

24 June 2015

Agenda Item

3(b)

POLICY ISSUES ARISING FROM NEW GOVERNMENT – EARLY YEARS AND OTHER EY ISSUES

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1. Purpose

- 1.1 To inform Forum of the policy proposals of the new government concerning early years
- 1.2 To respond to suggestions regarding the 2014/15 underspend for Free Early Education for 2 year olds.

2. Recommendations

- 2.1 Forum is asked to note this report.

3. New government early years policy proposals

- 3.1 In the Conservative manifesto it was stated that a Conservative government would increase the free early education entitlement for three and four year olds from fifteen hours per week to thirty hours over 38 weeks for working parents. Effect is being given to this by the proposed Childcare Act, now introduced to the House of Lords. The Bill contains provisions which will secure an additional entitlement of childcare support to be made available to working parents. It also seeks to help ensure that parents are able to access information about the additional free childcare being introduced and about other childcare provision/other services which may help them to meet their childcare needs. As usual, the way the entitlements work will be defined in Regulations, yet to be issued. The rest of this report is based on what we understand is likely from DfE and others.
- 3.2 The new offer will be open to working families in households where **all** parents in the household work for a minimum of eight hours. The entitlement will come into effect from 2017 (exact date not yet announced). The government have however announced that they intend to pilot the entitlement in selected areas from September 2016 and Hertfordshire have expressed their interest in becoming a pilot authority.

- 3.3 The indication is that the government will start building additional capacity within the sector for the new entitlement by making capital available for new nursery provision in schools (date not yet announced). This is a change of policy from the current position, where capital funding for school expansions and new schools does not include such an element though in many cases we do include it in HCC-funded schemes.
- 3.4 The government will also be looking to review the current hourly rate given to providers and will be consulting on the appropriate level and design of the rate.

4. Implications of new policies

- 4.1 **Demand for provision:** Currently each year approximately 30,000 children in Hertfordshire (95%) are accessing a free early education for three and four year old place of fifteen hours. DSG funding of about £53m is spent in support of this. Some of these children will have working parents who already access additional childcare hours on top of their current funded hours, and will look to take up the entitlement. Some may arrange their affairs so as not to need private childcare, but will change their arrangements once the provision is there. CSS is undertaking research to identify the likely number of children this policy may affect in Hertfordshire.
- 4.2 **Cost of provision:** There have been tentative costs announced for the policy at a national level of £350m – or very roughly £7m for Hertfordshire. But this depends on many factors including the assumed hourly rate for providers. Since HCC currently funds providers at a relatively high level, £4.63 compared to an average of £3.80, it may well be that the national rate is less than our current rate, putting the likely feasibility or quality of provision potentially at risk. Currently, provision in Hertfordshire is high quality across the board, measured both by inspection results and outcomes at EYFS.
- 4.3 **Funding of provision:** It is unclear where the funding for the new provision will come from, prior to the July Budget and spending review announcements. Currently HCC receives above average per capita funding for Early Years services, with below average deprivation. In common with London authorities costs in Hertfordshire, primarily staffing costs, are higher than the national average. There is clearly a risk that the national funding formula will be reviewed as the new entitlement is introduced, and that Hertfordshire will suffer some form of base line reduction.
- 4.4 **Delivery of new provision:** Some of the new entitlement will reflect simply state funding of what parents previously funded themselves. Some schools and preschools who offer 15 hours may not have the space to increase to 30 hours. It remains to be seen how far DfE requires schools to expand their offer, and the way in which that might happen.
- 4.5 Until further details are announced no detail is known regarding capacity building funding and timescales. A working group made up of maintained and private, voluntary and independent (PVI) providers is being established to look

at possible solution focused models of delivery. If we are successful in becoming a pilot authority, it will allow us more time to prepare for the new entitlement, and also perhaps some influence over what is required.

5. Free early education for two year olds

- 5.1 At the last Schools Forum meeting it was suggested that the under spend from 2014/15 free early education for two year olds could be spent on increasing the hourly rate for eligible children. As the government has announced that the hourly rate for free early education is being looked at it is suggested that Schools Forum revisit the rate paid to providers once the government consultation has been completed
- 5.2 The possibility was also raised of providing free meals for eligible two year olds. As part of trajectory funding which was received for 14/15 was agreed by the Early Years Consultative Group to pump prime places by funding free school meals for one year. Providers were told that the funding was for one year only which ceased in March 2015. As the two year old entitlement is for fifteen hours and is typically accessed over five sessions of three hours the impact on take up was limited. Most eligible children were unable to benefit from a free meal as only maintained schools and day nurseries have access to cooked meals.
- 5.3 The extension of eligibility for child care to 30 hours for working parents does raise the issue of meals and the cost of their provision. It remains to be seen whether the government intends to include meal costs in the offer, and it may be a point to return to if and when there is a formal consultation on the programme.

6. Financial implications

- 6.1 This is an information report, not a decision report, but financial issues are considered in section 3 above.

7. Conclusions and recommendations

- 7.1 Forum is asked to note this report.