

## Summary Sheet

### Council Report

Cabinet and Commissioners' Decision Making Meeting – 9 January 2017

### Title

Capital Funding for the Development of 30 Hour Childcare Places

### Is this a Key Decision and has it been included on the Forward Plan?

Yes, and has been included on the Forward Plan

### Strategic Director Approving Submission of the Report

Ian Thomas, Strategic Director for Children and Young People's Services

### Report Author(s)

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### Ward(s) Affected

All

### Summary

The purpose of this report is to provide an update on the introduction of the Department for Education (DfE) 30 Hour Childcare entitlement which comes into force in September 2017, doubling the entitlement to early education for three and four year olds from 15 to 30 hours a week for children with working parents. To ensure there is sufficient early education provision to meet projected increased demand, approval is requested to amend the criteria for allocation of the remaining 2013/14 two year early education capital funding to increase capacity within the childcare sector and to include Department for Education capital funding applied for in Summer 2016 into the Capital Strategy if successful.

Approximately 60% of children (3195 children in autumn 2017, 4199 children in spring 2018, 4891 children in summer 2018) in the age range of three to four years old in Rotherham are expected to be eligible for the increased childcare entitlement. The report highlights the projected shortfall of childcare / early education places currently available to meet the anticipated demand and the potential capital funding available to increase places

## **Recommendations**

1. That Council be recommended to approve the inclusion of the DfE capital funded projects into the Capital Programme, if the funding bid is successful.
2. That the revised criteria for distribution of local two year old Early Education capital funding to create 30 Hour Childcare Places be approved.
3. That the purchase of an additional module for the existing IT system to support the eligibility checking and processing of payments to providers be approved.

## **List of Appendices Included**

None

## **Background Papers**

Early Education and Childcare Statutory Guidance for Local Authorities (Draft), March 2016

Early Years Capital Fund Information for Applicants, June 2016

Childcare Free Entitlement: Delivery Model Government Consultation, April 2016

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

## **Council Approval Required**

Yes

## **Exempt from the Press and Public**

No

## **Title (Main Report)**

### Capital Funding for the Development of 30 Hour Childcare Places

#### **1. Recommendations**

- 1.1 That Council is recommended to approve the inclusion of the DfE capital funded projects into the Capital Programme, if the funding bid is successful.
- 1.2 That the revised criteria for distribution of local two year old Early Education capital funding to create 30 Hour Childcare Places be approved.
- 1.3 That the purchase of an additional module for the existing IT system to support the eligibility checking and processing of payments to providers be approved.

#### **2. Background**

- 2.1 The Government is doubling the entitlement to early education for three and four year olds from 15 to 30 hours a week for children with working parents. The entitlement will come into force from September 2017. It is anticipated that in Rotherham approximately 60% children (3195 children in autumn 2017, 4199 children in spring 2018, 4891 children in summer 2018) of children in the age range of three to four years old may be eligible for the increased entitlement.

Government consultation on the details of the proposals ended on 6<sup>th</sup> June 2016 and final guidance is awaited.

Schools and childcare providers have been made aware of the changes and plans are in place to hold geographical meetings in the autumn and spring terms to develop partnership models between providers and identify potential opportunities for expansion of places to meet likely demand.

- 2.2 Parents will be responsible for applying online to confirm their eligibility for a 30 hour place and re-applying every 3 months. The local authority will be responsible for confirming the validity of parent eligibility initially and on an ongoing basis as well as processing of payments for the 30 hour places to schools and providers on a termly basis.
- 2.3 Analysis was carried out in 2015/16 on the capacity of the childcare / early education sector to meet the proposed future demand and it was anticipated that there will be a potential shortage of approximately 600 places across the Borough, with 15 specific areas being identified as requiring action. Further data analysis is currently taking place following the capture of childcare sufficiency data from all schools/childcare providers in the summer term 2016. The local authority communicated with all providers in the 15 identified areas requiring action in April 2016 and requested details of the potential to increase capacity in anticipation of future funding opportunities from the Department for Education (DfE).

2.4 The DfE invited local authorities in June 2016 to bid for capital funding to increase capacity. The deadline for the capital funding applications was 31<sup>st</sup> August 2016 and based on criteria up to four projects were permissible from Rotherham Metropolitan Borough Council (RMBC). The DfE will fund 75% of each successful project with 25% to be funded locally. Details of the 25% contribution for each proposed project are shown in the table in 2.3.2 below. The DfE will notify the outcome of the application process in December 2016.

2.4.1 Based on responses received from providers in April 2016, the Early Years and Childcare Service identified the projects detailed below which met the DfE requirements and submitted a capital funding application which included detailed costings and implementation plans.

2.4.2

<b>Name of Early Education Provider</b>	<b>Proposal</b>	<b>25% funding contribution</b>	<b>Total Project Cost</b>	<b>Local Authority Funding Contribution from 2 Year Early Education Capital Budget</b>
Thorpe Hesley Primary	Removal of wall and addition of children's toilets to create 52 new places	LA to provide from two year early education capital funding. This funding is in the approved Capital Programme (2016-2021)	£50,962	£12,740
High Greave Primary	Re-siting of existing mobile units and development of outside area to create 25 new places	Moving of units is already budgeted for in the approved Capital Programme (2016 – 2021) – this will be used as LA 25% contribution to overall costs	£174,611	£0
Thurcroft Junior School (Aston Community Education Trust)	Building alterations at Thurcroft Junior school to create 24 new places	Aston Community Education Trust to fund 25% contribution	£326,340	£0
Flanderwell Primary (The DS Academies Trust)	Options currently being considered to create up to 52 places	The DS Academies Trust to contribute £20k to the 25% contribution	£192,649	£28,162

- 2.4.3 The DfE has allocated a capital fund of £40m to support the increase of childcare places but indicated that they expect to receive applications in excess of this amount and therefore a number of applications are likely to be unsuccessful.
- 2.5 The DfE provided £450k capital funding to RMBC in 2012/13 to increase two year early education places to meet demand with the introduction of the two year early education entitlement for eligible families. The DfE did not set any clawback provisions with the funding or restrict the usage to a specific capital purpose.
- 2.6 £245k of the funding was allocated to childcare / early education providers and over 400 additional two year early education places were created in areas of need. The remaining £205k budget was retained to meet future needs for early education places and is reviewed on an annual basis.

### **3. Key Issues**

- 3.1 Increase in processing requirements of the local authority to confirm eligibility of children and termly payments to providers.
- 3.2 Potential lack of capacity to meet future demand for 30 hour places. Childcare sufficiency analysis carried out in 2015/16 had indicated a potential shortfall of approximately 500/600 places to meet demand in the busiest term (summer term each year).
- 3.3 The timescale to submit an application for capital funding to the DfE was very short. Due to the short time available to submit a capital funding application and the level of information that the DfE requested, it was necessary to work with schools/ providers in areas of need which had already identified potential to expand.
- 3.4 The need for additional local capital funding to support the expansion of places to meet needs. Without an expansion of places in the Borough the introduction of the 30 hour entitlement could have a detrimental effect on the ability of providers to offer two year early education places which is a Corporate Plan priority.
- 3.5 Outline proposal for use of remaining two year Early Education capital funding:
- 3.5.1 It is proposed to initially give existing providers (schools/childcare providers) the opportunity to submit applications for capital funding to increase the availability of early education places for 3 and 4 year olds in areas with identified lack of capacity. Applications will be assessed by a panel and funding awarded to the application which best meets needs in each area (value for money / number of places to be created / confirmation that places can be created by September 2017). Each successful provider will enter into a contract with the local authority to guarantee the delivery of the agreed places. Should there still be a lack of capacity, the application process will be opened to new providers.

3.5.2 The previous application process for 2 year early education places awarded £480 per place created. This was based on total places needed and the budget available. It is proposed to use the same methodology for allocation of the remaining budget i.e. following the completion of the childcare sufficiency analysis 2016 an amount of funding per place to be created will be set depending on the total number of places to be created with the remaining £205k budget, having taken into account any match funding requirements, in the event of the DfE capital bids being successful.

#### **4. Options considered and recommended proposal**

- 4.1 It is recommended that Cabinet recommends that Council approves the inclusion of the DfE capital funded projects into the Capital Programme, if the funding bid is successful and that Cabinet approve the revised criteria for distribution of local two year old Early Education capital funding to create 30 Hour Childcare Places
- 4.2 The 2 year old capital funding could be retained to develop future 2 year old provision only. However, it is likely that if no new 3 and 4 year old provision is created, there will be a reduction in 2 year old provision available as providers choose to offer more 3 and 4 year old provision to meet increased demand from working parents. It is essential that the sufficiency of 2 year old provision is maintained to ensure vulnerable 2 year olds access high quality provision. By making capital funding available to develop 3 and 4 year old provision this will reduce the risk of a reduction in 2 year old provision.
- 4.3 It is recommended that approval be given to use approximately £8k of the remaining £205k capital funding to purchase an additional module for the existing IT system to support the eligibility checking and processing of payments to providers

#### **5. Consultation**

- 5.1 Consultation with parents is planned for January 2017 to identify the likely take-up levels of the 30 hour entitlement as well as the preferred delivery models (e.g. out of school sessions, school Foundation 1 places, daycare / pre-school places, all year round or term time places)

#### **6. Timetable and Accountability for Implementing this Decision**

- 6.1 A recommendation to Council is needed by Cabinet on the inclusion of the DfE capital funding into the Capital Programme if the bids are successful by the 31.12.16 in order that the funding can be distributed to enable the projects to meet the DfE completion deadlines of 31.8.17.
- 6.2 A decision is needed by Cabinet on revised criteria for distribution of local two year old Early Education capital funding to create 30 Hour Childcare Places by 31.12.16 to enable bids to be submitted by providers and the funding to be distributed in a timely manner to ensure additional places can be created by September 2017.

- 6.3 The Early Years and Childcare Service will carry out the following actions between January and March 2017: development of capital funding application process; hold geographical meetings with all providers in the borough to begin development of delivery models in preparation for September 2017; assess applications and award capital funding grants to increase capacity.

## **7. Financial and Procurement Implications**

- 7.1 The total value of the projects for which a funding bid has been submitted to the DfE is £744,562k. If successful in all 4 bids, capital grant of £558,422 will be provided. The 25% match funding requirements will be provided by a combination of Academy funding, existing 2 year old Early Education funding and other Education Funding Agency (EFA) Capital Grant funding, which has been included in the existing approved Capital Programme. If the applications are successful the local authority will tender and manage three of the projects directly and distribute the funding to an academy for completion of the fourth project. Should the funding bids be unsuccessful, alternative solutions would be sought to develop additional capacity in the identified areas.
- 7.2 A balance of £205k of the capital funding allocated to the local authority in 2012/13 to support the creation of additional childcare / early education places is available. This is included within the approved Capital Programme. There were no clawback provisions with the funding and it could be used for any capital purpose. It is proposed that this funding is used to create additional places to both ensure continued availability of two year early education places and an increase in places to meet the 30 hour entitlement.
- 7.3 With reference to 4.3 above, it is proposed that approximately £8k of the remaining £205k capital funding is used to purchase an additional IT module to support the eligibility checking and processing of payments to providers to reduce the extra processing burden on the local authority. The additional module will fully integrate with the existing IT system to streamline processing and could be added into the existing 3 year contract.
- 7.4 In line with Standing Order 47 specifically 47.6.2 two quotations are required for this value. RMBC have contacted Capita, the main system competitor to provide a further quotation and they have indicated they will be developing a solution during 2017. From the recent tender exercise for the main Servelec early education processing system it is not believed that any other IT suppliers will have yet developed a solution to manage the 30 hour entitlement processing.

## **8. Legal Implications**

- 8.1 The local authority has a statutory duty (Childcare Act 2006 and 2016) to ensure that sufficient childcare and early education places are available to meet the needs of qualifying children.

## **9. Human Resources Implications**

- 9.1 There are limited human resource implications for RMBC. It is anticipated that in many cases schools will work in partnership with private / independent childcare providers to meet the need for additional childcare / early education places. A number of schools may change their current delivery models to accommodate the entitlement which could require additional staffing / require staff to operate over different hours. This would require schools to complete the appropriate consultation with affected staff.

## **10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 At present the early years and childcare sector across Rotherham are effectively supporting the corporate vision priority:

- Every child making the best start in life

And the CYPS vision:

- Children and young people start school ready to learn for life.

The creation of additional childcare provision for working parents which parents can access free as part of their early education/childcare entitlement will also contribute to the corporate vision priority:

- Extending opportunity, prosperity and planning for the future

- 10.2 Without funding to support the creation of additional places to accommodate the children of working parents who will be eligible for the 30 hour early education place from September 2017, schools and childcare providers could reduce the number of two year old places offered to vulnerable children to accommodate the additional 15 hour entitlement to their existing 3 / 4 year old children.

## **11 Equalities and Human Rights Implications**

- 11.1 Children who are eligible for two year early education places and the new 30 hour childcare offer have an entitlement to access a place. The local authority has a duty to ensure that sufficient places are available across the borough to enable all children to have access to their entitlement.

## **12. Implications for Partners and Other Directorates**

- 12.1 The introduction of the 30 hour entitlement will require schools and childcare providers to work in partnership to create local delivery models to meet needs.

## **13. Risks and Mitigation**

- 13.1 There is a risk that there will be insufficient childcare / early education places to meet needs. This risk is being mitigated through the above proposals.

- 13.2 There is a risk that without the creation of additional places to accommodate the increased 30 hour entitlement, schools and childcare providers could reduce the number of two year old places offered to vulnerable children, which is a corporate priority, to accommodate the additional 15 hour entitlement to their existing 3 / 4 year old children. This risk is being mitigated through the above proposals.
- 13.3 There is a risk that the DfE will not approve the projects submitted for capital funding. Should this be the case the local authority would review the projects with the individual providers to identify whether they can go ahead (possibly at a reduced level) with investment from the provider and possibly for consideration for a contribution from the two year early education capital funding budget.
- 13.4 There is a risk that the Local Authority two year capital funding will be insufficient to create the additional places needed. To mitigate this risk, the local authority will be working with existing local childcare / early education providers to look at a variety of methods to increase capacity which will not require capital investment, including offering childcare places all year round rather than term time and encouraging the creation of additional childminders.

#### **14. Accountable Officer(s)**

Karen Borthwick – Assistant Director Education and Skills  
Aileen Chambers - Early Years and Childcare Manager

Approvals Obtained from:-

Strategic Director of Finance &  
Corporate Services:-

Jon Baggaley, Finance Manager, Regeneration  
& Environment and Capital

Assistant Director of Legal Services:-

Neil Concannon, Service Manager – Litigation  
& Social Care

Human Resources: -

Paul Fitzpatrick, HR Business Partner, CYPS

Procurement:

Lorna Byne, Senior Category Manager

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