

## **Education Scrutiny Committee**

Meeting to be held on Tuesday, 28 March 2017

Electoral Division affected: (All Divisions);
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### **30 Hours Free Childcare**

Contact for further information:

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#### **Executive Summary**

All three and four year old children are currently entitled to 15 hours free childcare a week. From September 2017 working parents will be able to access free childcare for their three and four year olds for up to 30 hours per week.

This report sets out some of the background to the entitlement, funding rates and what is being done to support the sector in preparing for the implementation.

#### **Recommendation**

The Education Scrutiny Committee is asked to note and comment on the report.

### **Background and Advice**

All three and four year old children are currently entitled to 15 hours free childcare a week. From 1 September 2017 this will increase by an additional 15 hours for working parents who meets the Governments criteria below.

Eligibility rules for 30 hours free childcare:

- Both parents need to be working (or the sole parent is working in a lone parent family);
- Each parent has a weekly minimum income equivalent to 16 hours at national minimum wage or living wage;
- Neither parent has an income of more than £100,000 per year;
- Parents will only be able to apply for the additional hours if they are resident in the UK, as in the case for Tax Free Childcare.

By offering working parents the additional free childcare the government aims to give parents real choice about how they balance raising children with their working lives. The 30 hours free childcare also aims to support those parents who wish to work, or to work more hours, to be able to do so.

Lancashire has over 2000 childcare environments across Lancashire. These are made up of maintained nursery schools and classes, out of school clubs, childminders, day nurseries and pre-school play groups.

In order to ensure that Lancashire County Council provides its statutory duty to provide sufficient childcare for parents and carers it will have to work with providers to encourage new methods and joint working arrangements. Parents will be able to access childcare for up to 10 hours per day, between 6am and 8pm. This means that children may access more than one childcare environment within a working day.

## **What Lancashire County Council has done to support the Childcare Sector**

### **Communication**

Lancashire County Council is consulting with the sector through the Early Years Consultative Group to identify what support is needed. Part of the support already provided includes the development of a provider web page on 30 hours where practitioners can access guidance and useful links to other information. Briefing sessions have been arranged through the Council and the national delivery partner 'Childcare Works' on 27, 28 and 29 March across Lancashire. The briefings will cover:

- Current delivery models to help understand the existing childcare market in the local area.
- An update on the 30 hour policy, the entitlement and delivery model
- Key messages, implementation planning and sufficiency information
- Challenges 30-hours may offer them and the locality
- Working creatively together to find solutions to meet the local demand for the funded entitlements

Social media such as Twitter and Facebook is also being used to promote information for parents and there is a communication plan in place to take this forward.

### **30 Hour Capital Grant**

In April 2016, as part of its commitment to support providers in delivery of the 30 hour extended entitlement, the Government announced it would be making £50m capital funding available for local authorities to submit funding bids for the creation of new childcare places.

Each authority was notified how many individual project bids they could submit, based on the estimated number of children that were eligible for the 30 hours extended entitlement.

Lancashire County Council was able to submit a maximum of six projects on behalf of eligible childcare providers, where they could demonstrate clear evidence of the need for additional childcare places. There was a project limit of £1m, and this also had to include 25% match funding from each childcare provider. Local authorities

were required to submit their bids by 31 August 2016 in order to be considered for any capital funding.

In July 2016 the authority invited all eligible childcare providers in Lancashire to submit an application for funding. Childminders were not eligible to apply.

Applications were received from nine childcare providers, and the authority undertook a shortlisting exercise to select the six projects that provided the strongest evidence of the need for additional childcare places.

There was no guarantee that any of the six projects submitted on behalf of Lancashire's childcare providers would be successful as the Education Funding Agency (EFA) stated that funding would be prioritised nationally to projects across the country that were able to evidence the strongest need for additional childcare places.

The authority received notification at the end of December that the EFA had awarded funding to two of the six projects submitted by Lancashire totalling £1,466,130.

The two projects have to be completed by 31 August 2017, at the latest, to ensure new places are available from 1 September 2017, and all funding must be spent by 31 October 2017.

A separate report relating to the Capital Grant is being presented to Executive Committee Scrutiny, and Cabinet Member for Children, Young People and Schools in early April 2017.

## **Funding**

The EFA have also introduced an Early Years National Funding Formula (EYNFF) from April 2017. The EFA expect that the funding rates used to fund the 15 hours free childcare a week from April 2017 will also be used from September 2017 for the additional 15 hours of childcare for working parents.

The requirements for the EYNFF include:

- New national formula for allocating early years funding to local authorities;
- Introduction of a Universal Base Rate, by 2019/20;
- A supplementary grant for maintained nursery schools to keep their funding stable, until at least 2019/20;
- Restrictions on the available supplements and on the level of funding to be distributed (A 'Teacher' supplement is no longer allowable);
- A new Disability Access Fund (DAF) for 3 and 4 year olds and confirmation of SEN inclusion funds;
- Continuation of the current Early Years Pupil Premium (EYPP) arrangements.

Key implications for Lancashire include:

- The formulaic distribution of EYNFF generates approximately £2m less for Lancashire, as part of the ring fenced Dedicated Schools Grant (DSG);

- A supplementary grant is also provided for maintained nursery schools, of circa £4m, which will keep funding stable for these schools while it is available, but it is only guaranteed until 2019/20. There is considerable concern about the viability of maintained nursery schools if this funding is removed;
- A teacher supplement for nursery classes in maintained schools is no longer allowable.

Following discussions with the Schools Forum and consultation with providers, a principle of stability was adopted for 2017/18 in Lancashire. This was due to the limited time available to fundamentally revise the Lancashire Early Years Single Funding Formula (EYSFF) and to provide a period of stable funding to allow those providers that were likely to lose under EYNFF arrangements a more reasonable lead in time.

The proposals for 2017/18 included:

- As a starting point to retain funding levels across all providers;
- Target any available headroom in the EYNFF, of circa £1m, towards the Private Voluntary and Independent (PVI) sector base rate, as a first step towards a Universal Base Rate;
- Retain the current deprivation and rurality supplements, using the existing methodologies, at the 2016/17 levels;
- Transfer of the teacher supplement to a temporary increase in base funding for nursery classes;
- Fully utilise the ring-fenced Maintained Nursery School (MNS) supplementary funding within the sector, as agreed at the Nursery Headteacher meeting;
- Implement Disability Access Fund (DAF) and SEN inclusion fund arrangements in accordance with EFA guidance;

The agreed 2017/18 3 and 4 Year Olds base rates, which were agreed by the Cabinet Member for Children, Young People and Schools when approving the Schools Budget for 2017/18 are shown below:

- Private Voluntary and Independent (PVI) providers - £4.03 per hour Base Rate (increased by £0.13 per hour from 2016/17 rates)
- Child Minders – £4.03 per hour Base Rate plus transitional protection of £0.91 per hour (Total = £4.94 per hour);
- Nursery Classes – £4.03 per hour Base Rate plus transitional protection £0.45 per hour (Total = £4.48 per hour);
- Maintained Nursery Schools - £4.03 per hour Base Rate plus transitional maintained nursery school (MNS) funding to at least maintain 2016/17 funding levels. (This will vary by school as the MNS funding is calculated on forecast 2017/18 budgeted hours).

The base rates are supplemented by additional local payments for:

- Deprivation Supplement;
- Rurality Supplement;
- Early Years Pupil Premium (EYPP);
- Disability Living Allowance (DLA).

The LA will consult again with all providers on the transition of the formula for 2018/19 and 2019/20. This will include the range and level of supplements and further transition towards a Universal Base Rate.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

If the Early Years providers do not want to offer 30 hours childcare there is a potential risk of not having sufficient childcare in Lancashire. However childcare providers are businesses and the market has always adapted to meet the need.

### **Risk management**

### **Statutory Duty**

Lancashire County Council is working with the sector (as outlined above) to help them prepare for the September implementation.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact/Directorate/Tel
N/A	-	-

Reason for inclusion in Part II, if appropriate

N/A