

**SUPPORTING THE PROVISION OF ADDITIONAL EARLY YEARS AND CHILDCARE BY
COTTENHAM PARISH COUNCIL**

To: Children & Young People's Committee

Meeting Date: 12 November 2019

From: Wendi Ogle-Welbourn: Executive Director: People & Communities

**Electoral
division(s):** Cottenham and Willingham

Forward Plan ref: n/a **Key decision:** No

Purpose: To seek the Committee's approval to:

- (i) provide additional places for 0-4 year olds in an early years and childcare setting (day nursery) in the village of Cottenham as part of a building project sponsored by Cottenham Parish Council (CPC) to provide a new village hall and community centre,
- (ii) To secure the services of a provider for the new day nursery without insisting on a clause to undertake a full tender process.

To seek the committee's approval to recommend to the General Purposes Committee (GPC):

- (iii) Allocate £800K of Section 106 funding, secured by the County Council for providing new early years and childcare places required in Cottenham, to CPC to enable them to construct and own a building which will have dedicated spaces for early years and childcare within it. (For funding details, see paragraph 5.1.1)

Recommendation: That the Committee recommend to the General Purposes Committee the transfer of £800K to Cottenham Parish Council, subject to:

- a) The satisfactory conclusion of a funding agreement and
- b) Cambridgeshire County Council being engaged in an ongoing advisory role to CPC (and the provider) to ensure that its preferred early years and childcare provider prepares a sustainable business case so that it can provide high quality* and financially sustainable early years and childcare places in the newly built facility.

*** Ofsted Good or Outstanding and a minimum of three years engagement with the Early Years' Service or another quality improvement provider**

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1. Background

- 1.1. Four years ago South Cambridgeshire District Council (SCDC) called an Infrastructure Providers' Forum to discuss the impact of a number of speculative development applications, including more than 500 homes which could be built in Cottenham.
- 1.2 At this Forum, the Chairman of Cottenham Parish Council (CPC), established that, in principle, there was no reason why Section 106 (S106) contributions secured to provide additional early years places could not be used to fund a new day nursery as part of its project to replace Cottenham Village Hall with an upgraded and enhanced community facility at the current site in Lamb's Lane, Cottenham.
- 1.3 County Council officers also gave their in principle approval to this approach in a letter to the Chairman of CPC in August 2016. The letter limited the funding available to those S106 contributions the Council has currently secured, and any S106 contributions it was likely to negotiate for the Oakington Road and Rampton Road developments, for the provision of additional early years education and childcare in Cottenham. The Council would be unable to provide financial support beyond these contributions. Providing relevant legislative conditions (Early Years Foundation Stage EYFS) are met the provider would be eligible to deliver early years funded places and draw down financial support in line with the early years funding formula.
- 1.4 The letter also stipulated that the provision of funding would be subject to appropriate legal agreements being in place. These would need to guarantee ongoing use of the facilities for early years and childcare provision to ensure that the County Council is able to fulfil its statutory duty to secure sufficient quality early years and childcare places for the local community.
- 1.5 As the project sponsor CPC has, in the meantime, developed a project proposal and will act as the developer for the purposes of procurement and construction of the buildings on land in its ownership, which is adjacent to Cottenham Primary School.
- 1.6 CPC has also identified a preferred provider for the day nursery; the Ladybird Pre-school who will occupy the premises once they are completed. Approval for this arrangement will require sign off from the Early Years' Service around the suitability of the provider to offer extended full day care and that it has achieved the required Ofsted registration.

2 The Need for Early Years and Childcare Places

- 2.1 The County Council has a statutory duty under the Childcare Act 2006 to ensure that there are sufficient quality early years and childcare places within its local area to enable parents to work or undertake education or training.

- 2.2 The extent of this duty has been extended over a period of time. In 2014, a free entitlement for 15 hours of free childcare for 3 and 4 year olds was extended to 2 year olds from low income working families. Then in 2017, legislation was introduced doubling the free entitlement for working parents of 3 and 4 year old who meet the qualifying criteria from 15 hours to 30 hours for 38 weeks per year.
- 2.3 These policy changes have increased the overall demand for childcare places. Housing development represents a further demand pressure.
- 2.4 At present there is only one early years setting in Cottenham: The Ladybird Pre-School. As a sessional pre-school it can offer up to 150 places per week. There are also three childminders, offering up to 3 places a week each, giving a potential total of 159 early years places in the village. Each place equates to fifteen hours of childcare per week.
- 2.5 According to the NHS birth data record, In August 2018 there were a total of 290 children aged 1-4 living in the Cottenham catchment area, broken down as follows:
- 55 one year olds;
 - 78 two year olds;
 - 76 three year olds;
 - 81 four year olds;

Data for children younger than one year old are not currently available.

- 2.6 The potential total forecast demand for early years and childcare places in Cottenham is calculated through a three step process:

i) taking the total number of 0-3 year olds in the catchment area and multiplying by the average rate of claimants for the 15 hours entitlement (40%)

ii) taking the total number of 0-3 year olds in the catchment area and multiplying by the average rate of claimants for the 30 hours entitlement (16%), and multiplying it by two

iii) adding the totals in (i) and (ii) together and rounding up to the nearest whole number.

This gives a likely current minimum demand of 151 fifteen hour places in Cottenham. A figure that will increase when data for children less than one year old are included.

- 2.7 There are currently a total of 577 dwellings either newly built, under construction or planned in Cottenham (**Appendix 1**). The Council uses its approved child yield multiplier to forecast the demand for places from new developments (every 100 new dwellings is expected to yield 30 children aged 0-4). Using this formula, we anticipate these housing developments will generate a further 174 children of pre-school age. If we apply the method

explained in **2.7** this would add to the overall demand for places by 126, giving a total demand for 277 places.

- 2.8 Although not all of the development will necessarily take place, the Council has concluded that additional early years capacity is required in Cottenham because:

- a deficit of places already exists in the area.
- five S106 agreements in the area have been successfully negotiated which include a provision for early years contributions (**Appendix 1**).

3. Proposal

Procurement of the Nursery Building

- 3.1 CPC plan to self-deliver a new village hall and 42 place day nursery for 0-4 year olds, to be open 11 hours a day, 5 days a week, plus Saturday mornings, 50 weeks a year. The County Council will provide support for the preparation of an operational plan that shows how this will be managed to meet the best interests of children and families. The direct costs of the full project to CPC is £4m plus interest payments. (VAT, although charged can be reclaimed by CPC).
- 3.2 CPC has identified up to nearly £5m of available funding with which to finance the project:
- £475k plus from CPC reserves
 - £2.8m loan drawn down from the Public Works Loan Board (PWLb) taken over a period of up to 30 years. CPC has a three point plan for repayment of this loan (see 3.3, below)
 - up to £600k (£650k with indexation) of s106 funding secured for community facilities
 - around £800k of s106 contributions secured for additional early years and childcare places
- 3.3. The financial model contains a three point plan for the repayment of the cost of the project:
- Approximately £120,000 per annum. proceeds from a supplementary Council Tax precept levied by CPC since April 2017, following a supportive village-wide public ballot; this, together with some use of reserves, is intended to fully repay the loan of £2.8m over a 30 year period;
 - A further percentage of the debt will be recovered by charging rent on the space to the new nursery provider. As a provider has not yet been appointed (although there is a preferred provider) agreed rent levels are not currently available. Rent and leases will align with a robust business model and not put the provision at risk of being financially unsustainable. The lease will be required to include a clause that supports quality provision

- S106 contributions already agreed between the Council and housing developers for early years to mitigate the impacts of their developments by providing additional early years places in Cottenham. The amount available is currently agreed to be in the region of £800k based on the Council's general pupil yield multipliers, but once a detailed housing mix is known final amounts may vary. This funding, as and when received by CPC, will also be used to repay debt and/or reduce the loan period.

Procurement of the Day Nursery Provider

- 3.4 CPC will be procuring the provider to run the day nursery. It has already identified a preferred provider; The Ladybird pre-school which provides sessional pre-school places for 2-5 year olds from 9am to 3pm Monday to Friday. It occupies a building on the same site in Cottenham as the proposed new village hall and nursery.
- 3.5 The Ladybird pre-school was inspected by Ofsted in 2013 and most recently in 2017. On both occasions the setting received an overall rating of good.
- 3.6 The new offer is a very different type of provision than a sessional pre-school in terms of the age range of the children. The hours of operation will need development. The business model is also very different and represents a significant change for the Ladybird pre-school.
- 3.7 The Council wants to ensure that its investment in the building also delivers high quality and sustainable childcare places. If the Council were promoting a similar new opportunity it would widely advertise and run a robust, competitive tender process, in line with European Tender Law, and evaluate the quality of the proposals coming forward against its specification to find the best provider.
- 3.8 However, in this case, CPC are procuring the service and have already identified its preferred provider. Therefore, CPC and Council officers have agreed that they will work together to support the Ladybird pre-school in planning the new service from a pedagogical and business perspective.
- 3.9 CPC has also acknowledged that it would be prepared to tender this opportunity, in collaboration with the Council, if a high quality early years setting could not be delivered under the present preferred bidder proposal.
- 3.10 These arrangements provide suitable safeguards for the Council given the level of investment it is making. The advisory role of the early years staff will be a requirement of the Funding Agreement (see para 5.3) between the Council and CPC.

4 Alignment With Corporate Priorities

4.1 *"A good quality of life for everyone"*

- 4.1.1 Providing access to local and high quality childcare allows parents to access employment, education and training opportunities and benefit economically.

4.2 *“Thriving places for people to live.”*

- 4.2.1 Early years and childcare settings are providers of local employment and also provide essential childcare services for working parents or those seeking to return to work.
- 4.2.2 If families have access to local early years education and childcare services, they are more likely to attend them by either cycling or walking rather than through local authority-provided transport or car.
- 4.2.3 Having early years education and childcare services in the local area has a positive effect on community cohesion.

4.3 *“The best start for Cambridgeshire’s children.”*

- 4.3.1 The proposed nursery will allow children to access their entitlement to early years education and childcare. High quality education and childcare improves future educational and development outcomes and reduces the overall need for expensive interventions later on.

5. Significant Implications

5.1 Resource Implications

- 5.1.1 Approving the proposal to transfer £800k has no direct financial impact on the Council’s capital programme and, in particular, levels of borrowing as the requested monies are S106 contributions for the provision of new early years and childcare places in Cottenham. The Council can only use this funding for the purpose specified in the S106 agreement and will only transfer these funds to the CPC once it has received payment of them. The final amount transferred may vary as the amount negotiated in the individual S106 agreements is indexed up to the point the developer pays the money to Council. In addition, the number of dwellings and housing mix are not yet finalised, this may lead to a variation in the funding received.
- 5.1.2 If the CPC project did not proceed it is likely that the Council would be required to deliver a project of its own in order to meet its statutory duty. The Council would not benefit from the economies derived from the early years accommodation being part of a larger community building project. Based on recent contract prices for similar sized, but stand alone, early years facilities procured by the Council the costs would be in the region of £1.44m.
- 5.1.3 In addition, the local primary school has been extended and further development on the site is restricted. The Council would need to identify and obtain a site for a new nursery which would add to the overall costs of the project and timescales for delivery.

- 5.1.4 The Council will protect its investment of £800k through a funding agreement (see Paragraph 5.3).

5.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**

- 5.2.1 Traditionally the Council would run a competitive tender process. However, as CPC already have a preferred provider, the Council will be acting in the role of educational advisor, to ensure provider quality and sustainability.(see paragraphs 3.4 to 3.10 above)

5.3 **Statutory, Legal and Risk Implications**

- 5.3.1 The Council intends to protect its substantial investment of £800k in this new facility and against further requests for funding through a formal Funding Agreement with CPC.

The Head of LGSS Law Property has been consulted and is satisfied that a Funding Agreement delivers the level of legal protection required by the Council. A draft Funding Agreement has already been prepared and shared with LGSS Legal and the conditions set out within are designed to provide sufficient safeguards for the Council. The key provisions:

- Set out the purpose of the grant and the number of early years and childcare places to be provided.
- How and when monies will be paid to CPC.
- How monies will be spent.
- How monies will be paid back to the Council should the childcare use cease, including claw-back provisions based on the number of years of use before such a situation occurred.
- Require CPC to provide construction details so that the Council can be assured that statutory requirements in respect of design quality, health and safety etc. have been discharged. The Council will do this in a reasonable and timely way which recognises the overall programme for delivery of the building project.
- Limit the Council's investment to the s106 funding. Any development risks leading to cost overrun will be the responsibility of the developer; in this case CPC, who would need to fund any additional costs.
- A commitment to engagement with the Early Years Service

- 5.3.2 These type of funding agreements are used widely by organisations transferring funds or giving grants to a third party to deliver on their behalf. The Department for Education (DfE) used them widely when allocating grants to local authorities to roll out the children's centre programme. Cambridgeshire is familiar with the claw-back provisions which the DfE (via Surestart) included within them.

- 5.3.3 In 2017/18, the Council secured capital funding from the DfE to deliver additional early years places in Eaton Socon via an existing provider. A funding agreement was set up to deliver the project. Council officers

monitored procurement processes, quality of build and delivery of additional places. The value of the funding agreement was £753k.

- 5.3.4 In 2019, Peckover primary school (Wisbech), managed by the Brooke Weston Trust delivered a 52 place nursery. A funding agreement was used to provide £500k towards the project.
- 5.3.5 If the setting receives a Requires Improvement or Inadequate Ofsted inspection outcome or a Welfare Requirements Notice that identifies that the quality of care and education falls below the expected standard (or that there are special education needs and disabilities (SEND), Equalities or Safeguarding practice concerns) or indications that there may be a safeguarding risk, the Council will insist the provider engages further with the Early Years Service intervention process. Should the setting refuse, or are deemed unable to make the required improvements within agreed timescales, the Council will insist CPC terminate the provider's contract and undertake a full tender process to find a replacement provider. If CPC do not comply, the Council will enact the claw-back provisions mentioned in the proposed funding agreement in 5.3.1.

5.4 Equality and Diversity Implications

- 5.4.1 The Council expects that the accommodation provided by CPC would fully comply with the requirements of the Public Sector Equality Duty and current Council standards.

5.5 Engagement and Communications Implications

- 5.5.1 There are no significant implications for this priority. CPC has undertaken extensive consultation with the local community on this issue and undertaken a local ballot in the village which indicated support for a £1 a week supplement to the Band D equivalent Council Tax to fund project costs.

5.6 Localism and Local Member Involvement

- 5.6.1 Councillor Wotherspoon (the Local Member) has been briefed on the request for funds by Council officers and is also a member of CPC.

5.7 Public Health Implications

- 5.7.1 Public Health are one of the lead partners in the development and implementation of a Best Start in Life (BSiL) strategy across Cambridgeshire and Peterborough. The strategy aims to bring together Early Years education, Early Help, Child and Family Centres, Healthy Child Programme, Maternity services and the voluntary and community sector to improve outcomes for children from pre-birth to age 5 years'.

Source Documents	Location
Cottenham Early Years Nursery Business Plan	\ccc.cambridgeshire.gov.uk\data\Ocyys Infrastructure\Places Planning\Projects&Reviews\South Cambs\Cottenham EY Or Ian Trafford Ian.Trafford@cambridgeshire.gov.uk
Village Hall Funding Letter	\\ccc.cambridgeshire.gov.uk\data\Ocyys Infrastructure\Places Planning\Projects&Reviews\South Cambs\Cottenham EY Or Ian Trafford Ian.Trafford@cambridgeshire.gov.uk
Draft funding agreement	\\ccc.cambridgeshire.gov.uk\data\Ocyys Infrastructure\Places Planning\Projects&Reviews\South Cambs\Cottenham EY Or Ian Trafford Ian.Trafford@cambridgeshire.gov.uk
Growth & Development S106 agreements & CCC responses	Ian Trafford Ian.Trafford@cambridgeshire.gov.uk

Implications	Officer Clearance

Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Martin Wade
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Jeandre Hunter
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Jonathan Lewis
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Jo Dickson
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: Tess Campbell

Appendix 1.

Planning reference	Development Address	Number of dwellings	Monies agreed	Monies received	Trigger	Status	Builder
S/02509/12	Land at the Junction, Long Drove &, BEACH ROAD, Cottenham	47	£47,780	£57,936	N/A (all money received)	Built and occupied	
S/1952/15/OL	36 Oakington Road, Cottenham	50	£59,400 (£13,265.30 received)	£13,265.30	20% prior to commencement, 80% prior to occupation of 25 dwelling	Development started, first trigger hit;	Bellway Homes
S/1606/16/OL	Oakington Road Cottenham	126 (121 permitted under RM)	£194,400	(None Received – amount due will be 121/126 slightly lower)	50% prior to commencement and 50% prior to 50% occupation	reserved matters approved S/2281/18/RM – work on site has now started	Persimmon Homes
S/2413/17OL	Land off Rampton Road	200	£286,200	None.	25% prior to commencement, 25% prior to occupation of the 1st dwelling and remaining 50% prior occupation of 100 dwelling	Decision granted on August 17, Reserved Matters application submitted S/2549/19/RM – decision likely within 6 months	Redrow Homes
S/2876/16/OL	NE of Rampton Road Cottenham	154	£220,800	None	50% prior to commencement and 50% prior to 50% occupation	Decision granted on May 18, RM to be submitted by May 2020	This Land Ltd
Total		577	£808,580	£71,201.3			