

## RECORD OF AN URGENT DECISION BY AN OFFICER

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| 1 | DECISION TITLE   | <b>COVID-19 CHILDCARE RESPONSE SCHEME</b>  |
| 2 | DECLARATIONS OF INTEREST   | When consulted, Cllr Anita Leech declared she is a governor at Leasowe Nursery School  |
| 3 | DATE OF DECISION   | 1 <sup>st</sup> May 2020   |
| 4 | PLACE OF DECISION<br>(if consultees present and/or place relevant) | n/a  |
| 5 | DECISION MAKER   | Paul Boyce, Director for Children, Families and Education  |
| 6 | DECISION TAKEN   | <p><b>(a) That a grant scheme of up to £350,000 be established for childcare providers that are experiencing cashflow hardships whilst awaiting financial support or because they do not qualify for other financial support schemes.</b></p> <p><b>(b) That the Director for Children, Families and Education administer the grant scheme and to:</b></p> <ul style="list-style-type: none"> <li><b>(i) provide grants of up to £10,000 per provider on an exceptional circumstances basis;</b></li> <li><b>(ii) establish qualifying criteria to meet exceptional circumstances; and</b></li> <li><b>(iii) set evidence requirements to be submitted with applications that qualify for grant funding</b></li> </ul>   |
| 7 | REASON(S) FOR DECISION   | <p>The proposal is to establish temporary exceptional circumstances funding for providers of child care who have remained open but who are not eligible for any other funding e.g. small business grants, business rate relief, support for the self-employed, the job retention scheme, the small business grant scheme or the business interruption loan scheme. The funding would be to offset fixed costs and is not intended to be used to fund individual children.</p> <p>The requirement for the funding is to support child-care providers to remain open to enable key workers to remain in work to support the emergency situation and to support vulnerable children remain safe. These establishments have remained open since the Government announced the lockdown. They are, therefore, an essential element of the national strategy in place to combat Covid-19.</p> <p>Following consultation with the sector there is a real risk that providers would have to close as a result of financial difficulty following reduced income. If this happens, there would be much reduced capacity to support vulnerable children and key workers may not be able to attend work to support the response to the Coronavirus</p> <p>The funding will be made available from Tranche 2 of the Government Emergency Coronavirus funding</p> |

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|     |  | The option chosen to administer the scheme is to introduce an “exceptional circumstances” grant for childcare providers, which recognises the support that has been made available by government and does not seek to extend or replace those funding streams.   |
| 8   | ALTERNATIVE OPTIONS CONSIDERED   | <p><b>Alternative Option 1:</b></p> <p>Apply a £-per-child financial support package for those Key Worker children/ vulnerable children reported as attending registers, including private, voluntary and independent sector (PVLs) and maintained nursery schools, but excluding schools-based nursery provision</p> <p><b>Alternative Option 2:</b></p> <p>Defer nursery providers from the Small Business Rate Relief (SBRR) of £10,000, to the Retail and Hospitality Rate Relief (RHRR) of £25,000.</p> |
| 9   | KEY DECISION   | <p><b>Yes / No</b></p> <p><i>Decision is &gt;£500k or is significant in terms of its effects on communities living or working in an area comprising two or more wards</i></p>  |
| (c) | <p><u>Budget</u></p> <p><i>Is this spend contrary to the Council Budget?</i></p> <p><b>Yes / No</b></p>  | <p>This decision is Covid-19 related. Scrutiny Chairs have pre-agreed that any such decision is to be treated as a matter of urgency. Will be reported to Council in due course</p>  |
| 10  | DATE PUBLISHED   | 5 May 2020   |
| 12  | <p>REPORT</p> <p><i>Has any report (or part of the report) relevant to the decision been considered by the individual Member or officer?</i></p> | <p><b>Yes / No</b>-The report is attached</p> <p><i>The report (or part of the report), that is not exempt information, will afterwards be published alongside this Decision Notice.</i></p>   |

**COVID 19 PROPOSED DECISION****DATE: 29 APRIL 2020**

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| <b>DECISION REQUEST / PROPOSAL</b><br><b>SCOPING ASSESSMENT</b> | <b>BUDGET ALLOCATION: COVID-19 CHILDCARE RESPONSE SCHEME (CRS).</b> <i>(TO SUPERSEDE SUPPORT FOR EARLY YEARS PROVIDERS FOR KEY WORKERS/VULNERABLE CHILDREN – CA40704).</i> |
| <b>DECISION PROPOSED BY</b>                                     | Paul Boyce / Ade Bellingham / Carol Fenlon   |
| <b>SERVICE AREA AFFECTED</b>                                    | Children Cell  |
| <b>IDENTIFIED CRITICAL SERVICE Y/N</b>                          | Y  |

**INTRODUCTION**

The proposal is to establish temporary exceptional circumstances funding for providers of child care who have remained open but who are not eligible for any other funding e.g. small business grants, business rate relief, support for the self-employed, the job retention scheme, the small business grant scheme or the business interruption loan scheme. The funding would be to offset fixed costs and is not intended to be used to fund individual children.

The requirement for the funding is to support child-care providers to remain open to enable key workers to remain in work to support the emergency situation and to support vulnerable children remain safe. These establishments have remained open since the Government announced the lockdown. They are, therefore, an essential element of the national strategy in place to combat Covid-19.

Following consultation with the sector there is a real risk that providers would have to close as a result of financial difficulty following reduced income. If this happens, there would be much reduced capacity to support vulnerable children and key workers may not be able to attend work to support the response to the Coronavirus

This paper outlines 3 options for provision of financial support to early years settings in Wirral. It aims to respond to pressures highlighted by the sector, to support their businesses sustainability and enable continued access to essential childcare for key workers and vulnerable children. A recommended option is identified

**1. DECISION SUMMARY**

- (a) That a grant scheme of up to £350,000 be established for childcare providers that are experiencing cashflow hardships whilst awaiting financial support or because they do not qualify for other financial support schemes.**

- (b) That the Director for Children, Families and Education administer the grant scheme and to:**
- (i) provide grants of up to £10,000 per provider on an exceptional circumstances basis;**
  - (ii) establish qualifying criteria to meet exceptional circumstances; and**
  - (iii) set evidence requirements to be submitted with applications that qualify for grant funding**

This decision will support the following Council priorities during the period that contingency planning is required to respond to and manage the effects of the covid-19 epidemic, which are:

- supporting the vulnerable;
- safeguarding children and young people; and
- aiding the Borough's businesses and economy; as well as

This activity represents contingency activity to support Early Years childcare providers.

This budget will be reassessed for utilisation based on actual activity.

## **2. INFORMATION AND INTELLIGENCE SUMMARY**

- 2.1 Currently, there are approximately 182 childcare settings open for key worker/vulnerable children and 200 settings temporarily closed. Those currently open include 49 preschool/nurseries, 67 childminders and 66 schools (including maintained nursery and extended care provision). Availability of provision and demand has been variable over the lockdown period however we are experiencing more stability since the Easter break.
- 2.2 Due to a number of factors it has been difficult to capture real time attendance and to monitor take up of childcare. Initially it was anticipated that 1,500 children would require childcare, whereas the actual take up has realised around a third of that number. This was accounted to the number of adults who self-isolated initially and are now returning to work. We are now seeing a day-by-day increase in take up as the lockdown continues and furloughed staff return to work.
- 2.3 With regards to early years settings accessing Government financial support, the table below highlights feedback from a recent survey with providers.

| <u>Financial Support Streams For Early Years</u> |                           |                        |                           |                      |                            |  |  |
|--|---------------------------|------------------------|---------------------------|----------------------|----------------------------|--|--|
|  | Small Business Grant Fund | Business Rates Holiday | Support For Self Employed | Job Retention Scheme | Business Interruption Loan |  |  |
| <b>Settings</b><br><br><b>62</b>                 | Accessing                 | Accessing              | Accessing                 | Accessing            | Accessing                  | <b>Not Accessing Anything</b><br><br><b>26</b> | <b>Total Accessing a Funding Stream</b><br><br><b>47</b> |
|  | <b>16</b><br>26%          | <b>17</b><br>27%       | <b>0</b><br>0%            | <b>14</b><br>23%     | <b>0</b><br>0%             |  |  |
|  | Intention                 | Intention              | Intention                 | Intention            | Intention                  | <b>42%</b>                                     | <b>76%</b>   |
|  | <b>0</b><br>0%            | <b>0</b><br>0%         | <b>5</b><br>8%            | <b>2</b><br>3%       | <b>0</b><br>0%             |  |  |
| Applied  | Applied                   | Applied                | Applied                   | Applied              |                            |  |  |
| <b>3</b><br>5%                                   | <b>0</b><br>0%            | <b>0</b><br>0%         | <b>1</b><br>2%            | <b>0</b><br>0%       |                            |  |  |

*\*This data is based on 62 providers that completed the survey*

2.4 The settings are currently experiencing temporary financial difficulty as a result of reduced income. Mainstream income has been and continues to be provided from Government for free nurse places provision however a number if not all of the settings supplement their funding with income from additional sessions over and above the free sessions. As a result of Covid-19 these additional sessions have decreased significantly and the additional income that the setting rely on to support their fixed costs is not forthcoming.

### **3. RISK ASSESSMENT / H&S AND STRATEGY FOR IMPLEMENTING DECISION**

3.1 All funding will be issued through standard Council channels which reduces the risk of fraud by using existing internal controls.

3.2 All partners are informed that we intend to request evidence of the use of these funds after a suitable time.

3.3 If the setting closed, key workers would not be able to attend work. This would reduce the capacity within the health and care sector and may put lives at risk

### **4. WHAT POWERS, POLICIES AND PROCEDURES HAVE BEEN CONSIDERED**

4.1 This is an immediate response to the emergency Coronavirus impact and will be funded from Tranche 2 of the Emergency Coronavirus funding from Government.

4.2 Consideration has been given to competing demands for the funding and this scheme is considered to have the greatest cost/benefit impact at the current time.

4.3 No equalities impact assessment or crime and disorder reduction assessment has been taken but the principles have been taken into account and considered to have no negative impacts but a positive impact in keeping pre-school

provision available. Environmental and climate change impacts are not considered applicable.

4.4 No assessment of state aid or competition implications have been considered necessary.

4.5 Legal advice and assistance will be sought in establishing the scheme

4.5 Consultation has taken place with the political Group Leaders and the member of Cabinet with portfolio will be consulted before this decision is to be taken.

## 5. IDENTIFICATION OF CONTINGENCIES OR OTHER OPTIONS

### 5.1 Alternative Option 1:

Apply a £-per-child financial support package for those Key Worker children/ vulnerable children reported as attending registers, including private, voluntary and independent sector (PVI) and maintained nursery schools, but excluding schools-based nursery provision.

|   |                |
|---|----------------|
| Average cost of £127.00 per week part-time per child for 25 hours<br><i>(based on the average costs of childcare - moneyadvisorservice.org)</i> |                |
| Average rate per hour per child   | 5.08           |
| Average weekly hours attended by under 5's across settings  | 20             |
| Average cost per week per child   | 101.60         |
| 8-week period total   | 812.80         |
| Rounded, per 8-week (April/May) period per child  | 800.00         |
| Average number of children attending weekly   | 600            |
|   |                |
| <b>Fund request for April 20 and May 20</b>   | <b>480,000</b> |
| <b>Less</b> prior authorised funding request (CA40704)  | 90,000         |
| <b>Net additional fund request</b>  | <b>390,000</b> |

*\*there could be a variation to the weeks/months applied*

### 5.2 Limitations of Alternative Option 1:

- The average number of children attending could increase during May putting pressure on the funds which cannot be accurately projected
- The lockdown could extend beyond May and further £-per-head funding required to sustain sufficiency
- This option requires significant resource from the Local Authority teams to operate alongside the existing early year's entitlement schemes
- This option will only support those 182 childcare settings currently open and will not support sustainability of other providers who will be needed post lockdown to meet sufficiency demands

### 5.3 Alternative Option 2:

Defer nursery providers from the Small Business Rate Relief (SBRR) of £10,000, to the Retail and Hospitality Rate Relief (RHRR) of £25,000.

Apply the “Calderdale Council” principle that nursery providers would defer to the Retail and Hospitality Rate Relief (RHRR) of **£25,000**, as opposed to Small Business Rate Relief (SBRR) of **£10,000**.

It is known that to date 40 providers have received SBRR, with some still to be awarded. If a rate relief adjustment were to be awarded on these principles an estimated **£600,000 (although not exhaustive)** additional fund would be required.

This could increase with further SBRR applications being granted. Given the number of providers it could exceed a **£1m** projection.

### 5.4 Limitations of Alternative Option 2:

- Access to funds as scheme could exceed £1m
- Capacity to review eligibility of SBRR
- Capacity to make adjustments
- Policy change would need Cabinet agreement

5.5 An option not to provide emergency funding may result in the providers closing

## 6. FINANCIAL IMPLICATIONS (APPROXIMATE / PROJECTED)

6.1 The recommended option to introduce an “exceptional circumstances” grant for childcare providers recognises the support that has been made available by government and does not seek to extend or replace those funding streams.

6.2 Similarly, this option is not intended to cover staffing costs. An “exceptional circumstances” grant would help providers to meet fixed costs and mitigate against disruption. Using criteria for eligibility, it would support those providers not able to draw down funds from the government schemes and/or provide immediate access to financial support to continue to fulfil the childcare needs for vulnerable/keyworker children.

6.3 Estimated value of the scheme to be **£350,000**; with a cap of **£10,000** per provider.

6.4 The recognised limitations of this option are that:

- New process will require internal arrangements/staffing capacity to be identified
- Additional grants will impact on settings accessing the job retention scheme

6.5 The funding will be made available from Tranche 2 of the Government Emergency Coronavirus funding of £8.9m as one of the ambitions of this funding is to be used for, among other things, *‘vital services including children’s services’*

**Name of Finance Officer involved in decision:** Ade Bellingham.

## **7. OTHER IMPLICATIONS**

7.1 Consultation and examples of provider experience include:

*“I do not pay business rates so therefore I am not entitled to this help”.*

*“Not eligible for any support as I only achieved OFSTED registration in Oct 2019 so not been trading long enough”.*

*“Banks are reluctant to lend below £25K - they are really looking for much larger borrowing- out of scope for most PVI”.*

| <b>DECISION PRESENTED TO TSG ON</b> | <b>Date</b>   |
|-------------------------------------|---|
| <b>DECISION OF TSG</b>              | <b>APPROVED</b><br><b>REJECTED</b><br><b>MORE INFO REQUIRED</b> |



