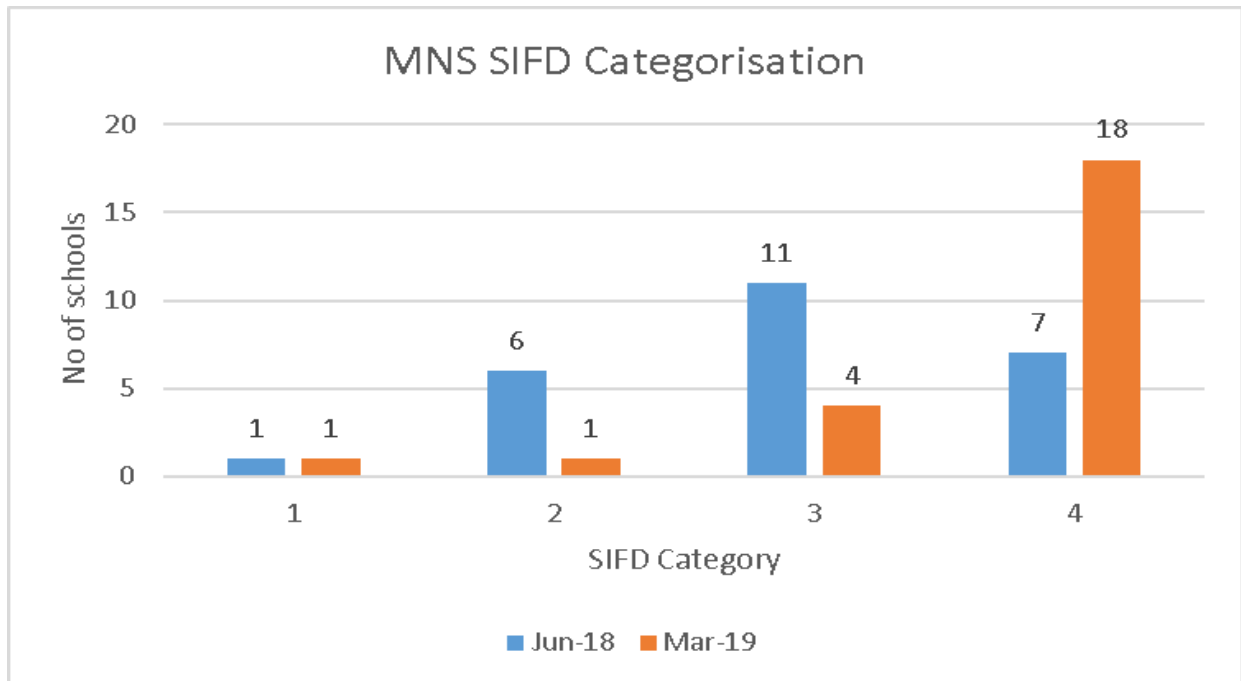
As financial plans are agreed with the schools it is intended that deficit budgets will be repaid over time. Clearly, this is challenging in the current financial environment, and the normal 3 year timescale for deficits to be repaid will be difficult to achieve in some cases.

Ongoing support continues for the school where the financial situation has not currently been stabilised. The school has undertaken a staffing restructure from 1 June 2019 and staffing is now considered to be at minimum safe levels. However, under occupancy of the school continues to impact on the budget situation.

To increase occupancy the school is developing its early year's provision to reflect wrap-around care and is actively marketing this enhanced provision. Additional advice and supporting data and mapping information has been provided to assist the marketing strategy.

In June 2019, the school was invited to discuss the current situation at the LA's School Improvement Challenge Board (SICB). The schools financial position will be reviewed again on confirmation of the actual summer term early years funding data, but a sustainable budget strategy is some way off at this stage.

The LCC support provided and the commitment of individual school leaders has gone some way to stabilising the financial position of the MNS sector. The chart below compares the SIFD categorisation data from March 2019 to that last reported to the Committee in June 2018.



As can be seen, by the end of the 2018/19 financial year there has been an improvement in the financial situation within the sector, but nursery schools remain the highest risk sector in the SIFD categorisation.

A further 4 schools have been prioritised to receive support in the 2019/20 financial year and more will follow in due course.

In addition to this individual level support, the county council has convened working groups involving nursery school headteachers and senior LCC officers to look at strategic options for the future, including amalgamations, federations, sharing of staffing/headteacher costs, revised staffing structures, increased income generation etc. Further information will be provided to members in the form of a presentation with an update on progress.

The county council has also made representations to central government to lobby for increased early years funding for Lancashire. This has included correspondence jointly signed by the Chair of the Education Scrutiny Committee and the Cabinet Member for Children, Young People and Schools. The Schools Forum has also made its own representations on this issue.

Nationally, an All Party Parliamentary Group on Nursery Schools, Nursery and Reception Classes continues to make the case about the important role provided by the maintained sector. A number of Lancashire maintained nursery school headteachers are involved with this group.

LCC officers are also contributing to focus groups to discuss what a workable funding formula for maintained nursery schools could look like, and to explore how different proposals that the DfE might bring forward would work in practice.

Forecast Financial Position in 2019/20 and beyond

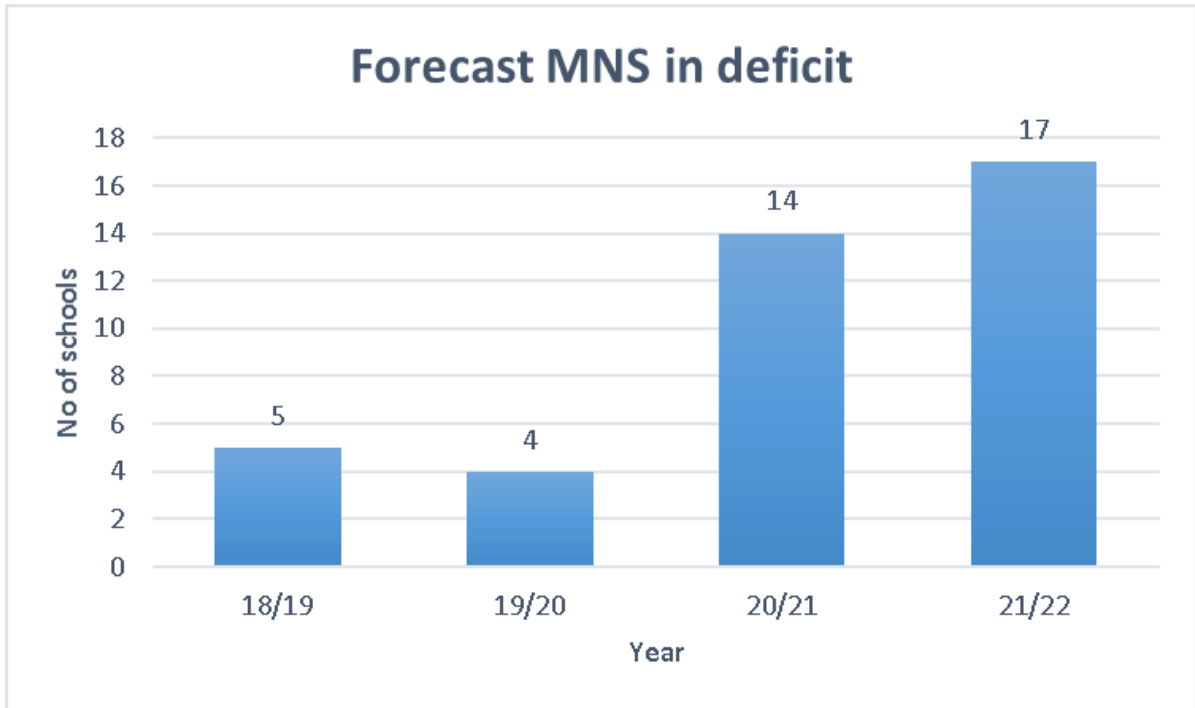
One of the key factors impacting on MNS funding was the Government's introduction of an Early Years National Funding Formula (EYNFF) from April 2017. This new arrangement introduced a formulaic mechanism for distributing early years funding from National Government to each local authority and set a framework that must be used to distribute funding to all types of early education provider, including nursery schools. The EYNFF introduced a requirement to have a Universal Base Rate for all providers and set out the type and level of supplements that are available.

Following an allowed period of transition, the EYNFF has been fully implemented from April 2019.

As part of the ongoing support for the sector, the LA has looked to forecast the financial position of the MNS going forward, assuming that Early Years Dedicated Schools Grant (DSG) income remains cash flat, as it has in recent years, and cost pressures continue to grow. The modelling also looks at the impact of the declining pupil numbers in the sector following a reduction in the birth rate. Forecasting Early Years Funding is a large variable as funding is re-determined each term. Most forecasting assumes numbers based on current years estimates.

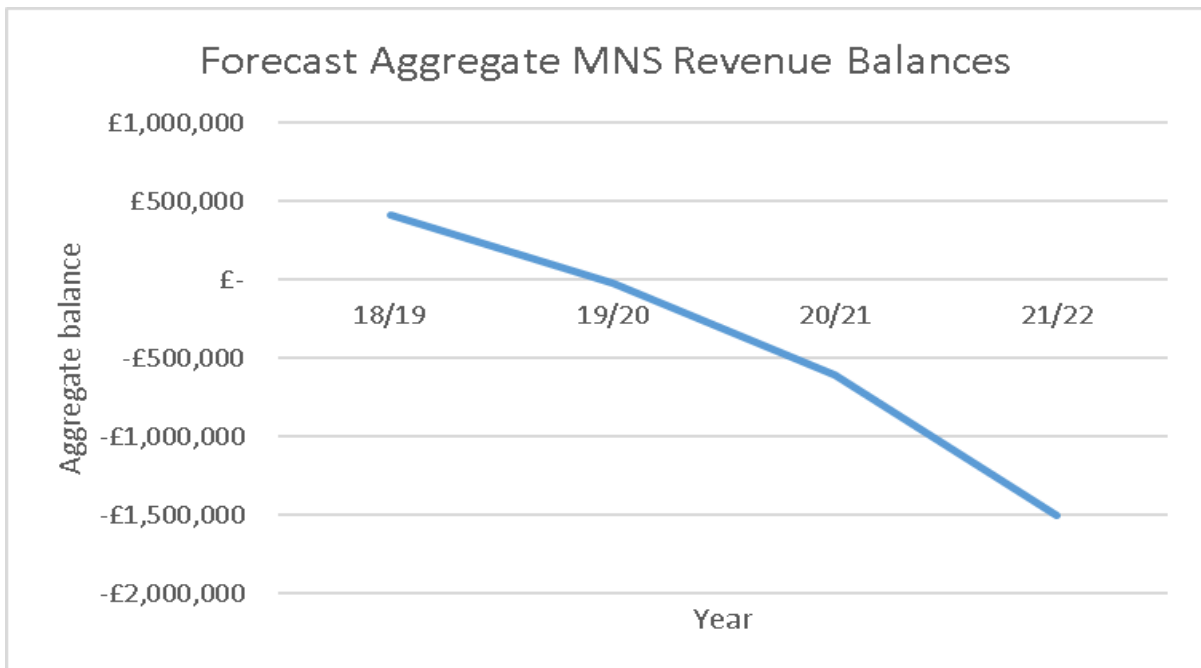
Whilst work undertaken in 2018/19 has managed to largely stabilise the MNS position, the forecasts going forward illustrate a significantly worsening position in future years.

The chart below shows the number of maintained nursery schools in a deficit budget position at the end of 2018/19 and provides a forecast number for 2019/20 to 2021/22 based on the latest LA projections.



The forecast predicts that there may be a small reduction in the number of nursery schools in deficit at the end of 2019/20, but then the number is predicted to increase significantly in 2020/21 and 2021/22, reaching 17 schools (71%) by March 2022.

The graph below also illustrates the predicted level of aggregate balance at MNS for the period 2019/20 to 2021/22, set against the 2018/19 outturn figure as a baseline.



Modelling predicts that in aggregate, nursery school balances will reduce from the 2018/19 outturn position of over £400k, to a small overall deficit in 2019/20 and over a £600k deficit in 2020/21. The modelling currently predicts that nursery schools will have over £1.5m in aggregate deficits by March 2022.

It must be noted that the EYNFF framework does provide supplementary funding for maintained nursery schools to enable the local authority to provide some protection for nursery schools funding levels. For the 2019/20 financial year the supplementary funding for MNS equates to £3.789m.

The DfE have confirmed that this supplementary funding will be available until the end of the 2019/20 academic year.

Government responses to all correspondence lobbying for additional resources for Lancashire, or queries about the possible continuation of the supplementary funding for maintained nursery schools indicate that all funding decisions for 2020/21 and beyond will be based on the outcome of the Government's Comprehensive Spending Review.

All nursery schools continue to face financial challenges and modelling predicts a significant deterioration in the financial health of the sector without substantial additional investment. However, the outlook will be even more severe if the supplementary funding for maintained nursery schools were to cease. Almost all schools in the sector would not be viable without the supplementary funding.

Consultations

An ongoing dialogue continues with nursery schools through the regular business meetings and via the Lancashire Nursery School Headteachers Federation.

The Schools Forum has been consulted on the school categorisation approach for Schools in Financial Difficulty (SIFD).

Implications:

This item has the following implications, as indicated:

Risk management

Financial

Dedicated Schools Grant income has, for a number of years, been cash flat and has not kept pace with inflation. This has brought increasing cost pressures on all schools and providers, both nationally and locally.

The maintained nursery school sector has faced additional financial pressures, as set out in the report, and this has created a situation where nursery schools are currently seen as the highest risk sector from a School in Financial Difficulty perspective. The financial viability of at least one MNS is severely in question.

If the government were to remove or significantly reduce the level of supplementary funding for maintained nursery schools this financial risk would increase further and almost certainly make most if not all nursery schools in Lancashire non-viable. In addition, significant structural change to the existing status quo may be needed in order to address the deficits forecast within the next 3 years.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
N/A	N/A	N/A

Reason for inclusion in Part II, if appropriate

N/A

Education Scrutiny Committee

Meeting to be held on Monday, 22 July 2019

Electoral Division affected: (All Divisions);
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School Finance update

(Appendix A refers)

Contact for further information:

Andrew Good, Head of Financial Management (Development and Schools),
andrew.good@lancashire.gov.uk

Executive Summary

This report provides an update on Lancashire school finances and the schools in financial difficulty support that is being provided.

Recommendation

The Education Scrutiny Committee is asked to:

- i. Note the report and the information provided;
- ii. Discuss and comment on the support arrangements provided.

Background and Advice

Previous reports to the Committee have set out information on Lancashire school finances and the Schools in Financial Difficulty (SIFD) support that is being provided.

This report provides an update for the Committee based on the outturn position for individual school budgets at the end of the 2018/19 financial year,

School Balances Outturn 2018/19

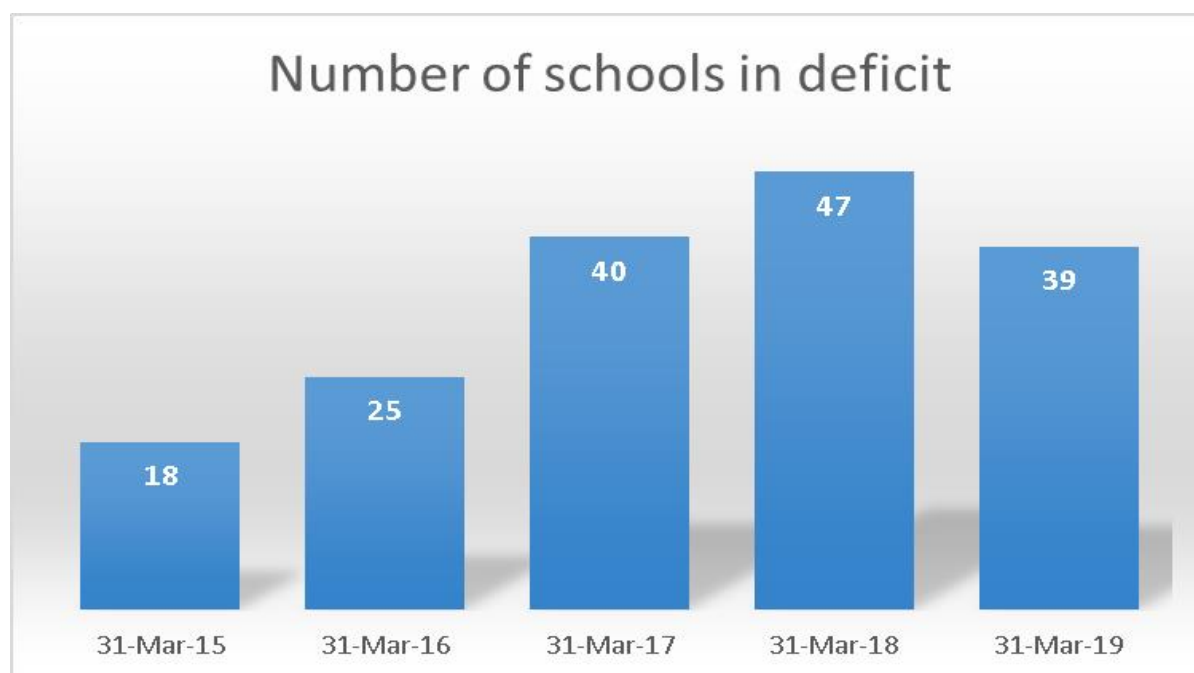
The final outturn position against schools delegated budgets at 31 March 2019 is an overspend of £1.409m. This means that school balances have decreased by £1.409m in 2018/19, to a total of £42.741m. Aggregate school balances at 31 March 2019 are at their lowest level since 2009/10. This position is indicative of the continued pressure facing school budgets, as many schools utilise their reserves to set balanced budgets.

To provide context for the total school balances, the current authority guideline for schools is to have reserves equating to 12% of their total Combined Financial Reporting (CFR) income or a minimum of £60,000. This is to ensure that individual schools can withstand potential financial risks and financial stresses. If all Lancashire schools held the guideline balance, the total balance would have been circa £102m, compared to the actual balances held of circa £43m. This figure equates to circa 5% of the total Combined Financial Reporting (CFR) income.

Schools in Deficit

The number of schools that ended the 2018/19 financial year in deficit was 39. This was a reduction from 47 school in deficit a year earlier.

The graph below shows the number of schools in deficit at the financial year end across the last 5 years.



As the Committee will be aware, the financial pressure on schools has been increasing in recent years. Funding has remained cash flat or not kept pace with inflation and cost and demand led pressures have continued to rise.

Throughout this year, the county council has provided significant targeted support and enhanced monitoring and early warning around Schools in Financial Difficulty, and this, along with the commitment of individual school leaders, has contributed to the reduction in the number of schools in deficit. However, the financial environment for schools remains extremely difficult, with a number of key challenges continuing across all school sectors.

Schools in Financial Difficulty Categorisations

The SIFD system classifies schools into one of four categories based on various financial indicators. Information on the four categories is provided below:

Category	Description
Category 1 Structural Deficit	Structural deficit beyond recovery, school is financially non-viable, strategic solutions required
Category 2 Significant Deficit	Schools have significant deficits requiring intensive intervention and focussed support to recover, or have no agreed recovery plan – pushing boundaries of 3 year timescale

Category 3 Vulnerable Position	Incorporates schools burning through reserves, losing significant pupil numbers, moving into or on the brink of deficit, or schools that are recovering from more significant financial problems, but where the recovery plan is agreed and is on track - require intervention and monitoring in order to prevent failure in the next 3 years – education, challenge and forecasting support
Category 4 No financial issues	No budget issues but continued monitoring of financial indicators to confirm ongoing financial health.

The school data used in the categorisation process is kept under regular review, against the agreed categories. The latest categorisation has been run against the school outturn data at 31 March 2019. This data for all Lancashire schools is shown below:

SIFD categorisation – All Schools 31 March 2019 data

Category	No. of schools	%
1	5	0.9%
2	11	1.9%
3	44	7.5%
4	524	89.7%
	584	

Whilst the SIFD categorisation is updated at certain points throughout the year, the year-end report is the key point for analysing the SIFD position, as it is based on the actual outturn data. Other updates in the year are based on forecast data. Comparative information on the SIFD categorisation is therefore provided below, against the 31 March 2018 data.

SIFD categorisation – All Schools 31 March 2018 data

Category	No. of schools	%
1	6	1.0%
2	9	1.5%
3	58	9.8%
4	520	87.7%
	593	100%

The difference in the overall number of schools is due to maintained schools converting to academies during the year.

As can be seen, the aggregate number of schools in Category 1 Structural Deficit has reduced by 1 since March 2018. This actually includes two schools removed from this category and a further one added. One secondary school and one special school have been removed from Category 1. Whilst these two schools remain in deficit, the financial position at the schools has been stabilised and viable recovery plans and strategic solutions have been put in place. A nursery school has been

added to Category 1. A separate report on the agenda provides a more detailed update around maintained nursery schools.

The overall number of schools across categories 2 and 3 has reduced to 55 from 67 a year earlier, a reduction of 12.

This reduction in the number of Schools in Financial Difficulty provides further evidence of the increased SIFD support that has been put in place in recent years alongside the work done and decisions taken by schools to resolve financial issues. However, there remains significant uncertainty about the level of funding the sector may receive going forward especially due to awaiting the Government's Comprehensive Spending Review.

Phased Base Information

Previous reports to the Committee have provided a further breakdown of the SIFD categorisation broken down by phase. This information is provided at Appendix A and has been updated to include March 2019 data. March 2018 data is also provided for comparison.

Support for Schools in Financial Difficulty Support

The longer term viability of schools within Category 1 must be considered questionable and consideration is given to further actions by the LA at a strategic level, including possible closure.

During 2018/19, two schools in Category 1 were re-categorised in category 2, as the financial position of the schools was stabilised and viable recovery plans and strategic solutions have been put in place. Work continues with the other schools in this category, involving a range of support from across the county council. One secondary school is scheduled for closure at the end of the academic year and it is anticipated that another secondary school will shortly convert to an academy.

Support also continues for schools in categories 2 and 3, either via targeted support or through the standard support offered by the traded Schools Financial Services offer.

Category 4 schools have no current budget issues but monitoring of financial indicators will continue to confirm ongoing financial health.

Early Warning Process

In order to provide assistance to schools in identifying possible future financial issues, an early warning process has been introduced. Financial data is analysed and letters are issued to schools that trigger certain thresholds, which are currently:

- LA forecasts a surplus at year end but balances are reducing by 70% or more;
- LA forecasts a deficit at year end that was not anticipated on the school's Income & Expenditure (I&E) return;
- School Number on Roll (NOR) has fallen by 10% or more since the previous October.

Letters were issued to 44 schools as part of the 2019 early warning process.

3 Year Budget Forecasts

Schools have a statutory responsibility to plan beyond the current financial year as part of the Schools Financial Value Standard.

Up to now, the LA has only required schools to prepare and approve a formal budget plan each year and submit this to the Authority (Except where schools are in deficit and are required to submit a budget recovery plan).

From the 2019/20 financial year onwards, the Authority will require schools to submit a balanced budget plan for the year, along with financial forecasts for the subsequent two years.

This is intended to ensure that governing bodies and school leaders plan in a timely manner and at an appropriately early stage to achieve a sustainable budget strategy.

Enhanced Financial Training

Following a series of finance seminars during 2018, aimed at primary and nursery schools, enhanced training in 2019 has focussed mainly on the secondary sector.

In addition to county council officer input, the finance sessions have also included contributions from the DfE and the Association of School and College Leaders (ASCL). Schools Financial Services officers also attended the sessions so that good practice and financial techniques can be disseminated across the sector.

Consultations

The SIFD support arrangements have been discussed with the Lancashire Schools Forum.

Implications:

This item has the following implications, as indicated:

Risk management

Financial

Dedicated Schools Grant (DSG) income has not kept pace with cost pressures and inflation for a number of years. This has brought greater financial pressures on schools from all sectors.

There is no information about the school funding settlement for 2020/21 and beyond until the outcomes of the government's comprehensive spending review are announced.

The ongoing financial strain within the sector means that more schools are facing financial difficulty than was historically the case. It is therefore vital that the Schools in Financial Difficulty support arrangements continue to assist schools as they face the financially challenging environment. Evidence from the 2018/19 financial year does show some improvement in a number of key indicators.

At the extreme, where schools close or become an academy under the route where the Secretary of State (SoS) issues an Academy Order in respect of a school eligible for intervention, the deficit balance remains with the Authority. The Schools Forum has established a de-delegated reserve to mitigate the risk associated with these deficit balances, but this may not be sufficient to cover the risk for all schools in deficit meaning that there remains some residual risk with the LA.

School Standards

Schools that are facing financially challenging circumstances will often need to make savings on their delegated budgets, which can have a consequential impact on the educational standards of the school.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
N/A	N/A	N/A

Reason for inclusion in Part II, if appropriate

N/A

School Finance update

Schools in Financial Difficulty Categorisations

Phased Base Information

Further information is provided below on updated SIFD categorisations, using 31 March 2019 outturn data, on a phased basis, compared with the March 2018 data (% figures may be affected by roundings).

Nursery Schools

SIFD categorisation – Nursery Schools 31 March 2019 data

Category	No. of schools	%
1	1	4.2%
2	1	4.2%
3	4	16.7%
4	18	75.0%
	24	

SIFD categorisation – Nursery Schools 31 March 2018 data

Category	No. of schools	%
1	0	0.0%
2	3	12.5%
3	10	41.7%
4	11	45.8%
	24	

Primary Schools

SIFD categorisation – Primary Schools 31 March 2019 data

Category	No. of schools	%
1	0	0.0%
2	4	0.9%
3	32	6.8%
4	432	92.3%
	468	

SIFD categorisation – Primary Schools 31 March 2018 data

Category	No. of schools	%
1	0	0.0%
2	3	0.6%
3	29	6.1%
4	441	93.2%
	473	

Secondary Schools

SIFD categorisation – Secondary Schools 31 March 2019 data

Category	No. of schools	%
1	3	5.6%
2	2	3.7%
3	5	9.3%
4	44	81.5%
	54	

SIFD categorisation – Secondary Schools 31 March 2018 data

Category	No. of schools	%
1	4	6.9%
2	1	1.7%
3	12	20.7%
4	41	70.7%
	58	

Pupil Referral Units (PRUs)

SIFD categorisation – PRUs 31 March 2019 data

Category	No. of schools	%
1	0	0.0%
2	1	11.1%
3	1	11.1%
4	7	77.8%
	9	

SIFD categorisation – PRUs 31 March 2018 data

Category	No. of schools	%
1	0	0.0%
2	1	11.1%
3	4	44.4%
4	4	44.4%
	9	

Special Schools

SIFD categorisation – Special Schools 31 March 2019 data

Category	No. of schools	%
1	1	3.4%
2	3	10.3%
3	2	6.9%
4	23	79.3%
	29	

SIFD categorisation – Special Schools 31 March 2018 data

Category	No. of schools	%
1	2	6.9%
2	1	3.4%
3	3	10.3%
4	23	79.3%
	29	

