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Early Education and childcare: A changing landscape

Purpose of report

For discussion and direction.

Summary

The childcare sector has received increasing public, Government and media attention recently. This has been seen through a spate of high profile parliamentary activity, Government reform proposals and new policy initiatives, including a new statutory duty on councils to extend free early education to two year olds and the Government's publication of their "More great childcare" vision. As well as improving children's life chances, childcare offers opportunities to deliver wider policy objectives such as early intervention, child poverty and helping parents back to work.

Proposed Government reforms will significantly change the tools, expectations and funding available to councils in order to ensure sufficient and quality childcare to serve the needs of their local families. This paper sets out the key issues and a number of areas for members' discussion and direction.

Recommendation

That members discuss the issues set out in the paper and make suggestions about how the childcare system can be improved, with particular consideration and discussion of the issues set out in paragraphs 3,4,5,9, 11 and 12.

Action

LGA officers to action as directed. A further policy paper setting out specific LGA lines and a work plan will be circulated to office holders following the board's discussion and direction.

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Early years and childcare: A changing landscape

Background

1. Local government currently plays a significant statutory and market enabling role in the childcare (also commonly known as early education) sector. Councils have a statutory sufficiency duty under section 6 of the Childcare Act 2006 to secure, so far as is reasonably practicable, that the provision of childcare (whether or not by them) is sufficient to meet the requirements of parents in their area who require childcare in order to enable them to take up or remain in work or undertake education or training to assist them into work. In addition the Act contains a plethora of additional duties on councils in order to execute their sufficiency duty, especially around supporting providers with quality improvement and making local arrangements in relation to funding the free entitlement.

Ensuring sufficiency of provision

2. The Children and Families Bill introduces legislation to: set up childminder agencies; repeal the duty (formerly in the Childcare Act 2006) on local authorities to publish a formal assessment of the sufficiency of childcare at least every three years; allow providers to pay for an early re-assessment of their settings by Ofsted; and remove the requirements on school governing bodies to consult if they want to open up their facilities for the wider community, including for childcare provision.
3. It is recommended that the LGA should be supportive of the Government's aim to encourage schools to open up their provision for wrap-around childcare through a collaborative approach and give councils the flexibility to incentivise this through local funding arrangements. **We welcome ideas from members on how councils can play a greater role in influencing schools to open up their facilities in this way.**

Special educational needs and disabilities (SEND)

4. A recent survey by the Daycare Trust¹ showed that many councils do not feel they are meeting their sufficiency duty. As part of this duty they have a particular responsibility to ensure suitable childcare for disabled children. There is limited understanding of the adequacy of the supply of childcare provision to disabled children and, as a consequence, the implications of the proposed duty on councils to develop a "local offer" set out in the Children and Families Bill. **We would welcome members' views on the challenges faced by councils in providing childcare to children with SEND.**

New statutory duty for early education

5. Councils are at varying levels of readiness in securing sufficient places to deliver their new duty to provide early education for 20% of two year olds from September this year (increasing to 40% from September 2014). The Government is investing £525 million in

¹ Daycare Trust's annual childcare costs survey – February 2013

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2013-14, and around £750 million a year from 2014-15 through the Dedicated Schools Grant (DSG) to fund this new duty. In addition, following the LGA's work on the importance of capital funding to ensure sufficient provision, the Government has made £100 million capital funding available to local government. **Members are asked whether they are aware of any issues affecting councils in obtaining their capital and trajectory revenue allocations contained within the DSG for increasing provision.**

Childcare reforms

6. In January 2013 Elizabeth Truss MP, Parliamentary Under Secretary of State for education and childcare launched the Government's vision for reforming childcare with the "More great childcare" paper which focused around improving quality of provision. David Simmonds met with the Minister in to discuss these proposals in more detail and the consequences for local government.

Improving quality of provision

7. Improving the quality of provision is commonly accepted in the sector as being the main variable affecting children's development. A Department for Education research report on the early education pilots published this month² proved that high-quality settings delivered better outcomes. The Government is proposing to raise the quality of the workforce by improving early years' qualifications and increasing the flexibility of children-to-staff ratios.
8. The Government also plans to reform what it considers to be a confusing regulatory regime in which Ofsted's role is duplicated by local government. Ministers believe that as a result of duplication, local authorities retained £160 million of three and four year old education funding which should have gone to the 'front line' in 2012-13. It is suggested that this perceived duplication will be reduced through various means including:
 - 8.1. The removal of local authority discretion to set and monitor local funding arrangements – which it is suggested will increase transparency of funding and make it easier for providers to expand; and
 - 8.2. Reducing the quality improvement role of councils by giving Ofsted a dual inspection and quality improvement role; setting up of childminder agencies; and moving towards the provider to provider improvement model that is currently being encouraged in the schools system (i.e. school to school improvement).
9. Councils would challenge the belief that their crucial role in 'market enabling' and driving up standards to make sure there is sufficient quality local early years provision is duplicating the inspection role played by Ofsted. The LGA can play a key role in clarifying this misunderstanding of the role of local government and advocate the value

² The Early Education Pilot for Two Year Old Children: Age Five Follow-up , Research report , March 2013 – Department for Education

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of councils' self-improvement work with providers. The LGA would also have concerns over Ofsted playing a dual quality improvement and inspection role (both in early years and mainstream education provision) because of the potential conflict of interest in being both the inspectorate and a provider of improvement support. **Members are asked to discuss the effects the removal of councils' market enabling role would have on quality and sufficiency.**

Making childcare more affordable

10. Improving the affordability of childcare is a much discussed topic. The recent Daycare Trust³ survey showed that average childcare costs have increased by more than double the rate of inflation. The cost of childcare is commonly linked the back-to-work agenda, with many citing the rising costs of childcare as the number one reason why they do not return to work.
11. The Prime Minister and Deputy Prime Minister are to imminently launch a new scheme to help working parents with the costs of childcare for every child under five from 2015, with the scheme expected to be extended to all children under 12 by 2020. The new voucher scheme will mean that per child a working family will be able to claim up to 20% off (£1,200) the cost of childcare up to a total of £6,000. This scheme will replace the current tax-free child care vouchers for new parents. The LGA will be discussing with the Government the full details of the scheme to ensure it assists as many families as possible. **We welcome members' views on how childcare can be made more affordable.**

Children's centres

12. Sure Start children's centres have been subject to closures and service transformation as a result of a tough financial settlement for local government. In 2011-12 councils spent a total of £1.1 billion (gross) on Sure Start Children's Centres⁴, a reduction of £114.7m (9.5%) compared to 2010-11. However we know that when councils make difficult decisions on the future of their children centres they face strong public opposition as well as media and parliamentary attention. **It is suggested that the LGA** would be best placed to commission research on how to use the universal offer provided by children's centres to target the most vulnerable and needy children in the most cost effective way, in order to inform the debate.

Conclusion and next steps

13. Increasing Government activity in the area of childcare policy will significantly change the tools, expectations and funding available to councils in order to ensure sufficient and quality childcare to serve the needs of their local families. The LGA will continue to work with the Department and other stakeholders to help ensure councils are given the tools and funding required to meet their duties.

³ Daycare Trust's annual childcare costs survey – February 2013

⁴ According to Department for Education website.