

Report of: Deputy Director Social Care

Report to: Director for Children & Families

Date: 1st June 2019

Subject: Increase in Children's Centre Childcare fees

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Request for approval to increase Children's Centre Little Owls nursery fees from 1st September 2019 by £1.35 per day bringing fees to £46.35 per day and £1.35 per day in September 2020, bringing the fee to £47.70.
2. Children's Centre early learning and child care provision fees have increased on an almost annual basis since 2011, to incrementally keep in line with inflation and bring fees in line with the rest of the child care market.
3. Leeds provides early learning and child care to approximately 2900 under 5's in 32 sites across the city, this supports the Children and Young Peoples Strategy, the Best Start Strategy and ensures that young children and parents in more disadvantaged areas of the city have access to high quality early learning and care opportunities. The centres provide childcare to support parents into training and employment and also provides employment to around 650, mainly female workers in Leeds.
4. Of the 2900 children attending the centres around 500 families pay the childcare fee daily rate. Of these 500 approximately 330 have 3-4 year olds and so are entitled to up to 30 hours free childcare for 38 weeks of the year. Any families claiming universal credit can get help with childcare costs for up to 85% of costs. Other families utilise the free early education places funded directly by DfE.

Recommendations:

The Director of Children and Families is requested to approve the proposal to increase childcare fees in council funded childcare provision by £1.35 per day from September 2019 and a further £1.35 per day in September 2020.

1 Purpose of this report

The purpose of the report is to request approval to increase childcare fees in Children's Centre Little Owls to improve financial sustainability of child care and keep in line with inflation.

2 Background information

In recent years, local councils across the country have been subject to significant reductions in budget received from the government. Due to these financial pressures many councils have closed or out-sourced childcare provision.

Leeds has committed to continuing to maintain local authority run childcare, in recognition of the impact on learning outcomes for children living in areas of increased deprivation and the provision of high quality care for children with complex needs or family situations.

The centres also provide employment for around 650 fte largely female workers. Ensuring a living wage, career progression and apprenticeship opportunities for 30+ per annum, for Leeds resident's.

3 Main issues

Childcare fees in the local authority run Children's Centre Little Owls have been increased over recent years as follows:

Year	Increase	Daily Rate	Additional Income
April 2013	£2.00	£37.00	£225k
April 2014	£2.00	£39.00	£203k
April 2015	£2.00	£41.00	£178k
April 2017	£2.00	£43.00	£41k (4 months)
Sept 2017	£2.00	£45.00	£95k (7 months)
Sept 2019	£1.35	£46.35	£51k
Sept 2020	£1.35	£47.70	£157k

In April 2016 the decision to implement a fee increase was deferred whilst national changes in the extended offer of free early entitlement for 2,3 and 4 years olds became clear.

In September 2017 a new extension to the entitlement for free childcare for 3 and 4 year olds children for working parents, was introduced. This increase the entitlement to 30 hours of free childcare per week in term time (1140 hours per year).

The majority of families using the service are in receipt of some element of free or discounted provision. This is through:

- 15 hours Free Early Education Entitlement for eligible 2 year olds;
- 15 hours Free Early Education Entitlement for all 3 and 4 year olds;
- 30 hours Free Early Education Entitlement for working families with 3 and 4 year olds;
- Universal credit claimants up to 85% of child care costs, dependant on means testing;
- Child tax credit dependant on means testing;

Maintaining the Leeds City Council Childrens Centre Little Owls provision ensures that vulnerable children and their families can, when required access free nursery provision to support the child's development and secure their safety. This forms part of a family support package for families experiencing complexities in their lives and works to directly support the Best Start Strategy, ensuring every child has the best start in life

4 Consultation and Engagement

Consultation around the quality of services and childcare is undertaken on a regular basis. A Scrutiny Board review in 2018 undertook a robust review of all services in this area. Consultation on an increase in fees has been undertaken with centre managers as part of sustainability work. Any feedback from parents around fee increase is responded too individually and collated for informing future planning. LCC Little Owls has implemented a robust city wide attainment report identifying progress in learning. This is shared with parents through on-line access to 'Tapestry'.

If this decision is agreed, parents/carers will be notified of the increase through a letter circulated by the children's centres. The letter will inform them of the decision to increase childcare fees by £1.35 to £46.35 per day and £1.35 per day in September 2020.

The children's centres also provide information to parents/carers about how to pay for childcare and how to access help and support. This information includes the eligibility criteria for free care, how to access advice on universal credit, employer childcare voucher schemes and support for learners.

5 Equality and Diversity / Cohesion and Integration

Please see attached screening form which has given full consideration to the implications of this proposal.

The increase in childcare fees will mainly impact on working parents with children under 3 years old who access childcare. However since the fee increase brings fees in to line with

the market and are not focussed on any particular equality community the impact on all parents should be equal. Market forces may dictate where parents choose to access childcare and there is parental choice. Parents may choose to take childcare at another setting if they wish. This action will not prevent them doing so.

6 Council policies and City Priorities

This proposal ensures the Children’s Centres Little Owls can continue to provide quality early education and care for parents and young children, providing employment support for families in areas of greatest deprivation. This supports the Best Council Plan, the Children and Young Peoples Plan, the Best Start and Three A’s Strategy.

7 Resources and value for money

The proposal will support the Children’s Centres Little Owls to provide greater value for money by reducing the current funding subsidy and is in line with 3%, in line with the current budget assumption.

This increase is another stage in ensuring the future financial sustainability of the centres and offers a three year approach.

Nursery Fee Price increase of £1.35 in Sept'19 & Sept'20			
	2019-20	2020-21	2021-22
	£'000s	£'000s	£'000s
Sept'19 (7 months 19-20)	51.2	87.8	87.8
Sept'20 (7 months 20-21)		69.1	118.5
Additional FEE Income by Financial Year	51.20	156.90	206.30

8 Legal Implications, Access to Information and Call In

Legal implications have been considered and advice sought. There is no legislative provision which precludes the council from increasing fee levels; the current terms and conditions mention a yearly review but also allows for 4 weeks’ notice for any changes to be made.

Background information will be available for access and the proposal will be subject to call in once it has gone to delegated decision.

9 Risk Management

Risks have been considered through the equality impact assessment..

10 Conclusions

In order for Leeds City Council Children's Centre Little Owls nursery provision to be more financially sustainable and to reduce the subsidy from the council, childcare fees need to keep pace with inflation. Work continues on ensuring key performance indicators are met for service delivery. Expansion of places to meet new demand for free entitlement will be undertaken carefully in order to continue the move towards nil cost to the Local Authority, while maintaining the highest quality childcare for our most vulnerable children.

11 Recommendations

The Director of Children and Families is requested to approve the proposal to increase childcare fees in council funded childcare provision by £1.35 per day from September 2019 and a further £1.35 per day in September 2020.