

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3964

Author:

Catherine Smith

Department:

Children and Adults

Contact:

Kathryn Bouchlaghem

(Job Title: Early Years Manager, Email: kathryn.bouchlaghem@nottinghamcity.gov.uk, Phone: 01158764531)

Subject:

Raising the Early Years Free Entitlement for 3 & 4 year olds base rate to support post COVID economic recovery

Total Value:

0.435m (Type: Revenue)

Decision Being Taken:

To approve the application to the Secretary of State to make an increase to the 3 & 4 year old base rate of 12p/hour

Reasons for the Decision(s)

Under the Schools & Early Years Finance Regulations 2020, paragraph 10 (7) a LA may not change its funding formula after the funding period has begun. Therefore, to increase the base rate mid-way through the financial year as proposed, an application would be required for approval of the Secretary of State under alternative arrangements set out in paragraph 31 of these regulations. Childcare providers in Nottingham City are an essential part of post COVID-19 economic recovery. 54% of providers closed temporarily during the pandemic and those who remained open provided a limited service in line with Government guidance. As all childcare providers move to re-open, the following are having a significant financial impact:

- Parents made redundant - childcare no longer needed**
- Siblings not returning to childcare until schools fully open in September**
- Additional expenses due to increased hygiene and cleaning requirements**
- Additional staffing costs to meet Government guidelines**

Early Entitlement funding does not cover the full cost of a childcare place. Prior to the pandemic, childcare providers balanced overheads through fee paying places and additional chargeable services. In the current climate, these additional income sources are limited.

Childcare providers are reporting significant financial losses during the pandemic. For Some providers, their short term forecasts do not demonstrate viable businesses. Nationally, it is reported that around 20% of childcare businesses could close as a result of COVID-19; locally, we are concerned this could be around 30%.

Financial support packages for childcare businesses during the pandemic were limited and not accessible to all providers. There has been no post COVID financial recovery support to the childcare sector announced by the Government.

The economic challenges currently faced by this sector in terms of long term sustainability could see a decline in the overall number of childcare providers in the city, which in turn could jeopardise the Council's statutory duty to ensure sufficient local childcare provision to meet demand.

With the current economic climate, the challenges associated with developing new childcare places will deter prospective childcare providers without a competitive local funding rate.

Briefing notes documents:

NOT FOR PUBLICATIONPortfolio Holder Briefing JULY_EY base rate (1).doc

Other Options Considered:

The economic challenges currently faced by this sector in terms of long term sustainability could see a decline in the overall number of childcare providers in the city, which in turn could jeopardise the Council's statutory duty to ensure sufficient local childcare provision to meet demand. Alternative options considered:

Developing new childcare places - With the current economic climate, the challenges associated with developing new childcare places will deter prospective childcare providers without a competitive local funding rate.

Alternative financial support - Financial support packages for childcare businesses during the pandemic were limited and not accessible to all providers. There has been no post COVID financial recovery support to the childcare sector announced by the Government.

Background Papers:

NONE

Unpublished background papers:	General_disapplication_proforma_892 Nottingham City.xlsx
Published Works:	Schools & Early Years Finance Regulations 2020 Childcare Act 2006, section 6 and section 7 Childcare Act 2016, section 1 Portfolio Holder Briefing JULY_EY base rate
Affected Wards:	Citywide
Colleague / Councillor Interests:	NONE
Consultations:	Date: 18/08/2020 Other:Councillor Cheryl Barnard - Portfolio Holder for Children and Young People Agreed
	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	None
Equality:	EIA not required. Reasons: Have requested Equality and Diversity advice
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	01/09/2020
Advice Sought:	Legal, Finance, Equality and Diversity

Legal Advice:

This report seeks authority to apply for approval to increase the hourly rate for early years providers in accordance with The School & Early Years Finance (England) Regulations 2020. Regulation 10(7) states that a local authority may not change its funding formulae after the funding period has begun but Regulation 31 permits alternative arrangements to be approved by the Secretary of State. It is understood that this is the basis for seeking approval from the Secretary of State.

This approach to support providers is in line with other steps the Council has taken to address the financial concerns of and consequences to providers of COVID 19 but is also a reasonable in accordance with the City Council's duties under the Care Act. If approval is granted the Council should document the increase to providers. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 14/08/2020.

Finance Advice:

The estimated full year cost of the proposed £0.12/hour increase to the 3 & 4 year old funding base rate is £0.435m. The base rate applies to all schools and early years settings in the City. The cost would be funded from the Dedicated Schools Grant (DSG) early years block budget.

Based on the trend in the last 3 financial years of underspends on 3 & 4 year old funding, the £0.12/hour (2.7%) increase should be sustainable as a long term measure. In 2019/20, reported expenditure on 3 & 4 year olds was £0.520m (3%) under budget.

Under the Schools & Early Years (England) Finance Regulations 2020, the local authority may not change its funding formula once the funding period (April-March) has begun. Therefore the proposed disapplication request to the Secretary of State for Education is required in order to implement this in-year rate change from September 2020.

Advice provided by Kathryn Mair Stevenson (Finance Analyst) on 06/08/2020.

Equality and Diversity Advice:

No EIA is required as there is no impact on any specific groups if this is approved. However, if this is not approved then you would need to complete an EIA to demonstrate how the impact would be mitigated on 'Young People' Advice provided by Rosie Donovan (Equality and Employability Consultant) on 14/08/2020.

Signatures

David Mellen (Leader/ PH Regeneration, Schools, Communications)
SIGNED and Dated: 21/08/2020
Catherine Underwood (Corporate Director for People)
SIGNED and Dated: 18/08/2020