

CAPITAL INVESTMENT BUSINESS CASE

(Childcare Expansion)



EXECUTIVE SUMMARY

The Department for Education (DfE) announced new funding on the 27 October 23. Each Local Authority (LA) has received Childcare Expansion Capital Section 31 Grant funding to support the delivery of the 30-hours early years entitlement and wraparound provision. Section 6 of the Childcare Act 2006 requires Local Authorities to secure, where practicable, sufficient childcare for children up to 14 years old. The purpose of this grant is to create more childcare places. The proposal is to run a capital grants scheme where childcare providers can apply for capital grants up to £20,000 to increase new childcare places. The council would prioritise places for children with SEND and target areas where there are gaps in provision. If this proposal is not approved the grant will be returned to the DfE, the increases in childcare places will fail, and the council will not fulfil its statutory childcare duty to the detriment of families living in Plymouth.

Three risks were identified and appraised. Option three was the preferred option, as any financial risks can be mitigated against by implementing robust commissioning and monitoring processes. This option would satisfy the conditions of the grant and enable the council to fulfil its childcare sufficiency duty by increasing childcare places, enabling parents to work and improve outcomes for children.

This grant will be awarded using a competitive procurement process. The Request for Quotation commissioning process will ensure that each project can mitigate against any negative environmental factors and encourages positive ones, such as recycling and walk to nursery schemes etc. The environmental risks associated with this project are small. Procurement (Commissioning), Elective members and legal have been involved in this proposal.

The request is for an executive decision to :-

- Approve the Business Case
- Allocate £434,787.80 for the project into the Capital Programme funded by the Childcare Expansion Grant
- Authorise the procurement process
- Delegate the award of the contract to Service Director for Children's Services

KEY RISKS

If this proposal is not approved the council will lose the awarded £434,787.80 which will have to be returned to the DfE. This would deprive the childcare sector of any funding to support this expansion, council would not meet its statutory childcare duty and in turn it would greatly affect families.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£434,787.80	Contingency (show as £ and % of project value)	
Programme	Education	Directorate	Education, Participation and Skills

Portfolio Holder	Councillor Sally Cresswell, Cabinet Member for Education, Participation and Skills	Service Director	Lisa Linscott
Senior Responsible Officer (client)	Jim Barnicott	Project Manager	Graham Roser
Address and Post Code	Ballard House West Hoe Road Plymouth PL13BJ	Ward	Citywide
Current Situation: <i>(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)</i>			
<p>The Childcare Expansion Capital Section 31 Grant funding is intended to support Local Authorities in delivering the expansion of the 30-hours early years entitlement for working families and of wraparound provision in primary schools. Section 6 of the Childcare Act 2006 requires Local Authorities to secure, so far as reasonably practicable, sufficient childcare for children up to 14 years old. The purpose of this grant is to adapt childcare premises in order to create more childcare places.</p>			
Proposal: <i>(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)</i>			
<p>The proposal is to run a small grants scheme where existing childcare providers operating in the city apply for capital grants up to £20,000 for projects, they consider will support the increase in the delivery of early years and wraparound childcare places (before and after school clubs and holiday schemes). The council would like to prioritise places for children with SEND and certain areas of the city where it has been identified that there is an unmet need for additional places. If this scheme is not approved the grant will be returned to the Department for Education, the increase childcare places will fail, and the council will not for fill its statutory childcare duty.</p>			
Why is this your preferred option: <i>(Provide a brief explanation why this option is preferred) and (Explain why this is a good capital investment and how this would be an advantage for the Council) and (explain how the preferred option is the right balance between the risks and benefits identified below).</i>			
<p>Our sufficiency audits have highlighted a need to provide additional childcare places across the city. There are 247 childcare organisations, not including wraparound providers across the city. These are a mixture of schools, PVI settings and childminders. The need to increase childcare is citywide, however we have highlighted a greater need in Sutton and Mount Gould, Southway, Plymstock Dunstone, Plympton Chaddlewood, Honicknowle, Ham, Efford, Lipson and Budshhead. The proposal would invite childcare providers operating in the city to apply for grants up to £20,000 for small capital projects to create and increase childcare places. The option to support small projects enables a greater coverage across the city, be less financially risky and be quicker to achieve.</p> <p>The commissioning process will appraise each project's financial and business health as well as its compliance and competency in managing and building capital projects. Robust monitoring arrangements will also be implemented to ensure that the money is spent on its intended purpose and delivers the outcomes agreed when the grant is allocated. Clawback will apply if these conditions are not met.</p>			
Option Analysis: <i>(Provide an analysis of 'other' options which were considered and discounted, the options considered must be a 'do Nothing' and 'do minimum' and 'viable alternative' options. A SWOT – Strength, Benefit, Opportunity, Threat analysis could be attached as an appendix).</i>			

Do Nothing Option	The council will not meet the expectations of this grant or meet its childcare sufficiency duty.
List Benefits:	The childcare market will naturally increase childcare places based upon parental demand and by investing their own finances.
List Risk / Issues:	The sector is diverse and some will not have the financial means to invest in this way, therefore will not have the ability to create new childcare places.
Cost:	£435K
Why did you discount this option	The Department for Education has given the council this grant to increase childcare places. This option would deprive the council, the childcare sector and families of new childcare places.
Do Minimum Option	
List Benefits:	To use the sufficiency data to target areas and project manage several larger builds. To retain control of building projects and where they are located. The financial risk is less as the controlling of spend remains within the council. Some areas of the city would benefit from additional childcare places.
List Risk / Issues:	There is a need to create additional childcare places in at least 12 areas of the city, therefore several large builds would not service the childcare needs of all families. The council team's capacity to project manage capital builds is limited. The responsibility to find a suitable childcare provider to manage the new childcare facility would remain with the council. This option would take more time to achieve, and the reforms have to be delivered by 2025.
Cost:	£435k
Why did you discount this option	This option could not provide additional childcare places in all the highlighted areas and would take longer to create, therefore not a suitable option with the given timescales.
Viable Alternative Option	
List Benefits:	The proposal is to run a small grants scheme where existing childcare providers apply for grants up to £20,000 for projects to increase the delivery of early years and wraparound places (before and after school clubs). Less council capacity needed to implement. Increased coverage of childcare places across the city, rather than limited to specific areas.
List Risk / Issues:	Financial risk to the council
Cost:	£435k
Why did you discount this option	The financial risks can be mitigated by having robust commissioning and monitoring oversight. Evidence would include (not limited too) obtaining quotes, invoices, proof of payment etc. This option would satisfy the conditions of the grant and enable the council to for fill its childcare sufficiency duty.
Strategic Case:	
Which Corporate Plan priorities does this project deliver?	economic growth that benefits as many people as possible
	improved schools where pupils achieve better outcomes
	keep young people, children and adults protected

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
9 September 2024	2 October 2024	September 2025

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).

Potential Risks Identified			Likelihood	Impact	Overall Rating
Risk	The council does not approve spend.		Low	High	Low
Mitigation	A robust business case is submitted.		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£435k	Risk Owner	The Council		
Risk	Organisations do not apply for the grants.		Low	High	Medium
Mitigation	To advertise and market the opportunity well. To target organisation in key areas.		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£435k	Risk Owner	The Council		
Risk	Organisations do not have the expertise to deliver capital builds.		Medium	High	High
Mitigation	School Investment & Organisational Manager will test the competency of the applicants to ensure that they are competent. Monitoring arrangements will be out into place to ensure buildings are completed satisfactorily.		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£435k	Risk Owner	The Council		
Risk	There is a financial risk as organisations may go into liquidation.		High	High	High
Mitigation	The grant assessors will look at the applicant's accounts and financial health. Grants will not be given to financially weak organisations. Financial clawback will be put into place if the funding is not used for its intended purpose. Awarding small grants rather than several large grants will lesson the risks further.		High	High	Low
Calculated risk value in £ (Extent of financial risk)	£435k	Risk Owner	The Council.		

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

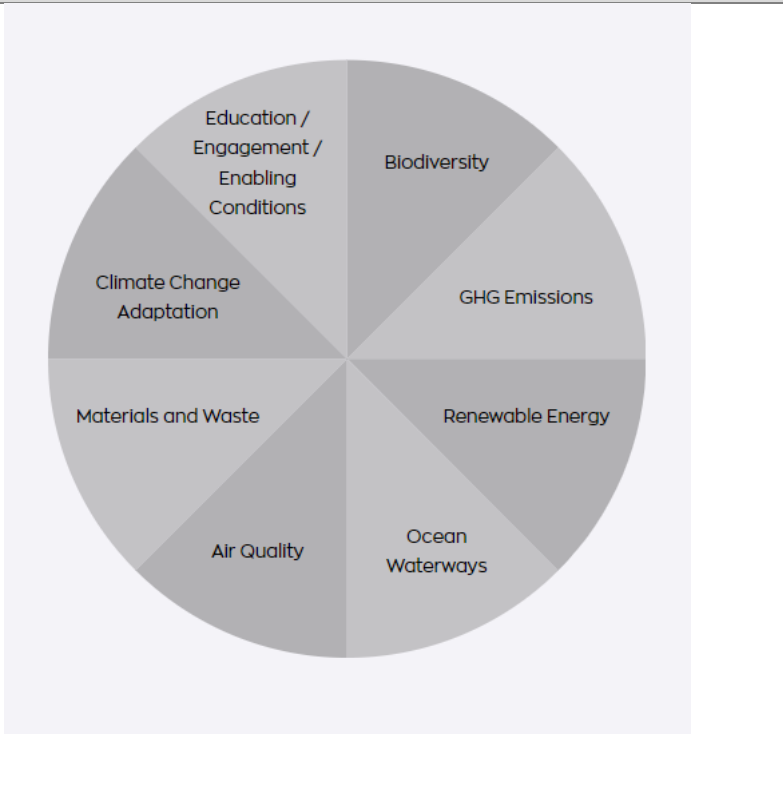
(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:	Non-financial outcomes and benefits:
<p>Childcare places for children 2 and under will be created.</p> <p>New wraparound places will be created for children 5-14 years old.</p> <p>Children will benefit from new childcare places by September 2025.</p> <p>Increased business sustainable.</p> <p>Increased percentage of working parents.</p>	<p>Children’s outcomes improve.</p> <p>Less families in poverty.</p> <p>More childcare workers trained and employed.</p>

SECTION 3: CONSULTATION

Does this business case need to go to CMT	No	Date business case approved by CMT (if required)	

Climate Impact Assessment

<p>Upload Climate Impact Wheel</p>	 <p>The diagram is a circular wheel divided into eight equal segments. Starting from the top and moving clockwise, the segments are labeled: Education / Engagement / Enabling Conditions, Biodiversity, GHG Emissions, Renewable Energy, Ocean Waterways, Air Quality, Materials and Waste, and Climate Change Adaptation.</p>
<p>Summary of the anticipated impact of the proposal on the climate (including any proposed mitigations and impacts beyond 2030)</p>	<p>This grant will be awarded using a competitive procurement process. The Request of Quotation commissioning process will ensure that each project can mitigate against any negative environmental factors and encourages positive ones, such as recycling and walk to nursery schemes etc. The environmental risks to this project are small.</p>

Have you engaged with Procurement Service? Yes	
Procurement route options considered for goods, services or works	Request for Quotation (RFQ) is the recommended route. Commissioning Officer has worked on the project to develop the route for procurement.
Procurements Recommended route.	Request for Quotation (RFQ)
Who is your Procurement Lead?	Janet Greaves-Stocker
Is this business case a purchase of a commercial property? No	
If yes then provide evidence to show that it is not 'primarily for yield'	

Which Members have you engaged with and how have they been consulted <i>(including the Leader, Portfolio Holders and Ward Members)</i>	Initial discussions have taken place with Cllr Cresswell.
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Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.	Legal advice is not required as we are not completing the projects internally but awarding grants to organisations.
Who is your Legal advisor you have consulted with?	Alison Critchfield

Equalities Impact Assessment completed <i>(This is a working document which should inform the project throughout its development. The final version will need to be submitted with your Executive Decision)</i>	Yes
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SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT: *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr.	23/24	24/25	25/26	26/27	27/28	Future Yrs.	Total
	£	£	£	£	£	£	£	£
Grant Distribution			434,787.80					

Total capital spend			434,787.80					
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Provide details of proposed funding: Funding to match with Project Value								
Breakdown of proposed funding	Prev. Yr. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £	Total £
Childcare Expansion Grant			434,787.80					
Total funding			434,787.80					

S106 or CIL <i>(Provide Planning App or site numbers)</i>	N/A
Which alternative external funding sources been explored	N/A as this project is fully grant funded
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	No
Tax and VAT implications	The project relates to the distribution of grant funding to childcare providers and so these transactions will be outside the scope of VAT and the Council will not incur any VAT on the grant payments. There will be no impact on the Council's partial exemption position.
Tax and VAT reviewed by	Sarah Scott
Will this project deliver capital receipts? <i>(If so please provide details)</i>	No

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	£0
Revenue cost code for the development costs	N/A
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	N/A

Budget Managers Name			Janet Greaves-Stocker				
Ongoing Revenue Implications for Service Area (N/A)							
	Prev. Yr.	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs.
Service area revenue cost							
Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)							
Total Revenue Cost (A)							
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)							
Has the revenue cost been budgeted for or would this make a revenue pressure	N/A						
Which cost centre would the revenue pressure be shown	N/A		Has this been reviewed by the budget manager			Y	
Name of budget manager	Janet Greaves-Stocker						
Loan value	£ N/A	Interest Rate	N/A %	Term Years	N/A	Annual Repayment	£ N/A
Revenue code for annual repayments	N/A						
Service area or corporate borrowing	N/A						
Revenue implications reviewed by	N/A						

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


Author of Business Case	Date	Document Version	Reviewed By	Date
	00/00/2020	v 1.0		00/00/2020
	00/00/2020	v 2.0		00/00/2020
	00/00/2020	v 3.0		00/00/2020
	00/00/2020	v 4.0		00/00/2020
	00/00/2020	v 5.0		00/00/2020

SECTION 5: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates £434,787.80 for the project into the Capital Programme funded by the Childcare Expansion Grant
- Authorises the procurement process
- Delegates the award of the contract to Service Director for Children’s Services

Councillor Evans OBE (Leader of the Council)		Service Director Lisa Linscott	
Either email dated:	<i>date</i>	Either email dated:	21 October 2024
		Signed:	
Or signed:			
Date: 30 October 2024		Date:	