

DECISION-MAKER:	CABINET		
SUBJECT:	EARLY YEARS EXPANSION PROGRAMME		
DATE OF DECISION:	16 JULY 2013		
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SERVICES		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
Not applicable.			

BRIEF SUMMARY

This report provides an update on progress regarding the development of the proposals for the expansion of the early years sector, as originally set out in the Cabinet Report of 19 March 2013. The report also provides formalised details of the works proposed to realise each of the expansions within this programme, as well as seeking approval to spend against these schemes.

RECOMMENDATIONS:

- (i) To approve, in accordance with Financial Procedure Rules, capital expenditure of £1,361,000; phased £67,000 in 2013/14 and £1,294,000 in 2014/15, from the Children's Services Capital Programme; and
- (ii) Subject to compliance with Contract and Finance Procedure Rules, to delegate authority to the Director of People to do anything necessary to procure and deliver the capital projects set out in Appendix 1 of this report.

REASONS FOR REPORT RECOMMENDATIONS

1. The Childcare Act 2006 and subsequent statutory guidance have made it a requirement for local authorities to ensure that there are sufficient free Early Years places to meet the requirements of working parents of 3 and 4-year-olds in their area. The Government has also recently amended this legal requirement, with the effect of extending it to cover places for disadvantaged 2-year-olds, from September 2013 onwards.
2. The annual Early Years sufficiency analysis indicates that there are currently enough places to provide for 3 and 4-year-olds within the City. However, the capacity within the system is currently being placed under pressure by the increase in birth rate over the last four years. As such, it is anticipated that, in order to meet its statutory duties, the Council will have to expand provision in line with the increased numbers expected as a consequence of the extension of the free places offer to disadvantaged 2-year-olds.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. At present, 85.5% of places for 2, 3 and 4-year-olds in Southampton are provided within the Private, Voluntary and Independent (PVI) sectors. The proposals contained within this report focus largely on the expansion of existing provision, which (of necessity) equates to the investment of capital grant in expanding places in the PVI sector. Discussions with providers in this sector have indicated that, whilst some have small amounts of capital available to contribute to expansions, the level of expansion required for the Council to meet its statutory duties will necessitate significant input from the local authority, both in the form of financial assistance and also in terms of project management.
4. Assuming that the Council is to meet its duty to provide places, it does have an alternative option to market facilitation, in the form of directly providing the Early Years places itself. However, the cost of creating the infrastructure and recruiting the staff to manage this number of places would be substantially greater than supporting existing providers to expand/develop new provision. As such, this option has been rejected.

DETAIL (Including consultation carried out)

5. As stated above, the Government has recently amended the legal requirement in respect of the provision of free Early Years places, with the effect of extending this offer to disadvantaged 2-year-olds. The roll out of this extended offer is in two phases:
 - From September 2013, local authorities will be required to provide places for the 20% most disadvantaged 2-year-olds nationally. This equates to approximately 900 children in Southampton.
 - From September 2014, local authorities will be required to provide places for the 40% most disadvantaged 2-year-olds nationally. This equates to approximately 800 children in Southampton.
6. As the Early Years system is close to capacity (and bearing in mind the existing requirement to provide free places for all 3 and 4-year-olds) it is projected that the entirety of this extended provision will have to be met through expansion of the Early Years estate. As the statutory duty to provide places rests with the Council, it is its responsibility to ensure that the capacity of the system is sufficient to meet demand and the Government has part-funded SCC to this end.
7. As stated above, an options appraisal has been undertaken and concluded that the most cost effective means of increasing the capacity of the estate is to expand existing provision and facilitate the market to create new provision, rather than create new local authority run provision.
8. In light of the above, a detailed needs assessment was undertaken to establish precisely in which areas of the City additional places are required. The results of this assessment were used to engage existing local and national providers in an exercise to ascertain options for expansion. A key part of the planning process was the inclusion of the development of the programme as a standing agenda item at the *Early Years Lead Practitioners' Meeting* over the course of the last year. Attendance at these meetings is

compulsory for all providers in receipt of nursery education funding and, as a consequence, this forum provided a key means of engaging the market in expansion opportunities.

9. The above engagement resulted in the production of a high-level capital programme, containing 41 projects and delivering an additional 1,700 places, which was approved for further development at the Cabinet meeting of 19th March 2013. Following this approval, significant feasibility work has been undertaken to establish the viability and financial implications of each of the projects for which investment is required to enable expansion (those expansions not requiring investment have proceeded as such). This work has involved a surveyor visiting the 14 sites in question, with the purpose of developing detailed proposals for each site, together with a projected cost. The outcomes of each of these feasibility studies are summarised in *Appendix 1*.
10. The programme of works identified in *Appendix 1* is now ready to proceed to detailed design and delivery. As such, this paper seeks approval to spend on these projects, with a view to having the entire programme of work complete by September 2014.

RESOURCE IMPLICATIONS

Capital/Revenue

11. It is projected that £1,886,000 worth of funding will be required to fund expansions over 14 projects as detailed in Appendix 1. In March 2013, Cabinet approved the addition of £1,361,000 to the Children's Services Capital Programme to fund this programme.
12. It is proposed that the remaining £525,000 of funding will come from the Early Years block of the Dedicated Schools Grant. Under DfE regulations, the funding has to be allocated to the appropriate providers directly in order for them to pay for the expansions.
13. The 2013/14 Dedicated Schools Grant includes the following funding allocations:
 - Statutory Place Funding – £2,061,000
 - Trajectory Building Allocation – £809,000
14. The Schools Forum, as the decision making body for the trajectory funding element, has agreed that up to £525,000 of this can be used to help fund the expansion of two year old places with the reminder used to support a development team that will sit alongside the existing Early Years Team.

Property/Other

15. There are no direct property implications for SCC to consider. Given the demand for places, Property Services will ensure that any vacant properties that have the potential to be redeveloped for Early Years provision are brought to the attention of the project team.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

16. S.1 of the Localism Act 2011 provides a general power of competence to do anything that an individual may do at law providing that no other statutory restrictions exist that prohibit the action proposed. This includes power to assist Early Year providers (including financially or through provisions of goods, services or works) in undertaking Capital Improvement works for which central government grants were received, where such assistance would contribute to the Council's functions as a Local Education Authority and the corresponding duties to secure sufficient and appropriate Early Years places under the Childcare Act 2006.

Other Legal Implications:

17. None

POLICY FRAMEWORK IMPLICATIONS

18. This paper's proposed investment in Early Years places will contribute to the outcomes of the Children and Young People's Plan and the Health and Wellbeing Strategy by improving and extending the provision available across the City. The proposals will also contribute to the aims of the Economic Development Strategy, by providing the free childcare to a greater number of parents, which should facilitate their being able to take up employment.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Capital Programme for the Expansion of the Early Years Estate
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	

1.	None	
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