

BARNSELY METROPOLITAN BOROUGH COUNCIL

REPORT OF THE: EXECUTIVE DIRECTOR CHILDREN'S SERVICES

TITLE: NEW EARLY YEARS ENTITLEMENTS AND WRAPAROUND EXPANSION

REPORT TO:	Cabinet
Date of Meeting	24 January 2024
Cabinet Member Portfolio	Children's Services
Key Decision	Yes
Public or Private	Public

Purpose of report

To inform the Cabinet of the increase in Early Years Entitlements and the expansion of the Wraparound Programme that was announced in the Spring Budget 2023.

Council Plan priority

The policy changes will be significant for families across the Barnsley borough as most working families will become eligible for 30 hours of free childcare by September 2025. The expected benefits from these changes will be far reaching and support the Council in meeting the outcomes of the Council Plan, as follows:

Growing Barnsley

The changes will attract new investment to the borough both as the workforce increases as people return to work or increase their hours, through new childcare business start-ups, and existing businesses growing to meet demand for the new places.

Healthy Barnsley

The changes will support the reduction in income inequalities across the borough by reducing the barriers to work, increasing the amount of money families have to spend due to the reduction in childcare costs and creating business and employment opportunities. Health inequalities will be reduced in multiple ways; children accessing nurseries earlier will mean they will experience rich environments which encourage good mental and physical health, support good early years development and healthy eating. Also, development gaps for poorer children start to widen by the age of 2 so early inclusion in nursery should support better overall life chances which in turn improves health outcomes.

Learning Barnsley

The changes will provide opportunities to return/enter the employment market, will increase the need for apprenticeships in the childcare sector and provide opportunities to retrain and access lifelong learning and develop skills to work in childcare and to return to work in other sectors. Research shows that children who access good quality childcare have better educational outcomes therefore earlier access to good quality childcare will give children the best start in life and support lifelong learning.

Sustainable Barnsley

Good quality childcare settings are at the heart of communities making people feel more connected to and valued in their community and instilling the importance of community values in families and children. They value, use and promote local green spaces to families and encourage recycling,

Recommendations

That Cabinet notes the timetable for the extension of early years funding entitlements for young children aged from 9 months, together with concurrent developments in 'Wraparound' child-care in the Borough.

Cabinet agrees to draw down the funding grants made available by the DFE to support the Local Authority in developing the local childcare offer to ensure sufficient childcare places.

1. INTRODUCTION

- 1.1 In the Spring Budget 2023 the Chancellor announced an expansion in childcare provision with 30 hours childcare for every child over the age of 9 months with working parents (parents working 16 hours a week or more and earning less than £100,000) by September 2025, where eligibility will match the existing 3–4-year-old 30 hours offer.
- 1.2 This will be introduced in phases, with 15 hours childcare for working parents of 2-year-olds coming into effect in April 2024 and 15 hours childcare for working parents of young children aged 9 months – 3 years old in September 2024. From September 2025, working parents of children under the age of five will be entitled to 30 hours free childcare per week.

The funding paid to childcare providers for the existing childcare entitlements will also be increased nationally by £204 million from September 2023 rising to £288 million in 2024.

- 1.3 In addition to the expansion in funded childcare entitlements the Government also announced a significant expansion to the provision of wraparound

childcare. Nationally, Schools and local authorities will receive £289m in funding for a national 'pathfinder' to increase the supply of wraparound care, so that parents of primary school age children can access wraparound childcare between 8am and 6pm, thereby tackling the barriers to working caused by limited availability of wraparound care.

The Childcare Quality and Sufficiency Team have worked alongside the DfE and Policy Lab over the Summer of 2023 to co-design the guidance for the Wraparound Expansion. The guidance clearly states that families should be able to access 8am-6pm wraparound care in term time in their local area. Parents do have to pay for the wraparound care with universal credit and tax-free childcare initiatives available to support with costs. The L.A. should take account of the wraparound care which already exists in a local area before any new places are set up.

- 1.4 In addition to the expansion of childcare the budget announced that childcare costs for parents moving into work or increasing their working hours on Universal Credit would be paid upfront rather than in arrears, with the maximum claim amount boosted to £951 for one child and £1,630 for two children, an increase of around 50%.
- 1.5 In recognition of both the importance and short supply of childminders, it was announced that incentive payments of £600 will be piloted from Autumn 2023 for those who sign up to the profession (rising to £1,200 for those who join through an agency) to increase the number of childminders available and increase choice and affordability for parents.
- 1.6 These policy decisions are focused on giving children the best start in life, including supporting parents to access affordable, high-quality childcare. Equally, more parents will be able to return to work while balancing childcare commitments, due to the Government's £4 billion per year expansion of childcare in England. This is the largest expansion of funded childcare ever and will remove barriers to work for nearly half a million parents with a child aged under 3 years.
- 1.7 Cost of living pressures are affecting families across the country. This childcare transformation will expand 30 hours childcare for parents with children over the age of nine months, saving up to £6,500 a year for parents for a single child. This is on top of the upfront childcare support provided for parents in receipt of Universal Credit, and the support that is available through Tax-Free Childcare.
- 1.8 The timescales for these policy changes are as follows:
 - From **April 2024**, working parents of 2-year-olds will be able to access 15

hours childcare.

- From **September 2024**, 15 hours childcare will be extended to all children from the age of 9 months
- From **September 2025**, working parents of children under the age of 5 will be entitled to 30 hours childcare per week from the term after the child is 9 months old.
- From **September 2026** parents will be able to access wraparound childcare during term time outside the school day from 8.00am till 6.00pm in their local area.

2. PROPOSAL

2.1 Management of the Expansion and Entitlements

2.2 Oversight and Stakeholder Delivery Group

A Delivery Group has been established which includes internal service representatives from Communications, Families Information Service, Admissions, Schools Alliance, Finance, Childcare Quality and Sufficiency Team, Employment and Skills and Pathways to Work, Estates and Assets and external representatives from the Department for Work and Pensions to ensure all services are aware of and support the rollout of both initiatives. This group will oversee several task and finish groups which will deliver on all aspects of both programmes following the guidance from the DfE. Early years provider stakeholder groups will also be established to ensure the views and interests of all stakeholders are valued and influence the delivery plans. The Barnsley Children and Young People's Trust Executive Group will provide governance oversight.

- 2.3 Barnsley Metropolitan Borough Council has been allocated a local authority delivery support grant of £55,238 for 2023/24 to support the expansion of funded childcare places. A proportion of this funding will be utilised to employ a project manager who will work with existing Council services to deliver the objectives. The DfE have announced that there will be further funding allocated to the Local Authority to support the creation of sufficient childcare places in respect of the entitlements expansion with the amount received locally to be determined but this will include a capital allocation as well as an element of revenue funding.

Additionally, to enable the development of sufficient wraparound childcare places the Local Authority has been awarded £1,585,464 in funding from the DfE to support the creation of places. The grant determination letter sets out the L.A delivery support allocation as well as the capital and revenue funding allocations (please see Appendix 2)

2.4 Sufficiency and Guidance

2.5 Following the Spring Budget announcement the annual childcare sufficiency assessment (CSA) was brought forward. The childcare quality and sufficiency team have utilised data provided by the Department for Education (DfE). This has indicated where there are insufficient places for, children aged 9 months to 4 years and in wraparound childcare to meet the estimated demand for the new entitlements and wraparound expansion locally. The CSA report will be set out by Area Council localities, highlighting any gaps in sufficiency and the actions that will be taken to address the gaps. The Childcare Sufficiency Assessment is to be presented to Cabinet shortly.

2.6 Guidance is to be issued by the DFE for each initiative. We are already in receipt of the Wraparound Guidance which was published in October 2023 (please see Appendix 1) It is expected that the Entitlements guidance will be issued in the Autumn Term. We will ensure that this is utilised to inform development plans to meet the requirements of the programmes of work.

2.7 Payment of Early Years Funding

2.8 Currently, in contrast to arrangements for children aged 3 and 4 years, early years entitlements funding is paid separately to providers in respect of children aged 2-year-old. Before the government announcement, discussions were already taking place to streamline and align the processes. The increase in workload that will be created by the increase in volume of payments from 9 months puts further emphasis on the need for the processes for all age ranges to be aligned.

2.9 The New Entitlements and Wraparound Expansion is managed by the Childcare Quality and Sufficiency Team within the Early Start and Families Service with support from the Delivery Group outlined above. It is proposed that the funding from the DFE is utilised to increase capacity within the service to ensure there is dedicated project management support, including a grants officer to disseminate both the capital and revenue funding streams.

2.10 Modelling is currently taking place to explore changes to the way the Early Years Funding is administered to ensure all early year's entitlement payment processes are streamlined for all provider payments in respect of children aged from 9 months to 4 years. It is envisaged that capacity within the team needs to be increased to accommodate the increase in volume of payments to be processed and administration as a direct result of the expansion. The funding for the increase in capacity will be through the existing budget provision which funds a post within the school admissions service for the Admissions team and with the addition of further investment from the additional top-sliced money which will be generated from the increased early

years funding allocation 5% top slice.

3 IMPLICATIONS OF THE DECISION

3.1 Financial and Risk

Expansion of the Early Years entitlements

3.2 The DfE has recently announced the funding allocation for the new expanded Early Years entitlements of 15 hours childcare provision for 2 years olds for working parents from April 2024.

3.3 Guidance on the new entitlement was released on the 29th November 2023, along with confirmed funding rates for 2024/25 as follows:

- An hourly rate of £7.76 for the 2-year-old entitlements
- An hourly rate of £10.57 for the under 2s entitlement

3.4 The indicative funding allocation for 2024/25 will be confirmed in December 2023 based on expected or anticipated hours of participation / number of claimants of the extended entitlement. Financial planning / modelling has commenced on the roll out of the funding to provide, which would inform the budget setting for 2024/25.

3.5 A one-off LA Delivery Support funding grant of £55,238 has been provided in 2023/24 to provide support to the Council towards expenditure incurred to effectively roll out the new expanded Early Years entitlement offer.

Wraparound childcare programme

3.6 In respect of the Wraparound Childcare Programme the DfE announced in October an allocation of £1.585m over 3 years, as per the table below:

Wraparound Childcare Programme Grant allocation	
	£
FY 2023/24	16,760
FY 2024/25	1,069,394
FY 25/26 (Provisional)	499,310
Total	1,585,465

3.7 The DfE expectation is that the 2023/24 funding will be fully spent on capacity costs within the local authority. It is then expected that an average proportion of 11% of funding (£0.189m) will be used for local authority capacity over the remaining years.

- 3.8 The grant is to be used to either:
- i. Expand existing wraparound childcare provision.
 - ii. Introduce provision where it does not exist.
- 3.9 The grant can contribute to:
- start-up costs,
 - expansion costs
 - and running costs of provision, including costs for staffing, training, and resources, (while demand for provision builds).
- 3.10 DfE expect provision will become self-sustainable through parental payments alone by the end of the funding term. The grant funding is not to be used to subsidise the cost of wraparound places. There will be two payments in each of financial years 2024-25 and 2025-26. Each payment will be contingent on the submission of a costed capacity and programme delivery plan (and satisfactory updates).
- 3.11 No Capital allocations have yet been announced for both the expansion to the Early Years entitlement or the Wraparound Childcare programme.

Programme delivery capacity

- 3.12 The expectation is that a 5% top slice from the new expanded Early Years entitlement grant allocation will be allowed and can be retained by the local authority. This resource will provide some support towards the increase in capacity required within the Childcare Quality and Sufficiency Team inclusive of the additional resource required in relation to the processing of payments.

Risk / Mitigations

- 3.13 Existing capacity within the service to manage the increase in workload alongside the very tight timescales particularly for the first phase of the Entitlements Expansion in April 2024 present a considerable risk in the ability to create the increase required. To mitigate this risk additional capacity is being brought in via agency positions whilst the existing structure is reviewed.
- 3.14 There is a risk that the capital allocation for both expansions will not provide sufficient funds to support the scale of increase needed.
- 3.15 Also, the revenue allocation for the wraparound expansion may not be enough to ensure new settings/expansion is sustainable in the long term as previous funding streams have supported settings for 3 years rather than the proposed 2 years in this funding. The programme of work will align to the council assets strategy and colleagues from our estate's services are included within the delivery group with the aim of identifying any suitable buildings that could be

utilised and enable to maximisation of the capital element through adaptations to existing buildings rather than being reliant on new builds.

- 3.16 The amount and quality of the workforce is a huge risk to achieving both expansions as currently settings are struggling to recruit qualified staff resulting in them not being able to offer all the places they are currently registered for. Work has been completed and is ongoing to support with this issue through a Sector Recruitment and Retention Group. All internal and external partners we are currently working alongside are experiencing challenges in encouraging people to train and work in childcare. It is envisaged that the expansion in entitlements itself will support some of the workforce to return to the sector where they may have been restricted due to their own childcare needs. Work continues to explore innovative ways of working to attract people to the sector. Additionally, there are some proposed national changes and programmes of work underway to enable and support the increase in workforce.

3.5 Legal

- 3.6 There are no anticipated legal implications or risks emerging through consideration of this report. The Council does have a statutory duty to ensure sufficient childcare places are available across the borough. It is envisaged the proposed actions will support the Council in meeting its sufficiency duty. Support will be required from Legal Services, to develop robust contracts to manage the approved projects.

3.7 Equality

- 3.8 An equality impact assessment of the extended entitlements, including wraparound provision has been completed and is attached as Appendix 3 to this report. The proposals will benefit working parents with children in the Borough, including those with protected characteristics under the Equality Act (2010). However, the proposals do not provide any advantages to young children from workless households and the Government should continue to be lobbied in ensuring these children and families are not left behind as part of 'levelling up' access to both early years provision, together with incentives and pathways into employment.

3.9 Sustainability

- 3.10 There are no implications for sustainability in the Borough arising from the proposal in this report.

3.11 Employee

- 3.12 There are no adverse implications for employees within this report. Funding in support of the proposals will help in ensuring the necessary capacity is available to support the extension of child-care entitlements within the local

sector. Any recruitment will be conducted in consultation with the Service Director (Business Improvement, Human Resources and Communications) and the Service Director (Finance) through the Council's Scheme of Delegation.

3.13 Communications

- 3.14 A Communications Plan is being developed with support from the Delivery Group, including specific support from the Corporate Communications Team and Families Information Service. The Plan will help in promoting an increase the number of childminders in the borough and to address the recruitment and retention issues already experienced by the local child-care sector as well as promoting the uptake of entitlements. This plan will be expanded to incorporate messages to parents and businesses and will also encompass any relevant DfE communications when they are released.

4. CONSULTATION

- 4.1 The extension of early years entitlements, together with the development of wraparound child-care in the Borough has been considered by the Council's Senior Management Team. Consultation has taken place with local stakeholders in relation to the childcare sufficiency assessment which has included a parent and carer survey. These findings will be utilised to develop the delivery plan. Additionally a childcare survey has been launched to develop an understanding of parents and carers needs and help to inform sufficiency planning.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Alternative options are limited. If Cabinet were not to accept the funding this would significantly impact the Council's ability to ensure sufficient childcare places to meet the demands as a result of the expansion to entitlements. This is a key element of government policy and failure to ensure sufficient places would mean we are failing in our sufficiency duty.

We could task the increase of work to the existing staff teams without increasing capacity however this is not seen as a viable option due to existing workloads and the short timescales of the programmes of work. This option would present a significant risk in terms of ensuring sufficient places are available in line with the deadlines set by the DfE as each phase of the new entitlements is implemented. Again, this would prevent the local authority from meeting it's statutory duty. This option would also impact on the ability to process the increased volume of payments in a timely manner which could lead to significant delays in providers receiving payments which could impact on their sustainability due to the impact on cash flow and also present reputational risk to the council.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The developments in early years entitlements and wraparound provision

expansion will enable a number of positive benefits for working parents or carers with young children, firstly by enabling a greater proportion of children to get off to a good start in their early lives and achieve a level of development enabling them to be school ready and, secondly, allowing parents and carers to maintain their participation in the local employment market, including increasing their contractual hours. This will also support the local economy as a direct result of more people entering employment and earning money that they can spend locally.

The recommendations that are proposed will enable the Childcare Quality and Sufficiency Team to manage the increased workload created by the announcements in the Spring Budget earlier this year, to increase the early years funding entitlements and expand the amount of wraparound care across the borough.

The proposal will also ensure sufficient capacity is in place to manage the extra payment processing and administration tasks as a result of the increase in early years funding and streamline the payments system. This will reduce the administration pressures on local childcare providers meaning payments are processed faster and should support the sustainability of settings.

7. GLOSSARY

7.1 Not applicable.

8. LIST OF APPENDICES

Appendix 1: Department for Education National Wraparound Programme Guidance.

Appendix 2: Grant determination Letter

Appendix 3: Equality Impact Assessment

9. BACKGROUND PAPERS

9.1 If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made.

10. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date. Joshua Amahwe (30/11/2023)
Legal consultation & sign off	Legal Services officer consulted and date. Marianne Farrell, Team Leader and Solicitor, Legal Services 6th December 2023

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