

SURREY COUNTY COUNCIL**CABINET MEMBER FOR EDUCATION****DATE: 4 JULY 2017****LEAD OFFICER: GARATH SYMONDS, ASSISTANT DIRECTOR,
COMMISSIONING AND PREVENTION****SUBJECT: DEPARTMENT FOR EDUCATION (DFE) 30 HOURS CAPITAL
FUNDING****SUMMARY OF ISSUE:**

The Childcare Act 2006 places a statutory duty on local authorities to assess the local childcare market and to secure sufficient childcare for working parents. The level of childcare provision is only deemed to be sufficient if it meets the needs of the community in general and, in particular, those families on lower incomes and those with disabled children.

In September 2017, eligible working families of three and four year olds will be able to increase their universal offer of 570 hours to 1,140 hours of free early education (30 hours FEE). It is anticipated that around 8,450 of Surrey children will be eligible for the additional hours.

This proposal is to seek agreement for the payment of Department for Education (DfE) 30 hours Capital Grant to support the development of additional 30 hour places to meet the demand for eligible working parents in four identified areas of Surrey.

RECOMMENDATIONS:

It is recommended that the Cabinet Member for Education agrees the approval and deployment of £615,103 Department for Education (DfE) 30 hours capital grant to four projects as detailed in paragraph 24.

REASON FOR RECOMMENDATIONS:

Eligible parents will be requesting 30 hour places to start in September 2017. The providers selected for funding are in areas of need and have expressed a wish to increase capacity. If projects are not completed or underway by September 2017 some eligible parents would not be able to access provision to allow them to take up or increase their working hours.

<u>DETAILS:</u>

Business Case and background

1. The Childcare Act 2006 places a statutory duty on local authorities to assess the local childcare market and to secure sufficient childcare for working parents. The level of childcare provision is only deemed to be sufficient if it meets the needs of the community in general and, in particular, those families on lower incomes and those with disabled children.
2. In September 2017, eligible working families of three and four year olds will be able to increase their universal offer of 570 hours to 1,140 hours of free early education (30 hours FEE). It is anticipated that around 8,450 of Surrey children will be eligible for the additional hours.
3. In June 2016, the government made available capital funding of £50 million in stage 1 and £100 million in stage 2 to create new 30 hour childcare places. Local authorities were invited to bid for projects that would create additional 30 hour places, which address parental demand and safeguard existing 2 year olds FEET places and the universal 15 hour funded early education places for 3 and 4 year olds. Local authorities were given a 'Project Limit' ranking of either high or medium according to the number of 3 and 4 year old children that are eligible for 30 hours in the local authority area. Surrey was ranked high and given a limit of six projects to bid for, which were all successful. This paper seeks approval from Cabinet Member for four of these projects to proceed, with approval for further projects to be sought at a later date.
4. A criterion set out by the Education Funding Agency, overseeing the grant on behalf of the Department for Education, listed conditions that projects must meet and what they would be judged against. Only high quality applications, which provide succinct and relevant evidence that meet the priorities outlined in the guidance for application would be considered.

This included:

- a. Providers must have had at least one recorded inspection by Ofsted
 - b. Clear evidence that the project will be completed by the end of December 2017 (extended to March 2018)
 - c. Total cost of project is below £1 million, (including alternative sources of funding) with a minimum of 25% of the total project cost funded by the provider from alternative sources
 - d. Value for money demonstrated in an appropriately costed project plan, which responds to the project need
 - e. Thorough and well evidenced tenders/quotes relative to the size of the project
5. An invitation to tender was sent out by Surrey, to providers in areas identified as having insufficient early education and childcare places shown in the revised 2016 Childcare Sufficiency Audit (CSA), along with Education

Funding Agency guidance. Using these and the DfE guidance for local authorities the six projects were chosen.

6. The DfE Capital funding awarded to Surrey is for the approved projects to create 30 hour places to meet local need. Any changes in these projects require sign off by the DfE before any funding can be transferred to another provider or project. The amount of Capital awarded to Surrey was £788,690, of which approval is now sought to deploy £615,102.50 for four projects. The projects have a total capital cost of £882,805, with £615,102.50 being provided by DfE and the balance of £267,702.50 being met by providers as set out in para 24. There is no expectation that local authorities contribute to any of these projects and this will be clearly stated in the condition of grant agreements that providers will sign. This leaves Surrey County Council free of risk of overspend.
7. The DfE Capital Funding is part of a larger programme of preparation for the early years and childcare sector ahead of the launch of the 30 hours funding in September 2017. County council staff and representatives from education and the private, voluntary and independent sector providers have been working together since the government announced the 30 hours funding, to provide information, guidance, resources and toolkits to help providers understand how this additional funding will work and look at ways to offer 30 hour places and develop the sustainability of their business. The Early Years and Childcare Commissioning Team are available to work with providers needing extra support, advice and guidance and have worked across all sectors, including childminders and out of school providers to look at way of offering partnerships where the 30 hours cannot be accessed from one provider.
8. This proposal is to seek agreement for the payment of Department for Education (DfE) 30 hours Capital Grant to support the development of additional 30 hour places to meet the demand for eligible working parents in four identified areas of Surrey.
9. Listed below are outlines of the four projects identified for capital funding for 30 hour provision. Two further projects are being developed but not yet ready for approval.

Jack and Jill Nursery, Ash

10. Jack and Jill Nursery. In order to ensure sufficient places to cater for the increased demand expected following the introduction of additional hours in September it is proposed to invest in Jack and Jill Nursery. Jack and Jill Nursery offers 36 childcare places to children aged two to five years, broken down as 10 places for two year olds, and 26 places for three and four year olds. The setting is full and in the 2016 spring term, the setting reported that there were 10 children on the waiting list for immediate places including current pupils on roll wanting more hours as well as children waiting to start at the nursery (Audit of Provision section of EY Census Form 2016, January 2016). There were 41 three and four year olds funded in the 2016 spring term. The nursery also caters to disadvantaged two year olds eligible for free early education and wishes to maintain this offer. In order for the setting to offer more free early education places for three and four year olds, it needs to expand.

11. The main reason for this proposal to provide a secure, free flow play space for 2, 3 and 4 year olds to access high quality early education and childcare at Jack and Jill Nursery and increase the number of FEET and FEE universal (570 hour) and 30 hour (1,140 hour) places in the Ash area. Jack and Jill Nursery will create 6 x 30 hour FEE places for 3 and 4 year olds and develop 12 x 30 hour FEE places from existing 15 hour places. The cost of this project is £25,610 (please see appendix for details). Following a successful bid to the Department of Education (DfE) this project has been awarded £19,207.50 in the form of a ring-fenced grant. The provider is funding the additional £6,402.50.

Langshott Ladybirds, Horley

12. Langshott Ladybirds. In order to help ensure that there are sufficient Free Early Education places in the area it is proposed that investment is made in Langshott Ladybirds. Langshott Ladybirds Nursery occupies a demountable at Langshott Primary School that lacks suitability for future needs due to lack of space and kitchen / food preparation facilities. This has led to the exploration of alternative options in order to deliver extended hours and increased capacity in a new building, for which we are applying for capital funding. The partnership between Langshott Primary and Langshott Ladybirds Nursery is vital to the local community of Horley East, an area identified in the SCC Childcare Sufficiency Assessment Update 2015 as being unable to meet future demand for early education. Ladybirds have had to decline applications for childcare places in recent years due to lack of capacity and an inability to provide flexible hours that meet the requirements of local families.
13. Langshott Ladybirds currently operates 2 sessions per day (8.45am - 11.45am and 12.15pm - 3.15pm) with the exception of Friday afternoon. All sessions are at full capacity. With 44 children on roll, only 21 can attend each session due to space restrictions. This will severely affect the ability to provide sufficient spaces once Ladybirds is able to offer 30 hours free childcare: number on roll would reduce by over 50% to 21 if all 30 hours of childcare are taken up by parents thereby adding further pressure to the area in terms of EYFS childcare places.
14. Langshott Ladybirds will create 34 x 30 hour FEE places for 3 and 4 year olds. The cost of this project is £142,395. Following a successful bid to the Department of Education (DfE) this project has been awarded £106,795.50 in the form of a ring-fenced grant. The provider is funding the additional £35,599.50.

St Mary's Nursery, Camberley

15. St Mary's Nursery is the only setting situation in the Watchetts ward. In the Watchetts ward there are 119 three and four year olds; within the ward cluster which also includes Town ward and St. Michael's ward there are a total of 454 three and four year olds (ONS Live births by Postcode 2010/11 – 2011/12). The government estimates that 29.7% of three and four year olds will be eligible to the additional 15 hours which equates to 35 children in Watchetts ward and 135 children in the cluster.
16. The density rate for early education places in the area is high because there is a maintained school offering 104 places. However, these places are

sessional and there are no plans at this time for this offer to change. While there are three day nurseries in the other wards, two of these are full, with waiting list for immediate places, so there is not a lot of capacity to accommodate an increased demand for additional free hours. There is a projected surplus of only 12 free early education places (universal offer), which means that any spare capacity will be used for this and more provision is needed to accommodate the extended offer. They would like to increase from a 26 to a 50 place nursery expanding the core opening hours from 24.5 hours per week to 50 hours per week to incorporate the new 30 hours Free Entitlement alongside providing the stretched offer for all within the local community. The Nursery has strong links with Frimley Park Hospital as they currently run their holiday play scheme using the nursery premises. They intend to offer a priority places for hospital workers and provide flexible hours to fit shift patterns including weekend provision where required.

17. St Mary's Nursery will create 33 new places and additionally develop 9 existing 15 hour places into 30 hour places. The cost of this project is £440,000. Following a successful bid to the Department of Education (DfE) this project has been awarded £283,000 in the form of a ring-fenced grant. The provider is funding the additional £157,000.

Toad Hall Nursery, Horley

18. Toad Hall Nursery is situated in the Horley Central ward where there are 214 three and four year olds, and there are a total of 593 three and four year olds living in the ward cluster which also includes Horley East and Horley West wards (ONS Live births by Postcode 2010/11 – 2011/12). These wards are clustered based on free early education take up patterns, observing the home addresses of children attending settings in these wards as well as observing the settings attended by children living in the wards. For example, for Toad Hall Nursery, most children claiming free early education in the 2016 spring term at the setting live in this cluster (79%) 42% of three and four year olds live in the same ward as the setting, 37% from the other wards in the cluster, and 21% from other neighbouring wards.
19. Using the Government's estimate of 29.7% of three and four year olds eligible for the additional 15 hours, this equates to 64 children for the ward and 176 children for the ward cluster. Only 15% of funded three and four year olds in the private, voluntary and independent sector attended 25 hours or more of childcare in the 2016 spring term, compared to 22% for Surrey overall.
20. Current provision offers an inclusive setting with 50 childcare places for children aged 3 months to 5 years. 8 of these places are for under 2s, 18 for 2 year olds and 24 for 3 and 4 year olds. 2 children SEND (special educational need or disabilities), 12 EAL children (English as an additional language) and 6 CIN children. (Child In Need) The nursery also caters to disadvantaged 2 year olds eligible for free early education and wishes to maintain this offer.
21. They hope to be able to provide an additional 60 x 30 hours places in their new provision giving parents the flexibility to return to work. They currently provide flexible sessions in their own property, which has two empty flats above. Converting these into usable space for 3 and 4 year olds will allow the expansion of 30 hour places. The re configuration of the existing nursery will allow for the increase of 30 hours places as well as securing universal 15 hour and FEET places for disadvantaged 2 year olds. Without this project

going ahead they will not be able to offer the 30 hours Free Entitlement in September 2017.

22. They would like to increase from a 50 to a 110 place nursery to incorporate the new 30 hours Free Entitlement alongside providing the stretched offer for all within the local community. The Nursery has strong links with the community and is closely situated to Gatwick Airport. They intend to provide flexible hours to fit shift patterns where requested.

23. Toad Hall will create 44 new places and additionally develop 16 existing 15 hour places into 30 hour places. The cost of this project is £274,800. Following a successful bid to the Department of Education (DfE) this project has been awarded £206,100 in the form of a ring-fenced grant. The provider is funding the additional £68,700.

24. The table below summaries the places developed and the capital required:

	Setting	DfE Capital	Provider contribution	Total cost	New Places	Change from 15 to 30 hour places	Total 30 Hour places developed
1	Jack and Jill	19,207.50	6,402.50	25,610.00	6	12	18
2	Langshott Ladybirds	106,795.50	35,599.50	142,395.00	34	0	34
3	St Mary's Nursery	283,000	157,000.00	440,000.00	33	9	42
4	Toad Hall Nursery	206,100.00	68,700.00	274,800.00	44	16	60
		615,103.00	267,702.00	882,805.00	105	37	154

CONSULTATION:

25. Each successful provider was required to consult with their parents before submitting their application to the DfE to ensure there is sufficient demand for 30 hour places.

26. As part of their project plan each provider must ensure the correct permissions from landlords, local planning departments etc. are in place before accepting funding.

RISK MANAGEMENT AND IMPLICATIONS:

27. The main risk is project costs exceeding the original amount quoted and who would be liable for this. One of the criteria set by DfE was that Capital Funding from DfE was for a contribution towards the total cost of at most 75%, with providers meeting the remaining at least 25% cost, plus contingency and any risk of overspend. It was advised that local authorities should write this into their conditions of grant and this is being written into agreements in Surrey.

28. The projects selected, were submitted based on the providers' ability to absorb any additional costs leaving the local authority with no financial

burden. This was clearly outlined to them and they have agreed to accept funding on that basis.

Financial and Value for Money Implications

29. Surrey County Council has been successful in bidding for 30 hour Capital funding from the DfE for four projects to create additional early education places for eligible 3 and 4 year olds, to meet demand for working parents. A total of 105 new 30 hour early education places, and 37 extensions have been created. If extensions are considered as 0.5 place, then new places total 123.5 (105+18.5). With a Capital award of £615,102.50 each place will cost £4,981, which is very good value. In comparison, for example, £9,600 was identified as average cost to create a place, in early years, which is used in calculating 106 and Community Infrastructure Levy (CIL) contributions.
30. With the DfE Capital funding covering 70% of the total cost of the project and providers funding the remaining 30%, Surrey County Council will create 123.5 new early education places towards its sufficiency duty with no financial cost to the local authority.

Section 151 Officer Commentary

31. The £615,103 capital costs of the four proposed projects will be met from DfE capital grant. The grant is ring fenced to the projects approved by DOE through the bidding process.
32. The grant was secured following a DfE assessment process and the business cases for each of the projects have been successfully reviewed by the Council's Investment Panel.

Legal Implications – Monitoring Officer

33. The Council has the power to make these payments to providers in furtherance of its duty under the Childcare Act 2006 to secure sufficient childcare places are available in its area. The additional provision of 30 hour places in areas of need will support the council in meeting its statutory duty, including for the new requirement for access to 30 hours of provision from September 2017.
34. An open bidding process was followed in selecting providers to be awarded grant funding under this scheme. The successful providers will be required to enter into legally binding grant agreements with the Council. These agreements will be prepared in conjunction with Legal Services and will contain terms ensuring the risk of overspend rests with the providers and for the possibility of clawback of monies in the event of non-compliance with the grant terms.
35. There are no state aid implications in making these grant funding payments due to the very localised nature of the services provided.

Equalities and Diversity

36. The recommendation to seek approval and deployment of Department for Education (DfE) 30 hours capital grant to four projects of the six projects will have a positive impact on children and their families by:

- a. Providing children access to high quality early education that meets their needs and enables them to achieve their full potential
- b. Enabling eligible parents to return to work or increase their working hours
- c. Improving the financial position of families and for some, allow them to move out of poverty
- d. Enabling SCC to meet its sufficiency duty to provide sufficient high quality 30 hour early education places to meet the needs of eligible working parents.

Other Implications:

37. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report. LAC are eligible for FEET and FEE places, plus 30 hours if foster carers meet the criteria for funding
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report. Applicable as stated above.

Public Health implications

38. The development of more 30 hour places will support children's early development, with associated health benefits.

WHAT HAPPENS NEXT:

39. Following approval by Cabinet Member, the next steps are:
- Seek approval from DfE to transfer Spelthorne project funding to Cedars Recreation Ground project
 - Setup condition of grant agreement including agreement to absorb any additional costs and send out to providers
 - Agree monitoring programme and payment plan

- Setup payment schedule
 - Sign off completion by end of March 2018
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Contact Officer:

Frank Offer, Head of Market Strategy, Commissioning and Prevention
Tel: 02085 419507

Anita Birtles, Early Years and Childcare Business Sufficiency Manager
Tel: 01372 833839

Consulted:

Department for Education (DfE)
Childcare Works (appointed by DfE to support Local authorities)
Early years and childcare sector providers:
Chertsey Nursery
Jack and Jill Nursery
Langshott Ladybirds
St Mary's Nursery
Toad Hall Nursery

Sources/background papers:

30 hours free childcare: LA and early years' provider guide. For local authorities and providers. (Department for Education) April 2017
Early Years Capital Funding: Information for applicants (Education Funding agency) June 2016

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