

## **INTRODUCTION**

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales. The three national park authorities and the three fire and rescue authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.

### Consultation response

3. The WLGA welcomes the opportunity to respond to the Children, Young People and Education Committee's consultation on the general principles of the Childcare Funding (Wales) Bill. This is a joint response with the Association of Directors of Education Wales (ADEW).
4. The purpose of the Bill is to enable Welsh Government (WG) to deliver the commitment made in the 2016 Welsh Labour Manifesto 'Together for Wales' to provide 30 hours per week of government funded early education and childcare to working parents of 3 and 4 years old in Wales for up to 48 weeks per year.
5. Local government fully acknowledges that access to good quality childcare and early years education plays a crucial role in child development and is a key contributor to tackling child poverty. Local authorities are responsible for providing appropriate and affordable childcare to enable parents or carers to work or take up training. Many local authorities provide over and above the statutory 10 or 12 hour Foundation Phase Nursery Provision that makes up part of the Childcare Offer.
6. The WLGA and local government welcome the way in which WG has worked closely with the Early Implementer Local Authorities (EILAs) to develop the arrangements for the operation of the Childcare Offer in Wales. The WLGA welcomes the ongoing commitment by WG to learning the lessons from early implementation and to continue working closely with the EILAs and the other 15 local authorities as the early implementation programme is expanded, towards full national roll-out in 2020-21.

### General principles of the Bill

7. Unlike Foundation Phase Nursery provision, the additional Childcare Offer is not a universal offer: to be eligible, parents must live in a designated pilot area and meet specified income criteria. This means there needs to be some way of checking and verifying parents' eligibility for funding. Individual EILAs have made their own arrangements for doing this and, while WG have provided funding to help meet the costs under the early implementation programme, it is a considerable administrative burden on authorities, requiring them to check identity documents, proof of earnings etc submitted by parents.

8. The Regulatory Impact Assessment (RIA) sets out the four options WG have considered for the application receiving and eligibility checking function when the Childcare Offer is rolled out to all 22 local authorities. WG's preferred Option 2 is to develop a Welsh application and eligibility function within the HMRC tax-free childcare platform. The Bill provides the necessary statutory basis to take this forward, giving the Welsh Ministers the power to provide funding for qualifying children of working parents and to make regulations about the arrangements for administering and operating such funding.
9. Having looked at the four options considered by WG, the WLGA recognises the advantages of Option 2 as set out in the RIA, namely that it:
  - enables eligibility checks to be made against real-time data, providing a consistent system and approach across Wales;
  - provides quick decisions to parents about their eligibility;
  - reduces the risks around data security and fraud, and;
  - builds on the experience of HMRC in administering similar eligibility checks for the English Childcare Offer.
10. The WLGA and local government welcome Option 2 and the fact that it will remove the administrative burden of receiving applications and checking eligibility from local authorities, and will offer parents a single, consistent, application process across Wales. The RIA states that the HMRC system will be fully bilingual and meet the Welsh Language Standards. WG will also require HMRC to offer a bilingual customer and telephone support line.
11. Under Option 2, local authorities will remain responsible for administering their systems for the provision of 10 hours of early years education entitlement. This means parents will have to apply separately to their local authority and to HMRC to access the full, combined, 30 hours of Foundation Phase Nursery provision and childcare. It will be important that the separate systems work together seamlessly for parents.

## Financial implications

12. The WLGA has not done its own analysis of the estimated costs set out in the RIA for each of the four options considered by WG for the application and eligibility checking function. Recognising the advantages of WG's preferred Option 2, the WLGA welcomes WG's commitment to fully meeting the developmental and ongoing costs of HMRC's delivery of this function, subject to passage of the Bill. WG has budgeted £80m 2017-18 to 2019-20 to meet the costs of the Offer itself, ie payments to providers. Funding for the full roll-out in 2020-21 is outside of WG's current budget round and WG are still modelling what the potential annual costs will look like.
13. The Bill as drafted is a framework Bill that does not put any new statutory duties on either the Welsh Ministers or local authorities. There is a power in Section 7 for the Welsh Ministers to make regulations 'to confer powers or impose obligations upon a local authority in connection with funding under Section 1', and that such regulations 'may require a local authority to have regard to any guidance issued by the Welsh Ministers under the regulations'. Any regulations made under Section 7 would be subject to the affirmative procedure in the NAW.

## Appropriateness of the powers in the Bill

14. The WLGA is not in a position to comment on the appropriateness of the powers in the Bill for Welsh Ministers to make subordinate legislation. Where such legislation is made that may impact on local government, the WLGA hopes that WG will consult with local government on the details as and when appropriate. Should such legislation impose any new obligations on local authorities, the WLGA hopes that WG will ensure any financial implications are fully costed and appropriately funded.
15. Alongside the Bill and regulations, WG will also be publishing an administrative scheme which will describe how and where the hours of childcare can be taken up and who will be able to deliver the childcare for the purposes of the scheme. The scheme will build on the existing non-statutory guidance for EILAs, taking into account their experience of early implementation of the Childcare Offer.

## Other comments

16. The WLGA recognises that WG will continue to have discussions with local authorities, childcare providers and other stakeholders over the coming months on the details of arrangements for implementation of the Bill and full roll out of the Childcare Offer. The WLGA would flag up at this stage that the following issues - which are important to local authorities, parents and providers - have yet to be decided and it is not yet clear whether they will be picked up in regulations or the administrative scheme:
  - how and when local authorities will be told which parents have been granted funding by HMRC for childcare. Under the process set out in the RIA, eligible parents would be given a code to take to their childcare provider. However, authorities will need to have this information for the purposes of planning and managing their childcare provision and completing their Childcare Sufficiency Assessments (CSAs);
  - who will be making payments to providers. As above, local authorities will need to know which providers are receiving payments for childcare places under the Offer so they can note trends and areas of development in line with their statutory obligations under the CSA requirements, and;
  - as noted above, ensuring local authorities' systems for parents applying for Foundation Phase nursery provision and applying to HMRC for childcare funding work together seamlessly.
17. More generally, it is important to emphasise that should the Bill be passed, local authorities will continue to play an important part in the success of the Childcare Offer in terms of promotion, childcare development and local knowledge. HMRC's function in respect of the offer must not be detrimental to the relationships that Family Information Services (FIS) are able to have with parents seeking childcare in their authority, whether or not they are eligible for the Childcare Offer or for help under other schemes such as Flying Start or PaCE, and with local childcare providers. The FIS can support parents who may not be eligible to look at alternative options for childcare and/or signpost them to other services to help them get access to training or employment opportunities which may make them eligible for the Childcare Offer. Parents who apply to HMRC for funding should still be able to access FIS services for help and support with the application process if needed.

## **Conclusion**

18. The WLGA recognises that the Childcare Funding (Wales) Bill is largely a technical Bill to enable WG to deliver its preferred option for HMRC to undertake the function of receiving applications and checking parents' eligibility for the Childcare Offer. Local government recognises the advantages that the Bill would bring in terms of administration of the offer, both for authorities and parents. Local government looks forward to continuing to play its role in delivery of childcare for families in Wales, and to ongoing partnership working with WG and other stakeholders to ensure the smooth roll out of the Childcare Offer nationally in 2020-21.