

Local Government Association (LGA)

Childcare Bill

House of Lords, Report Stage

Wednesday 14 October 2015



Key messages

- LGA analysis suggests that, if the way services are funded and delivered does not change, local government is set to face a funding gap of £9.5 billion and cost pressures of £6.6 billion by 2020.
- The LGA is concerned that the Government amendment 18 led by Lord Nash will create further cost pressures on local government as it creates a duty on councils to deliver 30 hours free childcare. Whilst we do not oppose the extension of free childcare, we are concerned about the risks associated with placing additional costs on an already underfunded system.
- Government amendment 18 also clarifies the duties on the Secretary of State and local authorities. The LGA is concerned that the Bill gives additional powers to the Secretary of State which are excessive and prescriptive, while placing duties on local authorities that they have little control over.
- If the Secretary of State is able to be very prescriptive about local provision, councils need new powers to address gaps in the local market of provision.
- We therefore support amendment 1, led by Baroness Jones of Whitchurch, Baroness Pinnock and Baroness Tyler of Enfield, as this will review the funding available for affordable childcare. A review of funding will be crucial to ensuring that the Government and local authorities are able to meet the commitments being given in this legislation.

Background

Amendment 18: discharging the section 1(1) duty

The LGA is concerned that the Government's amendment 18 will create further cost pressures on councils.

The Childcare Bill is being implemented alongside other key pieces of policy and legislation that are seeking to increase employment and progression, and to improve outcomes for children from low income families, in particular the Welfare and Work Bill. Local authorities will remain under a legal duty to make the provision available, and to ensure that there are sufficient places for parents who wish to take them up.

The Department for Education released a policy statement in early October, in which it said that:

"The delivery system must support and drive increased parental employment enabling parents to work or to work extra hours, supporting an improvement in the standard of living for parents and children. It must be affordable and provide value for money for government at a sustainable

Briefing

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rate for the sector.”

The Government clearly views the extended provision as a key component in delivering improved employment outcomes for low income families. 89 per cent of respondents to the DfE’s survey in relation to the extension said that they would take up the additional hours if they were available now, and 49 per cent of respondents said that they or their partner or both had to change their current working pattern to cover childcare.

Amendment 18 gives the Secretary of State the power to make regulations on the type of childcare and the times at which childcare should be available. Therefore it is vital that local authorities have the funding and the levers to shape provision in their local area to better deliver these over-arching objectives, particularly where there are gaps in the current provision. This may entail:

- Greater freedom to expand maintained provision.
- Further capital investment across sectors to secure additional capacity in the most cost-effective way.
- Greater scope for councils to incentivise providers to shape provision to meet local needs.

Amendment 1: Funding review,

The LGA supports the calls for an independent funding review of the free childcare entitlement as it will help review whether a sustainable funding solution is available. Given that the current 15 hours childcare for 3 and 4-year-olds is considered to be underfunded, a review will help identify whether the changes being introduced in the Childcare Bill will cover the cost of delivering 30 hours of free childcare to a standard likely to improve children’s outcomes.

It is vital the Government ensures that the funding rate covers the cost of delivering 30 hours of free childcare to a standard likely to improve children’s outcomes.

The Government has committed to an uplift in the average rate that providers receive for the entitlement. The current proposal is for this to be delivered by councils through the Dedicated Schools Grant. The DfE has confirmed that decisions about the size of this rate uplift – and the consequent additional funding – will be made at the forthcoming Spending Review.

The Government announced on 15 June 2015 that it was conducting a review of the cost of providing childcare. This follows warnings from providers across the spectrum that the current system is underfunded.

It is vital the Government ensures that the funding rate covers the cost of delivering 30 hours of free childcare to a standard likely to improve children’s outcomes and deliver broader policy objectives on employment, progression and social mobility.