

Local Government Association (LGA)

Childcare Bill

House of Lords, Third Reading

Monday 26 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.
- We support the cross-party amendment made at Report Stage that requires an independent review of the funding available to take place before sections 2 to 6 can come into force. 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.
- The LGA is concerned that the Bill will create further cost pressures on local government as it creates a duty on councils to deliver 30 hours free childcare. Whilst we support the principle of extending free childcare, we are concerned about the risks associated with placing additional costs on an already underfunded system.
- 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.

Background

Funding review (clause 1)

The LGA supports the inclusion of clause 1 on an independent funding review of the free childcare entitlement. 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.

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 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.

Briefing

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Discharging the section 2(1) duty (clause 3)

Clause 3 gives the Secretary of State the power to make regulations on the type of childcare and the times at which childcare should be available. The LGA is concerned that clause 3 will create further cost pressures on councils.

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.