



Committee and Date

Young People's Scrutiny
Committee

15th July 2015

Item

6

Public

**INFORMATION ON THE PROVISION OF CHILDCARE AND EARLY YEARS
EDUCATION**

Responsible Officer Karen Bradshaw

e-mail: karen.bradshaw@shropshire.gov.uk Tel: 01743 254201

1. Summary

The local authority's revised responsibilities for the provision of early years and childcare places are set out in a paper published by the department for Education (DfE) in September 2014.

This statutory guidance is for English local authorities and outlines their duties under sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006.

In summary these requirements are:

- to secure sufficient childcare for working parents;
- to secure early years provision free of charge for all parents wanting to take up their entitlement;
- to provide information, advice and assistance to parents and prospective parents about the childcare provision in their local area;
- to provide information, support and guidance to any childcare provider failing to achieve an Ofsted outcome at inspection of at least good.

2. Recommendations

Scrutiny panel is asked to consider the information and comment.

REPORT

Background

The Local Authority (LA) is required to ensure that every child is able to access their free early years entitlement. Parents are not obliged to take up their entitlement but the LA is required to ensure that parents can take up a free place which is accessible to them and which meets the quality standards set out by Ofsted in their regulation and inspection framework.

The current entitlement is as follows:

- Universal entitlement for all children to 570 hours of free childcare each academic year from the term after their third birthday until the point that they start school.
- The same entitlement is also available for two year olds whose families meet the free school meals eligibility criteria, for children with disabilities and for looked after children.

Places are provided across a range of early years settings including maintained nursery classes in primary and infant schools, private nurseries, playgroups, pre-schools and through childminders. Around 70% of all places in Shropshire are commissioned from the private and voluntary sector.

At the moment around 95% of three and four year old children access all, or some part of, their free entitlement. Take up is consistent across the county and our evidence is that those families who are not accessing provision are doing so through choice rather than because of any lack of provision. There will also be a small number of children who will access provision out of county.

Current take up of the entitlement among two year olds is a little lower, at around 80% overall, but this is in line with national average figures and take up has been steadily increasing over the past 12 months. Our success in this area has been recognised both regionally and nationally and performance is regularly monitored as part of the Ofsted children centre inspection programme.

However, to achieve these outcomes staff time is required to identify eligible two year old children, encourage their families to apply for a place and then actually take up their place at a suitable childcare provider. We work closely with our colleagues in Children's Centre Services throughout this process to make the most of the relationship which will already exist with some of those eligible families. Children's centres will also be active in providing any additional support to the children and family recognising that these are the most disadvantaged families within local communities.

Take up of two year old places is less consistent across the county than for three and four year olds ranging from 69% in the North of the county to 87% in the South. We are beginning to identify areas where we are now coming under pressure to commission sufficient places to meet the growing demand and these include in particular Whitchurch, Market Drayton and, to a lesser extent, Broseley. We are working closely with the schools and early years providers in those areas to develop new provision although the lack of any identifiable capital or revenue funding to support this is proving a challenge.

Providers are funded termly using a pupil led formula based on the principles of the school funding formula. The formula seeks to reimburse providers at cost for the places they provide, i.e. to cover cost and not reflect any element of profit. Many providers will generate additional income by offering additional hours and/or additional care, for example for under 2s or for older children in out-of-school hours or holiday clubs.

The local authority receives its funding for the provision of these places as a separately specified element of the overall dedicated schools grant. The total amount received each year is based on the numbers of children accessing provision at the time of the annual early years census which takes place in January.

Rates of per pupil funding received by the local authority have not been increased in the last 4 years. As a result, the rates at which we reimburse providers for the places we commission have not changed. Current rates of reimbursement to providers for the provision of free places vary from £2.90 per hour per child to £3.17 per hour per child in the PVI sector depending on the circumstances of the provider. Our schools are paid £3.56 per hour per child for the provision they offer, recognising the requirement to have a qualified teacher leading provision in schools. 24U places are paid at a rate of £4.96 per hour per child, this being the national rate set by the DfE and acknowledging the higher adult:staff ratios required for two year olds compared to older children.

Information on the availability of childcare places within the county is provided to parents through the Shropshire Family Information Service (FIS). The FIS will also offer help and information to parents who may require additional support in order to access their place.

Information, support and guidance is made available by our service to all childcare providers who secure an Ofsted outcome of inadequate or requiring improvement. Much of this will be chargeable support and will therefore generate an income. However, in a very small number of circumstances support may be offered free of charge in relation to a specific issue or if, without the setting, the LA would not be able to meet requirements for commissioned places in a certain area. Support is also available to those childcare providers with a good or outstanding judgement but this is entirely traded since it is beyond the LA's statutory duty.

3. Risk Assessment and Opportunities Appraisal

Currently the LA is able to commission sufficient places to fulfil its statutory duty.

However, there are a number of factors beginning to impact on the LA's ability to commission sufficient places. These include:

- a) An increasing number of voluntary managed groups who are unable to recruit and retain sufficient committee members to allow them to continue to meet their legal duties.

Shropshire has seen the closure of around ten committee-run Early Years settings across the county over the past two years. In most cases LA officers have managed to support the creation of alternative provision in order to ensure that we can continue to fulfil our statutory duty. In many cases this new provision has been set up and run by the local primary school using its extend schools powers. This trend is continuing and LA officer time is required to provide support and advice so that early years provision is retained within local communities across the county. At the moment we are working closely with another five groups all of whom are likely to be adopted by their local primary school over the next few months.

- b) The DfE decided to make Ofsted the sole judge of the quality of EY provision, and the LA is no longer able to apply its own quality criteria. The LA is therefore dependant on the outcome of Ofsted inspections to determine whether it can continue to commission provision with individual providers.

In some communities there is only one childcare provider which is accessible to parents. This is often, but not solely, the case in rural areas. In the event of that

provider being judged inadequate by Ofsted the LA is immediately required to withdraw its funding for the provision of free places at that provider. For some families this can leave them with no alternative provision to access. The LA's response is to provide intense levels of support and challenge in order to ensure that the provider's outcome is improved when Ofsted re-inspect that provision in order to ensure that they achieve a judgement of Good. The LA also offers information and support to parents during this time to enable them, wherever possible, to access alternative provision.

In all cases where support has been provided we have seen the setting achieve an improved outcome when re-inspected. However, by its nature, it is impossible to predict where and when support will be required and how many families may be affected in the event of a setting failing an inspection.

- c) There is an on-going need to provide sustainability funding to a small number of rural settings who are unable to generate sufficient income from the pupil-led formula to cover their costs

There remains a small number of settings, both local authority maintained nursery classes and private and voluntary groups, for whom the LA provides on-going sustainability support in order to continue to be able to commission sufficient places. Whilst both the number of settings the LA is supporting, and the amount of funding we are providing, is reducing we do not envisage a point where all providers will be able to sustain provision based solely on their pupil led funding. It is therefore necessary to allocate an element of the overall early years funding each year to support these settings which reduces the amount available to all settings through the pupil led funding formula.

- d) Schools are no longer required to register separately with Ofsted for the provision of care and education to younger children. Schools are now able to provide childcare for children aged two and over without notifying Ofsted and without the need for separate Ofsted regulation and inspection.

This will make it much easier for schools to deliver early education and childcare places in the future, either from their own school site or from another location. We have already seen a number of schools taking over the delivery of provision on their own sites from previous voluntary managed groups and we would expect this trend to continue. In these cases we currently provide a wide range of support to the schools around financial planning, HR and organisation and delivery. Much of this work is traded and generates income for the authority whilst also reducing the likely levels of future interventions as the sustainability and quality of the provision is more secure under a school run model. Some schools, without existing childcare provision on site, are also now looking to establish their own early years provision. This may, in the long term, have a detrimental effect on other local provision as it will increase competition.

4. Financial Implications

In the recent Queen's speech the Government announced its intention to increase the early years free entitlement to 30 hours each week from September 2017. Whilst the LA awaits the detail on this announcement it is likely that the need to potentially double the existing free entitlement will lead to capacity issues in some areas of the county. It is unlikely that the LA will be able to fulfil its statutory duty to ensure the availability of

sufficient places without supporting the creation of new places in some areas. Officers have begun work to identify more clearly the areas of the county where the LA may have difficulty meeting its duties when the increased entitlement begins. We have already highlighted Whitchurch, Market Drayton and Broseley as being areas of concern for the sufficiency of provision and others may include Bridgnorth, Highley and the very rural areas where large amounts of sustainability support may be required to allow small rural settings to be open for 30 hours each week, for example Clunbury, Ditton Priors and Kinnerley. Members of the early years team are working with colleagues in the school premises and place planning teams to highlight where there may be surplus accommodation on school sites which could be used for early years provision.

Overall levels of spend on sustainability funding to ensure the fulfilment of our statutory duty has fallen year-on-year for the past three years and we continue to operate a rigorous process of challenge and support when requests for funding are received. However we anticipate an on-going requirement to provide funding in certain areas of the county which could be increased if and when the requirement to provide 30 hours is introduced. i.e. we may need to support childcare providers currently open for 15 hours per week to open for longer hours in order to provide the required places for parents.

Our commissioned providers are also concerned about their ability to sustain existing provision given the current rates of revenue funding from the LA. These concerns are likely to increase if the number of free hours which they are commissioned to deliver increases to 30 hours each week. This issue is recognised nationally and the government has pledged to review overall levels of revenue funding for the provision of early years places. Again we await details of the revenue funding allocations from central government to support this new initiative.

6. Additional Information

The local authority will be updating its overall childcare sufficiency planning in the summer and autumn of 2015 ready for the publication of a new report to members in 2016.

7. Conclusions

The LA continues to fulfil its duties in relation to early years provision although there are a number of pressures which could impact on our ability to do so into the future. We have allocated quite a significant resource to the promotion and advertising of the 24U entitlement programme which has brought good outcomes.

There is also a need to be mindful of the potential increase in the free entitlement hours and the pressure this will put on the provision of places in certain areas of the county.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Cabinet Member (Portfolio Holder)

Ann Hartley

Local Member

N/A

Appendices

N/A