

BIRMINGHAM CITY COUNCIL

Public Report

Report to:	CABINET
Report of:	Strategic Director for People
Date of Decision:	15 November 2016
SUBJECT:	EARLY YEARS CAPITAL FUND – APPROVAL TO BID
Key Decision: No	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "tick" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member:	Councillor Brigid Jones - Children, Families and Schools
Relevant O&S Chairman:	Councillor Susan Barnett – Schools, Children and Families
Wards affected:	Various

1. Purpose of report:
<p>1.1 To inform Cabinet of the opportunity to bid for Early Years Capital Funding to support the development of 30-hour provision for 3 and 4 year olds to meet local sufficiency requirements and the new duty for Local Authorities to secure 30-hours of free childcare from September 2017 as defined in the Childcare Act 2016.</p> <p>1.2 The EFA will announce the outcome of bids in December 2016 and any successful projects will be subject to further reports in line with the Council's Gateway process.</p> <p>1.3 The report on the private agenda contains confidential information in relation to the proposals.</p>

2. Decision(s) recommended:
<p>That Cabinet :</p> <p>2.1 Notes that the Local Authority will be expected to have an overview of the expenditure of any successful bids providing such assurances as necessary to the EFA irrespective of whether such projects are Local Authority or PVI procured. Confirmation of details of the assurances required will be outlined by the EFA when the grant terms and conditions are issued.</p> <p>2.2 Notes that there are no financial obligations to the Local Authority associated with the submission of bids.</p>

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3. Consultation

3.1 Internal

The Cabinet Member for Children, Families & Schools has been consulted and supports the proposal to bid for Early Years Capital Funding proceeding to an Executive decision. Officers from City Finance Legal and Democratic Services have been involved in the preparation of this report.

3.2 External

All registered Early Years providers have been made aware of the opportunity to bid for capital funding with invitations to submit potential projects in line with the criteria.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies

The additional capacity will enable the Local Authority to meet its statutory duty in connection with the provision of 30 hours free childcare places for eligible 3 and 4 year olds (i.e. those from single parent families where the parent works or from families where both parents work). Any additional funding will contribute to the Council Business Plan and Budget 2016+, by promoting safety and opportunity for all children. In addition it would address working with partners, putting people and neighbourhoods at the heart of our decision-making and using our strategic assets to leverage economic growth and investment across the City.

4.2 Financial Implications

The Council has submitted 6 bids in collaboration with City Council Early Years providers, an Academy and two PVI organisations (see Appendix 2). The total capital value of all bids amounts to £1,502,271. The EFA's bid guidance states that a minimum of 25% of the total project cost will need to be funded from alternative sources. Further details are shown at 4.2 and Appendix 1 of the private report. Schemes included in the bid are already at an advance stage of development due to the short timescales involved.

4.2.1 There are no financial obligations to the Council associated with the submission of bids. The obligation to commit funds will arise if and when the LA bids are successful. There is no commitment to accept funding if the EFA grant conditions are unacceptable to the Council.

4.2.2 The Local Authority will be expected to have an overview of the expenditure of any successful bids providing such assurances as necessary to the EFA irrespective of whether projects are LA or PVI procured. Confirmation of details of the assurances required will be outlined by the EFA when the grant terms and conditions are issued. A Funding Agreement, or similar, will be executed between the Council and any PVI or Academy in order to enforce the EFA grant conditions and protect the Council's interests.

4.2.3 Each 30 hour place provided under the new statutory duty will be revenue funded through the existing headcount process attached to the Early Education Entitlement (EEE) and will be funded through the Dedicated Schools Grant (DSG). A new national formula is currently subject to a DfE consultation that ends in September 2016. It is expected that any places created through this programme will be sustainable in the long-

term through a combination of EEE funding and contribution for additional hours over and above the 30 hour free entitlement from parents paying fees.

- 4.2.4 Consequential revenue costs including additional staffing and any ongoing day to day repair and maintenance of the facilities created using this capital will be the responsibility of the provider and funded from their own budget.

4.3 Legal Implications

The local authority has powers under section 8 of the Childcare Act 2006 to assist providers of childcare, and pursuant to section 17 of the Education Act 1996 the authority has powers to assist nursery schools, and schools at which there are nursery classes, including those nursery schools not established by the authority. Regulations to be made under the Childcare Act 2016 will place a duty on the Council from September 2017 to secure childcare that is available free of charge for 3 and 4 year old children of working parents for 30 hours per week term time or the equivalent of 30 hours stretched across 51 weeks of the year.

4.4 Public Sector Equality Duty

A Full Equality Analysis (EA0001202) was carried out in May 2016 for Education and Skills Infrastructure's Education Development Plan and Schools' Capital Programme 2016–2017. The outcomes from consultation demonstrate that proposed capital developments support positive outcomes for children, young people, their families and carers. No negative impact on people with Protected Characteristics was identified. It was concluded that sufficiency of educational places and opportunities for all children and young people contributes to providing positive life chances, and supports a positive approach to Safeguarding in Birmingham: actively reducing the number of children and young people out of school helps to mitigate risk to their safety and wellbeing.

5. Relevant background/chronology of key events:

- 5.1 In April 2016 the DfE invited expressions of interest from local authorities who wished to work with local childcare providers to bid for capital funding to expand childcare provision in their area (including schools that currently offer, or plan to offer, provision for 3 and 4 year olds). Only local authorities that submitted a completed expression of interest form via the EFA Enquiry form by 29th April were eligible to take part in the full bidding process.
- 5.2 In July 2016 Birmingham was informed by the EFA that the LA had been successful in the initial expression of interest and received a Project Limit ranking of 'High' which allowed the LA to submit a bid for a maximum of 6 projects. The Project Limit is based on the number of 3 and 4 year old children eligible for 30-hours free childcare in the local authority. Applications had to be submitted by 31st August 2016 and successful bidders will be notified by December 2016.
- 5.3 The total funding available for this round is £40m. High levels of demand are anticipated and only applications which align closely with the fund priorities will be successful. Local authorities were advised to develop high quality applications which provide succinct and relevant evidence that meet the criteria outlined in the Education Funding Agency Information for Applicants dated June 2016 (Appendix 1). Funding will be allocated to projects in areas that are most in need of capital funding to deliver the additional 30 hour places required to meet local sufficiency.
- 5.4 The EFA guidance states that the total cost of each project should be below £1m and a

minimum of 25% of the total project cost should be funded from alternative sources.

- 5.5 The providers eligible for capital funding are PVI nurseries, primary schools or all-through schools with nursery provision, maintained nursery schools and child minders (only if they are involved in partnership bids with group-based providers). All providers must be registered with OfSTED or the Independent Schools Inspectorate.
- 5.6 The EFA accepted applications for new-build nurseries or extensions, refurbishments for conversions of existing buildings but not bids which included the purchase of land or property. The cost of ICT infrastructure, hardware and software, fitted and loose furniture and equipment can be included in the bid provided it is an integral part of a larger refurbishment or new build project. All projects must have a completion date before the end of August 2017.
- 5.7 Subject to approval of bids, the appropriate Planning Permission will be sought where required.
- 5.8 All bids received will be subject to a two stage bid assessment process. Stage 1 will assess individual projects against a set of qualifying tests based on track record with Ofsted, completion date of project; total cost of project (under £1m) and a minimum of 25% of the total project cost being funded from alternative sources. Stage 2 will assess individual projects based on evidence of localised sufficiency need, project outcomes and value for money.
- 5.9 If any of the bids submitted are successful the outcome will be reported to Cabinet once an announcement has been made by the EFA and all successful projects will be the subject of future Full Business Case submissions in accordance with the Council's Gateway process.

6. Evaluation of alternative option(s):

- 6.1 The Council could decide not to progress the bid. This option would mean that the LA is not maximising opportunities to secure the funding that is required to provide sufficient 30 hour places. This would represent a failure on behalf of the LA in meeting its statutory obligations.

7. Reasons for Decision(s):

- 7.1 To approve the submission of a retrospective bid for Early Years Capital funding in order to secure capital investment required to provide sufficient provision for 30 hour places needed to meet local requirements. The new duty comes into effect from September 2017 as defined within the Childcare Act 2016.
- 7.2 To support fulfilment of the LA's obligation under the Childcare Act 2016 to secure free childcare for qualifying children.

Signatures:

Cabinet Member, Children, Families and Schools,
Cllr Brigid Jones

..... Dated:

Strategic Director, People,
Peter Hay

..... Dated:

List of Background Documents used to compile this Report:

Education Funding Agency Early Years Capital Fund – Information for Applications, June 2016

List of Appendices accompanying this Report (if any):

Appendix 1: Education Funding Agency Early Years Capital Fund – Information for Applicants, June 2016

Appendix 2: Early Years Capital Fund - List of Bids.

Report Version: V1

Dated: 28.10.16