

# Birmingham City Council

## Report to Cabinet

19<sup>th</sup> March 2024



**Subject:** GRANTS TO SCHOOLS AND PRIVATE, VOLUNTARY AND INDEPENDENT CHILDCARE PROVIDERS FOR THE DFE WRAPAROUND PROGRAMME AND EARLY YEARS CHILDCARE EXPANSION - CAPITAL AND REVENUE FUNDING.

**Report of:** Sue Harrison, Director of Children and Families

**Relevant Cabinet Member:** Cllr Karen McCarthy - Children, Young People & Families

**Relevant O &S Chair(s):** Cllr Kerry Jenkins - Education, Children & Young People

**Report author:** Kevin Caulfield  
Childcare Sufficiency and Early Education Entitlement Strategy Manager  
Early Years and Childcare Service  
Tel. 07783884540  
Email Address: [kevin.caulfield@birmingham.gov.uk](mailto:kevin.caulfield@birmingham.gov.uk)

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 012547/2024		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

## 1 Executive Summary

- 1.1 To seek approval to develop programmes to support the expansion of the Early Years and Wraparound Childcare offers and to award Capital and Revenue funding to childcare providers in Birmingham to enable the Local Authority to meet its statutory Childcare Sufficiency duty from April 2024. The total funding available is £7,438,663 Revenue and £1,679,209 Capital. Funding awarded will not exceed these amounts.

## 2 Recommendations

That Cabinet approve:

- 2.1 The development of the Wraparound Childcare and Expanded Early Years Offer Capital and Revenue capacity building programmes.
- 2.2 The rollout of the Capital and Revenue funding programmes to schools and childcare providers in Birmingham.
- 2.3 Delegated authority to the Director of Children and Families in consultation with the Interim Director of Finance (Section 151 Officer), the City Solicitor and the Head of Early Years and Childcare (or their delegates) to award funding to Childcare providers within existing Council financial and legal governance frameworks including the execution and completion of all necessary documents.

## 3 Background

- 3.1 At the Spring Budget in March 2023 the Government set out large-scale childcare reforms to increase availability, reduce costs and increase the number of parents using it. This is in recognition that Childcare plays a vital role in enabling parents to work and support children's early development, which in turn improves economic growth. The Budget announced a range of measures to support education and help parents with childcare so they can return to work more easily.
- 3.2 The two most significant measures announced related to Wraparound Childcare for primary aged children and the Expansion of the Early Education offer to children of eligible working parents aged 2 and under.
- 3.3 **Wraparound Childcare:** The government will invest £289m over two academic years (from Sept 2024) to enable local authorities to set-up wraparound childcare provision. This is the first step in the government's ambition for all parents of primary school children (Reception to Year 6) who need it to access childcare in their local area from 8am – 6pm.
  - 3.3.1 This funding will be for local authorities to introduce or expand childcare provision on either side of the school day and enable them to develop flexible ways of providing childcare and gather evidence of what works.
  - 3.3.2 The DfE expect parents to see an expansion in wraparound childcare from September 2024 with every parent that needs it able to access term-time wrap-around childcare by September 2026.

### 3.3.3 The programme:

- Is for Term-Time only provision and does not cover holidays.
- The primary focus is to support 'Working Parents'.
- Is not just about delivery in schools. It can be used to fund providers such as PVI's (Private, Voluntary and Independent), Childminders and Schools.
- It is not available or intended to subsidise the cost of places for parents. Other funding is available to support parents e.g., Universal Credit Childcare and Tax-Free Childcare.

### 3.4 The Council will receive 2 funding streams from the DfE:

#### 3.4.1 Programme Revenue Funding for LA'S which can be used as follows:

- 11% of the funding can be used to build capacity within the Early Years and Childcare Service to support development and roll-out of the wraparound programme (as per DfE guidance).
- 89% of the funding must be used to support the creation of new places where sufficiency gaps can be demonstrated. Providers will be grant funded for the duration of the programme to support the running of the provision whilst it is established.

#### 3.4.2 Capital Funding is available to allow Local Authorities to provide grants to providers to support the creation of new places where there is a sufficiency gap. (This is part of a capital allocation that also funds Expanded Early Education places).

### 3.5 **Expansion of the Early Education Offer:** The Early Education Offer for eligible working parents will be extended to children under 3 and phased in from April 2024 as follows:

- From April 2024, eligible working parents of 2-year-olds can access their 15 hours childcare (over 38 weeks a year) from the term after their child's 2nd birthday.
- From Sept 2024, eligible working parents of children aged 9 months up to 3-year-olds can access 15 hours childcare (over 38 weeks a year) from the term following their child turning 9 months.
- From Sept 2025, the offer will be rolled out in full, with eligible working parents of children aged 9 months and above able to access 30 hours (over 38 weeks a year) from the term following their child turning 9 months.

#### 3.5.1 Funding to support the Expansion of the Early Education Offer is significantly less than the Wraparound programme due to the assumption from the DfE that in the main there are currently sufficient places available to meet current and future (up to phase 2) demand for places. This assumption is in line with our own childcare sufficiency data. As places become funded rather than

dependent on parental fees it is expected they will be in high demand so therefore will become financially sustainable.

### 3.6 The Council will receive 3 funding streams:

- 3.6.1 Delivery Support Revenue Funding to support increased LA costs associated with the delivery and roll out of the programme.
- 3.6.2 Capital Funding is available to allow Local Authorities to provide grants to providers to support the creation of new places where there is a sufficiency gap. (This is part of Capital Allocation that also funds Wraparound places).
- 3.6.3 There will be an increase to the Early Years Block to directly fund the children that take up the places for the wider offer within settings as is the case currently for the 2-, 3- and 4-year-old entitlements. The allocation of this funding is overseen within the Schools Forum as part of the Dedicated Schools Grant and is outside of this cabinet report.

### 3.7 There is a requirement to specifically report progress of the Wraparound programme to DfE periodically (see **Appendix C** for timelines and information requirements).

## 4 Options considered and Recommended Proposal

- 4.1 Do nothing with the funding and the Council would not be meeting its statutory Childcare Sufficiency duty which enables parents to access funded and wraparound childcare places supporting them to work in addition to depriving children the opportunity to improve their outcomes and realise their potential.
- 4.2 Allocate funding through a grants award process linked to the areas identified with a shortfall in provision according to the Sufficiency assessment undertaken. This would enable schools and settings to apply for revenue and/or capital funding with applications being assessed by a panel against set criteria to ensure the funding is targeted to areas most in need. The grants process would use the Council's formal grant award process and be subject to completion of Conditions of Grant Aid for each grant awarded. This is the recommended proposal.

## 5 Consultation

- 5.1 All Business Partners from Finance, Legal, HR and Procurement have been consulted.
- 5.2 The Cabinet Member for Children, Young People and Families and the Chair of the Overview and Scrutiny Committee for Education, Children Young People and Families have been consulted.

## 6 Risk Management

- 6.1 The Early Years and Childcare Service have extensive experience of the management and rollout of Capital and Revenue funded programmes to the childcare sector; previous systems and processes will be replicated and utilised to ensure successful delivery of the programmes.

- 6.2 A steering group has been meeting since September 2023 representing different service areas within the Council (Early Years and Childcare, Area SENCO, Finance, IT and Property) to manage and monitor the progress of the programmes. Other professionals such as Legal colleagues will be brought in to support and advise as and when required. This group will develop and monitor a Risk Register as part of their work with high level risks escalated as appropriate.
- 6.3 The Early Years and Childcare Service are currently developing a 'Growth' staffing structure which includes a number of permanent and fixed term contract posts that are required to ensure there is enough capacity to deliver the programmes. The structure is fully costed with the fixed term contract posts funded from the LA Delivery and Capacity support funding allocation and the permanent posts funded from the Early Years block of the Dedicated Schools Grant.

## **7 Compliance Issues**

### **7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 Decisions will support the priorities outlined in the Council Corporate Plan Priorities for 2022-2026, 'A city of opportunity and grand challenges'.

- Opportunities for Children and Young People: Will give children opportunities to access early education and childcare which will enable them to thrive as well as taking children and families out of poverty.
- Employment Skills and Local Economy: By supporting parents to access affordable childcare to enable them to start work or increase working hours.
- Community Resilience, cohesion and living standards: There will be an increase in the number of safe, good quality early education and childcare places available for children and families.
- Health and Wellbeing: Parents will be able to access good quality, inclusive early education and childcare which will be positive for their own Health and Wellbeing and the ongoing development of their children.

7.1.2 The Improving Services for Children, Young People and Families Plan also requires that we work with key partners to widen access to Early Education Entitlement. This programme will enable access to the new statutory entitlements and meet the requirements in the Plan.

### **7.2 Legal Implications**

7.2.1 Section 6 of the Childcare Act 2006 requires local authorities to secure, so far as reasonably practicable, that there is sufficient childcare for children up to 14 years old (or older if the child has SEND) available in their area to enable parents to work or train for work.

- 7.2.2 Local authorities are required to secure free provision for children eligible for the early year's entitlements. The Statutory guidance '*Early Education and Childcare (applies from April 2024)*' applies to the duty on local authorities to secure early years provision free of charge; the duty to secure sufficient childcare for working parents, including wraparound childcare; the duty to secure childcare free of charge for eligible working parents of 3- and 4-year-olds; the provision of information, advice and assistance to parents and the provision of information, advice and training to childcare providers and supports the introduction of the following working parent entitlements:
- From April 2024, the 15-hour entitlement for children of eligible working parents from the age of 2.
  - From September 2024, the 15-hour entitlement for children of eligible working parents from the age of 9 months.
  - From September 2025, the 30-hour entitlement for children of eligible working parents from the age of 9 months.

### 7.3 Financial Implications

- 7.3.1 **Wraparound Childcare:** Funding for the programme will be un-ringfenced and will form part of the Section 31 Grant to LA's. However, there is a clear MOU (Memorandum of Understanding) from the DfE outlining what the funding needs to be spent on and it is clearly linked to the delivery of the Councils Statutory Duties within the Childcare Act 2006/2026 and The Childcare ((Free of Charge for Working Parents) (England) Regulations 2022 set out within section 7.2 above.
- 7.3.2 The total Wraparound Childcare Programme Revenue Funding is £7,438,663 profiled as follows:
- 2023/24 - £63,165;
  - 2024/25 - £5,050,814;
  - 2025/26 - £2,324,684.
- 7.3.3 The funding is tapered over the 3 financial years as the expectation is funding will be used to increase capacity from September 2024.
- 7.3.4 The funding is made up of 2 elements:
- Funding for Local Authority Capacity (does not need to be tapered).
  - Programme funding to deliver new and expanded places (tapered).
- 7.3.5 We will retain the maximum level 11% of the total funding as suggested by DfE to support programme development and rollout costs.
- 7.3.6 Programme funding can be used to cover costs including staffing, training, and transport costs such as minibus hire (not purchase, although capital funding could be used for this), as well as resources. It can also be used to remove any financial risk to providers as demand builds, to remove any

financial risk to providers of offering additional places before demand is guaranteed.

- 7.3.7 The DfE have confirmed unused funding can be carried forward to future financial years during the life of the programme i.e., 2023/24 to 2026/27.
- 7.3.8 There will be a robust, transparent funding process in place with childcare providers to ensure grant funding is used appropriately and in line with DfE required outcomes.
- 7.3.9 Funding agreements will include requirements to gather the management information necessary for grant assurance and programme reporting.
- 7.3.10 Funding decisions will be driven by the Sufficiency mapping which is currently being undertaken and will be completed prior to the commencement of a grant funding programme for schools/settings.
- 7.3.11 **Expanded Early Years Offer:** Delivery Support Funding - Birmingham has been allocated £202,896 revenue funding for the financial year 2023/24 (with agreement from DfE to carry forward if required). The funding is to be used to support LA costs associated with the delivery and roll out of the programme.
- 7.3.12 **Capital Funding:** A total of £1,679,209 has been allocated to the LA to support the creation of new places for the Wraparound Childcare and the Expanded Early Years Offer programmes. The funding can be used to support the expansion of childcare places. It must be spent on capital projects and is being provided to meet the capital costs associated with projects that help ensure sufficient places are available (see **Appendix B** for Eligible Capital Expenditure).

#### 7.4 Procurement Implications

- 7.4.1 We do not anticipate any direct procurement implications for the Council as the purpose of the programme is to grant fund schools and Private Voluntary and Independent childcare providers and childminders.
- 7.4.2 All grant funded providers will be required to comply with all relevant recognised procurement processes and frameworks when spending against their grant funding allocation.

#### 7.5 Human Resources Implications

- 7.5.1 Due to the significant additional work associated with the Wraparound Programme the Early Years and Childcare Service will need to recruit several fixed term contract posts to ensure the successful rollout of the programme and to meet DfE expectations.
- 7.5.2 A business case was presented and approved by CSLT (Childrens Services Senior Leadership Team) 18 January 2024 for initial sign off. This will be presented to the Children and Families Spend Control Board and for 151 approvals if necessary.

- 7.5.3 The posts will be funded from the LA Capacity funding allocation received from DfE covering financial years 2024/25 to 2026/27 and the duration of the programme.
- 7.5.4 The City Council process for establishment of the new posts will be followed and the City Council's Recruitment and Selection and Equal Opportunities in Employment Policy will be adhered to.
- 7.5.5 The manager of the posts will ensure the relevant due diligence is undertaken in the event funding for the post's ceases, and when notice needs to be served at least 4 months before cessation of the budget from where salaries are paid.

## 7.6 Public Sector Equality Duty

- 7.6.1 An Equality Impact Assessment (EAI000259) has been undertaken (See **Appendix D**) The outcomes from the assessment demonstrate that the proposed funding programmes support positive outcomes for children, young people, their families, and carers. No negative impact on people with Protected Characteristics were identified. It was concluded that strengthening the sufficiency of Early Years and Childcare places for children and young people contributes to providing positive life chances and supports a positive approach to Safeguarding and Inclusion in Birmingham.

## 7.7 Environmental and Sustainability Implications

- 7.7.1 As specific projects have not been identified at this stage an Environment and Sustainability Assessment has not been completed.
- 7.7.2 All proposed projects will require an Environment and Sustainability Assessment. This will be built into the grant application and funding award process.

## 8 Appendices

- 8.1 **Appendix A** – DfE Funding Summary
- 8.2 **Appendix B** – Overview of Eligible Capital Expenditure
- 8.3 **Appendix C** – Milestones
- 8.4 **Appendix D** – Equality Impact Assessment (EAI000259)

## 9 Background Documents

- 9.1 Early Years Funding Rates Review 2024/25 paper approved by Schools Forum 18<sup>th</sup> January 2024