

Name of meeting: Cabinet
Date: 4th April 2017
Title of report: Preparing for “30 hours free childcare” for working parents

Purpose of report

The report will provide an update on the preparations to meet the demand for “30 hours free childcare” from September 2017 and seeks approval for a capital scheme to meet future demand in Holme Valley North.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Key Decision – Yes Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Director</u> & name	Gill Ellis, Director for Children’s Services, 24 th March 2017 and Naz Parkar, Director of Place 24 th March 2017
Is it also signed off by the Assistant Director for Financial Management, IT, Risk and Performance?	Debbie Hogg (Philip Deighton)– Assistant Director Resources – Financial, Risk, IT and Performance - 23 rd March 2017
Is it also signed off by the Assistant Director (Legal Governance and Monitoring)?	Julie Muscroft (John Chapman)–Assistant Director - Legal, Governance and Monitoring – 23 rd March 2017
Cabinet member portfolio	Cllr Graham Turner - Asset Strategy, Resources and Creative Kirklees (Arts), Cllr Masood Ahmed, Community Cohesion and Schools

Electoral wards affected: All

Ward councillors consulted: Cllr Charles Greaves, Cllr Edgar Holroyd-Doveton, Cllr Terry Lyons (reference the proposed capital development in Holme Valley North)

Public or private: Public

1. Summary

- 1.1. This report outlines the new entitlement for working parents with children aged 3 and 4, not in full time education, will be eligible for 30 hours free childcare from September 2017. This will introduce additional demand for childcare services and additional investment into Kirklees. Local authorities have a statutory duty to ensure there are sufficient childcare places available (basic need). Kirklees Council helps the local childcare market manage itself, however interventions are sometimes required on a graduated basis.
- 1.2. In May 2016 providers were offered the opportunity to express an interest in expanding their provision to meet the future demand associated with “30 hours free childcare”.
- 1.3. As a result of this exercise Holme Valley North was identified as an area requiring a capital solution to meet a basic need for places. This report therefore proposes the allocation of capital grant funding for the provision of a childcare facility on the site of Honley CE (VC) Junior School.

2. Information required to take a decision

(a) Statutory duty to ensure sufficient early education and childcare

- 2.1 The duty for local authorities to ensure there are sufficient early education and childcare places was introduced in the Childcare Act 2006.
- 2.2 Kirklees Childcare Sufficiency Assessments have been published on an annual basis since they became a statutory duty under the Childcare Act 2006. The Childcare Sufficiency Assessment (CSA) is a detailed study into the supply and demand of childcare within Kirklees and is a vital tool to share information with the public, elected members and the childcare market itself.
- 2.3 The CSA also provides the evidence base to justify interventions required to help the council meet its statutory duty to ensure there are sufficient childcare places available in Kirklees in the right places at the right times. Childcare includes free early education and care as well as childcare services paid for by parents of children aged 0 to 19 years.

(b) Childcare market

- 2.4 In Kirklees there are 828 registered providers of early education and childcare, comprising 180 groupcare settings (152 full day / 28 part day); 77 schools with nursery classes; 346 home based providers; 83 out of schools clubs (private and voluntary sector), 68 out of school clubs (operated by schools); 6 nursery units of independent schools and 68 holiday schemes.

(c) Kirklees strategy to ensure sufficient places

- 2.5 The Kirklees Early Learning and Childcare strategy includes a Kirklees Childcare Market Management and Commissioning Framework which has been used effectively for a number of years to ensure there are sufficient early education and childcare places. The key principle of the framework is to support the childcare market to manage itself. If intervention is required a graduated approach is taken with low cost minimal intervention in the first instance and only resorting to higher levels of intervention where there is the risk of market failure.

(d) 30 hours free childcare policy

2.6 [The Childcare Act 2016](#) places a statutory duty on local authorities to secure the availability of 30 hours of free childcare for eligible parents of 3 and 4 year olds. The “30 hours free childcare for eligible 3 and 4 year olds consists of the existing universally offer of 15 hours of early education and care plus a new 15 extra hours of childcare from September 2017. Families will be eligible for the extra 15 hours where:

- Both parents are working (or the sole parent is working in a lone parent family)
- Each parent earns, on average, a weekly minimum equivalent to 16 hours at national minimum wage or national living wage
- Each parent earns less than £100,000 per year

It is important to note that the entitlement for “30 hours” is for 38 weeks a year. Whilst there will be opportunities to stretch the entitlement this will result in less hours per week (e.g. approximately 22.5 hours per week over 50 weeks).

The introduction of “30 hours” is likely to have the biggest influence on future demand in the Kirklees childcare market over the next few years.

As well as families that are currently eligible, the introduction of this offer is likely to facilitate a change in the working arrangements of many families.

- 2.7 The introduction of “30 hours” will bring additional revenue into the Kirklees childcare market. An early estimate of £7 million per year will be required to fund this policy in Kirklees which will be provided by the government via the Dedicated Schools grant. However, not all of this investment will create new revenue for the market. Some of the investment will replace the childcare element of working tax credits and some will replace existing fees paid by parents (in effect saving families money).
- 2.8 There will be a similar position with regard to the requirement for new childcare places. Parents who are already paying for childcare will be able to benefit from the saving on fees and no additional childcare places will be required. However, other eligible parents could choose to pay for extra hours or may move from informal childcare arrangements to formal childcare which will create new demand for childcare places.

(e) Ensuring sufficient places for 30 hours

- 2.9 An expansion of the number of available places will therefore be required before September 2017. There will be opportunities for many providers but there may also be a threat to other less flexible providers who cannot adapt to the changing demand. Engagement with childcare providers from all sectors of the market about this policy commenced in summer 2015 and is still ongoing.
- 2.10 A time limited 30 hours free childcare reference group has been established with representation from all sectors of the Kirklees childcare market. This group will carry a key consultative role and help support officers to continue to engage with and work with the Kirklees childcare market.
- 2.11 Early estimates of demand in Kirklees at a ward level were reported in the Kirklees Childcare Sufficiency Assessment 2015. A similar methodology, which incorporates refinements to reflect the confirmed eligibility criteria, was published in the [Kirklees Childcare Sufficiency Assessment 2016](#) in December 2016.

In May 2016 providers were offered the opportunity to express an interest in expanding their provision to meet the future demand associated with “30 hours free childcare”. Expressions of Interest (EOI) had to state one of three categories:

1. **No cost / low cost** (to public funds) – where no funding is required or a provider is self-funding an expansion and wants to share their plan to ensure support was not given to another local provider where it was not required (ensuring the council only intervenes in the childcare market where it needs to and protecting providers investments)
2. **Some help required**
3. **Capital investment required**

The invitation to express an interest made clear that priority would be given to category 1 EOIs and that category 3 EOIs would only be considered as a last resort.

(f) Grant scheme for small scale expansion

- 2.12 Work has already been undertaken to confirm the feasibility of a number of no cost or low cost expressions of interest in categories 1 and 2. This work has demonstrated that the majority of the new places required can be provided without the need for capital investment.
- 2.13 Delegated cabinet authority was approved following a [Cabinet Report](#) dated 17th June 2013 to use small grant schemes to support the Kirklees Childcare Market Development Framework. The 30 hours free childcare reference group will be consulted about the grant criteria to support expansion where required and decisions about small grants will be made using the existing delegated authority.
- 2.14 As the expansion of places relates directly to free early learning and childcare entitlement, resources held in the Early Years Block of the ring fenced Dedicated School Grant can be used, where required, to fund the small grant scheme.

(g) Proposed capital scheme to meet future demand in Holme Valley North

- 2.15 The government launched an opportunity for local authorities to bid for capital funding to help ensure sufficient places to meet the new demand for 30 hours free childcare. Local authorities were required to supply evidence to meet the published criteria:
- a named childcare provider with an Ofsted inspection track record
 - evidence the project could be completed by August 2017
 - evidence that 25% of the total project cost can be funded from alternative sources
 - evidence of localised sufficiency (basic need)
 - evidence of outcomes (number of high quality places and project delivery)
 - evidence to support a value for money assessment

The bidding process opened on 21st June 2016 and closed on 31st August 2016.

- 2.16 When the capital funding bid opportunity was launched, Holme Valley North was the only ward in Kirklees where there were insufficient expressions of interest under categories 1 and 2 from childcare providers to expand places to meet estimated future demand.

Holme Valley North consists mainly of 3 villages: Meltham, Honley and Brockholes. An indication of likely demand spread between the 3 villages was established using the number of families likely to be eligible at Lower Super Output Area level. The results are as follows:

Area	Meltham	Honley	Brockholes
Likely spread of demand for 30 hours free childcare	48%	42%	10%

Current group based provision in the ward is centred in Meltham with 5 providers. There is one provider in Brockholes and two providers outside population centres (one well placed on a commuter route). The only group based provision in the centre of Honley is the nursery class at Honley CE(VC) Infant and Nursery School. Ten childminders are distributed proportionally across the ward.

The evidence of need in the ward and localised evidence of need in Honley to balance the spread of provision across the ward, has led to a focus for a solution located in Honley village.

- 2.17 An asset review was undertaken to identify any potential sites that would be suitable for the development in the Honley area. Several sites were discounted due to distance from the existing school and nursery provision and capacity issues. Therefore, the most viable option of locating an off-site construction unit within the grounds of Honley CE (VC) Junior School was chosen for the capital funding bid.

In accordance with the capital funding criteria Honley CE(VC) Infant and Nursery School (Judged 'outstanding' by Ofsted) was named as the partner childcare provider. A bid was placed in the time frame for a new facility at the entrance to Honley CE (VC) Junior School on the plot of the former caretaker's house, now demolished. The plot is large enough to provide the necessary accommodation and places required with associated external play space and being located adjacent to the main entrance will not hinder the existing junior school.

The capital scheme will include a new off-site construction unit of approximately 185m² with an entrance ramp and steps. A fenced external play area will be provided at a similar size to the gross internal area. Three drop-off bays and a new footpath will be provided by moving the position of an existing boundary wall. An illustration of the proposed scheme is attached in appendix 1.

The infant school and junior school sites are within a very short walking distance from each other (less than 300 metres apart). Proposals are presented to this same cabinet meeting to bring the two schools together into a single, all through primary school.

(h) Capital funding

- 2.18 The estimated cost of this solution is £556,365. A capital grant application for £339,821 was submitted to the Department for Education (DfE) on 31st August 2016, leaving a balance of £226,544. The approved bid is conditional on the balance being funded by the Council.

The 2016/17 Capital Plan contains provision for Early Years Capital for Two Year Olds of £227K funded from Government Grant. In accordance with the Budget agreed by Council on 15th February 2017 this will automatically be rolled forward into 2017/18. It is proposed to allocate the remainder of this capital budget to this scheme.

This contribution will help to meet the basic need for 8 new places for two year olds (based on evidence of local demand) and the 25% contribution towards 32 new 30 hour places for three and four year olds as required by the capital funding criteria.

Submission of this bid was supported by the Assistant Director Strategic Investment Group in August 2016.

In January 2017 the DfE approved the Council's application for capital funding and subsequently the £339,821 was received in February 2017.

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

The foundation years (pregnancy to age five) are critical to children's life chances. Research shows the importance of high quality early education in supporting children's development. Most children who are developing well at the end of the Foundation Stage go on to do well in school and later life, and children who fall into the lowest achieving 20% at the age of five are six times more likely to be in the lowest 20% at age seven.

Opportunities to support the whole family can be created where families have two year olds eligible for free early education. For example, free early education experiences for the child alongside an enabler for a non-working parents to undertake training or seek employment.

3.2 Economic Resilience (ER)

The provision of high quality early learning and childcare provision supports the start of a child's lifelong learning journey leading towards the gaining of skills for employment which contributes to the local economy. Early learning and childcare also supports parents to work and therefore make their contribution towards the local economy.

3.3 Improving outcomes for Children

The provision of high quality early learning and childcare provision improves child development and school readiness and leads to improved outcomes at age 5, in later childhood and adulthood:

"Children who have accessed high quality early education benefitted from this throughout their school life, this positive impact includes better GCSE results and increased earning potential." [Department for Education EPPSE Study](#)

Combining the economic benefits associated with employment opportunities and the early intervention benefits associated with early education and social mobility, the provision of early learning and childcare contributes to the reduction of poverty and disadvantage both in the long and the short term.

The proposals provide the opportunity to build on the existing outstanding practice at Honley Infant and Nursery School and meet the future needs of local community.

3.4 Reducing demand of services

The foundation years provide the earliest opportunity for early intervention and prevention which contributes to reducing demand for services as children grow older. This is particularly relevant for the children and families targeted by the free early education offer for eligible 2 year olds and children with special educational needs and disabilities.

3.5 Legal, financial, human resources (HR) and other resource implications

The Capital cost of this scheme will be 100% funded from Government Grant.

There is a capital cost of £226,544 to the council using an allocation in the capital plan identified for early learning and childcare places for two year olds. This capital was allocated for the purpose of ensuring sufficient places for two year old by the Department for Education but is not ring fenced. This will use all the available capital allocated for 2 year old places. Without this investment the project could not be delivered and the £339,821 from the capital bid would need to be returned to the Department for Education.

The council will not directly deliver this service so there are no revenue implications from this perspective.

New staff associated with the childcare service will be engaged by the voluntary controlled school and will therefore technically be employed by the council. However the school will be accountable for the staffing budget.

4. Consultees and their opinions

Assistant Director Strategic Investment Group
Regular engagement with providers and provider representatives
Department for Education / Education Funding Agency - capital application
Governing body of Honley CE(VC) Infant and Nursery School
Governing body of Honley CE(VC) Junior School
The Church of England Diocese of Leeds

There is general support for the proposals.

5. Next steps

- 5.1 Continue the work to ensure there are sufficient childcare places available by:
 - a. Monitoring the supply and demand for childcare places
 - b. Continuing to engage with the childcare market
 - c. Use of the existing small grants scheme to support the creation of places where required
- 5.2 Subject to the proposals in this report being approved officers will continue to procure and deliver the off-site construction unit within the grounds of Honley CE (VC) Junior School.
- 5.3 Raise awareness of the new entitlement with parents and partner organisations who come into contact with parents, highlighting the benefits enabled by "30 hours":
 - a. Economic benefits through supporting work
 - b. Early intervention benefits through providing the best start in life for children

6. Officer recommendations and reasons

Members are requested:-

- 6.1. To take note of the work undertaken to ensure there are sufficient childcare places available in Kirklees to meet future demand using the existing childcare market management framework.

- 6.2 To note the £339k grant received in relation to the Honley childcare capital scheme outlined at para 2.17 above along with the allocation of £227K from the 2016/17 Early Years Capital budget.
- 6.3 To authorise officers to procure and deliver the capital scheme outlined at para 2.17 above.

7. Cabinet portfolio holder's recommendations

Joint Portfolio holders considered this report on 20th March 2017 and support the work underway to prepare for "30 hours" free childcare. Joint Portfolio holders are also supportive of the proposal for capital investment to create a new childcare facility in Honley to help ensure there are sufficient places available for parents.

8. Contact officer

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9. Background Papers and History of Decisions

[Cabinet Report](#)

17/06/13 – This report provided an agreed Kirklees childcare market management framework

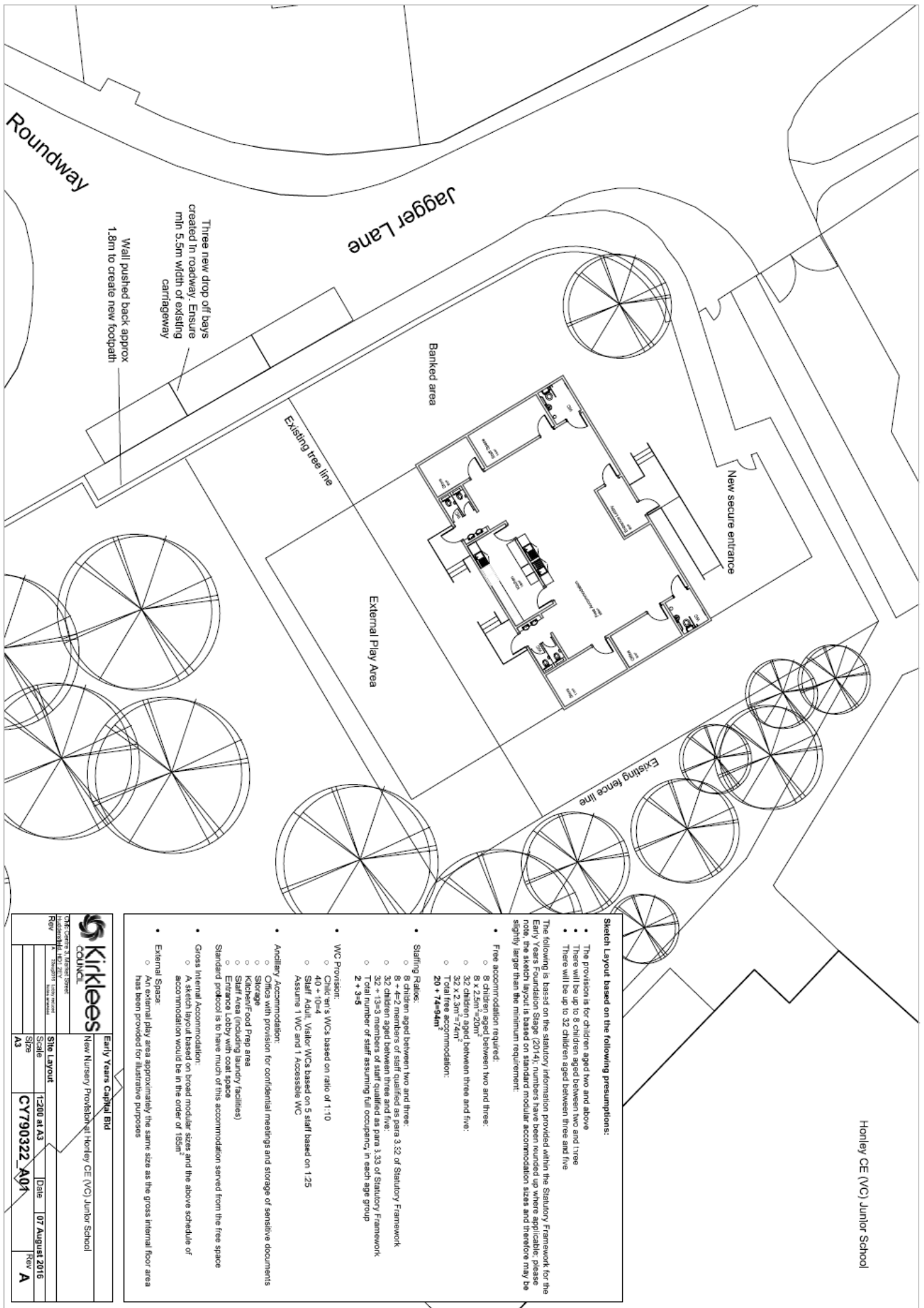
[The Childcare Act 2016](#) – extended the childcare sufficiency duties of local authorities to secure 30 hours free childcare available for working parents from September 2017

[Kirklees Childcare sufficiency Assessment 2016](#) provides the market intelligence to inform decision making

10. Assistant Director responsible

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Appendix 1 – Illustrative plan of the capital scheme used for the capital bid



Holley CE (VC) Junior School

Sketch Layout based on the following presumptions:

- The provision is for children aged two and above
 - There will be up to 8 children aged between two and three
 - There will be up to 32 children aged between three and five
- The following is based on the statutory information provided within the Statutory Framework for the Early Years Foundation Stage (2014), numbers have been rounded up where applicable, please note the sketch layout is based on standard modular accommodation sizes and therefore may be slightly larger than the minimum requirement:

- Free accommodation required:
 - 8 children aged between two and three: 8 x 2.5m²=20m²
 - 32 children aged between three and five: 32 x 2.3m²=74m²
 - Total free accommodation: 20 + 74=94m²

- Staffing Rates:
 - 8 children aged between two and three: 8 children members staff qualified to para 3.52 of Statutory Framework
 - 32 children aged between three and five: 32 + 13=33 members of staff qualified as para 3.53 of Statutory Framework
 - Total number of staff assuming full occupancy, in each age group 2 + 3=5

- WC Provision:
 - Children's WCs based on ratio of 1:10 40 + 10=4
 - Staff Adult, Visitor WCs based on 1:25 Assume 1 WC and 1 Accessible WC

- Ancillary Accommodation:
 - Sites with provision for confidential meetings and storage of sensitive documents
 - Kitchen/Food Prep area
 - Staff area (including laundry facilities)
 - Entrance Lobby with coat space

- Gross Internal Accommodation:
 - A sketch layout based on broad modular sizes and the above schedule of accommodation would be in the order of 185m²

- External Space:
 - An external play area approximately the same size as the gross internal floor area has been provided for illustrative purposes

		Early Years Capital Bid	
THE CHAIRS OF TRINITY SCHOOL Kirkstall, Leeds, LS12 2JL Rev A		New Nursery, Provisional Holley CE (VC) Junior School	
Site Layout Scale A3	1:200 at A3 Date 07 August 2016 Rev A	CY790322_A01	Rev A

