

Report of the Corporate Director of Children, Education and Communities

Update on 30 Hours Childcare for Working Families

Summary

1. To 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 is being delivered from September 2016, a year earlier than national roll out. The 30 Hours 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 are each 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. An introductory paper was considered by members of this committee in July 2016 setting out more detail on the background of the new statutory entitlement.
5. Since our last update a new Minister has been appointed for Early Years, Caroline Dineage MP. She met with each of the 8 early

implementers at a national meeting in September 2016 and confirmed that 30 Hours still has one of the highest priorities in government.

6. A new national support contractor, Childcare Works, have been awarded the national support contract for 30 Hours Childcare. It has been awarded to the same team that supported local authorities with Achieving Two Year Olds. The contract is to work with providers and local authorities on the implementation of the extended entitlement to 30 Hours Childcare.

Progress So Far

7. Delivery of the new entitlement was live from 1 September 2016 which is a year earlier than national roll out. York has had a very strong start by delivering a great number of places across the city to meet the needs of eligible parents. York's award winning and well researched model of 'Shared Foundation Partnerships' has been key to the successful delivery of places so far via signposting to vacancies with other providers and collaboration on identifying and meeting unmet need.
8. Parent Applications and Take Up
Across the country over 3,000 eligible children are benefitting from places. In York 1,231 (83%) of parent applications have been approved from a total of 1,480 eligible families. During the first term of the trial 1,176 eligible children have taken up some or all of their extended entitlement at a provider in York. This equates to 79.4% exceeding the DfE target of 70%.
9. Data for the Autumn Term has only recently been validated and analysed (Annex 1). In summary, there has been excellent take up by parents during the first term with places being taken up mainly within private day nurseries (541 places (46%)). Places are taken up mostly with one provider (879) although there are relatively high numbers using two providers (288). Over half of the eligible parents are taking up the full 30 hours (709).
10. There will be short parent/provider surveys to understand if parents were able to access hours to meet their working patterns or if they had to settle for what could be realistically offered during these early days of implementation. This will complement national evaluation being carried

out by Frontier Economics in partnership with Nat Cen¹.

11. Provider Commitment

Provider commitment to taking part in the trial has increased significantly since May and has now reached 100%. The breakdown is:

- 40 out of 40 (100%) Private Day Nurseries
- 39 out of 39 (100%) Voluntary Playgroups
- 96 out of 124 (77%) Childminders. Currently 28 of these do not provide places for three and four year olds however, we are encouraging them to commit to the trial in case they have eligible children in future terms.
- 21 out of 21 (100%) Schools with nurseries/nursery schools
- 5 out of 5 (100%) Independent Schools

12. Out of School Clubs

York is the first local authority to carry out a feasibility study to bring additional capacity and flexibility to the childcare market to support 30 Hours and there are six out of school clubs taking part;

- Funfishers Out of School Club
- Haxby Road Primary Out of School Club
- KOOSH Acomb
- KOOSH Park Grove
- St Paul's Out of School Club
- Clifton Moor Out of School Club

13. The aim of the study is to consider the benefits of using the extended entitlement flexibly through wraparound care (before, after school and holiday provision). Evidence and case studies gathered as part of the study will be shared with the DfE to help inform the national roll out in September 2017.

14. A small number of parents are already accessing 30 hours in these settings using wraparound care to make up their 30 hours. Early findings show that parents have found it extremely valuable to be able to spread their entitlement with wraparound care and are planning to use some of their hours during the main school holidays to reduce costs during this period.

¹ Britain's leading independent social research institute. Experts in qualitative and quantitative social research.

15. Business Readiness
The LA commissioned an independent childcare business support specialist, CBIS England², to carry out an insights survey on the business readiness of all types of York providers. They were surveyed on the following themes;
- i. Extended Entitlement (30 Hours) policy understanding
 - ii. Sustainability concerns and barriers
 - iii. Assessing the effects of the Extended Entitlement (30 hours)
 - iv. Extended Entitlement (30 hours) delivery preferences
 - v. Adapting to the changing childcare market
 - vi. Business support needs
 - vii. Commitment to deliver the extended entitlement (30 hours)
16. The overriding issue from the Insight Survey is the need for more good Communication, as well as giving clear pathways to providers to give them the best chance of being financially sustainable. Any response does not need to be intensive and is more about supporting providers with managing change and improving business confidence. Going forward providers must be empowered to take ownership for seeking appropriate business support. The Childcare Strategy Service has always taken a strategic and preventative approach to business support and it is clear that work undertaken over recent years has been effective in increasing the financial robustness of providers. More work will be done with schools to understand how best they can begin greater delivery of 30 Hours where this does not impact on other types of provision.
17. An action plan is agreed and in place to address the findings from the Insights Survey.
18. National Evaluation
This is underway and being led by Frontier Economics. They are capturing learning about early implementation from local authorities, providers and parents. The findings relating to York will be shared with the local authority late Spring 2017.
19. HM Revenue and Customs (HMRC) – On Line Tax Free Childcare
York is taking part in the HMRC/DfE trial on a new tax free childcare system and it is intended that the system will go live nationally in Spring 2017. This is a new government scheme which is being delivered by

² A business support organisation working in the childcare and early education sector

HMRC and will be available to around two million working families to help with childcare costs.

20. York is one of four local authorities testing the eligibility checking processes for 30 Hours Childcare and from November 2016 a small group of parents in York have been eligible to start claiming Tax Free Childcare before the full childcare service is introduced nationally next year.
21. Other progress on 30 Hours early implementation includes;
 - 3 further rounds of information sessions held and regular communications are in place
 - Regular ongoing discussions with the DfE relating to all aspects of delivery
 - Progress sharing at national and regional events
 - Further sufficiency survey work carried out with all providers
 - Grant Funding Agreement agreed and in place with regular termly reporting
 - Submitted 4 capital bids to the DfE for final assessment. Decisions expected December 2016.

DfE 30 Hours Consultation Response

22. The government have now published their response to the 30 hours Consultation which aims to develop appropriate guidance for local authorities to support delivery of the new offer – see: <https://www.gov.uk/government/consultations/30-hour-free-childcare-entitlement>;

The main findings are:

23. Funding
Many respondents raised issues about the level of funding for the extended entitlement and concerns about the impact of provider sustainability. The DfE have since issued their Early Years Single Funding Formula (EYSFF) consultation response and a York Early Years Reference Group is currently being consulted about how this can be modelled in York and bearing in mind that the delivery model must remain streamlined without adding unnecessary administrative burden. The Schools Forum will consider the views of the Early Years Reference Group ready for the formal council decision making process. The new EYSFF will take effect from 1 April 2017 for York providers.

24. Eligibility
This refers to plans to offer parents a 'grace period' so they can retain their childcare place if they become eligible for the extended entitlement. The government will be setting a national grace period and carry out further informal consultation on the length of the grace period.
25. Flexibility
The government will expect providers to 'stretch' their offer over a full year. Many private nurseries in York already do this. Hours of delivery will be from 6am to 8pm (previously 7am to 7pm). There will be a limit to two the number of sites on which children can take up their free entitlement in a single day. The minimum session length will be removed. The maximum session length of 10 hours will remain the same.
26. Supporting Children with Special Educational Needs & Disability (SEND)
The government will introduce a targeted Disability Access Fund (DAF) and a Special Educational Needs (SEN) Inclusion Fund Model. York already has the latter in place but this will still be reviewed to ensure that it continues to be robust in its arrangements and that funding is targeted for those below the threshold of the DAF, low level or emerging SEN and over and above any reasonable adjustments that can be made by providers. The government will also issue best practice guidance, include proposals for improving SEND support in a forthcoming workforce strategy, and revise statutory guidelines.
27. Reformed Local Authority Delivery Model
The government will expect that by September 2016 childminders should be paid monthly and other providers unless the latter chose an alternative payment model. York already pays 85% upfront each term to providers to support cash flows so this has implications for capacity to deliver and will need further consideration locally. A model agreement template will be developed to bring clarity and consistency to agreements between local authorities and providers. This will be helpful for York providers and bring greater clarity from the DfE on charging for additional services.
28. Childcare Information for Parents
The government will be strengthening regulations and guidance to make clear that local authorities will be required to update and publish childcare information on a termly basis and do this via electronic means and other formats. Local authorities will also be expected to publish other helpful information such as where childcare providers work in

partnership, and outreach activity to publicise the childcare offer, especially to under-represented groups that are not accessing their entitlements.

29. Next steps are for the government to progress indicative regulations, produce statutory guidance (Spring 2017), develop a model agreement and carry out further consultation on some aspects ready for full roll out. Therefore there may still be changes/amendments and a more in depth assessment will be carried out on the implications for delivery in York once regulations are agreed and guidance is issued.

Key Challenges

30. There remain a number of key challenges still to be addressed as we move through implementation:
31. Early Years Single Funding Formula
Funding for providers continues to receive significant media coverage both nationally and locally. From 1 April 2017 there will be a new hourly rate for York providers under a new Early Years Single Funding Formula and this is set out earlier in the paper
32. 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. At this stage it is still not clear if the new DAF via the Early Years Single Funding Formula will fully address these pressures.
33. 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. The learning from innovators and Frontier Economics will be available during 2017.
34. 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 two providers. Shared Foundation Partnerships continue to focus on good transitions not just between providers and schools but also where children attend more than one provider for their entitlement.

35. 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. The government has just closed a consultation on the Maths and English GCSE requirement for Level 3 Early Educators and we await their response as it has implications for recruitment nationally. The government have also confirmed that they will consult imminently on a new Workforce Strategy for Early Years.

Next Steps

36. The Childcare Strategy Service who are leading on the implementation continue to work 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. The DfE continue to be pleased with our progress and to take learning to be shared with other local authorities.

Council Plan 2015-19

37. **CYPP Priority 1: Early Help** - Performance Indicators: The percentage of good and outstanding providers in York is 97% (national average 91%).

Implications

38. **Legal** - The 30 Hours Childcare Policy is a new statutory duty on LAs from September 2017 under the new Childcare Act 2016.
39. **Information Technology (IT)** - Government has recognised that there is a high risk to delivery if systems are not sufficiently developed ready

for full roll out. Therefore they announced in December 2016 that they will be making £2.5 million available to support councils to develop their IT systems ready for full roll out. York will be making an application to this fund and is also the lead Local Authority for testing of the Servelec system in advance of 30 Hours software being fully released.

40. There are no other known implications associated with the roll out of the new statutory entitlement for 30 Hours Free Childcare for Working Families.

Risk Management

41. The risks to the local authority are significantly high in terms of reputational risk from parents and childcare providers if the delivery of early implementation is less than successful. There are also regulatory and legal risks if there are impacts on existing statutory childcare duties. The risks have all been identified and steps to mitigate in all circumstances as well as a high level risk report completed onto the Director's own risk register. Regular monitoring of the risks is in place.

Recommendations

42. Members of the Learning and Culture Policy Scrutiny Committee are asked to note this report.

Reason: To keep Members updated on the implementation of the new statutory entitlement.

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Wards Affected: *List wards or tick box to indicate all* **All**

For further information please contact the author of the report

Background Papers:

Report to members of Learning and Culture Scrutiny Committee

Entitled: 30 Hours Free Childcare for Working Families – Introductory Report.

Dated: 13 July 2016

Annexes:

Annex A – Autumn Term 2016 DfE Data Return

Report Abbreviations:

DAF – Disability Access Fund

DfE – Department for Education

EYSFF - Early Years Single Funding Formula

HMRC - HM Revenue and Customs

LA – Local Authority

SEN – Special Educational Needs

SEND - Special Educational Needs & Disability