



Derby City Council

COUNCIL CABINET
22 January 2014

ITEM 9

Report of the Cabinet Member for Children and Young People

Commissioning of Two Year Old Free Early Education Entitlement (FEEE) places located at Breadsall Hill Top Infant School

SUMMARY

- 1.1 The Local Authority has a statutory duty from September 2013 under section 7 of the Childcare Act 2006 and the Education Act 2011 (s1) to ensure there are sufficient Free Early Education Entitlement (FEEE) places available. This is for eligible 'less advantaged' two year olds to access 15 hours of provision each week for 38 weeks of the year.
- 1.2 Department for Education (DfE) indicative figures expect 750 two year olds in Derby City to be accessing an early education place by January 2014. Currently there are 607 two year olds accessing a place. This is expected to increase to 2,000 two year olds by January 2015. The significant increase in predicted numbers of eligible two year olds will place pressures on the availability of two year old funded provision, particularly in areas of economic disadvantage across the city. This is detailed further in the Childcare and Families Information Team (CFIT) Market Position Statement (MPS) July 2013.
- 1.3 The DfE has allocated the Council capital funding of £519,000 to create additional provision for two year olds. The DfE guidance issued to Councils confirmed this should be used for capital purposes to support the implementation of the statutory entitlement to allow all eligible two year olds to access their early education place.
- 1.4 As part of the two year old capital programme funding, the proposal is for a 32 place two year old unit to be created at Breadsall Hill Top Infant School. The school fully supports this proposal. In consultation with the school, the proposal is to commission these additional places through a tendering exercise to appoint a high, quality childcare provider to deliver the funded two year old places. The successful childcare provider will not receive additional funding from the Council, as part of this contract, but will be able to apply for one off set up costs through pump prime funding as outlined in this report and will receive government funding to deliver the funded two year old places.
- 1.5 As the commercial value of this contract will exceed £75,000 per year, in accordance with contract procedures, Cabinet approval is required to proceed with the process of tendering for this contract for a childcare provider.

RECOMMENDATION

- 2.1 To approve the proposal to create a two year old unit for 32 places at Breadsall Hill Top Infant School.
- 2.2 To approve the proposal to commission and contract with a third party childcare provider to deliver high, quality two year old funded places at Breadsall Hill Top Infant School.
- 2.3 To delegate responsibility to the Strategic Director for Children and Young People, in consultation with the Cabinet Member for Children and Young People or the Leader of the Council, to appoint the successful childcare provider following the tendering process.
- 2.4 To approve the capital proposals detailed in Appendix, 3 and for the Council's capital programme to be updated.

REASONS FOR RECOMMENDATION

- 3.1 Local Authorities have a legal responsibility to ensure there are sufficient FEEE places for eligible two year olds to access to meet local demand and are required to undertake proactive market management activities to achieve this. Local Authorities also have a duty to increase the scope for parental choice and flexibility when choosing the FEEE place for their two year old to access.
- 3.2 A two year old capital programme is required to increase the number of free early education places available, which will primarily be delivered by the private, voluntary and independent (PVI) sector. This is to ensure all eligible 'less advantaged' two year olds can access the new early year's education entitlement from September 2014.
- 3.3 The proposed significant capital investment at Breadsall Hill Top Infant school will provide the necessary accommodation required for a two year old Early Years Unit, which will be operated and managed by the childcare provider. A legal contract will be agreed between the Council and the childcare provider.
- 3.4 The proposals to create sufficient levels of high quality FEEE places for two year olds supports the Council's vision to reduce inequalities and narrow the achievement gap between children at age 5 and Key Stages 1 and 2. Evidence proves access to high quality early education will improve children's cognitive, social, behavioural and development skills, and ultimately school readiness.

SUPPORTING INFORMATION

Increased Demand for Two Year Old FEEE Places:

- 4.1 Currently families in receipt of none working benefits or Child Tax Credit (CTC) with a household income of < £16,190 are eligible to claim a two year old FEEE place. However, from September 2014 'low income' families claiming Working Tax Credit (WTC) with family earnings of <£16,190 will become eligible for a two year place. This represents 40% of the 'less advantaged' two year olds across the city, and will increase the number of expected eligible two year olds in January 2015 to 2,000 from the 750 expected in January 2014.

Identification of Priority Areas with a shortfall in two year old places and capital funding:

- 4.2 The DfE allocated capital funding to the Council of £519,000 to create additional two year old places. The proposal is to prioritise this capital funding for two year olds to those high priority areas in the City identified within the Market Position Statement for 2, 3 and 4 year olds, as having significant sufficiency gaps to meet the delivery of the two year old statutory entitlement.
- 4.3 The Market Position Statement identifies that by September 2014 there is likely to be a shortfall of 154 two year old funded places in the Derwent Ward. Following a detailed analysis process, the proposal is to create a two year old unit for 32 places at Breadsall Hill Top Infant School. This is to address the shortfall in two year old places in this area of the City as there is no other childcare provision local to the school, or within the school community. In addition to this proposal, a number of the other local schools are also looking to create two year old places either directly, or through engagement with established local childcare providers to provide the additional two year old places needed in this ward.
- 4.4 Following consultation with local schools, the proposal is to create 32 two year old places at Breadsall Hill Top Infant School. The school fully supports this proposal. Detailed feasibility studies have been completed, and the estimated budget cost for this project is £150,000. This will be funded from the two year old capital funding allocated to the Council. See Appendix 3 for a detailed breakdown of funding.

Pump Prime Funding 2013/2014 and 2014/2015:

- 4.5 Trajectory funding received by the Council from the DfE has been used to set up a two year pump prime funding programme for 2013/2014 and 2014/2015. The pump prime funding can be requested by childcare providers for one-off funding to cover start-up costs, including initial staff and premises overheads whilst numbers in the setting are growing. This is prioritised to those childcare providers setting up new two year old FEEE provision in the priority areas identified within the MPS has having a shortfall of places.

Commissioning and Procurement

- 4.6 The procurement timetable in Appendix 2 will be followed to commission the childcare provider who will take on the operational responsibility to provide the funded two year olds FEEE at Breadsall Hill Top Infants.
- 4.7 A project team has also been established to develop a detailed tender specification and scoring system needed as part of this commissioning process. This team will include representation from Council's procurement team and the school, as the ability to work in partnership with the school to deliver the funded places will also be a key requirement.

Performance Monitoring

- 4.8 A formal contract will be established with the successful childcare provider commissioned to deliver the service, and will be subject to a termly review. This will include a robust monitoring process to identify any early warning signs relating to any issues in respect of quality, leadership and management and occupancy levels. The contract will include penalty and termination clauses for non-performance.

Capital Programme – Two Year Olds funding

- 4.9 The Council's Capital Programme will be updated to reflect the two year capital programme detailed in Appendix 3 with all of the £519,000 being fully committed. £150,000 will be allocated to the proposed project at Breadsall Hill Top Infant School. The overall capital funding of £519,000 will have supported the creation at least 312 new two year old FEEE places in Derby.

OTHER OPTIONS CONSIDERED

- 5.1 Given the increasing demand for two year funded places as the eligibility criteria changes to allow the 40% 'less advantaged' two year olds to access a place from September 2014, it is essential that action is taken to create new places, prioritising capital funding to those areas in the MPS for 2, 3 and 4 years olds identified as having a significant shortfall of places.

- 5.2 If plans are not put in place now to provide additional provision, it is inevitable that there will be a shortfall of two year old FEEE places in September 2014. This would result in the Local Authority not meeting the statutory duties.
- 5.3 In order to reduce inequalities and narrow the achievement gap between children at age 5 and Key Stages 1 and 2, it is essential all eligible 'less advantaged' two year olds are given an opportunity to high quality early years provision.

This report has been approved by the following officers:

<p>Legal officer Financial officer Human Resources officer Service Director(s)</p> <p>Other(s)</p>	<p>Robin Constable, Solicitor, Legal Services. Alison Parkin, Head of Finance N/A Frank McGhee, Service Director of Commissioning, Children and Young People's Department 01332 642667 or frank.mcghee@derby.gov.uk</p> <p>Gurmail Nizzer, Head of School Organisation and Provision, Children and Young People's Department 01332 642720 or gurmail.nizzer@derby.gov.uk -</p>
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<p>For more information contact:</p> <p>Background papers: List of appendices:</p>	<p>Heather Ryder-Carrington, Childcare and Families Information Team Manager, Children and Young People's Department 01332 642603 or heather.ryder-carrington@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Procurement Timetable Appendix 3 – Two Year Old Capital Programme</p>
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IMPLICATIONS

Financial and Value for Money

- 1.1 All capital works undertaken at Breadsall Hill Top School as part of the two year old capital programme will be procured in line with the Council's Contract Procedure Rules.
- 1.2 As part of the tendering process, a full assessment will be made of the ability of the successful applicant to deliver sustainable high quality two year old provision from the school's two year old unit, and their ability to pay the required service charge.
- 1.3 It is important for the Local Authority to achieve the DfE predicted take up of two year old FEEE places of 750 children in January 2014, increasing to a total of 2,000 eligible two year olds by January 2015. This is crucial in view of the possible impact this could have on future funding allocations to the Local Authority as DfE proposals are for future funding allocations to be participation based.

Legal

- 2.1 The Council has a legal duty, under the legislation referred to in 1.1 above, to ensure there are sufficient two year olds places available for all eligible two year olds to access their free early education entitlement from September 2013.
- 2.2 Legal advice will be sought to establish a lease and service contract between the Local Authority and the childcare provider to operate from the two year old early year's unit at the school.
- 2.3 The lease will be for a minimum of 5 years and will be drafted and approved by the Council's Estates and Legal departments. The lease will include a service charge to be paid termly in advance to the school covering all relevant expenses such as utilities, water and cleaning costs calculated on the space used by the childcare provider.
- 2.4 The lease and contract detailed will contain clauses that in the event of the childcare provider receiving a judgement from Ofsted of 'requires improvement' or inadequate, the Council could terminate the contract with immediate effect. A new childcare provider could then be appointed. This is important as new DfE guidance states providers of two year old provision should have an Ofsted judgement of good or outstanding.

- 2.5 The successful childcare provider will also have to sign the Council's current Provider Agreement to allow them to deliver the 2 year old FEEE. This allows the Council to withdraw this funding if they do not meet the terms and conditions of the contract. The Provider Agreement does allow the Council to immediately withdraw funding should the provider receive a 'requires improvement or 'inadequate' Ofsted judgement under the new Ofsted inspection framework.

Personnel

- 3.1 The staff delivering the funded two year places will be employed directly by the childcare provided contracted to deliver the two year old funded places.

Equalities Impact

- 4.1 None implications arising directly from this report.

Health and Safety

- 5.1 All capital works will involve the usual Health and Safety procedures being followed. The successful childcare provider will be registered and regulated by Ofsted and will have to be able to evidence fully their ability to meet all necessary Health and Safety procedures to maintain the Ofsted registration. .

Environmental Sustainability

- 6.1 The capital programme at Breadsall Hill Top Infants will be carried out in line with the latest Building Regulations on environmental performance.

Asset Management

- 7.1 No implications arising directly from this report.

Risk Management

- 8.1 There is a strong risk that the Council will not meet its legal duty in respect of sufficiency of free two year old early education entitlement if these additional new funded places are not provided, as currently there are no funded places available in the immediate area of the school or within the community for eligible two year olds to access. .

Corporate objectives and priorities for change

- 9.1 All people in Derby will enjoy achieving their learning potential for a brighter future.

PROCUREMENT TIMELINE:

Appendix

2

COMMISSIONING OF TWO YEAR OLD CHILDCARE PROVIDER AT
BREADSALL HILL TOP INFANTS SCHOOL TO DELIVER FEEE PLACES

	Activity	Time Period
1	DCC advertise and issue ITT (Invitation to Tender) documentation	7 February 2014
2	Suppliers prepare full indicative tender documentation for final submission to DCC	7 February 2014– 21 March 2014
3	Final date for requests for documents	7 March 2014
4	Final date for clarification questions	12 March 2014
5	Deadline date & time for submission of bids from suppliers	12:00 Noon 21March 2014
6	DCC evaluation period	24 March 2014 – 25 April 2014
7	Notification to Bidders	30 April 2014
8	Although this is a Part B service the Council will voluntarily observe a Standstill period (10 days)	01 – 12 May 2014

Two Year Old Capital Programme 2013/14 – 2014/2015 Proposed Projects and Phasing

Two Year Old Capital Programme	Scheme	2013/14 Phasing	2014/15 Phasing	Total Budget
Sinfin Children's Centre	Installation of new children's toilets in crèche room Aug 2013. This room from September 2013 has subsequently rented on a costs recover only basis to a third party childcare provider to deliver 32 funded two year places, term time only	£30,000		£30,000
Lord Street Maintained Nursery School	Purchases and installation of a modular build to create a 'parents room' so the existing community room within the main nursery building can continue to be used to provide 32 funded two year old places, term time only. Tender completed and awarded with completion of works in full early January 2014.	£100,000		£100,000
Breadsall Hill Top Infants	Refurbishment of a room too small for classroom use to create two year old unit to provide 32 funded two year old places. Works include remodelling of toilets, room extension, and creation of small outdoor play area with a canopy. A third party childcare provider will be commissioned to deliver the funded two year old place from September 2014		£150,000	£150,000
Chesapeake Community Centre	Assistance with capital costs totalling in excess of £200,000 towards the complete refit of the community centre. This will enhance a DCC building leased to VCS/Derwent Stepping Stones on a peppercorn/fully maintaining basis and will create 48 two year old funded places from September 2014 at the latest. but		£60,000	£60,000
Other School Based Projects	Discussions with a number of other schools on identified minor alterations needed to allow two year old provision to be provided either directly by the school or renting the space to a third party childcare provider with start dates planned of either April 2014 or September 2014. Feasibility proposals being worked through		£179,000	£179,000
	Total	£130,000	£389,000	£519,000

