

Agenda Item No: 10

**DELIVERING THE EXTENDED ENTITLEMENT TO AN ADDITIONAL 15 HOURS FREE
CHILDCARE FOR ELIGIBLE 3 AND 4 YEAR OLDS**

To: Children & Young People's Committee

Meeting Date: 13 March 2018

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

Electoral division(s): All

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

Purpose: To advise Members on the latest position regarding implementation of the extended early years and childcare entitlement for eligible 3 and 4 year olds.

Recommendation: Members are invited to:

- a) note the progress made in implementing the extended early years and childcare entitlement for 3 and 4 year olds since its launch in September 2017;
- b) request a further report in November 2018 when analysis of the first year of the extended entitlement will be available.

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1. BACKGROUND

1.1 In April 2004, local authorities (LAs) became responsible for securing a free part-time education placement for every child from the term following their 3rd birthday whose parents want one.

1.2 Under the Childcare Act 2006, LAs have specific sufficiency duties, including to secure:

- sufficient and suitable childcare places to enable parents to work, or to undertake education or training which could lead to employment;
- sufficient and suitable early years places to meet predicted demand; and
- free early years provision for all 3 and 4 year olds (and the 40% most vulnerable 2 year olds) of 15 hours per week 38 weeks per year.

Appendix 1 shows the full list of statutory responsibilities of the local authority linked to free early learning and childcare for 2, 3 and 4 year olds.

1.3 Since September 2017 the requirement upon LAs has increased to include implementing the government's commitment to extend the free entitlement to early years education and childcare for 3 and 4 year olds nationally from 15 to 30 hours a week for working parents who meet the associated qualifying criteria.

Appendix 2 sets out the eligibility criteria.

1.4 Conscious of the need to support providers to review their business models in order to deliver the extended entitlement the LA, following a tender process in spring 2017, has commissioned the National Day Nurseries Association (NDNA) to provide settings with support with business planning and development during the first two years of implementation of the 30 hours extended entitlement. When the contract with NDNA cases at the end of April 2019, the funding will be re-distributed to providers. In addition, the Council has extended its existing contracts with professional childcare associations already working in Cambridgeshire. In particular, the Professional Association for Childcare & Early Years (PACEY) is providing marketing and workshops to increase the number of childminders in the County. The Pre-School Learning Alliance (PLA) is providing increased capacity to offer business support advice where necessary. These steps are allowing focused work with settings in areas where there are sufficiency issues and includes developing individual, financially sustainable models of provision, or collaborative models across a number of settings and providers to ensure that parents can access their entitlement.

2 SUFFICIENCY

2.1.1 Maintaining an appropriate match between current and predicted demand for early years and childcare places is much more challenging than school place planning. There are many more variables which make forecasting demand for the 0-4 age range less accurate than for 5-19 year olds. In particular:

- attendance at early years provision is not compulsory
- there is a mixed economy of approximately 500+ providers across the private/voluntary/independent (PVI which includes daycare chains) and maintained sectors and approximately 700 childminders
- parents/families have different needs – full day-care or just accessing their

universal entitlement of 15 hours – and some take up their entitlement close to home whereas others will opt for childcare closer to their place of work

2.1.2 Prior to the September 2017 implementation date the LA was able to identify those families who were already paying for additional childcare hours, above the universal entitlement of 15 hours per week. This means that many children were already placed to take up their extended entitlement and, therefore, do not require a new place. More difficult to predict is how many more families will wish to take up the extended entitlement and thus where the need for additional places will be. There remains the risk if we get it wrong, of failing to deliver on our statutory duty. However, if we over-provide and flood an area of the market with places that are not taken up, providers will find it hard to attract sufficient children for their setting to be financially viable.

2.1.3 The challenges particular to planning for sufficient places for 3 and 4 year olds to take up their extended entitlement are:

- unlike with the government’s funded 2s policy, HMRC are not able to provide LAs with the details or even numbers of entitled children
- the Department for Education (DfE) estimate as to the number of places required is predicated on all eligible children taking up a 30 hour place

2.2 The picture so far

2.2.1 In the first six months of her contract part of the NDNA officer’s focus has been on establishing the coverage across the county of providers offering places where eligible families can take up their extended entitlement. Work to date has been of an auditing nature to understand the picture across Cambridgeshire providers in terms of early responses to the extended entitlement and supporting providers to develop viable business models to start making the offer available to parents.

2.2.2 The following table sets out, by district, details of the private/voluntary/independent (PVI) providers and maintained nursery sector offering the extended entitlement in the autumn term 2017 by district. This excludes childminders. 4142 full 30 hours places and 748 split offer places were available. Split place offers are where parents take up their entitlement across more than one provider.

District	Number of providers surveyed Autumn 2017 (total number of providers)	% of surveyed providers offering full 30 hours	% of surveyed providers making split offer	% of surveyed providers where offer is unclear	Places available	
					Full 30 hrs	Split offer
City	61	56	41	3	755	84
East Cambs	36	67	22	11	331	156
Fenland	26	73	17	10	365	75
Hunts	100	72	18	10	1749	159
South Cambs	90	60	35	5	942	274
Totals	313				4142	748

2.2.3 Analysis of headcount data gathered from the autumn term 2017 shows that:

- 2612 eligible families successfully applied to take up their entitlement
- there were sufficient places to enable eligible families to access their extended entitlement
- 12% of claimants were taking up the full 30 hours entitlement
- 20.8% of claimants were taking up more than 15 hours but less than 30

Appendix 3 sets out details by age of children claiming their extended entitlement at ward level for the autumn term 2017

2.2.4 Forecasts for the spring term 2018 indicated that there was a surplus of places for eligible families to access their extended entitlement. As at 20 February 2018:

- 3,836 families successfully applied to take up their entitlement
- 12.3% claimants were taking up the full 30 hours entitlement
- 23.8% were taking up more than 15 hours but less than 30 hours

2.2.5 Children become entitled to free EY provision the term after their third birthday, so there are three intakes each year into EY settings. Consequently, the autumn term sees the lowest numbers of children in the system and the summer term brings the highest demand for places.

2.2.6 Using the DfE's methodology indicates an approximate short fall of 3000 30 hour places across the County for the summer term 2018. However, this figure comes with several caveats. The DfE provided the LA with an estimate that 5010 children in Cambridgeshire would be eligible for the 30 hours extended entitlement. Officers subsequently learned that this was a mid-year estimate, whereas numbers are always at their highest in early years settings in the summer term. The methodology behind this estimate uses as a proxy indicator families with children in the 0-19 age range entitled to child benefit. It is, therefore, likely that this will inflate the potential number of children entitled to extended hours. The figure is also predicated on children taking up the full entitlement of 30 hours whereas take-up data for the autumn and spring terms indicates that this is not the pattern in Cambridgeshire.

2.2.7 Officers have based summer term 2018 estimates on claimant data using actual head count data for the past two terms and trend from previous years but factoring in the percentage increase in take-up since the implementation of the extended entitlement. This approach forecasts a surplus of approximately 500 places across the County for the summer term 2018.

2.2.8 Next steps include the following in preparation for the summer term:

- Working with providers to create additional places in 'hot spot' areas where there are insufficient 30 hour places to meet anticipated demand. See **Appendix 4**.
- Brokering partnership solutions to delivering the 30 hour entitlement where smaller single providers are unable to offer the full 30 hours on their own.
- Developing networks across the five districts to create peer to peer support and information sharing
- Compiling case studies of successful models to share via the Learn Together website to support providers with ideas on business models and delivery

2.3 Communications

2.3.1 The communications strategy has developed in phases since Summer 2016 (see **Appendix 5**). Regular communication between the LAI and providers takes place every 2 to 3 weeks via the *30 Hours Newsletter*. The lead officer for communications for the extended EY entitlement is continuing to explore with the Director of Corporate & Customer Services the options to transform the Families Information Service following the Corporate Capacity Review so that the LA can fulfil its statutory duty with regard to the provision of information to parents. This includes aligning services with Peterborough City. A bid to the DfE 30 Hours Delivery Support Fund may enable plans for an improved online information system and a parent information coordinator to be taken forward in the next few months. In the interim, officers in a variety of departments are undertaking additional work to ensure that no child or family misses out on their entitlement.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

Under Section 6 of the Childcare Act 2006 LAs have a duty to secure, so far as is reasonably practicable, sufficient childcare (whether or not by them) to meet the requirements of parents in order to enable them to work or undertake training leading to work. This applies to childcare for children aged 0 – 14 years, and up to 18 years for those with disabilities.

3.2 The following bullet points set out details of implications:

- the government identified that the average annual childcare cost saving for families was expected to be approximately £2500 per year;
- the government believe that the barrier linked to the cost of childcare will be removed allowing parents to return to work sooner and for longer;
- the barrier linked to the cost of childcare will no longer prevent parents from taking up development and training opportunities to support themselves back into work;
- more families with more disposable income will support growth of local businesses and local economies.

3.3 Supporting and protecting vulnerable people

Early Years Pupil Premium and Disability Access Funding are both available for eligible children.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

4.1.1 The following bullet points set out details of significant implications identified by officers. The extended entitlement is funded from the Early Years Block of the Dedicated Schools Grant and not from core LA resource. As a result the limitations on the hourly rate are due to the amount received from the DfE.

- The funding identified to enable the engagement of an external organisation and an extension to existing contracts for two years with professional childcare

associations working in Cambridgeshire to support the preparation for and implementation of the extended entitlement, has been approved by Schools Forum from the Early Years Block of the Dedicated Schools Grant and not from core LA resource

- The DfE recently published the Early Years National Funding Formula Hourly Rates for 2018/2019 financial year. This confirms that there will be no increase to the national baseline funding rate of £4.42 received during 2017/18 and no changes within the operational guidance. The absence of any uplift in the national funding rate has the resulting consequence of no additional funding available to increase the local hourly rate within the Cambridgeshire Funding Formula.
- Some non-profit making providers have identified that the new hourly rate proposed is not at a level sufficient to meet the cost of the staffing and overheads required to deliver these additional hours.

4.1.2 The new Early Years Funding guidelines restrict local authorities to retaining a maximum of 5% of funding centrally for 2018/19 onwards. In 2017/18 the LA retained 3.9% and whilst the Cambridgeshire allocation for 2018/19 is not yet known, the proposal put to the meeting of Schools Forum in December 2017 is to retain approximately 3.4% of current funding, well within the permitted maximum.

4.1.3

The Early Years Provider Reference Group (EYPRG) comprises representatives from all types of providers across all areas of the County. At Schools Forum in December 2017 some concerns were raised through the EYPRG representative about levels of funding. Consequently follow-up work is being undertaken with the EYPRG to support the Forum's understanding of the issues providers in Cambridgeshire are facing and to provide:

- a snapshot of the actual costs of providing the extended entitlement in different parts of the EY sector and different geographical areas and
- information as to whether complexity of funding was preventing some settings from being viable as some settings are managing within the current rates and others feel it is unsustainable

A working group will bring together the comparative data with the results being presented to Schools Forum on 9 March 2018. A verbal update will be shared with CYP Committee at its March meeting.

4.1.4

Settings will receive additional top-up funding for children with Education Health and Care Plans (EHCP). Additional funding will also be available to support three and four year old children before they have an EHCP in the form of top-up funding from the new SEN Inclusion Fund (SENIF). Work has been ongoing since last April to put in place the policy, process and criteria for the new SEN Inclusion Fund (SENIF), which came into effect for new children from September 2017. A two tier system has been implemented for SENIF applications:

- Tier 2-One off payment of up to £1000 which could be used, for example for a short term targeted intervention for a child; and

- Tier 3-High need funding for up to 30 hours for those with the most complex needs

Funding requests are for an amount of hours per child and are a contribution towards any additional support and/or resources the child may need. The maximum amount of hours available is 30. The funding amount will be £8.87 per hour.

The funding will be paid directly to settings once awarded. Tier 3 funding will be for a period of up to 38 weeks, paid on a termly basis, with the expectation of review paperwork to be submitted at the end of each term. Funding is attached to the child, and therefore if the child moves setting the funding will follow the child.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The full tendering process leading to the appointment of NDNA to provide business support advice to the EY sector in Cambridgeshire was undertaken in line with the Council's procurement procedures.

4.3 Statutory, Legal and Risk Implications

There are no additional implications above those set out in Section 1 and Appendix 1 of this report.

4.4 Equality and Diversity Implications

Sufficient good quality early years provision is essential in securing better outcomes for all disadvantaged groups. There is a commitment on the part of the Council to support resourcing disability access funding to enable those children with special educational needs and disability to access the extended entitlement. See 4.1 above

4.5 Engagement and Communications Implications

There is a clear requirement upon LAs to ensure that all parents and those working with families are aware of the extended entitlement and that they update their childcare information on a termly basis. Equally important is that all providers and settings receive support, advice and training to enable them to deliver the extended entitlement. The Council has a successful track record with regard to implementing the previous government childcare strategy relating to 15 hours of free childcare for the most vulnerable 2 year olds. Officers will continue to use a range of general and targeted promotional tools and activities to support the implementation of the extended entitlement.

Where new EY provision is proposed there is an expectation that consultation will take place with the local community and existing providers.

4.6 Localism and Local Member Involvement

The following bullet points set out details of significant implications identified by officers:

- a number of providers of early years education and childcare have identified concerns about the financial viability for their setting in delivering this entitlement. Some providers have already been in contact with their local MP

and may already be in contact with their local member. Where this is happening members are encouraged to engage with the providers concerned and to encourage and support them to work collaboratively to ensure that parents are able to access their entitlement.

- In addition to the provision of information to parents, local members have a vital role to play in actively promoting the entitlement and encouraging and supporting low income and vulnerable working families in their area to check their eligibility through HMRC and then take up their entitlement as appropriate.

4.7 Public Health Implications

The following bullet points set out details of significant implications identified by officers:

- There is good evidence that Early Years settings can do a lot to promote good nutrition and physical activity especially when habits are being formed.
- There are strong links between education and health.
- Improving school readiness is part of the Public Health Outcomes Framework

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 Finance?	Yes or No Name of Financial Officer:
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes or No Name of Legal Officer:
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Hazel Belchamber
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: Hazel Belchamber
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

SOURCE DOCUMENTS

Source Documents	Location
<p>CAMBRIDGESHIRE SCHOOLS FORUM: EARLY YEARS NATIONAL FUNDING FORMULA REVIEW 2018/2019 UPDATE Item 6 at the following link:</p> <p>SENIF policy, guidance and application documentation</p>	<p>https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/713/Committee/22/Default.aspx</p> <p>https://www.cambslearn together.co.uk/early-years/sen-support/</p>