



**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY
COMMITTEE**

5th June 2017

**REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY
SERVICES**

EXTENDED FREE CHILDCARE ENTITLEMENT

Purpose of report

1. This report provides an overview of the department's work in the implementation of the extended offer to parents of 30 hours of free childcare as required under the Childcare Act 2016. The report summarises the progress made by the Early Learning and Childcare Service in delivering the early roll of the extended offer on behalf of Leicestershire as 'an early implementer site'.

Background

Leicestershire Early Learning and Child Care

2. The Local Authority has a duty to secure sufficient high quality childcare provision which supports parents back into work or study (this includes out of schools and holiday provision). The Early Learning and Childcare Service delivers and commissions support to those providers that are judged to be less than good by Ofsted. The service provides advice and guidance to all providers in the county. Currently in Leicestershire 94% of all childcare providers achieve a rating from Ofsted of good or outstanding.
3. In Leicestershire the market is dominated by private, voluntary and independent providers. This means that the role of the Early Learning and Child Care service is critical in positively influencing and shaping the market providers and securing improved outcomes for pre-school children.

4. The Local Authority has a responsibility to administer and monitor the take up of the Free Early Education Entitlement (FEEE) for eligible disadvantaged 2 years old children. In Leicestershire 80% of eligible children are funded which is above national average of 72%. Take up of free early education available to all 3 and 4 year olds is at 95%.
5. The service also ensures that children in care access their free early education entitlement. The Personal Education Plans (PEP) for pre-school children in the care of the Local Authority describes the action required to ensure that these children progress in their learning. Recent analysis of children's progress demonstrates the significance of early education for young children in care. We know that when young boys (age 3 and 4 years) come into care only 25% of them are working at their age related expectations. However after 6 months of being in care and accessing their free early education entitlement 63% of young boys reached age related expectations.

30 Hour FEEE Entitlement

6. The Childcare Act 2016 has introduced a new statutory requirement for the Local Authority. From September 2017 there must be available an additional 15 hours per week of free childcare for eligible working parents of three and four-year-olds; this essentially doubles the universal entitlement. The 15 hour entitlement for the most disadvantaged two year olds remains in place. The new policy envisages a significant, positive impact on families, helping to give children the best start in life, and making childcare more affordable for parents so that they can take up work or work additional hours.
7. The Local Authority's allocated funding is provided through the Early Years Block within the Dedicated Schools Grant (DSG). The funding is based on the January census data completed by providers immediately preceding the financial year and adjusted by the census from the following year. The level of funding for free early education entitlement in Leicestershire is one of the 48 authorities receiving the lowest rate per pupil.
8. In January 2017, the Department for Education invited Leicestershire to become an early implementer site, rolling out the extended entitlement from April 2017 (in advance of the statutory date of September 2017). As part of this arrangement DfE agreed to provide additional resource and practical support to facilitate early implementation.
9. The Children & Families department took the view that an early implementation with DfE support would provide a longer period of introduction in advance of the statutory deadline. Such sizable change to the child care market coupled with ambiguity in relation to both demand and capacity indicated there were likely to be a number of significant challenges to implementation.

Eligibility

10. Estimates for the number of parents in Leicestershire who will be eligible for the extended offer are between 4,500 and 4,900 parents. Eligibility for the additional free entitlement includes households where all parents are working and earning the National Minimum or Living Wage for the equivalent of 16 hours a week **and/or**:

- One/ both parent/s is on leave (parental, maternal etc.)
- One/ both parent/s is on statutory sick pay
- Parents on zero-hours contracts are eligible,
- Parents who are registered as self-employed are eligible,
- Parents are eligible where one parent is employed and the other parent has either: substantial caring responsibilities/ and or disability;
- Foster carers with their own three- and four-year-old children are eligible.

Exclusions:

- Parents who are in training will not be eligible as they can receive other government support.
- An income cap of £100K income has been applied. One or more parents earning over this level will not be eligible.

Implementation Work

12. To ensure Leicestershire was ready to implement the extended offer from 1st April 2017, the Early Learning and Childcare service developed a clear plan with a number of work-streams:

- i) *Sufficiency Analysis*: Since the government announcement of intentions, the Early Learning and Child Care Service has undertaken a number of important consultations with parents and providers. This has helped to gauge sufficiency issues and gaps in order to inform planning. Parents and providers have also been consulted on key elements of the local funding formula, including quality supplements, deprivation supplements and the proposed inclusion fund.
- ii) *Eligibility Checking*: Without the national eligibility checker service in place, the Early Learning Service had to develop a local mechanism to review eligibility. A dedicated telephone line for parents ran from 21st February until 21st April 21 2017. This was supported by the additional funds provided by the DfE.
- iii) *Work with local providers*: Preparation of the market has included:
 - Fortnightly written guidance on businesses preparation
 - Development of new electronic toolkits for businesses
 - Delivery of training to the sector

- Head teacher and governor briefings
- Promotional materials to engage and inform parents
- Materials to support the concept of a 'blended offer'

iv) Partnership Work:

- With National Day Nursery Association to address practical challenges and charging arrangements
- With Childcare Works commissioned by the government to support the implementation nationally.
- Promotional events for the sector to promote partnership approaches in delivery.
- Information for partners.
- Supported a successful DfE capital funding bid £431,547 to create additional market capacity. This will create an additional 94 places by September 2017 in Charnwood, Hinckley, Oadby and Wigston.
- Attendance at national events has enabled Leicestershire to learn lessons from other local authorities and share good practice.

v) Inclusion: All councils are required to establish a local inclusion fund for all 3 and 4 year old children who have special educational needs or disabilities wishing to access the extended offer. This funding is to target those children with lower level need or emerging difficulties. Children with more complex needs and those in receipt of an Education, Health and Care Plan (EHCP) continue to be eligible to receive funding via the 'High Needs Block' of the DSG. Children and Family Services have allocated £200K to create the inclusion fund.

vi) IT development: The local authority must develop mechanisms to validate claims made by providers through the Capita Portal. Leicestershire made a successful bid to DfE to support IT solutions. An award of £20,689.30 towards has now been secured.

vii) Monitoring of impact: The service is actively monitoring the impact of the introduction of the extended offer within Leicestershire. Specifically:

- the potential for an adverse impact on the numbers of vulnerable 2year old children accessing their free entitlement in high quality provision
- the extent to which parents are able to secure an extended offer through one provider
- the extent to which providers make additional charges and how well these are communicated to local parents.
- The extent to which local provision remains of high quality given the increase in the sector workforce which will be required to meet local demand.

Progress to date

13. Since the decision to become an early implementer site, good progress has been made:
 - To date 71% of Leicestershire providers who responded to the latest consultation have indicated that they will provide an extended offer from April. Over half of local providers have indicated their willingness to work in partnership with other providers to enable more parents to take up their entitlement.
 - The Early Learning service has to date dealt with 4,649 parents who have received a unique reference number which they can use at their chosen provider.
 - The DfE have praised the quality of planning and promotional materials produced by the service and these have shared these with other local authorities as examples of good practice.

Resource Implications

14. The rates for provider payments have been considered by the Schools Forum and were approved within the County Councils Medium Term Financial Strategy (MTFS) and are funded by DSG.
15. The implementation of the extended 30 hours provision does not add any financial risk to the local authority. There is an inherent risk as local authorities are required to fund providers for the number of hours provided which does not precisely match the allocation of DSG. This financial risk will continue to be managed within the overall budget, Any overall underspend or overspend reverts to the DSG reserve and does not impact the local authority budget.

Equality and Human Rights Implications

16. Advice indicated that no EIHRA was needed as the new statutory duty was not deemed to be a change in policy, but an extension in the funding of hours.

Conclusions

17. Despite very challenging timescales good progress has been made in the early implementation of the extended offer for free early education. The work of the Early Learning and Child Care service has been recognised and praised by the Department of Education with local resources and materials being cascaded for use in other local authorities.
18. Excellent local relationship building work combined with strong communication with the sector has helped to deliver early implementation. Local providers

have demonstrated considerable willingness and flexibility in responding to this significant challenge so quickly.

19. The early implementation of the extended offer means that within Leicestershire there is a growing range of delivery models including opportunities for developing a blended offer for parents where they cannot access 30 hours in one provision.
20. Pro-active and tailored communications with key internal and external partners have successfully promoted the offer to working parents as demonstrated in the level of take up within short timescales.
21. The new inclusion fund will support eligible families to return to work and ensure more children with emerging educational needs have opportunities to access early education.

Circulation under the Local Issues Alert Procedure

23. None.

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