

Report of the Director of Children's Services, Education & Skills

30 Hours Free Childcare for Working Families - Introductory Report

Summary

1. This report presents an update on progress with early implementation of a new statutory entitlement for 30 Hours Free Childcare for Working Families.

Background

2. The government announced in February 2016 that York had been chosen as an early implementer for 30 Hours Free Childcare for Working Families. This pilot programme will be delivered from September 2016, a year earlier than national roll out. The 30 Hours Free Childcare for Working Families is for those parents/carers who meet a national eligibility criteria and is made up of the universal entitlement for all 3 and 4 year olds to receive 15 hours of free early education plus up to an additional 15 hours.
3. In total there are 8 local authority early implementers. These are York, Northumberland, Newham, Hertfordshire, Portsmouth, Swindon, Staffordshire and Wigan. York is unique within the pilot as it is the only Local Authority (LA) to be asked to test delivery across a whole LA area. The remaining 7 will each be delivering a smaller number of places. York therefore has the highest profile within the pilot as it will provide evidence about the impact of delivering a model across a whole LA area which will help to inform the national roll out in 2017.
4. The Department for Education (DfE) have also chosen 33 early innovators LAs who will provide additional support to develop innovative approaches around sufficiency, flexibility, Special Educational Needs and Disability (SEND), work incentives and parental engagement to support delivery. The early implementers, including York, are also classed as early innovators. In York our agreed key themes are 30 hours childcare sufficiency and flexibility and our activities will include:

- A robust sufficiency assessment with providers/parents to test if the market is fit for purpose.
 - Shared Foundation Partnerships – collaborative approaches to partnership delivery leading to an increase in flexible and sustainable places.
 - Further development of a Childcare Widget “Open Service Directory”, that gives information to parents about available childcare within a local area.
 - Developing business support models leading to an increase in flexible and sustainable places.
 - Testing the use of Out of School Clubs to bring additional capacity and flexibility to the market.
 - Testing a new eligibility checking system with HMRC/DfE.
5. York is also hosting regular meetings of the large North East and Yorkshire and Humber Cluster of early implementers/innovators. This includes the following LAs:
- Northumberland - Early Implementer/Innovator
 - Gateshead – Early Innovator
 - Bradford – Early Innovator
 - Sheffield – Early Innovator
 - East Riding – Early Innovator
 - Wakefield – Early Innovator
 - North Yorkshire – Early Innovator
6. The government are providing all Early Implementers/Innovators with interim support from a company known as Hemsalls who previously led on the Eligible Two Year Old Policy.
7. York has been awarded 150k government grant to support its delivery during the pilot which will run from 1 April 2016 to 31 August 2017.

Eligibility Criteria

8. The additional 15 hours of free childcare will be available to families living in York who meet the national eligibility criteria and the family live in the York Local Authority area, i.e. **pay council tax to City of York Council** and they take up a place at a City of York registered early years provider.
9. The national criteria is that both parents are working (or sole parent in a lone parent family) and both earn a weekly minimum equivalent to 16

hours at the minimum wage (for under 25 yr olds) or national living wage (if over 25 yrs old) and less than £100,000 per annum (this includes employed, self-employed and zero hours contracts). Parents do not need to actually work 16 hours per week, but their earnings must equal at least 16 hrs work at minimum wage / national living wage. In addition:

- Both parents are employed but one or both parents is temporarily away from the workplace on parental, maternity, paternity or adoption leave or statutory sick pay.
- One parent is employed and the other parent has substantial caring responsibilities based on specific benefits received for caring.
- One parent is employed and one parent is disabled or incapacitated based on receipt of specific benefits.

Progress So Far Towards Implementation

10. Since the government announcement York has made key progress in the following ways ready for implementation in September 2016:

- 30 Hours Strategic Board to steer implementation has been set up and is meeting. It has broad representation from all sectors.
- North East and Yorkshire and Humber Cluster has been set up and is meeting.
- Regular communications are in place with providers and parents.
- Two rounds of Information Sessions have been held for providers.
- An Early Education Funding Working Group has been re-established with broad representation to lead on detailed operational aspects of delivering the entitlement.
- Distribution of parent/providers surveys has taken place to assess sufficiency of the market. There were 629 responses received to the Parent survey. There were 138 responses to the Provider Survey which were not sufficiently robust to be meaningful to assess the market and therefore further „drilling down“ with providers is being carried out to understand occupancy/vacancies etc.
- Agreed an interim solution with HMRC/DfE for checking parent eligibility.
- Significant and ongoing discussions with the Department for Education relating to all aspects of delivery.
- Response submitted to DfE national consultation on 30 Hours Childcare: Delivery of the Entitlement.
- Submitted a Capital Expression of Interest Form to the DfE. There will be £50 million available nationally and the DfE will announce details of the scheme later in the summer.

- An initial meeting with Tribal (software supplier) to develop a checking process for September 2017.

11. Feedback from Information Sessions

The first round of Information Sessions were held in April 2016 and were well attended by all sectors. Overall the meetings were positive and the key issues raised included:

- Providers were reassured that we are being realistic about what can places can be delivered for 1 September 2016.
- Concerns about the level of the rate and if it will be different across the two sets of hours.
- Need to know specifics of delivery eg, stretched offer, grace periods etc.
- Low level of Inclusion Funding.
- Competition between private, voluntary, independent (pvi) providers and between pvi providers and schools. Childminders were also very concerned about competition. It was re-emphasised that all providers and schools should work via the Shared Foundation Model for collaborative solutions.
- Concerns about short timescales and the need to know who is eligible to help providers plan places.
- Highlighted the lack of information we have from DfE for September.
- A need for consistent and clear messages going out to parents.
- Clarification that the capital bidding process will be transparent/fair and concerns about the short timescales for this.
- Concerns about recruitment of high quality staff.

12. Since the first round of meetings there has been progress on many of the issues raised, not least the hourly rate.

Key Challenges

13. Hourly Rate

One of the biggest and most important challenges to be addressed was that of the hourly rate for providers during early implementation. This issue received significant media coverage both nationally and locally. At the end of May DfE confirmed that York had been historically underfunded and in recognition of this gave an additional uplift on the existing rate for those providers that deliver 30 hours as part of Early Implementation.

14. From September 2016 the hourly rate to be paid by the local authority to providers for all eligible families will be £4 per hour. For parents who do not meet the eligibility criteria for 30 hours free childcare the hourly rate will remain at £3.38 pending the expected introduction of the new national early years formula.
15. Providers still wish to charge for extra services and the DfE have confirmed that the additional hours must remain free at the point of delivery and will meet the same regulatory requirements as the universal hours.
16. Since the announcement 131 (60%) providers have confirmed their commitment to working with the pilot and it demonstrates the positivity of providers to engage with the LA in partnership and to support working parents.
17. There remain a number of key challenges still to be addressed as we move through implementation;
18. Inclusion Funding
The high needs block continues to be under pressure to support children with SEND even for the universal 15 hours and so there will be financial pressures related to the delivery of the additional hours . The DfE are committed to consider early years funding for children with SEND as part of a consultation on the early years national funding formula and associated funding reforms.
19. Closing the Attainment Gap
The 30 Hours policy is aimed at increasing employment rather than a focus on improving outcomes for young children and it could widen the attainment gap for those families who do not meet the eligibility criteria and will only be entitled to the universal 15 hours. It will be a priority for the LA to address this challenge and we will take learning from other innovators such as those whose thematic focus is to explore work incentives and parental engagement.
20. Quality of Provision
York remains above the national average for the percentage of providers judged to be good and outstanding by Ofsted. There will be a continued focus on support and challenge and to ensure that transitions between settings remain smooth and effective particularly as the DfE has indicated that eligible children will be able to spread their hours across three providers rather than two as they are able to do currently.

21. High Quality Workforce

It is important for providers to be able to recruit and retain high quality staff to sustain the universal entitlement as well as meeting demand for the additional hours. The LA will therefore explore any issues around recruitment and retention with providers and further and higher education institutions to find suitable solutions.

Evaluation

22. The DfE plans to evaluate the Early Implementers and Innovators in three ways:

- National evaluation of eight Early Implementers delivering childcare places.
- Early Innovators delivery of agreed workstreams.
- Regional cluster collective learning.

23. The national evaluation will involve:

- Working collaboratively with commissioned evaluators, the LA support and challenge contractor and the DfE.
- Being interviewed by the commissioned evaluators.
- Return data and information when requested, including Key Performance Indicators.
- Support School and Early Years Census data collections and supply supplementary data on early implementation at regular intervals.
- Aid evaluators in surveys with providers and users.
- Take part in lessons learnt and dissemination activities such as workshops.

Next Steps

24. The Childcare Strategy Service who are leading on the implementation continue to work with closely with the DfE, LA Early Implementers and Innovators, providers, the national support contractor and other professionals as well as via the 30 Hours Strategic Board to ensure that the pilot can be delivered successfully.

Legal Framework

25. The 30 Hours Childcare Policy is a new statutory duty on LAs from September 2017 under the new Childcare Act 2016.

Recommendations:

26. As this report is for information only, Members are asked to:

- i. Note the report.
- ii. Agree to receive a further update in 6 months time.

Reason: To update the committee on the early implementation.

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Report Approved



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Specialist Implications Officer(s) N/A

Wards Affected:

All



For further information please contact the author of the report

Background Papers: N/A

Annexes: None

Abbreviations

DfE - Department for Education

HMRC – HM Revenue & Customs

LA – Local Authority

pvi - private, voluntary, independent

SEND – Special Educational Needs and Disability