

Early Years Funded Entitlement and Wraparound Expansion

To:	Children and Young People Committee
Meeting Date:	16 th January 2024
From:	Executive Director: Children Education and Families
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	n/a
Executive Summary:	This report provides answers to the questions raised on the expanded entitlement for Early Years and Wraparound at Children and Young People (CYP) Committee in October 2023.
Recommendation:	The Committee is recommended to: <ul style="list-style-type: none">a) note and comment on the information outlined in this report.b) delegate capital funding decisions to the Director of Education in consultation with CYP Spokes.c) delegate capacity funding and revenue decisions to the officer Programme Steering Group, chaired by the Director of Education.
Voting arrangements:	Co-opted members of the committee are eligible to vote on this item.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 This report relates to three of the Council's ambitions, with Ambition 7 being the most significant:

- Ambition 7: Children and young people have opportunities to thrive
- Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.
- Ambition 5: People are helped out of poverty and income inequality.

2. Background

2.1 At Children and Young People's Committee on 10th October 2023 officers committed to providing a monitoring report on the potential regional variations in sufficiency and access to the new expanded entitlement for Early Education and Childcare. This report aims to begin to address this.

2.2 At Children and Young People's Committee on 10th October 2023 councillors asked about the potential implications for those families in receipt of benefits. The Director of Education offered to look at what the proposals would mean for groups on different incomes. This report aims to answer this.

3. Main Issues

3.1 Early Years Expanded Entitlement Sufficiency Update

3.2 Methodology

In June 2023 the Department of Education (DfE) released an initial assessment of need for childcare places in Cambridgeshire for April 2024 and September 2024. This came with numerous caveats, the DfE themselves said "all figures are indicative and uncertain". Consequently, officers made the decision to build a forecasting tool based on local data and previous local trends that are available at county, district and school catchment level. As officers have worked through the "Cambridgeshire model" it has been cross checked with the DfE assessment.

The DfE published an updated assessment in November 2023. This examines the data for different geographies and makes estimates of hours to be taken from national level, however the caveats remain as before. Consequently, in discussion with other Councils at regional meetings officers are moving forward using the results from both models but with a working assumption that the Cambridgeshire model will be more accurate.

3.3 Unknowns

There are several risks and uncertainties that neither forecast model is able to accurately predict:

1. Parental choice: officers have little knowledge of the changes that are going to be seen around the use of formal and informal childcare, or the number of hours or location that parents with babies will look to use.
2. Market willingness to expand: there are significant pressures on the market (e.g. staff recruitment and retention, rising costs) which may mean the sector is unwilling to respond

to this change.

3. Officers are unable to establish yet whether the differing funding rates will mean providers see one age group as more profitable and therefore lessen their other age group offerings, therefore leading to a sufficiency issue based on age. Headline rates (not those payable directly to providers) for 3-4-year-olds and 2-year-olds have been announced and are higher than the current consolidated rates as follows:

3- and 4-year-olds	£5.80 (up from £5.50 consolidated rate 23-24)
2-year-olds	£8.15 (up from £8.12 consolidated 23-24 rate)
9m -2 years	£11.07 (new criteria)

Before deciding on their local formulae and provider hourly rates, local authorities consult with their providers, through the Provider Reference Group and School's Forum to decide how the money will be spent. Funding is subject to a 95% pass-through requirement, which for 2024-25 will apply separately to the different entitlements. The hourly rates for Cambridgeshire are being calculated and will be shared with the Provider Reference Group and School Forum in January 2024.

3.4 April 2024

This is the first phase of the expanded entitlement rollout. At this point 2-year-olds from working families will be eligible for 15 hours of childcare support (see Appendix 1 for an infographic of the rollout eligibility).

- 3.5 There are approximately 16,950 childcare places across the County. Out of these currently 11,800 are available to be used for a government funded childcare place. The Cambridgeshire forecast model is showing that there will be a demand for approximately up to 14,350 places in April 2024. Therefore, there are sufficient places across Cambridgeshire. However, providers will need to offer more funded places than they currently do to meet the forecast demand.

- 3.6 In addition, officers have used the model to look at geographical areas where demand may outstrip supply at this point:

- Littleport
- Wisbech
- Whittlesey
- St Neots
- Northstowe
- Cambourne

September 2024

- 3.7 This is the second phase of the roll out. At this point those aged 9 to 23 months from working families will be eligible for 15 hours of childcare support too. However, Autumn term is always the quietest term in early years provision as the cohort of 4-year-olds have moved to school, but the younger children generally join steadily throughout the year. This results in the forecast showing there are still sufficient places across the County (16,950 places with demand being up to approximately 14,500 places), but that still more providers need to offer funded places. This is also the point when the suitability of places comes to the fore. A baby's childcare needs are very different to a 4-year-old's. Officers don't currently have any

comprehensive data on the type of places by age that settings offer, other than where funded places are provided.

Geographically, at this point the same areas as in paragraph 3.4 are showing as areas where there may be a sufficiency issue.

April 2025

- 3.8 There remain difficulties in planning for 2025 at this point. The underlying demographic data used by DfE to forecast demand are at their furthest extent by the end of the 2024-2025 academic year. Officers have noted marked differences in DfE data supplied from 2022 and 2023, so further revisions to forecast demand are highly likely.
- 3.9 Notwithstanding the caveats above, initial estimates have been made based on the demographic data currently available and current supply data regarding places.
- 3.10 As the demand for places increases through the academic year, the heaviest pressure on sufficiency comes in the summer term. Owing to the additional age groups entitled, officers are currently forecasting a deficit in places for summer 2025. Demand is expected to peak at between 17,150 to 17,800 children, which is clearly well above the current Ofsted capacity of 16,950 places.

September 2025

- 3.11 The final phase of the roll out begins from September 2025 when children from working families aged between 9 months and 2 years will be entitled to up to 30 hours of childcare support. For this September the demand is forecast to drop back to around 14,500 children as the 4-year-olds have moved up to school. However, the demand will then rise throughout the year and it is likely, without further capacity, that there will be a deficit of places by the summer term.
- 3.12 Work currently being undertaken:
- 3.13 There is a director led steering group which is overseeing six workstreams to ensure that the Local Authority can meet its requirements for the expanded entitlements. These are wraparound, funding systems, communications, finances, place and workforce capacity and support and advice. Across all these lies a responsibility for feeding into the communications strategy. Further details on this structure can be found in Appendix 2.
- 3.14 LA delivery support funding is part of the expansion of the Early Years (EY) entitlement and in addition to the increase in hourly rates detailed above. LA delivery support funding will support local authorities to meet programme and delivery costs associated with rolling out the expanded EY entitlements. Cambridgeshire County Council has been allocated £112,182.87. A skills and capacity review identifies the following areas of need: programme management, development, and sustainability, early years special educational needs and disability (EYSEND) administration and Quality. A plan for spend will be shared at the Programme Steering Group. Committee is asked to consider delegating responsibility for spend to this group.
- 3.15 Work is being undertaken to build capacity for new settings, communities and the new

enhanced sector offer. There is a confirmed capital grant allocation of £1.02million for capital expansion. Officers are working to identify where this should be used to provide additional early years and wraparound places of the right type, according to need. Committee is asked to consider delegating responsibility for spend to the Director of Education in consultation with CYP Spokes.

- 3.16 Workforce is an identified risk, a workstream to support universal entry to the sector and an agile response to areas of greatest need has been established. During November 2023, a promotional campaign took place in Northstowe in various locations and included drop-in sessions. There was a press release to cover this [Campaign launched to encourage more childcare professionals in Northstowe - Cambridgeshire County Council](#).
- 3.17 Officers have begun to include Early Years expanded entitlement forecast data when requesting S106 contributions from developments.

Wraparound Update

- 3.18 The programme handbook and funding allocations were released in October 2023, with a confirmed funding allocation for Cambridgeshire of £2,871,287.66 until March 2026. A maximum of 11% of this funding is to be used for capacity funding to increase LA staffing and resources to support delivery of the programme. It is anticipated that in Cambridgeshire, an additional 1.5 FTE fixed term staff will be required throughout the duration of the project. This will be made up of a combination of wraparound adviser, business governance adviser and place planning officer.
- 3.19 The DfE has surveyed all Cambridgeshire schools to assess current wraparound provision. This data has been cross-referenced with local data. It has been identified that there are currently 18 schools in Cambridgeshire that have no wraparound provision on site or provided by an external provider.
- 3.20 Further assessment is being undertaken by teams within the Education Directorate to analyse wraparound availability in Cambridgeshire from 8am-6pm and identify gaps in provision. A local authority survey will be sent to schools in January 2024. The LA will work with all wraparound childcare providers (including childminders), parents and other stakeholders in the local area to understand the local need. The outcome of this will scope the workstream priorities for Cambridgeshire, with the 18 schools with no provision being the priority target and then gaps in 8am-6pm provision being the next area of focus. A range of different delivery models will be explored, and the LA will work with schools and other providers to identify which delivery model is most effective to meet and build local demand.
- 3.21 The programme aim is for new/expanded provision to be self-sustaining from the end of the planned programme. This means most of the new places will need to be available to parents by the beginning of the funding period, to allow for demand to grow and to give settings the best chance of becoming financially sustainable. Expansion or development of provision should build upon and complement any existing local provision and must not impact on the sustainability of current providers.
- 3.22 Delivery plans - Once supply and demand have been mapped, local authorities are required to develop costed delivery plan. These costed delivery plans (linked to each grant payment) must be submitted to the DfE. Delivery plans must also set out planned use of local authority

capacity funding for the duration of the grant. In addition, local authorities must submit information about programme governance and staffing structure.

- 3.23 Communications - key stakeholders including schools, parents and providers will need to be communicated with throughout the programme. Communication materials, including social media, to support and drive demand for wraparound will need to be used, alongside the Families Information Service (FIS) and the Cambridgeshire County Council (CCC) website so that there is clear information on what wraparound provision is available for parents in their local area. To enable schools to signpost parents to local provision where wraparound is not being delivered on site, local authorities should provide schools with a list of local providers and ensure that schools know how to contact the designated wraparound childcare lead.
- 3.24 Early Years and Childcare settings have access to a full range of set up and ongoing leadership, business and governance support advice and guidance. There is a small sustainability grant available when settings can demonstrate they are at immediate risk of closure but have a sustainable future if gap funded. The full support offer is available on the Learn Together site. [Learn Together website](#).

Implications of the proposals for groups on different incomes

- 3.25 A comparison has taken place for families who are on low income or in receipt of benefits versus the entitlement for working parents from April 2024. This has identified that parents/carers are likely to earn more if they are working. This is because for every £1 earned, the benefit payment reduces by 55p.
- 3.26 There may be some circumstances where households meet the eligibility criteria for both the disadvantage two-year-old entitlement and the working parent entitlement. In these circumstances, households can only be in receipt of one early education and care entitlement and the local authority should direct them onto the disadvantage entitlement.
- 3.27 Due to the range of benefit options, the government benefits calculator should be used by individuals to help them understand the financial impact of starting employment or increasing their hours worked. The impact may vary depending on individual circumstances.

4. Alternative Options Considered

- 4.1 Not applicable.

5. Conclusion and reasons for recommendations

- 5.1 To conclude there are forecast to be sufficient childcare places for the Early Years expanded entitlement rollout in April 2024 and September 2024, although more providers will need to offer funded places and the suitability of places for babies and toddlers will need to be addressed. At this stage there are some geographical areas where officers forecast demand will outstrip supply. In September 2025 there is forecast to be a more widespread sufficiency issue unless further places are created.
- 5.2 To conclude there are currently 18 schools with no wraparound provision. These will be the priority for this workstream. The next area of focus is those schools which currently have

gaps in the full 8am to 6pm provision.

6. Significant Implications

6.1 Finance Implications

6.1.1 The LA has been awarded £1,023,360 in grant funding to increase the physical capacity of early years and wraparound provision in local areas where demand is likely to exceed existing supply. Officers are beginning to explore how this grant could be used. However, at this level of capital funding options will be limited to minor alterations to existing settings and facilitating the use of existing capacity, where the requirements of the expansion offer can be fully met within the estate. Consideration is also to be given to supporting the costs of the early years component of the education management system through this grant.

6.1.2 There is an allocation of £2,871,287.66 which is to be used to support providers to develop and expand wraparound places. A maximum of 11% of this funding can be used to increase LA staffing and resources and the remainder is to support providers to develop or expand wraparound care.

6.1.3 There is an allocation of £112,182.87 capacity funding to enable the local authority to meet the requirements of early years expansion.

6.1.4 The revenue cost of the Early Years expanded entitlement will be met by Central Government, this funding will be passported through the Local Authority, just as it is with the current 30 hour offer for 3- and 4-year-olds.

6.2 Legal Implications

6.2.1 There will be a requirement for legal agreements to be written if any funding is passported to third party providers to deliver capital works.

6.2.2 There will be a requirement for additional Service Level Agreements and Leases to be drawn up if new providers set up in Council buildings. There may also be a need to alter existing agreements to reflect expansions or changes to services which are already in place.

6.3 Risk Implications

6.3 There are no significant implications within this category.

6.4 Equality and Diversity Implications

6.4.1 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.

6.5 Climate Change and Environment Implications

7. Source Documents

7.1 None