

Early Years Funded Entitlement and Wraparound Expansion Update

To: Children and Young People Committee

Meeting Date: 10th October 2023

From: Assistant Director, Schools and Settings

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Outcome: This paper is to give a current position statement and update on the Early Years funded entitlement and wraparound expansion.

Recommendation: The Children and Young People Committee is recommended to note and comment on the information outlined in this report.

Voting arrangements: No vote required

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1. Background

- 1.1 In the government's spring budget, the Chancellor announced a package of reforms for early years and childcare and a new offer to empower parents, allowing them to progress their careers and support their families. A national key performance indicator will be the number of parents entering the workforce and accessing training.
- 1.2 It is expected by the government that Local Authorities (LA) deliver this agenda locally whilst ensuring we continue to manage the local childcare market, ensure there is sufficient places and quality improvement through advice, support, guidance, and intervention.
- 1.3 The LA will coordinate funding locally and ensure collaboration across the system whilst not negatively impacting on the current childcare market.

2. Main Issues

Early Years Funded Entitlement Expansion

2.1.1 The current Early Years entitlement is –

- 15 hours per week of funded childcare for 2-year-old children where parents meet the [eligibility criteria](#).
- 15 hours per week of funded childcare for all 3 and 4-year-old children.
- 30 hours per week of funded childcare for 3 and 4-year-old children of [eligible working parents](#).

2.2 The Government have announced the following –

- from April 2024, all working parents of 2-year-olds can access 15 hours per week
- from September 2024, all working parents of children aged 9 months up to 3-years-old can access 15 hours per week
- from September 2025, all working parents of children aged 9 months up to 3-years-old can access 30 hours free childcare per week.

2.3 Early years education is key to a child's education and social mobility, with evidence showing that attending a high-quality early year's setting will have a significant positive impact on a child's early development and school readiness. Support with childcare costs is a positive step towards making employment and training more accessible, particularly to those on low incomes.

2.4 To support sector sustainability a one-off, centrally funded, funding uplift from September 2023 has been passported to Cambridgeshire providers (*Figure.1*). Local authorities were not permitted to retain any element of this grant [under the grant conditions](#). The overall cost of places in this period will be dependent on actual place take-up, so although we commit to passport on in full for the September to March period, the treatment for April onwards is subject to review and requires close monitoring. We await further information from the Department for Education (DfE) regarding the new hourly rates and will consult with the Early Years Provider Reference Groups and Schools Forum to agree.

Funding element	DfE increase	Increased funding rate for September 2023 – March 2024*
Three- and four-year-old places	51p per hour	£5.14 per hour
Two-year-old places	£2.00 per hour	£8.12 per hour
Early Years Pupil Premium	4p per hour	£0.66 per hour
Disability Access Funding (DAF)	£53	£881 lump sum
Maintained Nursery School supplementary funding	24p per hour	£4.49 per hour

Figure 1 – Additional funding rates September 2023- March 2024

2.5 The DfE is also consulting on the percentage of Early Years Dedicated Schools Grant (EYDSG) that local authorities will be able to retain in the future. Local authorities are currently permitted to retain up to 5% to support delivery of statutory duties associated to the early years and childcare sector but the threshold is likely to reduce following the national consultation process. Cambridgeshire currently passports 96.7% to 97.8% to providers which means we average an annual 3% overall retention rate. The implication of changes to the retention threshold highlights a potential business risk for a service heavily funded through the EYDSG retention element of the grant, at a time when activity is increasing dramatically.

2.6 Cambridgeshire is part of the national early years policy group and childminder policy work contributing to policy and implementation of the expansion programme. There are plans to trail blaze the expansion of early years funded places in some local authority areas.

Wraparound Expansion

2.7 The government has invested £289m over two academic years, from September 2024, to support local authorities to work with out of school childcare providers, schools, and other stakeholders to scale up wraparound childcare provision. This is the first step in the government’s ambition for all parents of primary school children who need it to access childcare in their local area from 8am – 6pm during the term time.

2.8 Cambridgeshire is one of 17 LA’s that have taken part on the co-design programme that are developing wraparound policy and guidance. Guidance for all LAs will be published in October 2023. Individual LA funding allocations will be confirmed in November 2023 and the first grant payment released shortly after. LAs have an opportunity to ‘trail blaze’ and pilot the rollout of the programme from April 2024 if they can demonstrate they are able to do so. All LAs will be expected to roll out the National Wraparound Programme from September 2024.

2.9 Grant criteria have not been decided but it is likely that potential providers, through LA funding mechanisms, will be able to bid in for scoping and set up costs, gap funding in year one and potentially some transport costs. The funding will not cover places and parents will be required to pay for places in all cases with the desired outcome that more parents will return to work. Cambridgeshire has asked for consideration to be given to support for pupil premium children, support for SEND and a bursary system for the first term to support a parent returning to work for the first time.

Delivering on Early Years and Childcare Expansion

- 2.10 An analysis of stakeholder and governance arrangements for current provision has been undertaken. This indicates that most Cambridgeshire schools offer one element of wraparound provision; breakfast club or after school childcare but not all are available to families 8-6 every day in the term time.
- 2.11 The sector remains in the throes of a national, post pandemic recruitment crisis. Salaries are not attractive under the current funding arrangements with roles often paid at minimum wage. Numbers of applicants for roles are rapidly decreasing cross the country as the profession is perceived to be undervalued and poorly paid. The [number of childminders](#) has reduced by half nationally from 56,200 in 2013 to 27,900 in 2023. Cambridgeshire is working with the DfE, Local Government Association (LGA) and No. 10 Delivery Unit (Special Projects), to investigate causation and support national solutions.
- 2.12 Independently, Cambridgeshire has taken a strategic approach and developed a set of key actions to universally raise awareness of early years and childcare as a career and secured funding for relevant qualifications, that we deliver directly at our own training centre. A cross service early years workforce task group has also been developed to audit current activity and devise and implement a rapid response to areas where targeted recruitment is required. In addition, when a private, voluntary, or school setting is at risk of closure, we intervene to support business planning, broker adapted offers and where necessary secure a new provider. Since April 2023, this work has saved approximately 420 childcare places, mitigating against the costs of the local authority becoming provider of last resort, supporting parents to stay in work or training, enabling children to have continuity of care and supporting school readiness. It is likely that whilst the market settles there will be more demand on this function.
- 2.13 The sector is made up of different provider types, not all who have experience of working with children under 3 or who have a background in play for older children. Approximately 41% of Cambridgeshire early years providers have a current offer for 0–2-year-olds, most of these are places paid for directly by parents. This creates a pressure on current funded two's places due to funding rates, whilst this is addressed in the current uplift there is no provider confidence to change their offer until the new permanent hourly rate is announced.
- 2.14 The Early Years Statutory Framework requires practitioners working with the younger age range to have suitable experience of working with under 2s. Children's brains develop rapidly in the 0–2-year-old period making knowledge and understanding of this stage of child development critical for providers. Resources, environment, SEND thresholds and personal care requirements are all different for younger children. This level of knowledge and experience is not widely embedded in all qualifications. A review of the local authority training offer is underway with course development progressing.
- 2.15 Quality wraparound provision requires a child led environment that is play based, offering enriching activities that supports all children attending to thrive. Freely chosen play opportunity improves the cognition, physical, social and the emotional well-being of children. Leaders of wraparound provision require a qualification pathway to support this to ensure that staff are knowledgeable in the work.

- 2.16 National messaging is raising expectation of 9-month-old, funded places and 8-6 wraparound childcare. This is welcomed but it challenges the timing of supply and demand. We have no detail of parental behaviour or confidence in the expansion plans at this stage but once funding is announced we will be seeking this view, via providers in the first instance. Cambridgeshire's Families Information Service is being actively promoted as the first point of contact for families. Accurate information and brokerage are available, including newly recruited SEND (Special Educational Needs & Disabilities) support. We have no information about what demand will be and how many of the newly funded places will be taken up by current paying parents. Through our direct work with the DfE, the council is lobbying for financial details to be shared urgently so the sector can position itself commercially and be clear on its offer.
- 2.17 With larger numbers of children accessing early years places earlier, a significant increase in funding will be required to enable settings to make reasonable adjustments to meet children's needs. Special Educational Needs Inclusion Funding (SENIF) is currently used to allow providers to access support and pay for staff. Applying our currently levels of funding to a wider population (9 months to 2 years plus more entitlement in 3- and 4-year-olds) would cost around £1m locally to deliver. The DfE have set up a new EY (Early Years) SEND unit to address these issues, but we have no local information to date.
- 2.18 Furthermore, additional numbers of children in wraparound care needs to respond to a skills shortage, funding, and transport costs. Neither SENIF nor EHCP (Education, Health, and Care Plan) funding supports children outside of their funded hours/school hours. In Cambridgeshire, Childcare Access Funding (CAF) has existed since 2006 to support wraparound care for children with Special Educational Needs and Disabilities (SEND), however CAF is not statutory and under review as part of the safety valve work stream.
- 2.19 The Department of Education (DfE) has recently produced an early years and childcare place analysis for Cambridgeshire, described as indicative. The data does not tally with our local childcare assessment data. We are currently mapping the DfE data which does show a potential shortage of places specifically in Littleport, Wisbech, Northstowe, Cambourne and Cambridge City. 0-25 Places Planning are developing a new, three-year modelling tool to support interrogation against expansion requirements with a full comparison planned to be available later this month.
- 2.20 Whilst there is understanding of the requirement, initial information from all provider types, indicates that 67% will not scope any expansion to their offer until they understand what the hourly rate and/or fee guidance will be. We also await news of funding to be allocated to support implementation (including capital funding for wraparound). All work to date has been added to current functions but this cannot be sustained. We plan further stakeholder analysis once we have funding detail.
- 2.21 A review of roles and responsibilities cross relevant service teams has been undertaken to ensure we are using the right skills set in the right place ensuring we are agile and effective in our response, therefore supporting families and providers to the best of our ability.
- 2.22 As the paper outlines, there remains significant uncertainty over how this policy will be implemented and received locally. A paper will be presented at the next committee outlining an updated needs analysis, position statement including grant allocation, progress towards implementation, and identified risks against the delivery of statutory duties.

3. Alignment with ambitions

3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.

To support the service and sector a task and finish group of advisers are looking at tangible ways to support the Council's commitment to reach net zero targets. This has included the development of a service pledge of 10 commitments that can be applied to the work of all colleagues in the service. In addition, a sector facing webpage is being developed which will provide curriculum support and guidance alongside resources specifically for the Early Years and Childcare sector and signposting to online support, local events, and community opportunities. This ensures that the provision developed as part of the expansion workstreams are supported to work, with the local authority as partners in our net zero ambition.

3.2 Travel across the county is safer and more environmentally sustainable

There are no significant implications for this ambition, however development activity, consultation and training events will be online preventing the need for travel.

3.3 Health inequalities are reduced

A high-quality early years and childcare system supports the foundation of every aspect of development- physical, intellectual, and emotional. It is where the foundations of behaviours are established. This expansion programme supports a higher number of families engaging with the system through attendance at a setting. Integrated working (BSIL) with Education, Health, Public Health, Family Hubs, Social Care, and other stakeholders will continue to ensure we make every contact in the early years count.

3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

Supporting our youngest children and those of primary age to develop independence and life skills is key to high quality early year and childcare provision. We support practitioners to build a curriculum and play environment that supports children and families independence, regulation, and confidence. We work to support effective and clear systems to make access to provision easier, building a behaviour of self service. Training planning and development activity will support this principle throughout implementation of the expansion programme.

3.5 Helping people out of poverty and income inequality

The overarching performance indicator for this workstream is an increase in the number of parents taking up employment and/or attending training that will support them to work in the future. Working with providers and settings throughout implementation we will monitor a number of factors including the number of children that transfer to a funded place from a currently parent paid place, the flexibility providers can offer to support various work patterns, the impact on employment options of term time only places, the sustainability of settings in rural areas where take up can be low, costs independent providers charge for individual places, occupancy costs academies and maintained schools charge third party providers, how childminders can be recruited as part of a 'place' based offer and gather data to capture

the overall impact of the offer. In addition, we will continue to lobby for a simpler early year's eligibility system that supports flexible funding at various points in the term.

- 3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

Funding childcare places is a necessary investment in social infrastructure and essential to unlock growth as we work through a cost-of-living crisis. It is predicted that the early years and childcare expansion programme will have a significant impact on GDP and forecasts that, nationally, by 2027-28 around 60,000 people will enter employment who otherwise could not afford to do so. It is important that we understand and track the Cambridgeshire context in more detail and remain focused, alongside this work, on closing the attainment gap and sustaining provision in disadvantaged areas where it is harder for parents to be charged for additional hours.

- 3.7 Children and young people have opportunities to thrive

An increased number of children will have access earlier to high quality early years places, and primary aged children will be able to access wraparound provision. In the early years, a child's main way to develop confidence, resilience and an aptitude for lifelong learning is through play and positive interactions with adults. Wraparound provision that supports older children's play equally builds self-confidence and self-esteem, releases trauma and emotions and develops problem solving. Policy makers suggest that families, in general, who are supported to return to paid employment will be less reliant on benefits and have less risk of poor health outcomes and mental health conditions. These factors support the whole family dynamic. Children will build a habit of attendance in education and an aspiration for attainment.

4. Significant Implications

4.1 Resource Implications

At the current time, the implications on funding are not completely understood. The LA role is focused on market facilitation rather than the physical delivery of provision through builds. We will however have to consider in areas where places are already limited and in new communities how the new government aspirations are delivered through the planning process. It is likely that we will need to secure additional capacity in funding administration, new development, advisory and training roles. Suggested costings have been provided to the DfE as part of their grant considerations.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

A framework to support new providers into the Cambridgeshire market is established and will be used to underpin the expansion workstream as required. Childminding support is currently a commissioned service that is due to be tendered at the end of 2023. These are both fully supported by corporate procurement.

4.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

4.4 Equality and Diversity Implication

Ensuring access and compliance with the Special Educational Needs Code of Practice 0-19 and the Equality Act 2010 is embedded in early years and childcare regulation. Furthermore, all of Cambridgeshire's early years and childcare providers agree through our local agreement to have a trained Equalities Named Coordinator. This means any developments linked to this programme will be considering the impact on all children including those with protected characteristics and will undergo an equality impact assessment.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

Expansion of Early Years Childcare and wraparound care will contribute to the delivery of one of the four priorities of the ICS Health & Wellbeing Strategy – 'Ensure our children are ready to enter education' as articulated in 2.3. It also contributes to the overarching ambition of improving outcomes for all children [Health & Wellbeing Integrated Care Strategy | CPICS Website](#) .

4.8 Climate Change and Environment Implications on Priority Areas

4.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

4.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

4.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

4.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Neutral

Explanation: We have yet to receive the full guidance to understand the implications.

Have the resource implications been cleared by Finance? No

Name of Financial Officer: Martin Wade

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? No

Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? No

Name of Legal Officer: Emma Duncan

Have the equality and diversity implications been cleared by your EqIA Super User?

Yes

Name of Officer: Faye McCarthy

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Simon Cobby

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Jonathan Lewis

Have any Public Health implications been cleared by Public Health?

Yes

Name of Officer: Kate Parker

If a Key decision, have any Climate Change and Environment implications been cleared by the Climate Change Officer?

Yes

Name of Officer: Emily Bolton

5. Source documents guidance

5.1 [Budget 2023 - The Education Hub \(blog.gov.uk\)](https://www.blog.gov.uk/2023/03/23/budget-2023-the-education-hub/)

[Early years supplementary grant 2023 to 2024: conditions of grant for local authorities - GOV.UK \(www.gov.uk\).](https://www.gov.uk/government/news/early-years-supplementary-grant-2023-to-2024-conditions-of-grant-for-local-authorities)