

# Local Government Association (LGA)

## Childcare Bill

### House of Lords, Second Reading

Tuesday 16 June 2015



#### Key messages

- The LGA supports the Government's intention to make childcare more affordable. Despite the Bill's best intentions, the LGA has a number of questions about the aims, funding, eligibility and delivery of the additional free childcare.
- Free childcare should aim both to meet the needs of working parents and provide high quality places for every child that needs one and the funding must reflect this. We welcome the announcement of a review of funding rates and call for councils and providers to be involved in the review process.
- The criteria by which parents' eligibility for the 30 hours a week free childcare is determined is unclear. The LGA would be concerned if the costs of determining eligibility impacted on an already underfunded system.
- The Government should clarify the continuing role of local authorities in delivering free childcare. A move to a dual system, as the Bill appears to introduce, where both local authorities and the Department for Education are involved in the delivery of free places, would add further complexity and cost to a system already considered underfunded.
- The Bill also includes regulation-making powers to allow the Secretary of State to establish a body corporate to fulfil her duties under the Bill. The Government should clarify why this provision is needed and how it intends to use it.

#### Background

The LGA supports the Government's intention to make childcare more affordable. We have a number of questions, however, about the aims, funding, eligibility and delivery of the additional free childcare.

#### Aims

The aims of childcare include enabling parents to work, child development and closing the attainment gap between disadvantaged children and their peers. The Explanatory Notes to the Bill state that the Government's intention for the Bill is to 'make childcare more affordable for working parents'; therefore parental employment appears to be the key reason for the provision of additional hours. However, plentiful low-cost childcare which enables more parents to work will not necessarily be of the quality needed to boost child development and close the attainment gap between disadvantaged children and their peers, which is key for councils.

The additional childcare should aim both to meet the needs of working parents and provide high quality places for every child that needs one and the funding must reflect this.

# Briefing

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### ***Funding***

The LGA welcomes the Government's announcement that it will formally review the funding rates paid to providers and would encourage the Government to involve councils and providers in the review process. We would not, however, support ring-fencing funding, as this would reduce local flexibility.

The current 15 hours childcare for 3 and 4 year olds is considered to be underfunded. The hourly rate has been frozen in cash terms for the last three years. As the funding received is based on historical spend, not all councils receive the same amount. The DfE provides between £3.37 and £4.50 per hour (adjusted by an area cost adjustment for those areas with higher input costs). The differential can, in part, be explained by different levels of disadvantage. Councils with smaller pockets of deprivation which receive a lower level of funding are reporting that providers consider the current funding is insufficient and that this may have an effect on quality. There is also evidence that a shortfall in the funding to private voluntary and independent providers is being met in some cases by increasing the rates for fee-paying parents.

The Government should ensure that the funding rate covers the cost of delivering 30 hours of free childcare to a standard likely to improve children's outcomes. Capital funding may also be required to expand provision where necessary to meet the commitment to 30 hours childcare.

### ***Eligibility***

The Bill and its Explanatory Notes lack detail as to which parents would be entitled to the 30 hours a week free childcare. The Government has said separately that to be eligible for the additional hours both parents should be in work or be a lone parent in work. It is unclear whether this means that some parents currently eligible for the 15 hours of free childcare will not be entitled to the additional 15 hours because of differing eligibility requirements.

If councils are required to assess eligibility on the basis of different eligibility requirements, they will incur additional costs which would need to be fully funded. The LGA would be concerned if the costs of determining eligibility for the 30 free hours would impact on an already underfunded system. The number of hours that parents would need to work to be eligible has also yet to be confirmed.

### ***Delivery***

Under the existing legislation, councils are required to secure 15 hours of free childcare for three and four year olds and disadvantaged two year olds, in their area. However, the Bill places the duty on the Secretary of State to secure the 30 free hours for the children of working parents, including the existing 15 hours that councils are required to secure.

We are concerned that this could create confusion and inefficiency. The Government should clarify the continuing role of local authorities in delivering free childcare. A move to a dual system, where both local authorities and the DfE are involved in the delivery of free places, would add further complexity and cost to a system which is already considered to be underfunded, especially if there is differing eligibility between working and 'non working' parents.

The Bill also includes regulation-making powers to allow the Secretary of State to establish a body corporate and impose functions on it in order to fulfil her duties under the Bill. The Government should clarify why this provision is needed and how it intends to use it.