

City of London Corporation Committee Report

Committee: Community and Children's Services	Dated: 16/01/2025
Subject: Children's Centre Services and 0-2 childcare arrangements	Public report: For Decision [Appendix A is published in the Non-Public report pack]
This proposal: <ul style="list-style-type: none">• delivers Corporate Plan 2024–29 outcomes• complies with statutory duties.	Diverse Engaged Communities Providing Excellent Services
Does this proposal require extra revenue and/or capital spending?	No, funded from existing resources.
If so, how much?	N/A
What is the source of Funding?	City Fund
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	Judith Finlay, Executive Director of Community and Children's Services
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Summary

Agreed changes to the delivery model of Children's Centre services in the Square Mile have associated impacts on the delivery of childcare at the Aldgate School. In response to concerns related to this impact, Members requested the consideration and proposal of options for a wider approach to affordable childcare. Such an approach would require subsidy, which goes beyond statutory requirements.

This report sets out the context in which the policy proposals should be considered and puts forward options for Members to consider and to approve a preferred option for further development.

Recommendation

Members are asked to:

- i. Consider the policy options set out in relation to the provision of subsidised childcare services as a discretionary offer over and above the Childcare Accessibility Scheme

- ii. Approve a preferred policy option in principle to enable further consultation on, and the development of, detailed eligibility and operational criteria (where required) for subsequent approval

Main Report

Background

1. Children’s Centre services provide access to a range of support and advice services for parents and carers and children under five who are resident in the City of London (“the City”). The services bring different partner agencies together to provide easy access to services that a family might need, and are available from pregnancy through until children start school in reception class at primary school.
2. The City of London Corporation (“the City Corporation”) must make arrangements for the sufficient provision of children’s centres to meet local need. A “children’s centre” is a place, or group of places, where early childhood services are made available in an integrated manner. It can be managed by or on behalf of the local authority.
3. The City Corporation is subject to several statutory duties in relation to Children’s Centre services and the provision of childcare:
 - Duty to provide sufficient children’s centres to meet local need¹;
 - Duty to secure sufficient childcare for working parents that are resident in its area²;
 - Duty to provide prescribed early years provision free of charge³;
 - Duty to consider whether early childhood services should be provided through a children’s centre.⁴
4. The Corporation also has the power to assist (including providing financial assistance) providers of childcare⁵.
5. The City Corporation is the accountable body for ensuring sufficiency, and for ensuring external funding is spent in accordance with the conditions for which it was given.
6. In March 2021, the then government published a Department for Education (DfE) report ([The best start for life: a vision for the 1,001 critical days](#)) setting out its policy commitments for the delivery of such services. It included the proposal for the creation and development of Family Hubs as a place for families to access “Start for Life” services.

¹ Section 5A Childcare Act 2006.

² Section 6 Childcare Act 2006.

³ Section 7 Childcare Act 2006.

⁴ Section 5E Childcare Act 2006

⁵ Section 8 Childcare Act 2006.

7. The DfE policy acted as a catalyst for the City Corporation to commission an external independent review of existing Children's Centre services arrangements (see below).
8. This review, and the recommendations it contained, shaped proposals, approved by Members of this Committee, to secure a changed model of Children's Centre delivery. The changes proposed, transferred the leadership and management of the service from the Aldgate School to the City Corporation. This change seeks to respond to the needs and aspirations of those consulted for the independent review, enhance service delivery, and reflects the fact that most Children's Centre services are delivered in locations and venues outside of the Aldgate School.
9. The leadership and management of the current model is supported by a Service Level Agreement with the Aldgate School which includes the provision of annual funding to the school for this role. The Aldgate School also provides childcare provision for children aged 0-2 years. The delivery of this childcare is in part enabled by the funding for the Children's Centre, and therefore the proposed changes impact on the business model and viability of this childcare provision.

Current position

Children's Centre services

10. The City of London's Children's Centre offer brings together a range services to ensure parents and carers can access the support they need when they need it across a range of locations. Many of the services delivered are provided from the Aldgate School. The remaining delivery (approximately two thirds of services) are provided in several other locations around the City (Artizan Street library, Shoe Lane library, Barbican library, Golden Lane Community Centre and Guildhall West Wing).
11. The services comprise of:
 - 2-year-old offer (for families entitled to government financial support and for working families)
 - 15- and 30-hours childcare offer
 - Adult learning enrolment and support
 - Bookstart gifting
 - Breast/infant feeding support
 - Centre-based and outreach family support and advice
 - Dolly Parton Imagination Library
 - Family Lives (Emotional well-being) support
 - Health visitor partnership
 - Healthy Starts vitamins referral
 - New birth contacts
12. The current Service Level Agreement with the Aldgate School is due to expire on 31 August 2025.

Independent review of Children's Centre services

13. In 2023 the City Corporation commissioned an external independent review of existing Children's Centre services arrangements referenced in paragraph. The review sought to identify the needs and ideas of parents, carers and other stakeholders to shape the City Corporation's delivery of the government's policy commitment to Family Hubs.
14. The City Corporation aspires to provide an enhanced range of Family Hub services to residents and children up to aged 19 (or 25 with special educational needs) accessible across a variety of localities within the City.
15. Consultation activity was undertaken during the spring of 2023 via a series of structured virtual and face-to-face interviews with professionals, providers and stakeholders, from organisations including: The Aldgate School; the City of London Education and Early Years Team; Social Care and Libraries; North East London Health and Care Partnership; Family Lives and the London Borough of Hackney.
16. An online survey targeted at parents, carers and guardians who are resident in the City, and invited their feedback about children and family themed priorities, perceived strengths and their experiences in the early years.
17. Two specific consultation sessions (with interpreters) were also held:
 - 10 May 2023: Golden Lane Community Centre
 - 11 May 2023: Portsoken Community Centre
18. The session sought the views of parents/carers and partners on services for children under five and their families.
19. Findings from the review of the City Corporation's arrangements show that residents wanted a broader range of services, delivered closer to home. Residents identified the following priorities and needs:
 - A need for support for challenging behaviour and a growing incidence of Social, Emotional and Mental Health Needs.
 - Increased support with problems associated with social isolation or a lack of extended family support.
 - Increased accessibility to support with breastfeeding.
 - Increased accessibility to support with parent and child physical health and wellbeing.
 - Increased accessibility to support with baby and infant sleeping routines.
20. Members of this Committee met on 11 March 2024 and agreed and approved to:

- Bring the services 'in-house', thereby making the City of London Corporation the responsible 'delivery authority'.
- The transfer of management of Children's Centre services be introduced as the first priority in developing the Family Hub, noting that this would exclude 2-year olds' care.

21. This decision was not to cease or reduce Children's Centre service provision. Children's Centre services will continue to be delivered from a range of venues, but the leadership and management responsibility for delivery will transfer to the City Corporation from the Aldgate School at the expiry of the current Service Level Agreement.

Childcare provision

22. Childcare provision for children aged 0-2 is supported by funding from the DfE and augmented by parents' fees. Within the City there are six providers of funded childcare, of which the Aldgate School is one, a workplace nursery for employees' children only and two independent schools with nursery classes.

23. There are currently approximately 200 children aged 0-4 who reside in the City, 130 of which are aged 0-2 years.

24. The City Corporation has a legal duty to secure sufficient childcare for working parents living in the area. As of December 2024, there were 10 vacancies for 0–2 year-olds in the five providers excluding the workplace nursery and the Aldgate School. There are 45 places available to 0–2 year-olds across providers in the City area. Current supply exceeds demand – with only one provider in the City at capacity - although the provider market for childcare more widely can be volatile, and supply can change.

25. Population forecasts indicate a falling birth rate and falling numbers of young children resident in the city and in inner London. This is exemplified by a 23% reduction in 0–4 year-olds resident in the City of London since 2022.

26. The focus of ensuring sufficiency of supply is to meet the needs of parents and carers who reside in the City. To extend this ambition to those that work would require the City Corporation to meet the demand from a population of working age parents larger than any single London local authority.

27. In the Spring 2023 budget, the then government announced its extended free childcare policy. This has subsequently been enhanced by the new government to provide:

- From September 2024, 15 hours childcare support has been extended to eligible working parents with a child from 9-months-old.
- From September 2025, support will reach 30 hours for eligible working parents with a child from 9-months-old up to school age.
- These hours can be used over 38 weeks of the year during school term time, or up to 52 weeks if families use fewer than the total hours per week.

28. This extended funding is available to parents who are eligible and apply to HMRC through the Government Gateway.
29. In the City, this DfE funding equates to £15 per hour per child under two years old, £11 per hour per child aged 2-3, and £8.45 per hour per child aged 3-4. Local Authorities are obliged to pass through 95% of DfE funding for childcare to providers. The City Corporation passes through 100% of this funding to providers.
30. The City Corporation provides additional discretionary help - through its Childcare Accessibility Scheme - to qualifying resident families that gives financial support to access childcare and early education. To qualify, families need to meet one of two criteria:
- I. Children with Additional Needs but not qualifying for an Education, Health and Care Plan)
 - II. Families who have a combined income of less than £55,000 p.a.
31. Three families access the existing subsidy scheme within two providers in the City.

Childcare provision – concerns and issues

32. The changed approach to delivering Children's Centre services has an associated impact on the delivery of 0-2 childcare at the Aldgate School - including the possibility of loss of this provision. The school has expressed a clear desire to retain 0-2 childcare delivery and has been invited to produce a costed business model to sustain 0-2 childcare from their site. This model draws on existing staffing costs, and estimates of DfE increased childcare funding from September 2025 and parents' fees revenue. Modelling suggests the need for future subsidy to sustain this provision.
33. It is acknowledged that there may be as yet unknown factors for consideration from third parties such as the freeholder of the school.
34. Childcare providers across the City (five plus a workplace nursery) and beyond (including a provider 0.3 miles to the east of the Aldgate School) have access to revenue streams of DfE funding and parents' fees from which to deliver their childcare services. They do not currently receive any subsidy from the City Corporation or elsewhere.
35. At this Committee on 11 November 2024 Members expressed concern about the potential loss of 0-2 childcare at the Aldgate School. This echoed concerns by some parents accessing the existing childcare and some staff at the Aldgate School.
36. In response Members requested that officers develop policy proposals which, if supported, would provide subsidy to deliver an extended childcare offer of 'affordable' childcare for City of London residents. While this work is progressed, Members have received two briefings which focussed on responding to detailed

questions on local demand and existing provision, population trends, and inner London affordable childcare arrangements.

37. Most inner London local authorities do not fund subsidised 0-2 childcare for their universal 0-4 population. The exceptions to this are Islington Council (which provides subsidised childcare for its resident population, on a graded scale based on household income) and the London Borough of Hackney (which had been seeking to withdraw this provision and close some children centre services, but has paused following legal challenge relating to its consultation).
38. Policy options are set out below. Subject to the Community and Children's Services committee decision, a formal consultation on the recommended option may be undertaken to gather stakeholders' views. The final policy will be subject to a further Equalities Impact Assessment.
39. The policy options set out below are presented in the context of the decision of Members (11 March 2024) to opt for a different Children's Centre services model, in which the City Corporation becomes the responsible delivery authority and leads the development of a Family Hub (type) programme.
40. Subsequent to that decision the City Corporation agreed with the Aldgate School to allow the Service Level Agreement to expire by effluxion of time as opposed to terminate prematurely.
41. An Exit Agreement and Exit Plan (implementing the agreement) are to be agreed by the City Corporation, the Aldgate School and professional stakeholders.
42. In this interim period the City Corporation has committed to joint communications with the school to minimise anxiety for parents using the childcare provision and staff who deliver that service.

Options

43. Three options are set out below. In considering them several factors should be weighed.
44. The City Corporation's statutory duties are to residents in relation to sufficiency of childcare for working parents and sufficiency of children's centre services to meet "local need". These duties are to be considered across the whole of the City. The refocusing of Children Centre services seeks to provide more localised provision for some areas of the City. However, if childcare is reduced at the Aldgate School as a consequence, it reduces the availability of childcare in that area – albeit within the context of sufficient supply in the City as a whole.
45. The financial illustration behind the options set out is appended in the Non-Public report pack as it reports information relating to the financial or business affairs of the Aldgate School.
46. The changed delivery of Children Centre services yields a surplus that could – depending on the option pursued – fund enhanced and additional children centre

services (the Family Hub offer) or fund the provision of subsidised childcare at a specific setting (the Aldgate School), or fund subsidised childcare for an eligible child wherever they accessed childcare. There is an opportunity cost related to whichever policy approach is preferred.

47. Business modelling put forward by the school, identifies the need for a subsidy for childcare provision to remain viable. The policy to provide for this is put forward assuming the subsidy will ensure that differential pricing - offering City children lower cost childcare - is continued. If favoured the rate charged to non-City children could be reconsidered as a development of this option. The policy is also proposed because of the long-standing provision at that location, its proximity to the local community, and the clustering of alternative provision to the north of the City.
48. The application of subsidy to children rather than a provider, would require the development of criteria and processes to assess eligibility, assuming it will target families on a wider set of criteria than the current Childcare Accessibility Scheme. The development, consultation on, and implementation of such criteria and processes would need to be achieved before the end of the service level agreement with the Aldgate School on 31 August 2025.
49. An Equality Impact Assessment in relation to the high level policy options is appended. While it identifies the potential for some negative impact, the availability of proximate alternative provision and the current overall sufficiency of provision provides mitigation. The scale of impact on families living in the local community (within the City) and using the provision is low given the very small numbers.
50. Members are invited to adopt one of the following policy statements in relation to affordable childcare provision for City of London residents. The chosen policy will be subject to consultation and the manner of delivery/implementation (where appropriate) - such as eligibility – subject to an equalities impact assessment, before being proposed for final approval to Members.
51. Policy 1 provides subsidy for childcare via the current Childcare Accessibility Scheme – the existing discretionarily funded childcare scheme. Policies 2 and 3 go beyond that position and commit to further discretionary subsidy for childcare provision within the City Corporation considering the available funding for doing so. These latter two options are distinguished in terms of whether a discretionary subsidy is applied specifically to the Aldgate School (both as provider and location) or to the eligible child rather than provider setting.
52. The focus on a specific location or provider may disadvantage those parents and carers resident in other areas of the Square Mile. However, the Aldgate area is one in which there is a great scale of socio-economic disadvantage. An approach focused on the eligible child is likely to provide increased choice and accessibility to care for City families.
53. Three policy approaches are proposed:

i. **Policy 1 – No additional subsidy**

The City of London Corporation is committed to ensuring sufficient childcare provision within the Square Mile for residents. The City of London Corporation will promote the extended childcare funding available from the Department for Education. The City of London Corporation will continue to work with residents to ensure that their childcare needs are regularly reviewed and met, and Members will scrutinise the position in the Square Mile to further support City of London families experiencing economic or other significant disadvantage, the City of London Corporation provides a childcare accessibility scheme.

Positives:

- Clear opportunity to resource the development of Family Hub offer.
- Equity of offer across the City

Risk:

- A reduced childcare offer from the Aldgate school.
- Impact on residents who wish to access The Aldgate School. School Leaders have indicated that it will be unable to retain its 0-2 childcare provision without subsidy, thereby removing this option for residents.
- The childcare market is fragile, and this may create challenges of sufficiency.

Or

ii. **Policy 2- Subsidy only to the Aldgate school setting (subject to agreed eligibility criteria)**

The City of London Corporation is committed to ensuring sufficient childcare provision within the Square Mile for residents. The City of London Corporation will promote the extended childcare funding available from the Department for Education. The City of London Corporation will continue to work with residents to ensure that their childcare needs are regularly reviewed and met, and Members will scrutinise the position in the Square Mile. **To further support City of London families experiencing economic or other significant disadvantage, the City of London Corporation provides a childcare accessibility scheme and additionally will provide an enhanced offer to City children aged 0-2 who attend childcare at the Aldgate School and meet the agreed eligibility criteria.**

Positives:

- Stability of offer for families at the Aldgate school.
- Ensuring provision in the Portsoken/Aldgate area.

Risk:

- City of London Family Hub services would not be developed in full and may not meet the aspirations of families across the Square Mile

Or

iii. **Policy 3 - Subsidy to all City children aged 0-2 attending childcare (subject to agreed eligibility criteria)**

The City of London Corporation is committed to ensuring sufficient childcare provision within the Square Mile for residents. The City of London Corporation will promote the extended childcare funding available from the Department for

Education. The City of London Corporation will continue to work with residents to ensure that their childcare needs are regularly reviewed and met, and Members will scrutinise the position in the Square Mile. **To further support City of London families experiencing economic or other significant disadvantage, the City of London Corporation provide a childcare accessibility scheme and additionally will provide an enhanced offer to children aged 0-2 resident in the City of London who attend childcare and meet the agreed eligibility criteria.**

Positives:

- Enhanced equity of offer for children across the City
- Some resource could be retained to develop City of London Family Hub services for children and families.

Risk:

- The Aldgate School has indicated that it will be unable to retain its 0-2 childcare provision without subsidy, thereby removing this option for residents.
- May take time to develop an alternative offer in the Aldgate school area.

54. Subject to member decision on which of the above policy approaches to agree, the Corporation will then consult on a range of options which may include:

- a) Any income eligibility criteria
- b) Any additional need/SEN eligibility criteria
- c) The settings at which any subsidy should be available.

55. Should Members decide on Policy statements 1 or 3, detailed work would be undertaken to ensure sufficient access to childcare in the area currently served by the Adgate School.

Finance position

56. The current budget for delivery of Children's Centre services by the City Corporation is £456k per annum. This is currently made available to the Aldgate School for the existing Children's Centre services and 0-2 childcare. The delivery of Children's Centre services at the Aldgate School through the existing SLA has enabled the delivery of subsidised 0-2 childcare, augmenting DfE funding and parents' fees.

57. The Aldgate School has been requested to produce a fully costed model for continuance of the current 0-2 childcare arrangements. The total operating cost drawn for this are reported in Appendix A.

58. From Appendix A, Members are invited to consider the financial implications of the policy statements outlined, mindful of sufficiency of provision and the City of London Corporation's best value duty.

Next Steps

59. A fully consulted and co-produced City of London Corporation Childcare Policy (non-statutory) can be delivered by 30th April 2025, reflecting Members' decision on subsidised childcare in the City. The policy – and associated detail such as eligibility – will be subject to four weeks consultation. This period is considered reasonable given the small size of the City's population. It will build on previous consultation undertaken for the independent review, recent feedback from meetings with parents, staff and stakeholders related to provision at the Aldgate School.
60. Community assets, such as, schools, libraries and community centres, and existing community groups and bodies such as the City Parent Carer Forum will be used to ensure the consultation is accessible and capture a diversity of views, including from those with protected characteristics.

Corporate & Strategic Implications

61. **Strategic implications** – Corporate outcome:

Providing Excellent Services: Supporting people to live healthy, independent lives, and achieve their ambitions, is dependent on excellent services. Vital to that continued pursuit is enabling access to effective adult and children's social care, outstanding education, lifelong learning, quality housing, and combatting homelessness.

Diverse Engaged Communities: Across our residents, workers, businesses, and visitors, everyone should feel that they belong. Connecting people of all ages and backgrounds will help build diverse, engaged communities that are involved in co-creating great services and outcomes.

62. **Financial implications** – Described in Appendix A, noting that all options assume no increase in the existing budget available for Children's Centre services currently.

63. **Resource implications** – Staff employed by Aldgate School in the current 0-2 provision will transfer to the City of London when the Service Level Agreement for Children's Centre Services ends on 31 August 2025 and the service is brought in-house. It is anticipated that the Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply to their transfer. There will then be further implications for staff depending upon the policy option selected for future provision. Policy option 1 is likely to result in the redundancy of staff, with redundancy costs to be met by the City of London. Policy options 2 and 3 could result in either further transfers or redundancies depending upon the method of delivery of provision either within the Aldgate School setting or elsewhere. The employment position will need to be reviewed further should policy option 2 or 3 be selected.

64. **Legal implications** – The City of London Corporation is subject to a number of statutory duties in relation to Children's Centre services and the provision of childcare.

- Duty to provide sufficient children’s centres to meet local need⁶;
- Duty to secure sufficient childcare for working parents resident in its area⁷;
- Duty to provide prescribed early years provision free of charge⁸;
- Duty to consider whether early childhood services should be provided through a children’s centre.⁹
- The City Corporation has the power to assist (including providing financial assistance) providers of childcare¹⁰.

Any consultation undertaken will follow the general principles outlined below:

- (I) Comply with any statutory requirement to consult;
- (II) Consultation must be undertaken when the proposal is still at a formative stage;
- (III) Sufficient reasons must be put forward for the particular proposals to allow those consulted to give intelligent consideration and response. Those consulted should be aware of the criteria that will be applied when considering proposals and which factors will be considered decisive or of substantial importance at the end of the process;
- (IV) Adequate time must be given for such consideration and response; and
- (V) The product of the consultation must be conscientiously taken into account when the ultimate decision is taken.

The requirements for good decision making in public law are that decisions are rational, within relevant legal powers and are procedurally correct. Complying with these principles reduces the likelihood of a successful legal challenge.

The Corporation is also under a duty to comply with the best value duty. The duty is set out in the Local Government Act 1999 and provides that local authorities must:

“make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”

The Exit Agreement referred to in this Report will formally close down the Service Level Agreement. Depending upon the outcome of the policy decision by Members the Exit Agreement will need amending to take on board the agreed policy decision, and the implications arising from the same.

65. Risk implications – The loss of any childcare provision may mean the City Corporation cannot meet its duty to provide sufficient childcare for its resident

⁶ Section 5A Childcare Act 2006.

⁷ Section 6 Childcare Act 2006.

⁸ Section 7 Childcare Act 2006.

⁹ Section 5E Childcare Act 2006

¹⁰ Section 8 Childcare Act 2006.

population. The production of annual sufficiency analysis suggests current provision would meet sufficiency needs. It is accepted that in a volatile market, there are risks of provider failure that can impact sufficiency.

66. Equalities implications – All children and young people, regardless of their special educational needs or disabilities, will be part of a community where they can learn, achieve and participate in activities with other children and young people, and will be prepared to have a fulfilled adult life. An Equality Impact Assessment of the options presented identifies the potential for some negative impacts in relation to the policies proposed. Mitigations are set out. Members are asked to consider and have due regard to the equalities impact assessment.

67. Climate implications – N/A

68. Security implications – N/A

Conclusion

69. The needs of City of London residents and their children are paramount in the secure delivery of Children’s Centre services across the City of London, and in planning Family Hub services.

Appendices

- Appendix A – Financial Implications of policy options (Non Public)
- Appendix B – Equality Impact Assessment (Public)

Background Papers

- 11 March 2024 - Community and Children's Services: City of London Children’s Centre Services – Review
- 11 November 2024 - Community and Children's Services: City of London Children’s Centre Services – Update Report

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