	<p>Children, Education, Libraries and Safeguarding Committee</p> <p>21 September 2016</p>
<p style="text-align: right;">Title</p>	<p>Planning for early education and childcare places</p>
<p style="text-align: right;">Report of</p>	<p>Commissioning Director for Children and Young People</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
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<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>N/A</p>
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Summary

This report provides an update on Barnet’s commissioning strategy for early education and childcare places up to 2019/2020 to ensure that Barnet meets its duty to provide sufficient places for children and young people in Barnet.

The report outlines the requirement for future capital investment to deliver early education and childcare places in order to inform the Council’s budget setting process.

Recommendations

1. That the Children, Education, Libraries and Safeguarding (CELS) Committee note the progress in delivering early education and childcare places and the future requirements for places up to 2019/20.

2. That the Children, Education, Libraries and Safeguarding Committee note the investment requirements set out in paragraph 5 that will be considered as part of the Council's business planning process to prepare the Council's medium term financial strategy to be considered by the Policy and Resources Committee.

1. WHY THIS REPORT IS NEEDED

1.1 Context

1.1.1 In the 2015 Medium Term Financial Strategy (MTFS) capital bidding round, the Council agreed the allocation of a £3 million capital fund to facilitate increasing early years' provision. This was in order to deliver sufficient early education and childcare places for the 40% most disadvantaged two year olds. The resulting programme of investments in early years' settings has delivered a range of expansions to existing provision alongside some new provision within school-based settings.

1.1.2 Since then, in March 2016, the Childcare Act 2016 received royal assent, setting out that eligible 3 and 4 year olds of working parents will become eligible for 30 hours of free childcare, an increase from the current 15 hours. This will create a significant additional demand for childcare places.

1.1.3 This report updates the CELS Committee on the progress in increasing early education and childcare places as well as the future requirements for places up to 2019/20 in order to meet the statutory duties. This takes account of both the new requirements set out in the Childcare Act 2016 as well as population projections, which take account of planned development and regeneration areas.

1.1.4 The report sets out the estimated overall capital investment required that will be considered as part of the Council's budget planning process in developing the Medium Term Financial Strategy (MTFS). The MTFS will be considered by the Council's Policy and Resources Committee.

1.2 Statutory duty for the provision of childcare

1.2.1 The statutory duty for local authorities is that they must:

- Secure sufficient childcare for working parents.
- Secure prescribed early years provision free of charge, ensuring eligible 2 year olds and all 3 and 4 year olds can access high quality free nursery education.

1.2.2 There is a requirement to secure the provision of 15 hours of free early education to meet the needs of the 40% most disadvantaged 2 year olds (referred to as FEE2). There is also currently a requirement to secure the provision 15 hours of free early education to all 3 and 4 year olds (referred to as FEE3/4).

1.2.3 The recent Childcare Act 2016 sets out that eligible 3 and 4 year olds of working parents will become eligible for 30 hours of free childcare, an increase from the current 15 hours. It is intended that this will be brought into force from September 17.

1.3 Why this is important in Barnet

1.3.1 Barnet's Children & Young People's plan sets out the vision for Barnet to be 'the most Family Friendly borough in London by 2020.' This means making Barnet an even better place to live for all families and the strategy to achieve this is to focus on children's and families' resilience, which evidence shows is critical to achieving the best outcomes for children and young people.

1.3.2 Sufficient good quality early years education and childcare provision is critical to realising this vision of resilient children and families. A number of Government reports have shown that the early years are when the greatest period of growth in the human brain occurs. By the age of three, a baby's brain is 80% formed and his or her experiences before then shape the way the brain has grown and developed.

1.3.3 There is a body of national evidence which shows that when early education and childcare provision is of high quality there are positive effects on a range of child outcomes, particularly educational attainment, that are sustained well into the teenage years. There is also strong evidence that cognitive and social competencies developed in childhood are closely linked to outcomes and achievements in adulthood: higher educational qualifications, improved labour market participation, higher wages and reduced likelihood of involvement in criminal activity. Good quality early education and childcare improves the life chances of children.

1.3.4 Ensuring access to affordable early years' education also removes a key barrier to work, enabling more parents to move into work or to work more hours, should they wish to do so. Increased employment supports households to move out of poverty and builds the resilience of families.

1.4 Activity to date

1.4.1 A process has been established for providers to express an interest in accessing capital funding to expand provision. Decision making takes account of the demand in the locality/ward where the provider is located in order to target the funding where the highest demand is.

1.4.2 The resulting programme of investments in early years' settings has delivered a range of expansions to existing provision alongside some new provision within school-based settings. So far, this has delivered 390 Full Time Equivalent (FTE) new early education and childcare places across Barnet.

1.4.3 There have also been a range of activities undertaken to target parents of disadvantaged two year olds in order to increase take up of the offer. This activity has included:

- Working closely with the Department for Education (DFE) sponsored consultancy 'Achieving Two Year Olds' to use the best available advice and new ways of working to raise demand from parents to take up places.
- Providing road shows for parents, providers and schools.
- Marketing campaigns, using letters to parents, posters in public places, bus advertising, till receipts, videos etc.
- A new I.T. system which makes the offer easier to access for parents went live in March 2015. This means parents can now immediately check their eligibility for the offer.
- A new marketing strategy including re-branding, new publicity materials, social media presence and outside banners
- Intensified outreach strategy delivered by Children's Centres and Central Team Brokerage Officers

1.5 Current take up of the 2 year old offer

1.5.1 The Department for Education (DfE) has calculated that there are around 1,600 children eligible for the 2 year old offer in Barnet. The DfE has set a target for each local authority to ensure that all eligible children take up a place.

1.5.2 The current take up in Barnet is 791 children. The number fluctuates according to the time of year the data is collected but around 50% of Barnet families eligible to take up the offer have done so, which is an increase from last year. Looking at the other outer London boroughs this number is reflective of the demographics of Barnet and other London boroughs share Barnet's ongoing challenge in delivering the government targets for FEE2. The average take up across London of the 2 year old offer was 57% in January 2016.

1.6 15 hours of additional childcare for 3 and 4 year olds of working parents

1.6.1 The Childcare Act 2016 sets out a duty to secure an additional 15 hours of childcare for eligible children of working parents, over and above the current 15 hours. It is intended that this duty will come into force in September 2017 and will provide eligible parents with a total 30 hours of free childcare per week, over 38 weeks or the equivalent number of hours across more weeks per year. The aim is to support and promote increased parental employment enabling parents to work or to work extra hours, supporting an improvement in the standard of living for parents and children.

1.6.2 It is anticipated that the eligibility criteria to access the offer of an additional 15 hours of childcare will be:

- Both parents are working (or the sole parent is working in a lone parent family)
- A minimum income of the equivalent of 16 hours working at either the National Living Wage per week for those aged 25 or over, or the National Minimum Wage for those aged 24 or under.
- A maximum income per parent of £100,000 per annum.

1.6.3 Families where one parent does not work (or neither parent works) will usually not be eligible for these additional hours. However, the government intends to make provision to support families where one parent is in receipt of benefits relating to caring responsibilities or a disability and the other parent is working. Full details will be set out in regulations.

1.7 Future demand for places

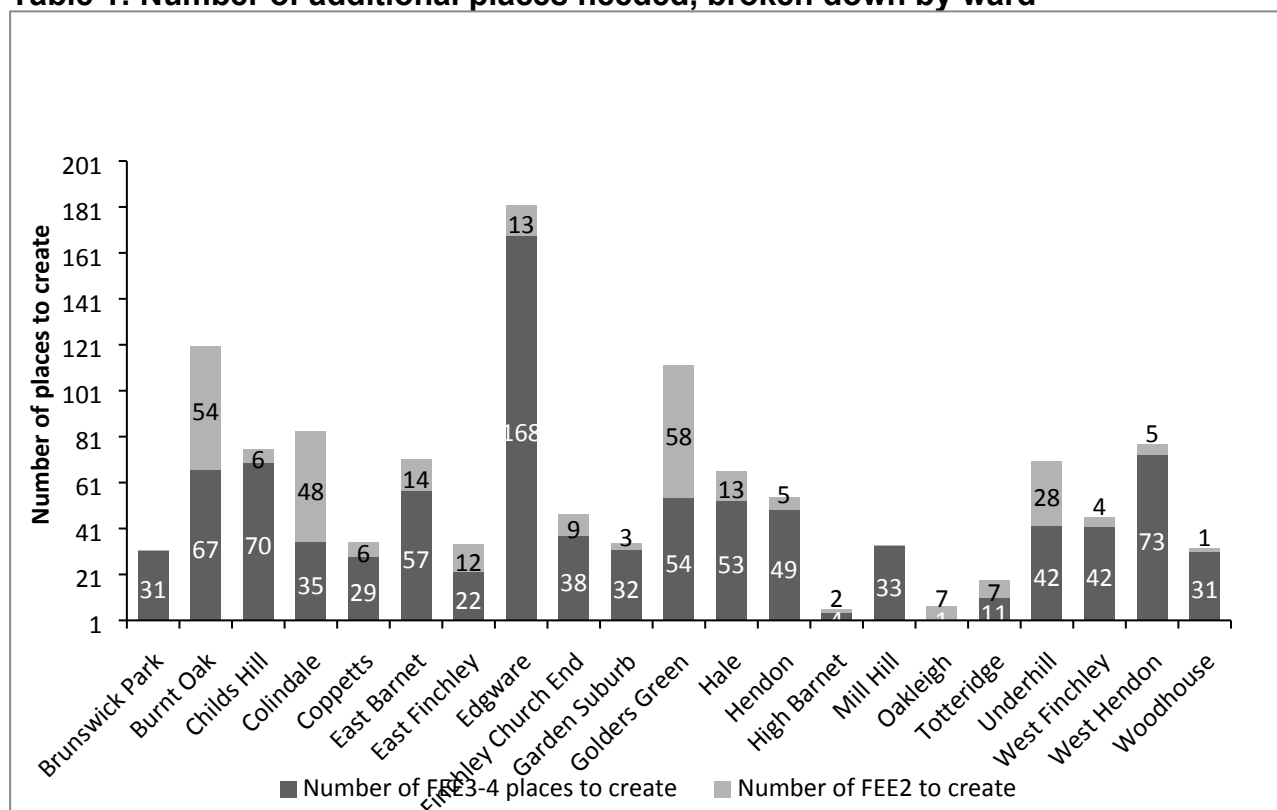
1.7.1 Insight work has been undertaken to analyse the number of children that would be eligible for the additional 15 hours of childcare, which has shown that approximately 6,956 children will be eligible in Barnet.

1.7.2 This insight work also analysed the total number of additional places required, looking at the childcare market, in order to meet the demand for early education and childcare places. The analysis also looked at how many additional places are estimated will be provided through a combination of a market response to the increased demand and also through the use of existing surplus places. This showed that:

- It is estimated that an additional 295 places will need to be created for 2 year olds to meet the current duty to provide free early education to the 40% most disadvantaged 2 year olds.
- It is estimated that an additional 943 places will need to be created for 3 and 4 year olds when the new duty to provide an additional 15 hours of free childcare comes into effect in September 17.

Table 1 below shows how these figures are broken down by wards.

Table 1: Number of additional places needed, broken down by ward



- 1.7.3 Population projections from the Office for National Statistics (ONS) show that there will be a further increase in demand of 147 places across Barnet by 2020 due to increased population. Many wards will experience a decline in population but in Colindale and Golders Green there will be an increase of 189 and 68 places respectively, due to significant regeneration projects. This means that in total an additional 1385 places will be needed across Barnet by 2020.
- 1.7.4 There are further planned projects to increase provision, to which capital funding has been committed, which will deliver a further 208 FTE places. Once completed, this will mean that there will be an estimated shortfall of 1,177 places that will need to be created by 2020.

1.8 Challenges facing the childcare market

- 1.8.1 During January 2016, as part of the Childcare Sufficiency Assessment, a telephone survey was undertaken with private, voluntary and independent childcare providers (PVI), including childminders and children's centres, operating throughout Barnet. The aim of the survey was to understand whether providers were likely to expand under the forthcoming extension to childcare. This showed that whilst 89% of providers were familiar with the planned increase of the additional 15 hours for three and four year olds for working families, only 45% of PVIs expect to offer additional sessions. Providers cited a number of reasons for not intending to increase the provision, including funding rate, capacity to deliver and staffing.
- 1.8.2 Most providers said that they thought the current funding rate was too low and that if they if they increase the free entitlement hours for one child to 30 hours per week at the current rate, therefore reducing the additional hours they could sell privately at a higher rate, this would make their business model unviable.

1.9 Increasing the supply of places

- 1.9.1 The main route to increasing places to date has been enabling the expansion of existing provision within the borough through a capital bidding process for minor capital works. Once the current planned projects for further adjustments to existing provision have been completed, the opportunities to expand provision through minor capital works will largely have been exploited. Like all London boroughs, where site availability is severely restricted, Barnet's approach is to adopt a mix of strategies, assessing all opportunities and retaining a flexible and adaptable approach.
- 1.9.2 To meet the demand will require continuing to build capacity within the PVI sector but this is likely to increasingly require identifying potential community assets and developments where a childcare provision could operate from, focusing on the areas of high demand. A working group of colleagues within planning, property, estates, housing, regeneration and parks and green spaces, has been established to identify such sites that with capital investment could be taken forward. An opportunities tracker has been

developed, listing available sites in Barnet and providers will be supported through linking them to available sites.

- 1.9.3 Feasibility studies have been commissioned for a range of schools where there is high demand for places and schools have capacity to deliver. Work done to date shows that there is limited capacity to extend school buildings so demountables are likely to be the main option used.
- 1.9.4 Work is also being done by the Early Years team to support providers to develop sustainable business models. The programme is being delivered by a small project team within the council's Family Service, overseen by the Assistant Director with responsibility for Early Intervention and Prevention. There is a project board in place that is responsible for reviewing and overseeing the action plan. Performance is monitored through the council's quarterly performance monitor, considered by the council's Performance and Contract Monitoring committee.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The council has a duty to secure sufficient childcare for working parents and to secure prescribed early years provision free of charge, ensuring eligible 2 year olds and all 3 and 4 year olds can access high quality free nursery education. The estimated capital requirement set out in this report will support the Council to fulfil this duty through to 2019/20. Due to the complexities outlined in the report, including the challenges facing the childcare market, the programme of activity and its associated capital requirements will need to be kept under review.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The capital requirement set out in this report is based on meeting the need for early education and childcare places up to 2020. The council has a statutory duty to secure sufficient places. There are a number of financial challenges facing the childcare sector and site availability is severely restricted in London. Barnet's approach is to adopt a mix of strategies, assessing all opportunities and retaining a flexible and adaptable approach.

4 POST DECISION IMPLEMENTATION

The future capital requirements to provide school places will be considered by the Council's Policy and Resources Committee for inclusion in the Council's medium term financial strategy.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 This project aligns with key themes from the council's corporate plans of families, work and growth and enables LBB to meet its statutory duty. Barnet's

Children & Young People's plan sets out the vision for Barnet to be 'the most Family Friendly borough in London by 2020' and the strategy to achieve this through developing the resilience of children and families. Good quality early education and childcare is critical to this as evidence shows that it has significant impact on social and emotional development of children and building resilience.

5.1.2 The early education and childcare offer is a key strand of the resilience strategy through supporting the early identification of families where additional support to build their resilience is required. Sufficient free childcare also supports parents into work, as affordable childcare is shown to be one of the key barriers to employment. Employment is shown to be a key factor in the resilience of families.

5.1.3 This project supports the delivery of the Council's Corporate Plan (2015-20), including the vision that 'children and young people will have a great start in life' and the commitment to 'ensure the effective safeguarding of the borough's vulnerable children', improving the resilience of families and children. It also aligns with the principles of fairness, responsibility and opportunity because being in work supports families' quality of life and ability to help themselves. It builds more resilient communities, reducing reliance on statutory services. The project also supports the priority to take a responsible approach to regeneration by ensuring sufficient childcare for the population increases driven by regeneration.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The Early Education Entitlement for 2, 3 and 4 year olds is funded through the Dedicated Schools Grant (DSG), the rate Barnet paid for 2 year olds in 2015/16 was £6 per hour and the base rate for 3 and 4 year olds was £3.74 per hour (an average of £4.30 per hour including supplements). In the last financial year the costs for 3 and 4 year old places was £15,484,608 plus Early Years Pupil Premium of £163,142 and £2,619,143 for disadvantaged 2 year olds. The funding rate for the proposed government changes to increase the three and four year old offer to 30 hours for eligible children has yet to be confirmed, however the consultation document requires that the same formula must be used for both the Universal Entitlement (FEE3/4) and the additional 30 hour entitlement. The Government has now published a consultation document (set out in the agenda item entitled Early Years funding from 2017/18) and illustrative local authority allocations under early years national funding formula; an early assessment of the consultation proposals indicate that if confirmed, the hourly funding in Barnet may increase by around 20%.

5.2.2 The capital requirements are calculated using estimated costs for creating additional places based on Barnet's experience to date in delivering places in schools and in the PVI sector. From the 1,177 places required, the number of additional places that are anticipated will be generated through schools and through the PVI sector has been estimated through insight work looking at the childcare market, the current split of provision and the creation of new places

to date.

5.2.3 This analysis has shown that the current estimate is that place creation would come through the following:

- 780 places to be created in schools with an average capital cost of £8,000 per place
- 397 places to be created in the PVI sector with an average capital cost of £2,000.

5.2.4 The estimated total capital budget required from 16/17 to 18/19 is £8,450,000 up to 18/19 as set out below.

	16/17 planned spend	17/18 Budget requirement	18/19 Budget requirement	TOTAL
Schools		£4,082,000	£2,158,000	£6,240,000
PVI		£519,000	£275,000	£794,000
Total	£1,416,000	£4,601,000	£2,433,000	£8,450,000

5.2.4 There is an existing Council allocation of £3,202,000 of capital budget to facilitate increasing early years' provision from 16/17 to 17/18. From this, £1,416,000 has either been spent on projects that been delivered (creating 390 places) or is committed to the planned projects for this year (which will deliver an additional 208 places). The funding gap of £5,248,000 will be considered as part of the Council's business planning process to prepare the Council's medium term financial strategy through to 2019/20. The Council's medium term financial strategy is to be considered by the Policy and Resources Committee.

5.3 Legal and Constitutional References

5.3.1 The statutory duty for local authorities under Section 11 of the Childcare Act 2006 is that they must:

- Secure sufficient childcare for working parents.
- Secure prescribed early years provision free of charge, ensuring eligible 2 year olds and all 3 and 4 year olds can access high quality free nursery education.

5.3.2 From September 2014 the statutory duty was to provide 15 hours of free early education to the 40% most disadvantaged 2 year olds (FEE2). There is also currently a requirement to provide 15 hours of free early education to all 3 and 4 year olds (FEE3/4).

5.3.3 The recent Childcare Act 2016 sets out a new duty for eligible 3 and 4 year olds of working parents. If this duty is brought into force, it will result in defined working parents being eligible for 30 hours of free childcare, an increase from the current 15 hours. Whilst the detail of the duty is reserved to

regulations, it is anticipated that this duty will take effect from September 2017 and will apply to working parents with a specified means test.

- 5.3.4 Responsibility for Functions, Annex A, as laid out in the council's constitution states that the Children, Education, Libraries and Safeguarding Committee has responsibility for those powers, duties and functions of the council in relation to Children's Services.

5.4 Risk Management

- 5.4.1 The actions outlined in the report, including allocation of capital funding, require implementation in order to support an increased uptake of places. Without this action, it is unlikely that there will be a significant increase in provision and therefore that the Council will be able to secure sufficient childcare provision.

5.5 Equalities and Diversity

- 5.5.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - advance equality of opportunity between people from different groups
 - foster good relations between people from different groups
- 5.5.2 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services
- 5.5.3 Detailed profiling has been undertaken in order to identify eligible children in Barnet, this includes a wide range of characteristics, including relevant equalities and diversity characteristics.

5.6 Consultation and Engagement

- 5.6.1 Through the Childcare Sufficiency Assessment there was significant consultation and engagement with parents and providers. During December 2015 – January 2016 259 parents completed an online questionnaire. The data collected was cross-borough in order to preserve the anonymity of parents and their answers. The online survey sought a combination of quantitative and qualitative responses from interviewees about a range of issues.
- 5.6.2 The vast majority of respondents were aged between 25 and 44 and female. 25% of respondents had sole responsibility for their child(ren). 15% were either pregnant or on maternity leave. 58% of respondents were either working full time or part time and 26% were full time parents or carers. 5% described themselves as disabled.
- 5.6.3 The highest number of respondents were in paid employment either full or

part-time, with 4% working either shifts, weekends or nights. 26% were full-time parents. 6% were currently studying or training, and 5% were jobseekers.

5.6.4 During January 2016 a telephone survey was undertaken with childcare providers and childminders operating throughout Barnet.

- 61% were childminders. The majority of childminders provided full daycare, but a small number (3%) only provided sessional care. As childcare providers are typically registered for five places or fewer¹, they accounted for only 20% of registered childcare places
- 34% were PVI childcare settings – mainly offering full daycare, but some offering sessional care only. PVI nurseries accounted for 60% of all registered places
- 1% were Children’s centre settings, accounting for 2% of registered places
- 4% were school-based childcare, accounting for 18% of registered places

5.6.5 Data was also used from an additional piece of research to inform our understanding of whether PVIs were likely to expand under the forthcoming extension to childcare. This short study sought views from PVI settings only. Two types of research were undertaken:

- Telephone interviews with PVIs for three weeks from 22 February – 14 March 2016
- Analysis of Census data to establish number of grant funded and fee paying children in PVI settings

5.6.6 182 settings were contacted to take part in a short survey about increased provision. Out of this, 89 settings responded. We asked a combination of qualitative and quantitative responses, which included:

6 BACKGROUND PAPERS

6.1 Free early education entitlement for two year olds- 20 April 2015

<https://barnet.moderngov.co.uk/documents/s22642/Free%20Early%20Educational%20Entitlement%20for%20Two%20year%20olds.pdf>

6.2 Childcare Act 2016

http://www.legislation.gov.uk/ukpga/2016/5/pdfs/ukpga_20160005_en.pdf

¹ A childminder may care for a maximum of six children under the age of 8. Of these, a maximum of three may be under five, and no more than two may be under 18 months of age.