

From: Rory Love, Cabinet Member for Education and Skills
Sue Chandler, Cabinet Member for Integrated Children's Services
Sarah Hammond, Corporate Director of Children, Young People and Education

To: Children's, Young People and Education Cabinet Committee – 6 March 2024

Subject: Funding Process for Free Entitlements Capital Funding and Wraparound Provision Capital and Programme Funding

Decision Number: **24/00016**

Key decision - This decision affects all electoral divisions and involves expenditure over £1m

Classification: **Unrestricted**

Past Pathway of report: N/A

Future Pathway of report: Decision by Cabinet Member for Education and Skills

Electoral Division: All

Summary: The report follows on from that presented to Children's, Young People and Education Cabinet Committee on 16 January 2024. It sets out the proposed process for managing and awarding the capital funding the Authority is to receive to support the extension of the funded Early Years entitlements, and similarly that which will apply to both the capital and revenue funding for Wraparound childcare provision. It seeks approval of the proposed processes, which will then be implemented under the delegated authority granted to the Director of Education and SEND in key decision 23/00127 - *The extension of funded early years entitlement and wraparound childcare, and KCC's local funding formula for early years providers funded entitlement payments for 2024-25.*

Recommendation(s):

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Education and Skills on the proposed decision to:

1. approve the process set out in paragraphs 2.1 to 2.4 of this report for the management and awarding of capital funding related to delivery of the extended early years funded entitlements;
2. approve the process set out in paragraph 2.5 of this report for the management and awarding of capital funding and revenue monies related to delivery of the wraparound childcare aspiration;
3. authorise the Director of Education and Skills to adapt these processes, in consultation with the Cabinet Members for Education and Skills and Integrated Children's Services, as necessary to ensure effective delivery.

1. Introduction

- 1.1 In the Government's Spring 2023 budget, the Chancellor introduced and announced funding for two new initiatives: New Early Years Funded Entitlements and Wraparound Provision. These are intended to support working parents with the cost of childcare and help parents to return to work.
- 1.2 The new entitlements are being introduced in phases:
 1. From April 2024, eligible working parents of 2-year-olds can access up to 15 hours per week for 38 weeks of the year.
 2. From Sept 2024, eligible working parents of children aged 9 months up to 3-year-olds can access up to 15 hours per week for 38 weeks of the year.
 3. From Sept 2025, eligible working parents of children aged 9 months up to 3-year-olds can access up to 30 hours per week for 38 weeks of the year.
- 1.3 Parents working the equivalent of 16 hrs a week (earning the national minimum wage or living wage) will be able to benefit from this offer. HMRC will continue to confirm eligibility. Eligible low-income families in receipt of certain benefits will continue to be entitled to 15 hours of funded childcare for 2-year-old children. Key decision 23/00127 outlines the revenue payment rates to early years providers to deliver these entitlements.
- 1.4 In addition, the Government announced its ambition that, by 2026, all parents and carers of primary school-aged children who need it will be able to access term time childcare in their local area from 8:00am - 6:00pm. This is known as wrap-around provision or childcare. To support this, the DfE is issuing a separate revenue grant, over the next three financial years (2024-25 to 2025-26) called "Wraparound Childcare grant" to support with set up costs. The County Council is to receive a maximum of £52k in 2023-24, £4.1m in 2024-25 and an indicative allocation of £1.9m in 2025-26. The Government is expecting all provision to be financially sustainable by 2026. *Please note throughout this report the term Wraparound Provision can mean that provided by schools, academies, private, voluntary and independent provisions and childminders.*
- 1.5 To support the expansion of the funded entitlement for working age parents and to achieve the ambitions of the wraparound childcare programme, the DfE is also making available some capital funding to support place development. The County Council has been allocated a total of £2.66m capital funding. The DfE is expecting approximately 80% to be spent on expanding funded entitlements and 20% on wraparound childcare provision.
- 1.6 The Wraparound Childcare grant (Guidance attached in Background Documents below) can be used to fund new and expanded provision, either to meet current demand or guarantee supply to build future demand by covering running costs. It can be used to cover costs, including as staffing, training, and transport (eg minibus hire) and resources. It cannot be used to subsidise an individual place. 11% can be retained by the local authority to cover its capacity costs.
- 1.7 The guidance (see Background Documents below) on how capital funding can be spent includes building modifications to adapt space for use to deliver inclusive wraparound childcare, improvements to storage, new physical assets such as minibus purchase (to support a hub model of wraparound provision),

play equipment (including outdoor play equipment), or tables and chairs. To be considered capital expenditure the asset must bring an economic benefit, and able to be depreciated, over more than one financial year.

- 1.8 It is important the Authority has a transparent process in place setting out how this revenue and capital funding will be allocated. This paper seeks to provide this transparency and secure agreement to the proposed processes.

2. Proposed Processes

- 2.1 The Education People (TEP) already has a robust system in place for funding applications based on previous early years funding streams from Government to support the development of free early education places for disadvantaged two year olds, the extended three and four year old entitlement, School Nursery Capital Funding, Neighbourhood Nurseries, New Opportunities Funding and Extended Schools. KCC officers and TEP reviewed this system to ensure its suitability for use in respect of the extended early years entitlement and wraparound provision initiatives. The process was confirmed as appropriate, subsequent to which the proposed funding criteria below was considered by the New Entitlements Steering Group, which comprises KCC Education and Finance services and TEP's Early Years Service. The Steering Group endorsed the proposed criteria be recommended to this Cabinet Committee and the Cabinet Member for approval.

2.2 Process Governance

1. Application process will be run by the Sufficiency & Sustainability Team in TEP. A funding panel will be set up by TEP chaired by the Senior Sufficiency Officer responsible for funding applications who is a qualified accountant and including the Sufficiency & Sustainability Manager, the Senior Sufficiency Officer responsible for Sufficiency of Free Entitlement Places and the Senior Sufficiency Officer responsible for Wraparound Provision.
2. The Funding Panel will seek approval from the Steering Group, Chaired by the Sufficiency & Sustainability Manager and including Assistant Directors of Education and KCC Finance, of recommended applications including amount of money and number and type of places to be developed. The Funding Panel will effectively be a sub group of the Steering Group.
3. Once approved, a spreadsheet detailing funding sums will be sent to KCC Finance for payment.
4. A Summary Report will be provided for KCC's Education Asset Board which oversees all CYPE capital streams.

2.3 Application Process

5. A pre-application form to be completed by Childcare Sufficiency Officer (CSO) using Childcare Sufficiency Assessment data and local knowledge.
6. CSO guides and supports providers through the application process.
7. CSO quality assures documentation before submitting to a funding panel.
8. Funding Panel meets, reviews application and recommends, rejects or holds application for future consideration.
9. Once approved by the Steering Group, Sufficiency and Sustainability Manager letter and contract sent to provider to accept and sign.

10. On return of the fully signed and witnessed contract details of the required amounts sent to KCC finance to release funds.
11. CSO monitors the funds to ensure they are spent in line with application.
12. Any unspent sums are reclaimed.
13. Application added to a liability spreadsheet. This ensures monies can be recovered in the event the provider ceases to operate.

2.4 *Funding Criteria New Free Entitlements (capital)*

1. Place Deficit - Priority will be given to planning areas with the highest deficit of places however, consideration will be given to the size of the planning area, the number of surplus places in neighbouring planning areas within easy access for parents and any vacancies with neighbouring providers.
2. Baby Places - Once data has been supplied from the DfE and mapped by Kent Analytics we will have a better idea of the number of places needed for babies from 9 months of age. Consideration will be given to the continuity of places through the age ranges to ensure that the correct number of places are developed for each age to prevent place blockage. Consideration will also be given for two year old places where demand exceeds supply.
3. Cost per Place - To ensure value for money, consideration will be given to the amount of funding requested and the number of places being developed.
4. Ofsted Judgement - For existing provision, an Ofsted judgement of Good or Outstanding is required however, consideration will be given to Ofsted history if an application is received from a setting currently below this. Any new provision would obviously be without an Ofsted judgement.

For each of the above criteria consideration will also be given to future pressure in an area where families are moving into new housing developments. The application process will ensure that providers evidence places will be DDA compliant and that equal access will be granted to children with SEND.

2.5 *Funding Criteria Wraparound provision (capital)*

The Wraparound Provision programme is fundamentally designed to support parents to work. Whilst there is no requirement to focus on areas of deprivation, by implication it will include these.

1. No provision - Priority will be given to where no wraparound provision (i.e. either breakfast and/or afterschool) of any kind exists in an area and demand for places can be evidenced.
2. Part provision - Where either breakfast or afterschool provision is offered but not both and demand for places can be evidenced.
3. Expansion to meet demand from waiting lists - Where provision has a waiting list for existing provision and needs to expand to meet demand.
4. Expansion of hours - Where a breakfast club and/or afterschool club is not running for the prescribed hours per day.

The application process will ensure that providers evidence places will be DDA compliant and that equal access will be granted to children with SEND.

2.6 For both the new Free Early Education Entitlements and Wraparound Provision we would consider a weighting approach based on identified gaps and any presenting need in each district. For example, should the need for places be equal in two locations, a weighting may be applied to reflect relative disadvantage.

2.7 *Funding Criteria Wraparound provision (revenue)*

Similarly to capital funding, the Wraparound revenue programme funding will be prioritised as follows:

1. No provision - Priority will be given to where no wraparound provision of any kind exists in an area and demand for places can be evidenced. Consideration will be given to where a previous provision has closed and the reasons for closure.
2. Part provision - Where either breakfast or afterschool provision is offered but not both and demand for places can be evidenced. Consideration will be given to where a previous provision has closed and the reasons for closure.
3. Expansion to meet demand from waiting lists - Where provision has a waiting list and needs to expand to meet demand
4. Expansion of hours - Where a breakfast club and/or afterschool club is not running for the prescribed hours per day
5. Childminders - Groups of Childminders who want to offer provision on a school site or where group provision is not a viable option and demand is better met through childminders e.g. in rural areas

2.8 All Wraparound Provision must be sustainable by 2026 when funding ceases. The Department for Education Guidance recommends reducing revenue funding support as programmes move towards sustainability. It is proposed that revenue programme funding is front loaded, for example:

Terms 1 & 2 – 100%
Terms 3 & 4 – 50%
Terms 5 & 6 – 25%

2.9 The agreed percentages will be reviewed each term based on a written return from the provider to show how numbers have increased against expectations. Providers will have to evidence what efforts have been made to increase demand for example, marketing to parents, in order to continue to receive funding.

2.10 Providers receiving Wraparound revenue funding will need to sign to confirm they understand funding is time limited and will end when grant period ends.

2.11 From September 2025 an assessment of each provision will be made to determine what funding is required.

2.12 Joint applications will be considered where a school needs capital funding to allow a private provider to offer the wraparound care and the private provider needs programme funding to set up the provision.

2.13 To ensure geographical spread across the County, the funding pots will be broken down to give indicative district allocations. This is not intended to create hard and fast budgets for each location, but to help the Funding Panel avoid disproportionate amounts of funding being drawn to certain locations because providers in these more quickly submit applications than those in other areas.

3. How the proposed decision supports Framing Kent's Future 2022-2026

3.1 The proposed decision supports the key priority "Levelling up Kent" within the 'Framing Kent's Future (2022-26)'. Supporting the Kent economy to be resilient and successful depends upon having a flexible, adaptable, talented workforce. Enabling parents to be active in the workforce is an essential component of this.

4. How the proposed decision supports Securing Kent's Future.

4.1 The proposed decision supports "Securing Kent's Future – budget recovery strategy". The additional activity is funded by Government Grant, with allowances within these for the County Council's delivery costs. No additional funds from KCC are required. Supporting families to work and be independent of state support assists the County Council's budget position.

5. Financial Implications

5.1 The revenue and capital funding referenced in 1.4 and 1.5 above are grant allocations to the Authority and must be spent in accordance with the grant conditions. The processes set out above will ensure these grants are spent accordingly, and are not overspent to ensure there is no financial pressure on the Authority.

5.2 The Authority's delivery costs were covered in the paper presented to this Cabinet Committee on 26 January 2024. For ease of reference these are:

- the Authority's cost of delivering the current and new entitlements are expected to be fully covered by the early years block funding in 2024-25 through retention of up to 5% of the grant. For 2023-24, the DfE has provided a separate one-off grant of £233,579 to support the Local Authority's activities required ahead of the 1st April to deliver the new entitlement offer.
- The 2023-24 Wraparound provision grant allocation is expected to fund the Authority's central delivery costs for this initiative, and 11% of future year grant allocations can be used for this purpose in subsequent years.

6. Legal implications

6.1 The LA has a duty to ensure families can access their funded early years entitlements, and as far as is practicable to access childcare for 0-14 year olds to enable them to work or access education and training. Delivering the extended funded entitlements and wraparound childcare ambition is necessary to discharge these duties.

6.2 The existing provider agreement provides the revenue contracts required for the new entitlement. It will be refreshed with legal support to ensure the new entitlements are covered.

6.3 Contracts/funding agreements will need to be entered in to for capital awards, and for wraparound revenue grant funding.

7. Equalities implications

7.1 An equalities impact assessment was completed previously for the paper of 26 January 2024 to this Cabinet Committee. There is no change related to the proposals above.

7.2 No data protection implications have been identified.

8. Other corporate implications

8.1 None.

9. Governance

9.1 A key decision is required to approve the proposed processes for managing and spending these grants. As these are implemented it may be necessary to adapt to ensure these work effectively. Authority will be delegated to the Director for Education and SEND to implement and adjust these processes as necessary, in consultation with the Cabinet members for Education and Skills and Integrated Children's Services.

10. Conclusions

10.1 The proposed processes should ensure that the grant funding is effectively targeted to deliver the new early years funded entitlements and wraparound childcare aspirations in a fair and transparent manner.

11. Recommendation(s):

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Education and Skills on the proposed decision to:

1. approve the process set out in paragraphs 2.1 to 2.4 of this report for the management and awarding of capital funding related to delivery of the extended early years funded entitlements;
2. approve the process set out in paragraph 2.5 of this report for the management and awarding of capital funding and revenue monies related to delivery of the wraparound childcare aspiration;
3. authorise the Director of Education and Skills to adapt these processes, in consultation with the Cabinet Members for Education and Skills and Integrated Children's Services, as necessary to ensure effective delivery.

Background Documents

[Childcare Expansion Capital Grant - Allocations Guidance \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

[National wraparound childcare programme handbook: a guide for local authorities \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Contact details

Report Author: David Adams, Assistant Director Education (South Kent) 03000 414989 david.adams@kent.gov.uk	Relevant Director: Christine McInnes, Director Education and SEND 03000 418913 christine.mcinnnes@kent.gov.uk
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