



Report to Policy Committee

Author/Lead Officer of Report: Joe Horobin

Tel: 01142 735891

Report of: Director of Integrated Commissioning

Report to: Education, Children and Families Policy Committee

Date of Decision: 8 February 2024

Subject: The Childcare Reforms (Spring Budget 2023)

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 2505				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

The purpose of this report is to provide Members with an overview of the Childcare Reforms announced in the Spring Budget 2023, seek approval for the Local Authority's next steps in delivering the requirements of the Childcare Reforms and seek delegations for the agreement to proceed to develop delivery plans in accordance with the Department for Education guidance and implement these.

Recommendations:

Members are requested to:

- 1) Note the contents of this report regarding childcare provision and the Childcare Reforms announced in the Spring Budget 2023.
- 2) Approve the Council proceeding to develop the Extended Entitlement Delivery Plan and the Wraparound Delivery Plan as set out in this report.
- 3) To the extent that they require decisions not covered by existing officer delegations, delegate authority to the Strategic Director of Children's Services to:
 - a. agree and implement the Extended Entitlement Delivery Plan as set out in sections 2.4 and 4 of this report;
 - b. agree and implement the Wraparound Delivery Plan (subject to Department for Education's approval), as set out in sections 3.4 and 4 of this report;
 - c. allocate grant awards above £50,000 from the Wraparound grant funding of £2.678m where set out in the Wraparound Delivery Plan and in accordance with section 4.5.2 of this report; and
 - d. agree the strategy for the allocation of the capital Childcare Expansion Grant of £849,000 for Extended Entitlement and Wraparound Care provision prior to allocations being submitted for approval by the Finance Committee (as part of the Local Authority's Capital Approvals Process) as set out in section 4.5.3 of this report.
- 4) Note the decisions at 3) above will only be exercised by the Strategic Director of Children's Services pursuant to the Childcare Reforms Governance Board's process as set out in section 5 of this report.
- 5) Note that the Local Authority Delivery Support grant of £102,000 is to be retained centrally by the Local Authority, in accordance with the grant terms, to cover administrative costs for the implementation of the Extended Entitlement Delivery Plan as set out in section 4.5.1 of this report.
- 6) Note that £294,000 (11%) of the Wraparound grant funding is to be retained centrally by the Local Authority, in accordance with the grant terms, to cover administrative costs for the implementation of the Wraparound Delivery Plan as set out in section 4.5.2 of this report.
- 7) Note that a further update paper on the Childcare Reforms will be presented at a future Committee.

Background Papers:

None

Appendices:

- Appendix 1 (page 18) - Wraparound key dates Department for Education

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Kayleigh Inman and Mark Wassell
		Legal: Daniel Woolnough / Rahana Khalid
		Equalities & Consultation: Bashir Khan
		Climate: Kathryn Warrington
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	Joe Horobin
3	Committee Chair consulted:	Dawn Dale
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Matthew Peers	Job Title: Head of Commissioning
	Date: 19/01/24	

1 THE CHILDCARE REFORMS

The provision of good quality childcare provides a raft of social and economic benefits to families and both the current and future economy, ultimately ensuring that children get the best start in life. Research by the New Economic Foundation found that investing in children in their earliest years is one of the highest-returning investments a government can make. Therefore, early years provision has an important role to play for Sheffield to reduce inequalities and fulfil the city's economic potential.

1.1 The Childcare Reforms

1.1.1 The Childcare Reforms were announced in the Spring Budget 2023 and include a range of measures, with two central childcare programmes:

- Extended Entitlement
- Wraparound Care

1.1.2 The underlying aim of both the programmes referred to above is to improve economic performance and productivity. Through these programmes, the Government is seeking to increase childcare provision, to enable more parents/carers to access work, or return to the labour market after having a child.

1.1.3 The Childcare Reforms are being introduced in phases:

- Extended Entitlement – the first changes come into effect in April 2024 and by September 2025 all changes will be in effect (see paragraph 2.2).
- Wraparound Care – this will be rolled out from September 2024 and by September 2026 all changes will be in effect (see paragraph 3.2).

1.1.4 The following do not form part of the Recommendations. In addition to the two focus areas referred to above, the Government also announced:

- To increase childminder numbers and choice and affordability for parents/carers, childminder start-up grants 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 support settings changes to staff-to-child ratios from 1:4 to 1:5 for two-year-olds, to allow greater flexibility in delivery and childcare (providers can apply discretion).
- To support parents/carers to offset childcare fees, Universal Credits for childcare cost will increase to a maximum amount of £951 for one child and £1,630 for two children.

1.1.5 The Childcare Reforms present significant challenges and opportunities for the Local Authority and its partners. A "One Council" approach is needed to successfully deliver this far-reaching agenda.

1.2 Local Authority Statutory Duties – Childcare

- 1.2.1 The Childcare Reforms should be considered alongside the Local Authority's existing statutory duty under Section 6 of the Childcare Act 2006 to, as far as reasonably practicable, ensure that there is sufficient childcare for working parents/carers, or parents/carers who are studying or training for employment, for children aged 0 to 14, or up to 18 for children with special educational needs and disabilities.
- 1.2.2 The Childcare Act 2006 sets out a clear role for the Local Authority when intervening in the market to ensure sufficient places are available. The Local Authority will make decisions on whether to intervene in the market based on evidence of unmet demand. When the Local Authority identifies a shortfall of capacity it will consider providing additional places, either through the expansion of existing provision, or through commissioning new provision.

2 EXTENDED ENTITLEMENT

2.1 Extended Entitlement – Current Position

- 2.1.1 There are 371 private, voluntary, and independent nurseries, childminders, and school nurseries in Sheffield. All parents/carers are entitled to 15 hours of funded childcare per week for 3- and 4-year-olds for 38 weeks of the year.
- 2.1.2 Qualifying families are entitled to 30 hours of funded childcare per week for 3- and 4-year-olds for 38 weeks of the year. In addition, some eligible 2-year-olds are entitled to up to 15 hours funded childcare based on a specific criterion, but generally these are the most vulnerable children and those from families on the lowest income.
- 2.1.3 Take-up for the universal 3- and 4-year-old entitlement in spring term 2023 was 92%, whilst take-up for eligible 2-year-olds was 70%. The Extended Free Entitlement gives eligible working families the opportunity to access up to an additional 15 hours of government funded early education provision over the 15 hours Universal Free Entitlement, equating to 30 hours of funded childcare per week in total. The Extended Free Entitlement for 3- and 4-year-olds was introduced in 2017. Take-up has been increasing and in Spring 2023 stood at 39%.
- 2.1.4 Currently 91.7% of group care providers are good and outstanding and approximately 79% of childminders are good and outstanding.
- 2.1.5 Within Sheffield, approximately 699 children are registered as having special educational needs support requirements whilst 183 have an Education, Health and Care Plan. The majority of these children are at ages 3- & 4-year-old. Children within early years education should have their special educational needs met by their settings, who should have arrangements in place to identify this and promote equal opportunities. This is monitored through the statutory framework for children's early education aged 0 to 5 years, The Early Years Foundation Stage, which provides standards for all children's learning (including those with additional needs), development and care in early years settings.

2.2 Extended Entitlement – Childcare Reforms

2.2.1 The focus of the Extended Entitlement programme is the introduction of 30 hours of funded childcare for children over the age of nine months. Children will be eligible for this the term after they turn nine months. This will be introduced to qualifying families in England where each parent's/carer's earnings are under £100k per year and at least £167 per week (equal to 16 hours at the National Minimum or Living Wage).

2.2.2 The 30 hours of funded childcare will be rolled out in phases:

- **Phase 1: April 2024** – 15 hours of childcare over 38 weeks of the year made available to eligible parents/carers of two-year-olds.
- **Phase 2: September 2024** – 15 hours of childcare over 38 weeks of the year made available to eligible parents/carers of 9-month to 3-year-olds.
- **Phase 3: September 2025** – 30 hours of childcare over 38 weeks of the year made available to eligible parents/carers of 9-month to 3-year-olds.

2.3 Extended Entitlement – possible impact of increased Extended Entitlement

2.3.1 A forecast methodology has been developed to estimate demand for the Extended Entitlement of places for 2-year-olds. It is forecast that there will be between 2,068 and 2,169 2-year-olds taking up the Extended Entitlement in April 2024, an increase of over 100%.

2.3.2 It is important to note that there are a range of factors which influence forecasting including:

- The general population of 2-year-olds fluctuating.
- The number of working families eligible for the new Extended Entitlement.
- How parents/carers will react, for example some parents/carers may consider that their 2-year-olds are too young for formal childcare.
- The level of informal childcare that parents/carers continue to use.
- Type of childcare available.

2.3.3 Consequently, there is a margin for error which cannot be quantified, apart from applying the current assumptions made on take-up of the current 30 hour offer for 3- and 4-year-olds. To help mitigate this, three different scenarios have been modelled to produce the forecast figure. Alongside forecast demand, supply of places has also been reviewed, which indicates that there is capacity for approximately 2,070 new two-year-old places from April 2024. Therefore, there appear to be sufficient places to accommodate the April 2024 demand for Extended Entitlement. However, if demand is significantly higher than forecast, this would pose a significant challenge. Demand and supply will continue to be monitored to oversee this risk.

- 2.3.4 Forecasting is under development for the changes in Phase 2 in September 2024 and Phase 3 in September 2025. As this is a new provision, current forecasting methods need to be revised to effectively assess the potential demand for these changes.
- 2.3.5 The Local Authority is required to produce an annual childcare sufficiency assessment, measuring existing childcare provision and mapping supply, demand, and gaps in the childcare market. The 2023/24 childcare sufficiency assessment has now been prepared and will help inform the roll out of Extended Entitlement.

2.4 Extended Entitlement – Delivery Plan

This section 2.4 comprises the “**Extended Entitlement Delivery Plan**”:

- 2.4.1 The first phase of the Government’s programme commences in April 2024 when all eligible two-year-olds will be able to access up to 15 hours of childcare over 38 weeks of the year. Parents and carers have been able to apply from 2 January 2024 in readiness for this.
- 2.4.2 The Local Authority will work with childcare providers as set out in the statutory guidance to deliver the Government’s ambition. The Local Authority is working with childcare providers to explore what support the sector will need to expand to create the additional places required as the programme rolls out further to include younger children from September 2024 with the increase to 30 hours from September 2025. This will feed into the Extended Entitlement Delivery Plan that is to be prepared for approval under delegation.
- 2.4.4 The Local Authority Delivery Support grant (£102,000) will support the Local Authority’s programme and delivery costs associated with the Extended Entitlement roll out (see sections 4.5.1 and 6.2 for more details). In addition, part of the capital Childcare Expansion Grant (£849,000) will support the delivery of the Extended Entitlement Delivery Plan (see section 4.5.3 for more details) and new Extended Entitlement funding of £14.743m is forecast to be paid to the Local Authority via the Dedicated Schools Grant (see section 4.5.4).
- 2.4.5 It is requested that the Committee delegates to the Strategic Director of Children’s Services to agree and implement the Extended Entitlement Delivery Plan once it has developed and finalised.

3 WRAPAROUND CARE

3.1 Wraparound – Current position

- 3.1.1 There are currently 136 primary schools across the city, with approximately 4,000 breakfast club places and 3,500 after school club places. 127 primary schools are offering some form of before school and after school childcare either run by the school or by a private, voluntary, or independent provider. However, only 33 primary schools provide a full wraparound care offer between 8am-6pm. There are 44 primary schools who do not offer any after school provision and 9 schools have no breakfast club.

3.1.2 The Local Authority intends to undertake surveys of parents/carers of children with special educational needs and disabilities to understand potential demand and use this to support forecasting methodology going forward. This information will also be included within the delivery plan.

3.2 Wraparound Care – Childcare Reforms

3.2.1 The Government announced the investment of £289 million in start-up funding to increase the supply of wraparound care in primary schools. This programme will enable schools, childcare providers and local authorities to test flexible ways of providing childcare and gather evidence of what works.

3.2.2 All children of primary school age (Reception to Year 6 inclusive) should be able to access wraparound care between 8am and 6pm, Monday to Friday in term time by 2026, which will begin to be rolled out from September 2024. The aim is for this provision to be self-financing/sustainable by September 2026. This includes families whose child may have special educational needs or disabilities, whether they attend a mainstream or special school.

3.2.3 It is important to note that parents/carers will still be expected for pay for wraparound care with the support of existing Government subsidies (Tax Free Childcare and the childcare element of Universal Credit).

3.3 Wraparound Care – Possible impact of increased Wraparound Care

3.3.1 Surveys of parents, carers, schools and private settings were undertaken in summer 2023 to understand the current position. 70% of parents/carers who responded (108 responses) wanted more childcare and said it would help them to work or train. 55% of those accessing wraparound care cited issues with access to current provision due to place shortages.

3.3.2 Forecasting methodology for Wraparound Care is currently under development with the Performance and Analysis Service, as this is an entirely new area of activity. It is envisaged that demand will increase slowly as parents who already access informal childcare may continue with their current arrangements. The Local Authority intends to consult parents at a school level to understand potential demand and use this to support forecasting methodology going forward. This will include consultation with parents/carers of children with special educational needs and disabilities to assess what the demand might look like. It is important that this is part of a wider strategic plan and considers how practically any childcare can be offered, considering issues such as home school transport and availability of staff to deliver childcare in specialist settings.

3.4 Wraparound Care – Delivery Plan

This section 3.4 comprises the “**Wraparound Delivery Plan**”:

3.4.1 The Local Authority agreed to comply with the terms of a memorandum of understanding in November 2023 relating to the Wraparound grant funding of £2,678,000. The memorandum specifies that the Local Authority must use the funding to:

- expand existing wraparound childcare provision; and / or

- introduce provision where wraparound childcare provision does not exist.

3.4.2 The Local Authority has a specific role as set out in the memorandum of understanding, specifically in relation to the acceptance of the programme funding for wraparound care. This includes putting in place a robust Governance structure, alongside mapping of existing provision, and understanding demand and analysing the gaps. In addition, there are other key conditions which include:

- communicating with the sector and all stakeholders to raise the profile of wraparound care and seek their engagement.
- working with and supporting providers to expand or set up new provision, ensuring quality and safeguarding standards are met.
- developing application criteria and processes for allocation of funding to schools and providers.
- developing systems for monitoring spend and collection of data.
- promoting wraparound care to providers and parents/carers.
- promoting Government subsidies (Tax Free Childcare and the childcare element of Universal Credit).

3.4.3 The above and information from section 3.3 will feed into the Local Authority's proposed Wraparound Delivery Plan, which must be submitted to the Department for Education who have provided the Local Authority with specific submission dates over the course of the next two years (see appendix one). The plan will include the approach the Local Authority will take to implement the reforms and report on the capacity being proposed to deliver the programme, alongside outlining how funding will be allocated and information and advice for parents/carers will be provided. The Local Authority will also need to demonstrate how ongoing monitoring of supply and demand and quality assurance of provision will be undertaken. This plan will be monitored throughout the 2-year implementation phase and will be evaluated nationally to measure impact. The Local Authority will work with schools and providers to develop area delivery plans based on assessed supply/demand in each of the seven school planning areas. Business cases will be submitted to the Childcare Reforms Governance Board to consider against.

3.4.4 Wraparound grant funding (£2,678,000) will support the Local Authority to implement the Wraparound Delivery Plan (see sections 4.5.2 and 6.2 for more details). In addition, part of the capital Childcare Expansion Grant (£849,000) will support the delivery of the Wraparound Delivery Plan (see section 4.5.3 for more details).

3.4.5 It is requested that the Committee delegates to the Strategic Director of Children's Services to agree and implement the Wraparound Delivery Plan (subject to Department for Education's approval of the Wraparound Delivery Plan).

4 DELIVERY PLAN FOR THE CHILDCARE REFORMS

- 4.1 The implementation of such an ambitious programme as the Childcare Reforms cannot be underestimated. Creating additional childcare places is dependent on several factors which all must be synchronised to achieve the desired outcome. Childcare providers whether schools or private, voluntary, or independent providers require good, qualified staff. This is dependent on the hourly rate of pay being adequate to enable them to attract good, qualified, experienced staff. Increasing the number of places available, is reliant on the premises either being re-organised or expanded which is dependent on capital funding being made available, and planning applications being approved. Additionally, ensuring that demand for the places exists is dependent on effective communications to raise parents' and carers' awareness of what they can access and stimulate take-up.
- 4.2 Due to time pressures and complexity of the coordination of each element when considering intervening in the childcare market the Local Authority has set out some high-level principles that has been previously consulted on and agreed. These are that the Local Authority will:
- **develop and sustain high trust relationships**, building on previous successes to strengthen the quality of our policy making practice and make changes in partnership and in consultation with our key stakeholders.
 - **use** local knowledge and intelligence (e.g. data and feedback) to ensure that schools and providers are of the **right size and in the right location to meet demand** for places.
 - ensure that provision is **sustainable and well placed** to deliver a **high-quality education** that meets the needs of the local community and makes **best use of public funding**.
 - **promote educational inclusion** and focus on preparing children for transitions and independence.
 - **exploit opportunities for innovative practice when developing proposals** to support sustainability and value for money by linking different services together.
 - **assess wider impact** where any new schools are being developed by considering the impact on other schools and providers and the impact of early education, childcare and post 16 provision. This also extends to assessment of equalities and climate impact of any proposals.
- 4.3 These overarching principles will be applied when the Local Authority determine how any grant funding will be allocated to achieve delivery of the Childcare Reforms.
- 4.4 In June–July 2024 the Department for Education is set to confirm approval of the Wraparound Delivery Plan.
- 4.5 In order to assist with implementing the Childcare Reforms the Local Authority expects to receive the following amounts:

4.5.1 Local Authority Delivery Support grant (revenue) (£102,000)

The Local Authority accepted the terms of a memorandum of understanding and became the accountable body for the Local Authority Delivery Support grant in October 2023.

The grant is to be used by the Local Authority to meet programme and delivery costs associated with the Extended Entitlement roll out. Further details of this are set out in section 6.2 of this report.

4.5.2 Wraparound grant (revenue) (£2,678,000)

Following an Extreme Urgency decision taken by the Strategic Director of Children's Services on 16 November 2023, the Local Authority accepted the terms of a memorandum of understanding and became the accountable body for the Wraparound grant.

Additional details about the terms of the memorandum of understanding and how the grant monies are to be used are detailed in sections 3.4 and 6.2 of this report.

£294,000 (11%) of the Wraparound grant is to be retained centrally to support the implementation of the Wraparound Delivery Plan. The remaining grant monies of £2,384,000 will be distributed to schools, private, voluntary, and independent providers, and childminders to develop new and expand existing Wraparound provision.

It is requested that the Committee delegates to the Strategic Director of Children's Services to allocate grant awards above £50,000 from the Wraparound grant funding of £2.678m where set out in the Wraparound Delivery Plan. Any grant awards under £50,000 will be made under an Officer decision and not fall within this delegation.

4.5.3 Childcare Expansion grant (capital) (£849,000)

Finance Committee approved acceptance and became the accountable body for the Childcare Expansion grant in January 2024.

The grant is intended to support the Local Authority in delivering Extended Entitlement and Wraparound Care provision.

The strategy for the allocation of the capital Childcare Expansion Grant needs to be agreed by the Education, Children and Families Policy Committee before allocations can be approved by the Finance Committee as part of the Local Authority's Capital Approvals Process.

It is requested that the Committee delegates authority to the Strategic Director of Children's Services to agree the strategy for the allocation of the capital Childcare Expansion Grant of £849,000 for Extended Entitlement and Wraparound Care provision.

4.5.4 Extended Entitlement funding (£14.743m)

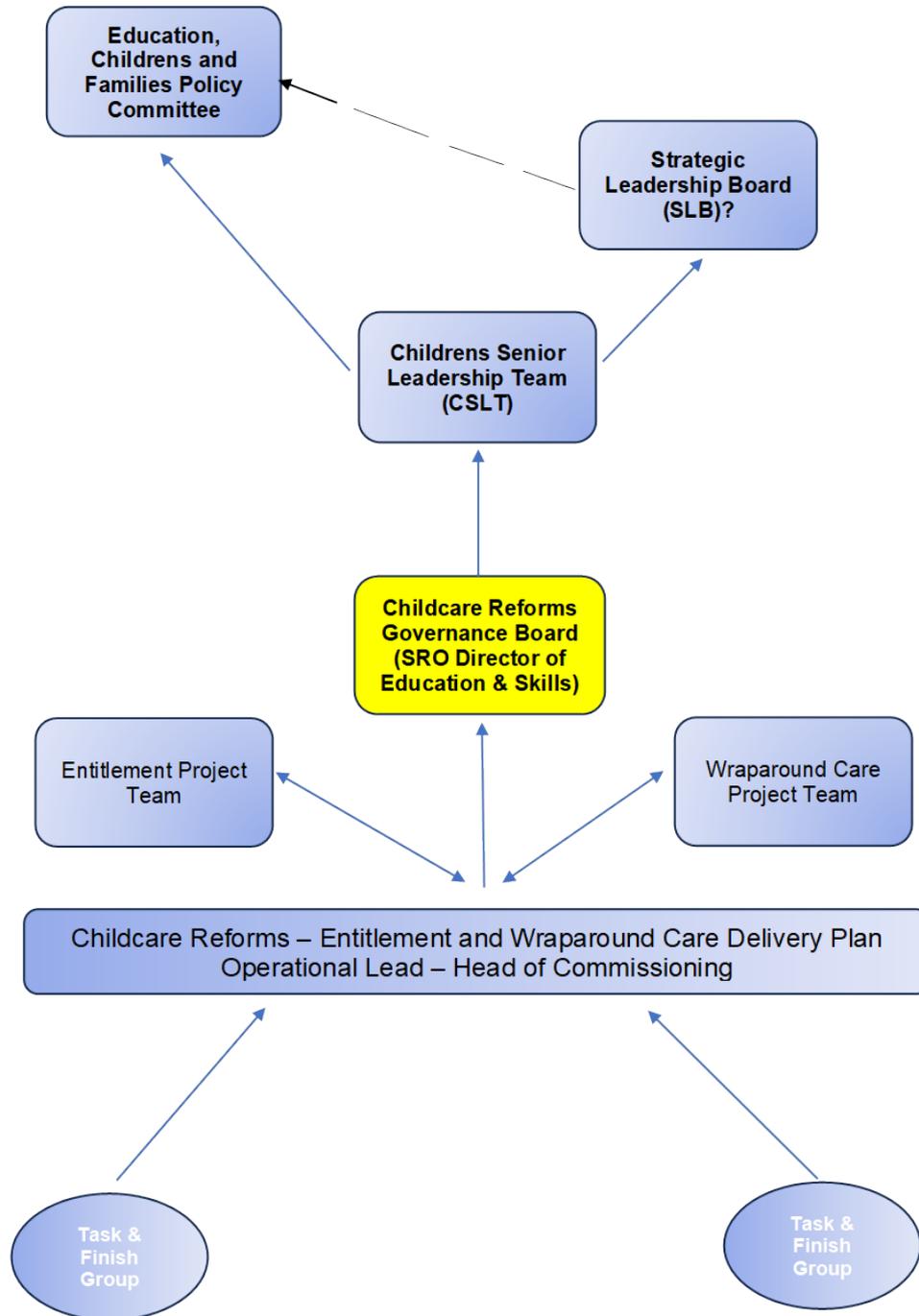
The new Extended Entitlement funding forecast for the Local Authority totalling £14.743m is paid to the Local Authority via the Dedicated Schools Grant (DSG). This is in addition to the £37m that Sheffield was allocated in 2023/24 for the current take-up of 2-,3-,4-year-olds who take-up 15 or 30 hours.

DSG funding is paid to the Local Authority based on an estimate of part time equivalent pupil numbers for both 3&4-year-olds and the two new funding streams targeted at working parents of 2-year-olds and under. The final DSG funding allocation paid to Sheffield for 2024/25 will not be published and finalised until July 2025. All DSG funding is approved by the Sheffield School Forum annually in their February meeting.

All DSG funding paid to early years providers must adhere to the Department for Education's annual published operational guidance. A consultation was held with Sheffield Early Years providers (07/12/2023 to 19/12/2023) on the new extended entitlement funding and the funding proposal to apply consistency across all age ranges. The outcome of this consultation will be shared with the Early Years Working Group, subgroup of the School Forum, and their feedback will be shared with the Sheffield School Forum in February 2024.

5 CHILDCARE REFORMS GOVERNANCE BOARD

- 5.1 The Childcare Reforms Governance Board has been set up with membership from Heads of Service across the directorate to oversee the Extended Entitlement Delivery Plan and the Wraparound Delivery Plan (including the allocation of the various grants referred to in this report).
- 5.2 The Board will support the Strategic Director in their role and will maintain effective oversight of the Extended Entitlement Delivery Plan and the Wraparound Delivery Plan to ensure the Childcare Reforms measures are delivered, including making recommendations to the Strategic Director.
- 5.3 Once the Childcare Reforms Governance Board has made a prior recommendation to the Strategic Director of Children's Services, the Strategic Director will be able to use the powers delegated by the Committee as a result of this report and as set out in point 2) of the Recommendations.
- 5.4 The proposed governance board structure set out below shows the Director of Education and Skills is the SRO who is responsible for the localised ownership and responsibility of decision making, including chairing the Board. The Head of Service of Education / Special Educational Needs and Disabilities Commissioning is the operationally responsible lead of the Childcare Reforms and accountable for reporting to the SRO.



6 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

6.1 Equality Implications

6.1.1 Decisions need to consider the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010. This is the duty to have due regard to the need to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.1.2 The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

6.1.3 An Equality Impact Assessment has been carried out and highlights that the Government’s Childcare Reforms and adoption by the Local Authority of the new childcare entitlements, primarily impacts the children and young people in the 9-months to under 3-year-old age group for pupils within the early year cohorts. This will include Black and Minority Ethnic pupils and those with special educational needs and disabilities. The impact will also be felt by different communities and localities. Expansions at childcare settings will also impact on other factors such as climate, transport, ecology etc. within a specific planning area.

6.2 Financial & Commercial Implications

6.2.1 Table 1 below summarises the new / additional funding coming into the Local Authority to support the Government’s Childcare Reforms:

Table 1: Childcare Reforms	£	Approval Details
1. New: Wraparound Grant (revenue)	2,678,000	Grant terms accepted in November 2023
2. New: Local Authority Delivery Support Grant (revenue)	102,000	Grant terms accepted in October 2023
Total: New Grant Funding (Revenue)	2,780,000	
3. New: Childcare Expansion Grant (capital)	849,000	Grant acceptance going before Finance Committee on 23 January 2024
Total: New Grant Funding (revenue + capital)	3,629,000	

6.2.2 1. New: Wraparound (Revenue) Grant (£2,678,000)

The Local Authority’s Wraparound Grant funding has previously been approved to accept and the funding allocation / profile is as follows:

Table 2:	£
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<u>DfE: Wraparound Grant Allocations</u>	
2023/24	25,000
2024/25	1,813,000
2025/26 (provisional – TBC)	840,000
Total: Grant Funding (5 terms)	2,678,000

Whilst the Wraparound memorandum of understanding is quite detailed, it does allow the Local Authority to centrally retain up to 11% (£294,000) for admin, capacity planning etc with the remaining programme grant (£2,384,000) distributed to schools, private, voluntary, and independent providers, and childminders to develop new and expand existing provision.

The Local Authority will work with schools and providers to develop area delivery plans based on assessed supply/demand in each of the seven school planning areas. Business cases will be submitted to a panel to consider against set criteria/principles (as per this report).

2. New: Local Authority Delivery Support Grant (£102,000)

In addition, a new Delivery Support Grant of £102,000 has been paid to the Local Authority and is to be retained centrally to build capacity to support the additional workload of processing for the Extended Entitlement roll out from April 2024.

It is proposed to combine the Delivery Support Grant (£102,000) with the centrally retained element of the Wraparound grant (£294,000) to give a total planning / administrative budget of (£396,000).

3. New: Capital Grant – Childcare Expansion (£849,000)

The Local Authority's Childcare Expansion Grant funding of £849,000 (23/24) has previously been approved to accept by Finance Committee. The funding is to support the Local Authority in delivering the expansion of the 30-hours early years entitlement for working families and wraparound provision in primary schools.

The Childcare Expansion Capital Grant is allocated on the likely take-up of the expanded 30 hours offer in eligible children and the number of state-funded mainstream primary schools in Sheffield not offering any existing wraparound provision or only offering before/after school provision. The grant is to be used to expand provision to increase childcare capacity e.g. for extensions, refurbishment etc.

An application process will be set up for childcare providers and schools to submit business cases for a panel to consider against criteria/principles as outlined in this report. Final decisions on allocations will be made via the Resource and Strategy Committee as part of the Local Authority's Capital and Programme Board process.

6.2.3 New Hourly Rates: Extended Entitlement (£14.743m)

In addition to the new grant funding allocations outlined in Table 1, subsequent to the implementation of Childcare Reforms, the Local Authority anticipates receiving

Dedicated Schools Grant funding for early year providers offering Extended Entitlement. Based on the indicative allocation provided by the Department for Education, these allocations are presently estimated to be £14.7 million for the fiscal year 2024/25. This allocation comprises a £14 million for Extended Entitlement, with an additional £0.7 million earmarked for supplementary pupil premium for 2-year-olds and disability access fund funding.

It is pertinent to highlight that the indicative allocation for early year providers is contingent upon the actual uptake of provision. Table 3 summarises the national average hourly funding income rates payable to local authorities for 2024/25 (NB: Sheffield receives a lower hourly funding rate than the Government’s quoted national average rates).

Table 3: Provider Hourly Funding Rates (24/5)	DfE: National Average £	Sheffield £
Under 2-year-olds	11.22	10.85
2-year-olds	8.28	7.95
3- and 4-year-olds	5.88	5.56

6.2.4 Financial Management of the New Grants

Regarding the new grant funding both revenue (£2,678,000) and capital (£849,000) a number of issues will need to be considered and a financial framework developed to ensure efficient and effective financial management:

- To agree tasks and timetables and co-ordinate component parts of the project as required by the funder grant(s) terms and conditions.
- Agree and approve the grant funding methodology / allocations.
- Agree a financial framework with third parties for paying / monitoring grant monies and avoid duplicate / cross funding of existing provision.
- Determine the need for developing additional back-to-back grant agreements with each third party for both revenue grant and capital grants.
- Grant Monitoring returns, year-end Statements of Grant Usage etc. from all parties and Audit sign off.
- Development of a meaningful grant exit strategy to ensure that there are no ongoing, unfunded costs once the grant funding has ended.

6.3 Legal Implications

- 6.3.1 The details outlined in this report will support the Local Authority to meet its statutory duties under the Childcare Act 2006. These duties are referenced in the main body of the report.
- 6.3.2 Section 6 of the Childcare Act 2006 requires local authorities to secure, so far as reasonably practicable, sufficient childcare for children in their area to enable parents/carers to take-up or remain in work or undertake education or training to obtain work.
- 6.3.3 The forthcoming amendments to the Childcare (Free of Charge for Working Parents/Carers) (England) Regulations 2022 will place a duty on local authorities to provide free early years entitlements places for children eligible for the extended 30 hours entitlement from the term after they reach the age of 9-months age eligible until the child starts school.
- 6.3.4 This report sets out that the Extended Entitlement Delivery Plan and the Wraparound Delivery Plan will be finalised once the further steps and monitoring outlined in this report have taken place, including the Department for Education approving the Wraparound Delivery Plan. Therefore prior to implementing the finalised Delivery Plans, the Local Authority should be able to ensure that it is meeting its statutory duties and can effectively implement the Childcare Reforms.
- 6.3.5 It should be noted when allocating any grant funding and entering into funding agreements, any key Government grant terms should be flowed down to the grant recipients, including a consideration of any Subsidy Control implications under the Subsidy Control Act 2022.

6.4 Climate Implications

- 6.4.1 A Climate Impact Assessment has been carried out and highlights that a possible negative climate impact of the Government's Childcare Reforms and adoption by the Local Authority of the new childcare entitlements could be more people using private vehicles and increased congestion due to more people being in work.
- 6.4.2 However, an increase in the amount of wraparound care in schools could reduce the number of journeys made transporting school aged children to different residential and childcare settings to meet their before and after school care needs. This childcare will be available locally and could reduce the number of longer journeys if there are fewer arrangements with relatives and childminders who live further away from children's schools.
- 6.4.3 The Local Authority promotes the use of active transport, such as walking or cycling, and the use of public transport over private vehicles. However, it is still likely that an increase in people working will lead to an increase in private vehicle use.
- 6.4.4 If private, voluntary, and independent settings plan to expand their sites to accommodate an increased number of children attending their setting, they will be responsible for arranging this and making any necessary planning applications. The Local Authority's Planning Team would review these and seek to approve applications that have minimal negative climate impact, or even a positive climate impact.

6.5 Other Implications

6.5.1 Human Resources Implications

The work required to deliver the Government's Childcare Reforms spans across the Local Authority, including Integrated Commissioning, Education and Skills, Neighbourhood Services – Communities, and Employment, with several teams responsible for their implementation. These include:

- Education and Childcare Commissioning Team
- Early Years Foundation Stage Quality Improvement Team
- Early Years Census Team (Performance and Analysis Service)
- Early Years Funding Team
- Family Hubs & Start for Life Team

6.5.2 Recruitment and Retention of staff

6.5.2.1 It is both reported at a national level and local level that staffing is now seen as the main challenge for the sector with some providers in Sheffield only just meeting the ratios of workers to children required. In Sheffield, nurseries have a staff turnover rate of 24%, compared to a national average of 15-18% a year. Over the last 10 years the number of childminders has halved and the sector reports that experienced skilled staff have left for better paying jobs in other areas.

6.5.2.2 This means there is a risk that providers cannot meet an increase in demand.

7 ALTERNATIVE OPTIONS CONSIDERED

- 1) **Do nothing** – this is not a viable option as the Local Authority would be in breach of its statutory duty to ensure that there is sufficient childcare for working parents/carers, or parents/carers who are studying or training for employment, for children aged 0 to 14, or up to 18 for children with special educational needs and disabilities. Doing nothing would mean that the Local Authority's existing childcare provision will be insufficient to meet the demands of the first phase of the roll out, which comes into effect in April 2024 (parents/carers are able to apply for this from 2 January 2024) as well as the second phase which is to be implemented in September 2024.
- 2) **Proceed to implement the Childcare Reforms** – as set out in the Recommendations section of this report. This option allows the Local Authority to start the implementation process, meet its statutory duties and be compliant with the Government's requirements.

3)

8 REASONS FOR RECOMMENDATIONS

Due to the short timescale for the implementation of the Childcare Reforms programme it is proposed that the Local Authority proceeds to implement option 2 above. By agreeing the approach to deliver the Childcare Reforms, as set out in this report, this will enable the Local Authority to commence the implementation process whilst the Extended Entitlement Delivery Plan and the Wraparound Delivery Plan are being finalised, which will ensure timely compliance with the Government's requirements. Further updates will be provided to the Committee in a future report.

Appendix 1

Wraparound key dates Department for Education

October 2023	Local authority allocations and grant determination letter published MoU issued to local authorities
November 2023 onwards	Local authorities sign and return the MoU to DfE
December 2023	Grant payment 1 FY 2023-24 – local authority capacity funding paid when MoU signed
23 February 2024	Local authorities submit local authority capacity plan
May 2024	Grant payment 2 FY 2024-25 – local authority capacity funding paid once capacity delivery plan approved
7 May - 14 June 2024	Window for local authorities to submit local authority programme delivery plan
June 24 – July 2024	DfE confirm local authority programme delivery plan approval and grant payment 3 FY 2024-25 made
21 February 2025	Local authorities submit local authority programme delivery plan update 1
May 2025	Grant payment 4 FY 2025-26 – programme funding paid once delivery plan update approved
November 2025	Local authorities submit programme local authority delivery plan update 2
April 2026	Grant payment 5 FY 2025-26 – final programme funding paid in arrears upon completion of final reporting requirements

