

Childcare Affordability Programme 2005 Pilot Review

SQW Consulting



**Research Report No
DCSF-RR174**

***Childcare Affordability Programme 2005
Pilot Review***

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The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Children, Schools and Families.

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Glossary

Black and Minority Ethnic (BME)

Childcare Affordability Programme 2005 pilot (CAP05)

Childcare Affordability Programme 2009 successor pilot (CAP09)

Department for Children, Schools and Families (DCSF)

Department for Education and Skills (DfES - now the DCSF)

Department for Work and Pensions (DWP)

Family Information Service (FIS - formerly the Children's Information Service (CIS))

Government Office for London (GOL)

Greater London Assembly (GLA)

Her Majesty's Treasury (HMT)

Job Centre Plus (JCP)

Local authority (LA)

London Development Agency (LDA)

National Childminding Association (NCMA)

Office for Standards in Education (Ofsted)

Regional Development Agency (RDA)

Special Educational Needs (SEN)

Strategic Added Value (SAV)

Transition to Employment (T2E - one of the CAP05 Phase 2 themes)

Executive Summary

Introduction

1. This report sets out the findings of the review of the Childcare Affordability Programme pilot (CAP05). SQW Consulting (SQW), with Brunel University, was commissioned by the then Department for Education and Skills (DfES)¹ in 2006 to undertake a three year longitudinal review of the Programme which was a jointly-funded initiative by the DCSF and the London Development Agency (LDA). The specified aims for the review were to:

- assess the implementation process
- review progress against the objectives of the programme
- assess whether any of the approaches which are successful can be implemented more widely, and to
- assess the relative efficacy of supply-side interventions compared to demand side subsidies in childcare markets.

2. In year 3 of the review, the LDA asked for the final report and its findings to be structured, as closely as possible, against the Impact Evaluation Framework (IEF) developed to assess the impact of Regional Development Agency (RDA) initiatives.² It should be noted, however, that, while this report broadly follows the IEF structure, it is not an impact evaluation, as neither CAP05 itself nor our review was originally specified in such a way as to make this possible.

Methodology

3. The key elements of our methodology were as follows:

- a detailed literature review in year 1, supplemented with a policy update in year 2
- an annual survey of the teams responsible for CAP05 in all 32 London boroughs and the City of London across each of the three years of the study
- a selection of case studies, as follows:
 - CAP05 Phase 1: ten case studies in each of the first two years
 - CAP05 Phase 2: twelve case studies, all undertaken in year three
- a cumulative series of follow-up call-backs to providers initially interviewed in years one and two of the review
- a telephone survey in year 3 of a sample of parents using CAP05 provision, and
- two consultative workshops in year 3: one focusing on practical delivery and the other considering the impact of CAP05 at the policy and programme level.

¹ Now the Department for Children, Schools and Families (DCSF). For the purposes of this report, all subsequent references will be to DCSF.

² For further details on the IEF, go to: <http://www.berr.gov.uk/files/file21900.pdf>.

4. Most of these elements were in line with the original work plan, but some changes were necessary as the programme progressed. Indeed, with any longitudinal review of this kind, it is anticipated that there will be some changes to the original methodology specified in the project proposal, taking account of the way a pilot initiative itself may need to change and develop over time.

5. In the case of the CAP05 review, a major challenge related to the identification of a reasonably large and robust sample of parents using the provision. As parents were not asked or required to provide contact details for possible subsequent follow-up³, in practice it was not possible to access a sufficiently large sample of parents to enable robust conclusions to be drawn from this strand of the research. This has limited our assessment of the additionality of CAP05 and, in particular, its impact on parents, and we have been more reliant on the views of providers and London boroughs for their perceptions of parental impact.

6. The review also originally planned to draw on monitoring data and other information collected by Greater London Enterprise (GLE), the managing agent. In the case of parental participation in CAP05, the design of the monitoring form London boroughs were required to submit to GLE did not offer the ability to identify the net number of parents or children benefiting from CAP05 support. This has proved challenging for the review of the pilot as it has meant that central monitoring information is unable to identify, at a programme level, the total number of parents benefiting from the support, the period of time they have engaged with the pilot and the amount of provision used by individual parents.

7. We would recommend that any future evaluation of a similar initiative would benefit from the evaluation team being appointed at the start of the set-up phase. This would enable the project team and the evaluators to assess up front what types of monitoring and other information will need to be gathered throughout the life of the programme to enable robust conclusions about impact to be drawn.

The Childcare Affordability Programme

8. CAP05 was a London-based pilot programme agreed by the Minister for Children and the Mayor of London. The programme was launched in November 2005.

9. The aim of the pilot was to pioneer a range of different approaches to make childcare more affordable to lower income families and thereby to enhance their ability to participate in paid employment.

10. The original purposes of the pilot were to:

- improve affordability for lower income families in full-time work by subsidising full day care provision
- offer incentives to providers to offer more flexible hours of care with compensation for some of the additional costs involved
- test innovative approaches to supporting key groups to access childcare provision and subsequently engage in training and employment opportunities.

³ The programme partners had agreed at the design stage that they would not require parents to register centrally for the scheme as this might have dissuaded people from participating in the pilot.

11. Because of the innovative nature of the programme, in advance of a measure of demand, the only quantified output target was for the pilot to offer up to 10,000 subsidised childcare places across the life of the programme.
12. The CAP05 pilot was innovative in that it was a supply-side intervention in the childcare market which was available to those who were already in receipt of a demand-side subsidy, i.e. the Child Tax Credit at a higher rate than the family element.
13. The programme consisted of two phases:
- **Phase 1: Affordable Day Care** - delivery in this phase subsidised the cost of full day care places for 0-5 year olds from lower income families in receipt of the Child Tax Credit at a higher rate than the family element. It also gave a subsidy to providers to enable them to offer flexible places to the same group of parents. The CAP05 subsidy was provided in addition to the support available via the childcare element of Working Tax Credit. In order to test different models of this supply-side intervention, Phase 1 consisted of two models:
 - Model A - a subsidy of full day care childcare places. Under this model, Ofsted registered group childcare providers and National Childminding Association (NCMA) accredited childminder networks⁴ which were charging between £175 and £205 per week for a full day care childcare place could bid for a subsidy of up to £30 per place per week, in order to bring the cost of a place down to £175, which accorded with the maximum childcare element for the Working Tax Credit. Eligibility for these places was restricted to lower income families who were receiving Child Tax Credit at a higher rate than the family element (£547.50 per year).
 - Model B - an incentive to providers to offer more flexible charging arrangements (e.g. by the hour or part of a day rather than a full day), in order to accommodate working patterns. Again, Ofsted registered group childcare providers and National Childminding Association (NCMA) accredited childminder networks could bid for a subsidy of up to £68 per place per week for provision which was not used full-time, or which covered hours outside the “normal” working day.

For both models, providers were able to bid for up to 50 per cent of their registered childcare places to be included in the programme, with the onus on them to satisfy requirements that they had sufficient places available and that they undertook to market these to lower income families.

- **Phase 2: Wider Access to Childcare** - this phase sought to implement innovative practices to address the wider problems of affordability and parental access to childcare for 0-14 year olds⁵, including access to atypical hours and access for children with special needs and disabilities. Detailed eligibility criteria varied by borough.
14. The pilot programme was scheduled to run from November 2005 until March 2008. It was subsequently extended to November 2008 and then March 2009.

⁴ In practice, no NCMA accredited childminder networks participated in Phase 1.

⁵ The age range was increased from 0-5 years to 0-14 years midway through the programme, following requests from the Phase 2 pilots.

The rationale for CAP05

15. In Chapter 3 we have reviewed the logic model for CAP05 and considered the evidence available at the start of the programme. The strongest rationale for the CAP05 programme is one of equality of opportunity. The cost of childcare in London prohibits low income families (within which lone parents and families from black and minority ethnic (BME) groups are disproportionately represented) from accessing employment and training opportunities. This rationale is not explicit within the pilot documentation available, but was identified in the Mayor's London Childcare Strategy which underpinned the programme.

16. At the development stage of the programme, relatively limited information was available on the levels of demand for childcare and the types of childcare required by parents, especially at a local level. However, the Mayor's London Childcare Strategy had analysed a range of information on potential demand, including the difference between mothers' employment rates in London and the UK as a whole and data from the London Household Survey, which identified the lack of affordable childcare as a key reason preventing mothers from working. It was anticipated that the CAP05 pilot itself would contribute to the understanding of demand for affordable and flexible childcare in London.

17. The CAP05 pilot was, therefore, identified as an opportunity to contribute to national and regional objectives, based on the rationale that improved access to employment would support families to move out of poverty and also enable access to associated benefits relating to health, achievement and opportunity for children and families in general.

18. On this basis, at the inception of the pilot there existed a clear need for support to alleviate child poverty and the barriers to employment faced by parents in London and, in particular, lone parents and parents from BME groups.

19. Based on the evidence available, we have concluded that the problem posed by a lack of affordable childcare in London was correctly identified. The rationale for intervention, however, was insufficiently specified in that the initial programme documentation focused on the public good potential rather than CAP05's role in addressing inequality of access to the labour market due to a lack of resources. While CAP05 may have led to greater educational and social opportunities for children, the pilot was not explicitly designed for this purpose.

20. The project provided opportunities to maximise take-up and utilisation of existing benefits to support low-income families and to address inequalities, which were being experienced in particular in the London area, through targeted eligibility. However, the appraisal documents include limited assessment of demand for CAP05 places, particularly at the local level, because these were not available at the time and were also unable to define clear output targets in terms of the offer and take-up of places and the number of parents accessing work or remaining in employment as a result of the support offered by CAP05. The programme was testing out methods for parents to access support for childcare.

21. The scheme would have benefited from a more detailed, initial assessment of demand, especially at the local level, had this been available, but the programme was launched in advance of the requirement on London boroughs to undertake childcare sufficiency assessments. In any future pilots, such an assessment might ensure a better match between places offered and taken-up, particularly in the early stages of the programme.

CAP05's aim and objectives

22. CAP05 has partially met its original aim in that it has pioneered a range of different approaches to make childcare more affordable for lower income families in London. The extent to which these approaches have directly enabled parents to increase their participation in paid employment cannot be quantified on the evidence available.

23. Similarly, in relation to the main purposes of the pilot, CAP05 has:

- improved affordability for lower income families in full-time work by subsidising full day care provision
- offered incentives to providers to offer more flexible hours of care with compensation for some of the additional costs involved, and
- tested innovative approaches to supporting key groups to access childcare provision.

24. There is some indicative evidence from the ongoing GLE tracking of Phase 2 beneficiaries plus some qualitative findings from our case studies, which suggest that parents from key groups may have been able to engage in training and employment opportunities as a result of CAP05. This is not conclusive, however, from the evidence available.

25. Overall the monitoring data collected by the managing agent indicate that the programme met its broad target of providing up to 10,000 affordable quality childcare places across the life of the programme. However, the data do not allow robust analysis of the number of families benefiting from CAP05, meaning that the true number of beneficiaries cannot be ascertained. As a result, the programme has been unable to demonstrate precisely the outcomes achieved in terms of numbers of parents into employment or retaining employment. The project appraisal documents also did not define clear output targets in terms of the offer and take-up of places and the number of parents accessing work or remaining in employment as a result of the support offered by CAP05.

26. Assessment of the pilot's overall impact has been limited by the absence of other measurable outputs. Future programmes should seek to identify more specific aims, objectives, outputs and outcomes and to develop appropriate monitoring systems at the start of the programme which will be able to support these requirements.

Structure, management and governance of CAP05

27. The CAP05 pilot has benefited from a partnership approach to management and governance. The programme has been delivered across a large area, involving a high number of delivery agents (providers), management bodies (London boroughs, LDA and GLE) and strategic partners (DCSF, Greater London Authority (GLA), Jobcentre Plus (JCP)).

28. The involvement of the LDA and DCSF has provided added value to the pilot and enabled a more strategic approach to be taken to the provision of affordable childcare across London. In our view, it is unlikely that CAP05 would have operated as effectively without this high-level strategic engagement. The involvement of the LDA, with its lead role for childcare across the RDA network, has facilitated sharing of good practice from the CAP05 pilot more widely across England. As a result of the LDA / DCSF partnership, CAP05's key message about the need for affordable childcare has had an impact both on national policy development and at other regional and local levels. The partnership also enabled the DCSF's funding contribution to CAP05 to be ring-fenced rather than being allocated as part of the general Sure Start grant.

29. The appointment of a managing agent for the programme proved to be an effective strategy. GLE's extensive knowledge of cognate areas such as worklessness, in particular, was an asset to the programme. A good working relationship involving LDA, GLE and DCSF was established and maintained throughout the programme.

30. The pilot has required input into management at a number of levels, resulting in considerable time and resource being required to manage the programme. London boroughs have reported that the burden placed on them to manage and administer CAP05 has been considerable. In light of this, and to improve the level of commitment and input, the programme would have benefited from more dedicated funding for borough level administrative support up front.

31. The role of the managing agent has been crucial to making CAP05's complex management system work and the support provided by GLE has been praised by strategic and delivery partners. The independent status of the managing agent enabled it to act as a buffer body between those funding and delivering the programme and to play an important and valued role in supporting the programme's overall administration and coordination.

CAP05 Phase 1: implementation and delivery

32. The eligibility criteria for Phase 1 ensured that those parents accessing places were from low income families. Phase 1 also enabled 459 childcare providers (approximately 20% of all full day care providers in London) to participate in the scheme, comprising a broadly representative sample of the overall childcare sector in London.

33. CAP Phase 1 was welcomed by London boroughs as it enabled a greater level of direct borough involvement than earlier initiatives. Boroughs have been encouraged to develop childcare services more strategically, taking account of local contexts and demand.

34. Providers were keen to become engaged with the CAP05 programme for two main reasons:

- attracting parents to use their provision, and
- being able to support low income parents to access quality provision and reduce their childcare costs.

35. The trialling of subsidised flexible provision has been highlighted by funders, stakeholders and boroughs as one of the key benefits of Phase 1 and of CAP05 overall. The pilot demonstrated to providers that there was a significant demand for more flexible provision and may have helped to make a broader business case for developing a flexible offer. The subsequent introduction of the flexible, extended early education funding for 3 and 4 year olds may encourage further expansion of a flexible offer and London providers who have already participated in CAP05 should be well placed to take advantage of this opportunity. There is still a need, however, for clear information about flexible childcare to be communicated to parents.

36. At its peak in Quarter 4 of 2006/07, Phase 1 alone was offering 8,224 places which comprised 82% of the overall combined Phase 1 and Phase 2 programme target of offering up to 10,000 affordable childcare places across the life of the pilot.

37. Strategic, management and delivery partners all agreed that, due to the complex nature and large scale of the pilot, CAP05 would have benefited from a longer lead-in time to establish the programme prior to offering places to parents. An extended set-up period would have allowed time for:

- the LDA and GLE to devise monitoring arrangements which enabled beneficiaries of the places to be counted
- London boroughs to review strategic priority areas for places and to work with providers to explain the programme more fully and assess demand more accurately, and
- for the development and implementation of a more strategic and targeted pre-marketing and dissemination programme.

38. A more extended lead-in period including structured introductory and training sessions on the details of the pilot could have supported providers and London boroughs to get up to speed with the programme more quickly and, therefore, potentially to increase the rate of take-up in the early delivery stages.

39. As Phase 1 progressed, the LDA and GLE responded effectively to the need to improve marketing and take-up via the development of

- a pan-London, targeted marketing and promotional strategy to address take-up of places offered, and
- a spare capacity review which enabled better matching of supply and demand as the programme continued.

40. The majority of providers reported that the administrative and management support provided by boroughs and GLE was excellent or good.

41. Future sustainability of the subsidised places made available through CAP05 Phase 1 is highly unlikely once CAP05 funding ceases. Our consultations with parents revealed that amongst this group of parents most felt that they would either have to reduce their time in or leave employment or training if there was an increase in childcare costs.

CAP05 Phase 2: implementation and delivery

42. The delays in commissioning Phase 2 resulted in a very tight development and establishment period for the Phase 2 pilots, and partners have acknowledged that the time taken to establish partnership working was underestimated. These delays arose as a result of unsatisfactory responses to the initial, very open brief to London boroughs. Subsequently, a more focused brief was provided which yielded responses which fitted more closely with LDA and DCSF expectations. This suggests that open briefs may not be the most effective method of commissioning, as different partners may have varying interpretations of what will meet the challenge.

43. The opportunity offered by the Phase 2 pilots to work in partnership with other boroughs and with a range of partners within boroughs has been one of the key successes of the pilots. The cross-borough partnerships established in the development of the pilots have enabled boroughs to learn from each other's experiences and to share the burden of development. Although in a number of cases the cross-borough partnerships ceased to be of much benefit once the pilots were established, they were acknowledged by most boroughs as a broadly beneficial approach.

44. Working in partnership with agencies and teams within the borough has proved to be of more lasting benefit to the pilots. Boroughs were able to draw on partners for advice and support to refer, sign-post, inform and aid the progress of parents through the pilot.

45. Boroughs found the flexibility of the Phase 2 pilots to be an important benefit, enabling them to work more creatively with partners to develop a response which reflected local needs and infrastructure. In their view, the pilots have proved effective at engaging parents from key target groups - including lone parents and those from BME groups.

Project costs

46. Total spending to the end of 2008/09 on CAP05 is just over £32 million, which is approximately 76% of the planned funding for the programme over the period 2005/06 to 2009/10.

47. The project experienced considerable under spend in the first three years of delivery. Programme expenditure caught up with overall programme profile in 2008/09.⁶ This reflects the delivery of Phase 2 activities in 2008/09 and the peak in take-up of Phase 1 places.

48. Central management and administration costs as a proportion of overall spend peaked at 10% in 2006/07. This is likely to reflect the investment in marketing activities in this first year of delivery. Over the life of the programme, these costs varied between four and ten per cent, with an average of 6.8%.

Overall outputs and outcomes

49. CAP05 provided almost 2,000 subsidised full day care places at its peak. The pilot has also contributed significantly to the development and understanding of a flexible childcare offer in London. CAP05 provided over 6,000 subsidised flexible day care places at its peak enabling and incentivising childcare providers to consider a flexible offer at a time when the Government is promoting and supporting increased flexible working and prior to an expectation that providers offering early years / nursery education provision for 3 and four year olds should be preparing to provide a more flexible offer⁷.

50. A large number of providers participated in the delivery of both of the Phase 1 models. They saw the pilot as a good opportunity to support parents to access more affordable provision and, in some cases, to increase their own take-up of places.

51. However, as to be expected with a new programme of this kind, the awareness and take-up of provision took time to build with take-up peaking 21 months into the pilot's lifetime.

52. The rate of take-up suggests that providers, London boroughs and the LDA and GLE over-estimated the level of demand to allow some leeway (in the absence of data on likely demand levels). Adjustments were made later as take-up became clearer.

53. The provider eligibility criteria for full day care provision resulted in some boroughs being unable to participate in the delivery as their charges were below the threshold or above it - reflecting the variability in the price of childcare across London.

⁶ NB: £3.8 million of additional funding from DCSF in 2008/09 was actually earmarked for expenditure in 2009/10.

⁷ The Government funds local authorities in England to ensure a free part-time early-education place is available for every 3-and 4-year-old in settings that have been inspected by Ofsted, and found to be satisfactory in quality. From 1 April 2006 3-and 4-year-olds are entitled to free Early Years education, comprising 12.5 hours per week for 38 weeks of the year. Parents do not contribute towards this minimum entitlement but may be charged fees for any services or childcare additional to the free place. Free places can be provided by a variety of providers in the maintained, private, voluntary and independent sectors including registered childminder networks. The government is committed to increasing the free early education entitlement for 3- and 4-year-olds to 15 hours a week for 38 weeks of the year by 2010 and enabling parents to use the entitlement more flexibly.

<http://www.dcsf.gov.uk/everychildmatters/strategy/improvingquality/guidance/nurseryeducation/earlyeducationplaces/earlyeducationplaces/>

54. Overall demand for Phase 2 exceeded the initial supply of places. This was largely due to the number of people interested in the Transition to Employment (T2E) pilots. This theme was the largest part of Phase 2 and was the most successful in terms of filling places and providing access to funding support. Take-up rates were more variable within the other themes and particularly in relation to the Emergency Care and SEN / Disability Pilots. During the delivery period, the place allocations to particular themes were revised to reflect the actual levels of demand experienced.

55. The absence of centralised data to monitor outcomes amongst beneficiaries of Phase 1 has unfortunately resulted in the pilot being unable to quantify the precise number of parents supported by the funding provided.

56. The format for the monitoring data for Phase 2 makes it very difficult for the pilots to demonstrate progression towards employment outcomes for parents accessing the provision. There is, however, some indicative⁸ evidence from GLE data plus some qualitative findings from our Phase 2 case studies which suggest that some parents receiving support from CAP Phase 2 have now accessed employment.

57. Ability to assess value for money is limited. However, data suggest that the central management of the programme was delivered economically for such a large-scale, innovative programme.⁹ Assessments of effectiveness and efficiency are harder to justify in the absence of clear and measurable target outputs and outcomes.

The future

58. As a pilot programme, CAP05 has provided learning opportunities at a range of levels from management and planning to practical delivery. The programme has engaged London boroughs and providers in addressing local childcare affordability issues and, in particular through the partnership working promoted in Phase 2, has planted opportunities for more enhanced joint working between childcare development teams and employability and economic development teams.

59. Lack of affordable childcare is a significant factor for parents in London seeking employment but it is not the only factor affecting parents' participation in the labour market.¹⁰ Low income families, and particularly those seeking to make the transition from benefits to work, also require high quality information, advice and guidance to support their decisions. Many parents needed tailor-made support throughout their participation in CAP05. Some providers have reported concerns that they were not skilled or informed enough to advise parents on these complex issues. The CAP05 pilot could have benefited from more strategic links with regional and local entry to employment programmes which could bring together a range of activities to build a support package for parents. While the CAP05 Adviser initiative may have addressed some aspects of this¹¹, the scheme was only operating across 11 boroughs and was largely limited to Phase 2 of the pilot.

⁸ Latest figures (July 2009) from an analysis of CAP05 beneficiaries undertaken by GLE show that 175 of 603 parents contacted were in work.

⁹ Central management costs do not, however, capture the considerable resources expended by London boroughs in their own administration of the programme. At the Practical Delivery workshop in January 2009, borough representatives estimated that one person was needed to administer Phase 1, while Phase 2 ideally required a small team of around 3 people to provide the more intensive, tailored support required.

¹⁰ See, for example, D'Souza J et al (2008), *Analysis of the choices and constraints questions on the Family and Children Study*, DWP report 481. This illustrates that while childcare may be an important issue, there is a complex interplay between this and many other factors (including lack of suitable job opportunities, parents wishing to care for their own children or to use informal care, health problems, lack of qualifications or skills, low confidence). For each parent, particular factors will be more or less significant and these may vary over time, reflecting other life changes.

¹¹ This scheme was outside the scope of our evaluation.

60. The scheme has enhanced LDA, DCSF and borough understanding of the complexity of supporting access to affordable childcare in a market as diverse as London where huge variations in the cost of provision and the ability to pay can exist within a single borough. While the CAP05 pilot could not necessarily address all of these complexities, it has demonstrated that provision of supply side funding can be used to support access to provision in a highly diverse market.

61. It is important that the successor pilot, CAP09, learns from the successes and challenges of CAP05. It needs to specify overall programme outcomes and impacts more precisely and to provide a balance between local flexibility/autonomy and centralised support and direction.

1: Introduction

Background

1.1 This report sets out the findings of the review of the Childcare Affordability Programme pilot (CAP05). SQW Consulting (SQW), with Brunel University, was commissioned by the then Department for Education and Skills (DfES)¹² in 2006 to undertake a three year longitudinal review of the Programme which was a jointly-funded initiative by the DCSF and the London Development Agency (LDA). The specified aims for the review were to:

- assess the implementation process
- review progress against the objectives of the programme
- assess whether any of the approaches which are successful can be implemented more widely, and to
- assess the relative efficacy of supply-side interventions compared to demand side subsidies in childcare markets.

The Childcare Affordability Programme

1.2 The Childcare Affordability Programme was a London-based pilot programme agreed by the Minister for Children and the Mayor of London. The programme was launched in November 2005.

1.3 The aim of the pilot was to pioneer a range of different approaches to make childcare more affordable to lower income families and thereby to enhance their ability to participate in paid employment.

1.4 The original purposes of the pilot were to:

- improve affordability for lower income families in full-time work by subsidising full day care provision
- offer incentives to providers to offer more flexible hours of care with compensation for some of the additional costs involved
- test innovative approaches to supporting key groups to access childcare provision and subsequently engage in training and employment opportunities.

1.5 In the absence of a measure of demand, the only quantified output target was for the pilot to offer up to 10,000 subsidised affordable childcare places across the life of the programme.

1.6 The programme focussed on supporting access to affordable, quality childcare in London through a supply side subsidy and via specific projects to promote access to key groups including: families with children with additional needs; families requiring emergency care; families requiring home-based care; and parents seeking to enter employment or training. The programme ran for three years, finishing in March 2009. Parents who are currently in receipt of CAP05 Phase 1 support will, however, continue to receive support whilst eligible until December 2009. A suite of new pilots seeking to address childcare affordability is being launched in 2009 to be known as CAP09.

¹² Now the Department for Children, Schools and Families (DCSF). For the purposes of this report, all subsequent references will be to DCSF.

1.7 The structure of this report is as follows:

- Chapter Two outlines the methodology adopted to undertake this review.
- Chapter Three lays out the logic model for the Childcare Affordability Programme.
- Chapter Four describes the overall structure of CAP05, including an analysis of its management and governance arrangements.
- Chapter Five looks at the implementation and delivery of CAP05 Phase 1
- Chapter Six considers the implementation and delivery of CAP05 Phase 2
- Chapter Seven looks at project costs
- Chapter Eight is an analysis of project outputs and outcomes, and
- Chapter Nine summarises the key learning points of the review, and sets out our overall conclusions.

2: Methodology

Summary of methodology

2.1 This chapter summarises the overall approach taken by the review team over the three years of the review.

2.2 As highlighted in Chapter 1, the project specification set out the main aims of the review as to:

- assess the implementation process
- review progress against the objectives of the programme, and to
- assess whether any of the approaches which are successful can be implemented more widely.

2.3 In year 3 of the review, the LDA asked for the final report and its findings to be structured, as closely as possible, against the Impact Evaluation Framework (IEF) developed to assess the impact of RDA initiatives.¹³ It should be noted, however, that, while this report broadly follows the IEF structure, it is not an impact evaluation, as neither CAP05 nor our review was specified in such a way as to make this possible.

2.4 The key elements of the methodology adopted were as follows:

- a detailed literature review in year 1, drawing on the relevant literature and policy documents, supplemented with a policy update in year 2
- an annual survey of the teams responsible for CAP05 in all 32 London boroughs and the City of London across each of the three years of the study
- a selection of case studies, as follows:
 - CAP05 Phase 1: ten case studies in each of the first two years, consisting of in-depth consultations with the lead officer / childcare partnership team in the Borough and with up to five providers in each borough
 - CAP05 Phase 2: twelve case studies, all undertaken in year three, consisting of in-depth consultations with representatives from the relevant London boroughs, key partners (where appropriate), local providers and, where possible, some parents using the provision.
- a cumulative series of follow-up call-backs to providers initially interviewed in years one and two of the review
- qualitative telephone consultations in year 3 with a small sample of parents using CAP05 Phase 1 provision, and
- two consultative workshops in year 3: one focusing on practical delivery and the other considering the benefits of and lessons from CAP05 at the policy and programme level
- interim reports to the steering group on the implementation and delivery of CAP05 at the end of years one and two of the review.

¹³ For further details on the IEF, go to: <http://www.berr.gov.uk/files/file21900.pdf> .

2.5 Most of these elements were in line with the original work plan, but some changes were necessary as the programme progressed. Further details on any changes made and the fieldwork undertaken during the review are briefly summarised below.

Survey of London boroughs

2.6 An annual survey of London boroughs was carried out across all three years of the review. Each year, a questionnaire was distributed to those responsible for childcare development in all 32 London boroughs and the City of London (in year 1, a postal survey was undertaken, while in years 2 and 3, a web-based survey was used). The surveys sought the views of London boroughs about their experience of CAP05, including:

- existing levels of childcare provision
- the application process
- delivering the programme
- CAP05’s impact on parents and providers, and
- overall perceptions of the programme.

2.7 Response rates from London boroughs across all three years of the review are set out in Table 2-1 below.

Table 2-1: London Borough Survey response rates

Year	Response rate
1	58% (19 London boroughs)
2	73% (24 London boroughs)
3	56% (18 London boroughs)

Source: SQW London Borough surveys

2.8 In all three years, responses significantly exceeded the expected response rate of at least 40% as specified in the original project plan.

2.9 Annex B provides a summary analysis of survey findings for year 3, which also includes reference to findings from survey results for earlier years. The survey findings are drawn on, where relevant, throughout the report.

Phase 1 case studies

2.10 Ten case studies of Phase 1 provision were undertaken in each of years one and two of the review, as set out in the original project plan. These were selected in consultation with the steering group to provide a broadly representative sample, on the basis of inner and outer London boroughs, whilst also seeking to ensure that there was a reasonable spread of visits across boroughs. Table 2-2 below shows the London boroughs visited in year one and year two of the review.

Table 2-2: Phase 1 case studies

Year One	Year Two
Brent	Camden
Bromley	Ealing
Greenwich	Hackney
Hackney	Lambeth
Hammersmith and Fulham	Merton
Hillingdon	Newham
Islington	Richmond
Kingston	Southwark
Lambeth	Sutton
Tower Hamlets	Westminster

Source: SQW

2.11 Hackney and Lambeth were visited in both years one and two to enable the review team to revisit some boroughs to explore how approaches had been adapted or developed over time.

2.12 Face-to-face interviews were carried out with the lead officer responsible for CAP05 in all eighteen of the boroughs targeted for this element of the study. Following consultations with the London boroughs, where possible five providers were identified in each of the boroughs for subsequent consultations. Providers were selected on the following criteria:

- delivering CAP05 Phase 1 places
- representing a breadth of experience of CAP05 in the borough, and
- representing a range of types of provision available through CAP05 in the borough.

2.13 It was not always possible to visit five providers as sometimes there were insufficient numbers of providers delivering CAP05 or a single provider was delivering across multiple sites. Where this was the case, the review team sought to visit as many providers as possible or to undertake additional consultations with relevant individuals within the organisations delivering across multiple sites. Forty-two providers were visited in year one and a further 41 were visited in year two.

2.14 Our original project plan also included some consultations with non-participating providers. Some of these were carried out in year 1 but it was felt that the evidence generated provided very little, if any, additional insights to those provided by the interviews with London borough representatives. It was agreed with the DCSF and LDA, therefore, that this strand of work should not be continued in subsequent years.

Phase 2 case studies

2.15 The project plan included provision for 10 case studies to be undertaken on Phase 2 projects, with 5 taking place in late 2006 and a subsequent 5 in 2007. As the implementation of Phase 2 was delayed, it was not possible to schedule this part of the work programme as originally envisaged with the result that all of the Phase 2 case studies were undertaken in year 3 of the programme.

2.16 The project team visited all 12 Phase 2 pilot projects, two more than was originally specified. These pilots comprised a series of innovative projects led by individual London boroughs or consortia which were designed to address the challenges posed to parents re-entering work, taking up training, working irregular hours, needing emergency care or care for children with special educational needs or disabilities.

2.17 The Phase 2 projects visited by the review team are set out in Table 2-3 below.

Table 2-3: Phase 2 case studies

London Borough or consortium	Type of project
Bexley	Home Based Childcare
Bromley	Special Educational Needs
Enfield	Special Educational Needs
Kensington & Chelsea	Special Educational Needs
Redbridge	Special Educational Needs
Camden & Westminster	Transition to Employment
East Consortium - Hackney, Greenwich, Newham, Tower Hamlets, Waltham Forest	Transition to Employment
West Consortium - Hammersmith & Fulham, Brent, Ealing, Harrow, Hillingdon, Hounslow	Transition to Employment
Southwark & Lambeth	Transition to Employment
Sutton, Merton & Croydon	Transition to Employment
Hackney	Special Educational Needs
Hackney	Emergency Care

Source: SQW

2.18 The Phase 2 case studies incorporated consultations with:

- representatives from the relevant London boroughs
- key partners (where appropriate)
- local childcare providers delivering the provision, and, where possible
- some local parents using the provision.

2.19 Findings from the Phase 2 case studies are drawn upon in relevant sections of the main report.

Follow-up interviews with providers

2.20 As part of the review of Phase 1 of the CAP05 programme it was agreed that the project team should seek to track the experience of providers within the programme. This tracking was undertaken via telephone surveys of those providers who were interviewed as part of the Phase 1 case studies in years one and two.

2.21 In year two, follow-up interviews were successfully completed with 24 of the providers who participated in the review in year one (57% re-contacted). Other providers declined to participate or were no longer available. In year three, we obtained responses from 35 providers out of a total of 65, (54% re-contacted).

Table 2-4: Interviews with providers

Year 1	Year 2	Year 3
42 Provider visits	24 provider call backs	13 provider call backs
	41 provider visits	22 provider call backs

Source: SQW provider call-backs

2.22 Findings from the year three provider call-backs are drawn upon, where appropriate, throughout the report and a summary analysis is also provided in Annex C.

Survey of parents

2.23 Our initial methodology proposed a relatively large scale telephone survey of parents using CAP05 provision. We suggested conducting two waves of surveys (one in year 1 and one in year 2 of the programme) with additional follow-up calls to survey participants six months later. We estimated that, over this period, this approach would generate 400 parental responses. The follow-up calls were expected to achieve a response rate of around 60% and to involve 240 of the original 400 parents contacted in each year.

2.24 In reality, it was not possible for this part of the original methodology to be delivered. Parents who were eligible for and participated in CAP05 were not asked or required to provide contact details up front for subsequent evaluation purposes. As a result, data protection issues meant that the process of getting parents’ contact details was protracted as this had to be done using providers as intermediaries. An initial letter and subsequent reminder to providers eventually generated a list of 105 parent contacts. Following discussions with our client and the steering group, during which a number of options were presented and considered, it was agreed that the review should carry out a series of qualitative telephone consultations with these contacts. In all, 24 telephone interviews were completed (a 23% response rate), with individuals spread across 11 childcare centres. Given the numbers of individuals contacted, these findings should be treated as purely illustrative and indicative. A qualitative summary of the findings is provided in Annex D.

Consultative workshops

2.25 As part of our work programme in year 3, two consultative workshops were held in January 2009, as follows:

- a practical delivery workshop for representatives of London boroughs and partner agencies, and
- a policy and programme workshop for DCSF, LDA and other key policy partners.

2.26 These workshops were additional to our original work plan and were included to enable the pilot's funders and partners to reflect on some of the key learning points relating to the programme, including:

- the management and administration of CAP05
- the role of CAP05 in engaging and supporting parents, and
- the overall achievements of CAP05 and lessons for the future.

2.27 A summary of views from both workshops is provided in Annex E. These views are also drawn upon, where appropriate, throughout the report.

Lessons for future programmes and their evaluation

2.28 With any longitudinal review of this kind, it is expected that there will be some changes to the original methodology specified in the project proposal, taking account of the way a pilot initiative itself may need to change and develop over time. In the case of the CAP05 review, a major challenge related to the identification of a reasonably large and robust sample of parents using the provision. As parents were not initially asked or required to provide contact details for possible follow-up¹⁴, in practice it was not possible to access a sufficiently large sample of parents to enable robust conclusions to be drawn from this strand of the research. This has limited our assessment of the additionality of CAP05 and, in particular, its impact on parents, and we have been more reliant on the views of providers and London boroughs for their perceptions of parental impact.

2.29 The review also originally planned to draw on monitoring data and other information collected by GLE, the managing agent. In the case of parental participation in CAP05, the design of the monitoring form that London boroughs were required to submit to GLE did not offer the ability to identify the net number of parents or children benefiting from CAP05 support. This has proved challenging for the review of the pilot as it has meant that the centrally-gathered, programme level data cannot identify the total number of parents benefiting from the support, the period of time they have engaged with the pilot and the amount of provision used by individual parents.

2.30 We would recommend that any future evaluation of a similar initiative would benefit from the evaluation team being appointed at the start of the set-up phase. This would enable the project team and the evaluators to assess up front what types of monitoring and other information will need to be gathered throughout the life of the programme to enable robust conclusions about impact to be drawn.

¹⁴ The programme partners had agreed at the design stage that they would not require parents to register centrally for the scheme as this might have dissuaded people from participating in the pilot.

3: The logic model

3.1 This section presents the logic model for the Childcare Affordability Programme. The purpose of the logic model is to:

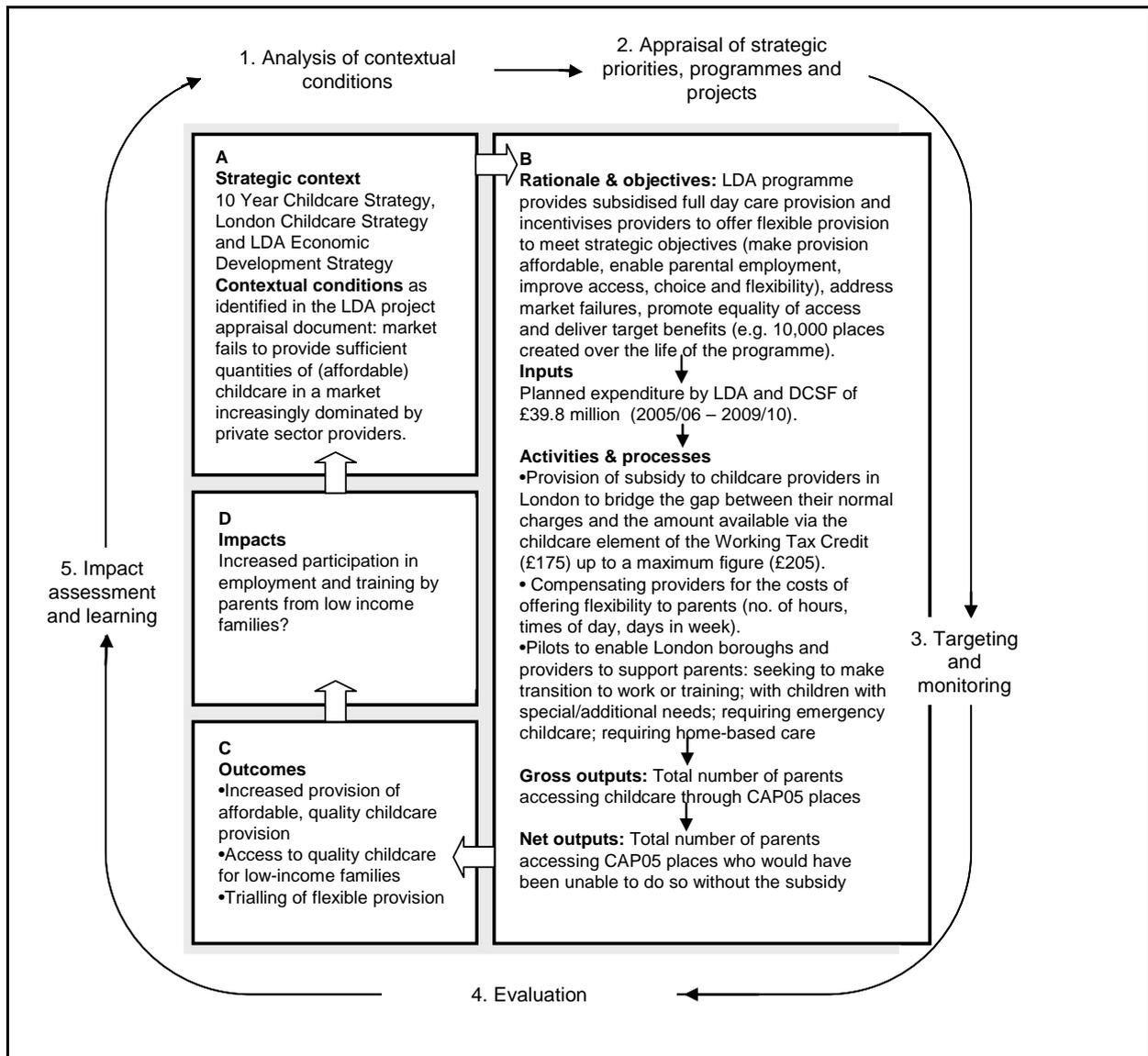
- capture the initial logic for the intervention
- provide an understanding of the problem that the programme was designed to address
- set out the way in which the intervention was to address the problem and the DCSF / LDA's role in this
- identify the inputs to, and activities of, the programme, and
- the outputs, outcomes and impacts to be delivered.

3.2 In this chapter, we consider the extent to which the initial problem was correctly specified and how well placed the project was to address the problem in practice. The remainder of our report then goes on to use the logic model to review the pilot and present what has been learned.

Logic Model

3.3 The figure overleaf sets out the logic model for the Childcare Affordability Programme, based on the initial project paperwork, and confirmed through analysis of subsequent project paperwork and stakeholder consultations.

Figure 3-1: CAP05 Logic Model



Source: SQW

Context and major issues to be addressed

3.4 The CAP05 pilot's business case was established in three documents developed to outline the rationale for the project and to appraise the proposed approach:

- CAP05 Proposal Submission, DfES (now DCSF), February 2005
- Childcare Affordability Programme Appraisal for CPRG, KPMG LLP, June 2005
- CAP05 Business Case Workbook, LDA¹⁵

3.5 These reports present the programme's justification as a response to the priority placed on the provision of affordable, quality childcare since the National Childcare Strategy (1998), and reinforced in *Choice for parents, best start for children: a ten year strategy for childcare*

¹⁵ This document is not dated but clearly pre-dates the start of the programme.

(2004). Underlying this prioritization within the national strategy was a concern to address labour market issues, notably in: a) removing the potential barriers to individuals' (especially women returners') re-entry to the labour market; and b) effecting a more acceptable work-life balance.

3.6 Three of the four key principles identified in *Choice for parents, best start for children: a ten year strategy for childcare* focused on childcare, and specifically on:

- *Availability: for all families with children aged up to 14 who need it, an affordable, flexible, high quality childcare place that meets their circumstances*
- *Quality: high quality provision with a highly skilled childcare and early years workforce, among the best in the world, and*
- *Affordability: families to be able to afford flexible, high quality childcare that is appropriate for their needs.*

3.7 The CAP05 pilot was also identified as contributing to the implementation of the Mayor's London Childcare Strategy and to the priorities of the LDA Economic Development Strategy. The objectives of these two strategies are summarised in Table 3-1 below.

Table 3-1: Relevant London Strategic Objectives

<p>The Mayor's London Childcare Strategy, 2003. Aims of the Strategy:</p> <ul style="list-style-type: none"> • Increase the availability of quality childcare, through LDA funding, using planning powers and taking action on low pay; • Make quality childcare more affordable for parents, through promotion of tax credits and urging their reform to reflect higher costs in London; • Promote family-friendly employment through engagements with employers and making the case to Government to improve tax incentives for childcare assistance; and • Improve information and communication, by mapping the range of childcare provision and its cost, monitoring its availability and suitability for black and ethnic minority families, and providing information in a childcare guide and website for London. <p>LDA Economic Development Strategy <i>Sustaining Success: Developing London's Economy</i>, 2003. The Strategy provides strategic guidance to inform the LDA's and its partners' corporate plans by setting out a framework for investment in four areas:</p> <ul style="list-style-type: none"> • Infrastructure and places; • People; • Knowledge and enterprise; and • Marketing and promoting London.
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3.8 At the development stage of the programme, relatively limited information was available on the levels of demand for childcare and the types of childcare required by parents, especially at a local level. However, the Mayor's London Childcare Strategy had analysed a range of information on potential demand, including the difference between mothers' employment rates in London and the UK as a whole and data from the London Household Survey, which identified the lack of affordable childcare as a key reason preventing mothers from working. It was anticipated that the CAP05 pilot itself would contribute to the understanding of demand for affordable and flexible childcare in London.

3.9 The CAP05 pilot was, therefore, identified as an opportunity to contribute to national and regional objectives, based on the rationale that improved access to employment would support families to move out of poverty and also enable access to associated benefits relating to health, achievement and opportunity for children and families in general.

3.10 On this basis, at the inception of the pilot there existed a clear need for support to alleviate child poverty and the barriers to employment faced by parents in London and, in particular, lone parents and parents from minority ethnic groups.

3.11 The table below demonstrates the wider evidence of the challenges which justified action to support parents back into employment. It highlights the evidence that was available at the beginning of CAP05 by reference to *Child Poverty in London; Income and Labour Market Indicators* (June 2006).

Table 3-2: The contextual conditions at the inception of the programme

<p>Child Poverty</p> <ul style="list-style-type: none"> • In London, child poverty rates were the highest in the country when compared against other regions and the national average. In 2005, 38% of children in London lived below the poverty line; this rose to 52% within Inner London. • London was the worst performing region when using the ‘official’ poverty line of 60 per cent median income. • The trend of London’s child poverty rate had been moving in the opposite direction to the UK child poverty rate between 1994 and 2005. Whilst the UK child poverty rate had been falling, London’s rate had remained high and had stayed relatively stagnant since 1997. • When looking at either three year moving averages or single year data, child poverty rates had shown consistent improvement in Great Britain since 1996; however, this had not been evident in London. • Children in lone parent families were twice as likely to live below the poverty line as those in couple families. • The main driver of the difference in poverty rates between London and other areas was employment¹⁶, but that was not to suggest that employment guaranteed that a family would move out of poverty.
<p>Worklessness and Employment</p> <ul style="list-style-type: none"> • Children whose parents were workless were more likely to be in poverty. In London, out of the children living in poverty, 39 per cent were in workless lone parent families and 20 per cent were living in workless couple families. • Over a quarter (27 per cent) of London’s children lived in workless households, almost twice the national average (14 per cent). Of these children, two thirds lived in lone parent households. • During 1995 - 2005, the employment rates of London parents had remained below those outside London and the trend for London parents had increasingly been diverging from the national trend. The rate of increase in the employment of London’s lone parents (12 per cent) had been at a much lower rate than for lone parents nationally (28 per cent), again leading to an increasing divergence between London and national trends.

¹⁶ Capital Gains, London Child Poverty Commission Final Report (February 2008), London Child Poverty Commission

- In London, 11 per cent of couple families with children were workless, 33 per cent of couple families had one parent at work and the remaining 56 per cent were 'work rich' with both parents in work - this is a far lower proportion of 'work rich' families compared to the rest of the UK (70 per cent).
- London's population included more people with disadvantage and at high risk. Labour market patterns in London meant that there was: greater competition for low skilled jobs; high levels of immigration into the capital (especially from young people, thereby increasing the pool of low skilled labour); and a small number of part-time jobs (making it harder for parents to balance work and family life).
- On the labour supply side, London was also disadvantaged both by London-specific factors and in relation to national level problems which affect families more in London. There were poorer work incentives due to higher housing, childcare and travel costs, insufficient or inflexible childcare, less effective employment services and a lower level of tax credit take up.

Disproportionate effects

- The 2001 Census also found that children from Pakistani and Bangladeshi groups, Black and other minority ethnic groups and those living in lone parent families had a higher risk of living in poverty.
- In London there was a higher proportion of lone parents and black and minority ethnic families. Both of these groups suffer disproportionately from the effects of unemployment and worklessness and thus are more likely to live in poverty.
- The employment rate for lone parents in London was 43 per cent, well below the rate for lone parents outside London (58 per cent).
- Employment rates amongst parents were more skewed in London when compared with the rest of the UK and these were most pronounced amongst mothers. Just over half of London mothers (55 per cent) were in employment compared to 69 per cent of mothers in the rest of the UK.
- Research had also shown that certain groups of mothers were far less likely to be in employment than others. Employment rates were lowest for those with no qualifications (23 per cent), disabled mothers (34 per cent), BME mothers (45 per cent) and those born outside the UK (43 per cent).

Source: Compiled by SQW drawing evidence from Child Poverty in London; Income and Labour Market Indicators (June 2006)

3.12 Childcare is identified in the rationale documentation for CAP05 as a key barrier to parents and, in particular lone parents, who are seeking employment. CAP05 was a means to enable access to affordable childcare provision by encouraging the take-up of the childcare element of the Working Tax Credit (WTC) and enhancing its potential by providing a further subsidy to bridge the gap between the childcare element of the WTC and the cost of childcare provision.

3.13 There is a range of evidence¹⁷ to support the assertion that childcare is a significant barrier to employment and training and that the cost of childcare plays a particularly important role in London in preventing parents from entering or maintaining employment. The barrier posed by childcare is expressed in a number of ways including:

¹⁷ Skinner, C, (2006), *How Can Childcare Help to End Child Poverty?*, Joseph Rowntree Foundation
 Joseph Rowntree Foundation (June 2003), *Childcare Costs Still Prohibitive*, Labour Research, pp 12-14.
 Daycare Trust Annual Conference (2006), *Childcare Today: A progress report on the Government's Ten-year Childcare Strategy*
 Bivand P, Gordon B, Simmonds D (2003) *Making work pay in London*, Centre for Economic and Social Inclusion
 DCSF (2007), *Evaluation of the Childcare Taster Pilot and Extended Schools Childcare Pilot Programmes: Final Report on Qualitative Research into Implementation*

- the cost of provision,
- the quality of provision
- the flexibility of provision and ability to meet the needs of families.

3.14 Arguably the biggest challenge is that of the prohibitive costs of childcare provision within London. According to the data collected by the national childcare charity, the Daycare Trust¹⁸, London has significantly higher childcare costs than the rest of the UK with the highest rates in the country. Looking at the prices for 2005 (CAP05's inception year), the average cost of childcare for a child under the age of two was £141 per week. However, Inner London's average weekly cost was £56 more expensive. In Outer London, the average cost was slightly lower than in Inner London but still came to £170 per week.

3.15 It is important to note, however, that while lack of affordable childcare is a significant factor for parents in London seeking employment, it is not the only factor affecting parents' participation in the labour market. There is a complex interplay between lack of affordable childcare and many other factors (including lack of suitable job opportunities, parents wishing to care for their own children or to use informal care, health problems, lack of qualifications or skills, low confidence). For each parent, particular factors will be more or less significant and these may vary over time, reflecting other life changes.¹⁹

3.16 In addition to higher childcare costs, the rate of childcare price increases seen in London was a lot higher than the UK average. The average price rise between 2003 and 2005 was 5.3 per cent (three and a quarter times the rate of inflation); however, London parents were faced with price rises of 17 per cent.

3.17 In April 2005, the maximum childcare element of the Working Tax Credit that parents could claim assistance against increased from £135 to £175 a week per child and from £200 to £300 per week for two or more children. Only 70% of the costs could be claimed. Therefore, a parent in Inner London accessing childcare *before* April 2005 could claim a **maximum** of £94.50 (70% x £135) in childcare costs against a weekly average cost of £197, leaving a shortfall of just over £100 per week which the parent had to pay. After the changes came into force, parents could claim a maximum of £122.50 (70% x £175²⁰) per week; this still left an Inner London parent having to pay a further £74.50 per week for childcare. These are significant costs for a parent to pay on a weekly basis.

3.18 The CAP05 Appraisal undertaken in June 2005 suggested that the potential demand for childcare in London outstripped supply. It stated that formal full day care provision in 2003 provided for less than 17% of London's under 5s while 44% of women with children under 5 were in employment in London. Even if each of these women had only one child under 5, there was less than half the amount of formal provision needed to meet the needs of women in employment in 2005. However, this assessment assumed that all working women required full day care, indeed that they required formal childcare at all. It also failed to consider borough variations in levels of demand. The Business Case Workbook further states that the CAP05 pilot was an innovative pilot and provided an opportunity to provide a supply-side childcare subsidy on an unprecedented scale.

¹⁸ Daycare Trust, Childcare Costs Survey 2009

http://www.daycaretrust.org.uk/mod/fileman/files/Costs_survey_2009.pdf

Daycare Trust, Childcare Costs Survey 2005 <http://www.daycaretrust.org.uk/article.php?sid=245>

¹⁹ See, for example, D'Souza J et al (2008), *Analysis of the choices and constraints questions on the Family and Children Study*, DWP report 481.

²⁰ This was later increased to 80% e.g. £140

3.19 The rationale outlined in the Business Case Workbook does not anticipate any displacement of activity or reduction in capacity amongst providers who were not engaged in the programme. Whilst it is not specified, we assume that this judgement was reached on the basis that all eligible providers in a locality would have the opportunity to be engaged in the pilot and therefore offer similarly priced provision even with the subsidy. With such a large scale, open pilot this is not unjustified but assumes that all providers would be willing to engage with the administrative responsibilities of the pilot.

3.20 The LDA Business Case Workbook specifies the rationale for the programme as addressing the market failure of public good. There is some scope within the wider childcare agenda to justify public intervention in universal childcare provision as a “public good” in that the benefits of attending quality childcare provision extend above and beyond the direct beneficiaries. However, the focus of CAP05 is not upon the provision of childcare for the social and cognitive development benefits for the child. The CAP05 pilot was designed to support low income families to access affordable childcare provision to enable them to engage with training and employment opportunities. Nor does the CAP05 programme explicitly seek to address imperfect information challenges although this issue was highlighted in the Mayor’s London Childcare Strategy which provided strategic direction for CAP05. Legislation in recent years has resulted in provision of a well developed Families Information Service (FIS- formerly the Children’s Information Service) in all local authorities which is tasked with providing information to all members of the local community about all aspects of childcare and the support available.

3.21 In our view, the strongest rationale for the CAP05 programme was one of equality of opportunity. The cost of childcare in London prohibits low income families (within which lone parents and families from BME groups are disproportionately represented) from accessing employment and training opportunities. This rationale was not explicit within the pilot documentation available, although it featured in the Mayor’s London Childcare Strategy which provided strategic direction for the LDA’s work and specifically for CAP05.

3.22 Based on the evidence presented in this chapter, we conclude that the problem posed by a lack of affordable childcare in London was correctly identified. The rationale for intervention, however, was insufficiently specified in that the initial programme documentation focused on the public good potential rather than CAP05’s role in addressing inequality of access to the labour market due to a lack of resources. While CAP05 may have led to greater educational and social opportunities for children, the pilot was not explicitly designed for this purpose.

3.23 The project provided opportunities to maximise take-up and utilisation of existing benefits to support low-income families and to address inequalities which were being experienced in particular in the London area through targeted eligibility. However, the appraisal documents include a limited assessment of demand for CAP05 places, particularly at the local level, because these were not available at the time and were also unable to define clear output targets in terms of the offer and take-up of places and the number of parents accessing work or remaining in employment as a result of the support offered by CAP05.

4: CAP05's structure, management and governance

4.1 In this chapter we consider the overall structure of the CAP05 pilot and its management and governance arrangements.

Genesis of the programme

4.2 As detailed in chapter 3, the CAP05 pilot developed from the Mayor's London Childcare Strategy (2003), driven by officers from the Greater London Authority, the London Development Agency and Government Departments and was agreed by the Minister for Children and the Mayor of London. The programme was introduced in the Ten Year Childcare Strategy (*Choice for parents, best start for children: a ten year strategy for childcare* (2004)) as a response to the Government's commitment to "test a range of approaches aimed at improving the accessibility and affordability of good quality childcare for parents on lower incomes".

4.3 CAP05 was developed in line with the increasing focus on the provision of affordable quality childcare as a key priority at national, regional and local levels since the launch of the National Childcare Strategy in 1998. Underlying this national strategy was a concern to address labour market issues, notably in: a) removing the potential barriers to individuals' (especially women returners') re-entry to the labour market; and b) effecting a more acceptable work-life balance. Over the life of the programme, the child poverty agenda, flagged in the Mayor's London Childcare Strategy, became increasingly identified as a key driver for CAP05.

4.4 Initiatives pre-CAP05 had focussed on addressing the deficiencies in the supply side of childcare provision through increasing the availability of childcare places (e.g. through the creation of Early Years Development and Childcare Partnerships to plan and co-ordinate local development; and the provision of lottery funding for out of school hours care). Such activities assisted significant increases in the provision of childcare places throughout the country.

4.5 London was identified as the pilot location for CAP05 for two, main reasons:

- the LDA is the lead Regional Development Agency on childcare with a remit to support the development of good practice , and
- the London labour market is particularly affected by the availability of affordable childcare and the need for a more tailored approach to childcare delivery to meet the needs of families in London, as demonstrated in chapter 3.

The Childcare Affordability Programme pilot

4.6 The CAP05 pilot was innovative in that it was a supply-side intervention in the childcare market which was available to those who were already in receipt of a demand-side subsidy, i.e. the Child Tax Credit.

4.7 The programme consisted of two phases:

- **Phase 1: Affordable Day Care** - delivery in this phase subsidised the cost of full day care places for 0-5 year olds from lower income families in receipt of the Child Tax Credit at a higher rate than the family element. It also gave a subsidy to providers to enable them to offer flexible places to the same group of parents. The CAP05 subsidy was provided in addition to the support available via the childcare element of the Working Tax Credit.

- **Phase 2: Wider Access to Childcare** - this phase sought to implement innovative practices to address the wider problems of affordability and parental access to childcare for 0-14 year olds²¹ including access to atypical hours and access for children with special needs and disabilities. Eligibility criteria varied by borough.

4.8 In order to test different models of this supply-side intervention, Phase 1 consisted of two models:

- **Model A** - a subsidy of full day care childcare places. Under this model, Ofsted registered group childcare providers and NCMA accredited childminder networks which were charging between £175 and £205 per week for a full day care childcare place could bid for a subsidy of up to £30 per place per week, in order to bring the cost of a place down to £175, which accorded with the maximum childcare element for the Working Tax Credit. Eligibility for these places was restricted to lower income families who were receiving Child Tax Credit at a higher rate than the family element (£547.50 per year). An illustrative example of what a parent might pay under this model is provided in Figure 4-1 below.

Figure 4-1: Illustrative example of Model A (full day care)

A nursery in Hammersmith and Fulham charges £205 a week for a full week of childcare for a child of 18 months. A lone parent on CAP05 is only charged £175 by the nursery as it receives a £30 subsidy. The parent works for 35 hours a week and earns £17,500 a year. She is entitled to £2,780 of Child Tax Credit, £204 of Working Tax Credit and £7,280 from the Childcare Element of Working Tax Credit. This last benefit covers £140 per week of the cost of childcare, so the parent would only need to pay £35 a week to make up the difference between the CAP subsidised rate and the Childcare Element of Working Tax Credit.

Source: GLE

- **Model B** - an incentive to providers to offer more flexible charging arrangements (e.g. by the hour or part of a day rather than a full day), in order to accommodate atypical working patterns. Again, Ofsted registered group childcare providers and National Childminding Association (NCMA) accredited childminder networks could bid for a subsidy of up to £68 per place per week for provision which was not used full-time, or which covered hours outside the “normal” working day.

Figure 4-2: Illustrative example of Model B (flexible childcare)

For flexible care, parents pay an hourly rate. An example would be a nursery in Croydon where parents are usually charged £5.50 per hour and have to pay for a minimum of 4-5 hours per session. Under CAP05, a lone parent with one child who earns £6,000 per annum could access three hours a day at an hourly rate of £3.60 and only pay £54 for those 15 hours of care. The parent would receive £2,780 of Child Tax Credit but no Working Tax Credit because she does not work enough hours in a week. She would, however, be entitled to other benefits such as Child Benefit, Income Support, In Work Credit etc.

Source: GLE

4.9 For both models, providers were able to bid for up to 50 per cent of their registered childcare places to be incorporated, with the onus on them to satisfy a requirement that they had sufficient places available and undertook to market these to lower income families.

²¹ The age range was increased from 0-5 years to 0-14 years midway through the pilots following requests from the pilots.

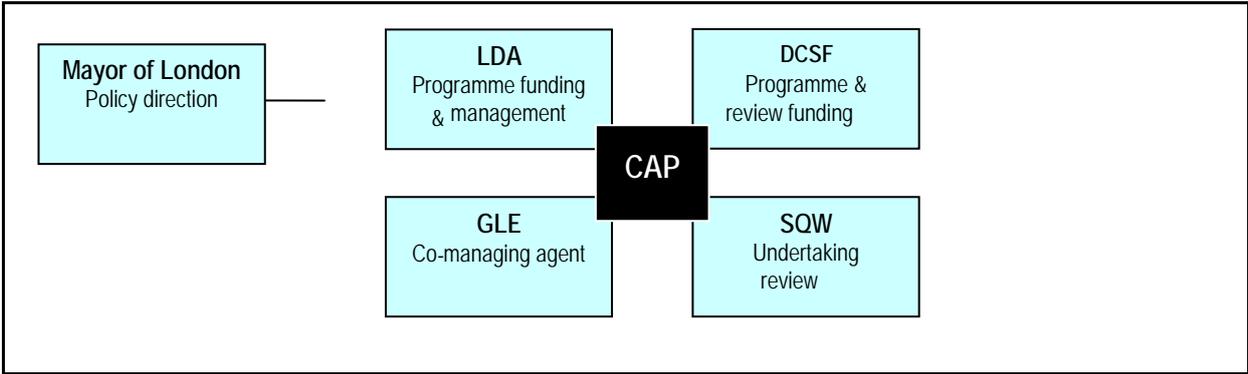
4.10 The pilot programme was scheduled to run from November 2005 until March 2008, it was subsequently extended to November 2008 and then March 2009.

Project management and governance arrangements

CAP05 funders and other stakeholders

4.11 The LDA and DCSF co-funded the CAP05 pilot programme, with the DCSF also funding and managing the review. The LDA is the lead managing body and Greater London Enterprise (GLE) was appointed as the co-managing agent. The diagram below (Figure 4-3) shows the organisational structure of those involved in CAP05.

Figure 4-3: Organisations involved in CAP05



Source: SQW

4.12 The **London Development Agency (LDA)** is one of the nine Regional Development Agencies (RDAs), set up by Government to transform England's regions through sustainable economic development. As a functional body of the Greater London Authority (GLA), it has a key role to play in helping to deliver the Mayor of London's vision and priorities for London. It works with the Mayor to develop his strategy for London's sustainable economic development and to deliver the Mayor's priorities for London and the Government's priorities for the RDAs.

4.13 The **Department for Children, Schools and Families (DCSF)**, formerly the Department for Education and Skills (DfES), is the Government department responsible for the development and implementation of policies relating to children and young people in England.

4.14 **Greater London Enterprise (GLE)** is an economic development company, which is jointly owned by all 33 London boroughs.

4.15 The Steering Group for the pilot included representation from the Department for Work and Pensions (DWP), the Department for Children, Schools and Families (DCSF), Job Centre Plus (JCP), Greater London Enterprise (GLE), the London Development Agency (LDA), the Government Office for London (GOL), HM Treasury (HMT), and the Greater London Authority (GLA).

Strategic added value of LDA and DCSF involvement

4.16 The involvement of the LDA and the DCSF in CAP05 can be seen to have provided some strategic added value (SAV) to the pilot. In the following section, we assess their involvement against the five broad SAV functions in the national framework for assessing strategic added value, as shown in Table 4-1 below.

Table 4-1: Strategic added value framework

SAV function	Definition
Strategic leadership & catalyst	Articulating and communicating regional development needs, opportunities and solutions to partners and stakeholders in the region and elsewhere
Strategic influence	Carrying out or stimulating activity that defines the distinctive roles of partners, gets them to commit to shared strategic objectives and to behave and allocate their funds accordingly
Leverage	Providing financial and other incentives to mobilise partner and stakeholder resources - equipment and people as well as funding
Synergy	Using organisational capacity, knowledge and expertise to improve information exchange and knowledge transfer and co-ordination and/or integration of the design and delivery of interventions between partners
Engagement	Setting up the mechanisms and incentives for more effective and deliberative engagement of stakeholders in the design and delivery of regional and sub-regional priorities and programmes

Source: "Evaluating the Impact of England's RDAs - Developing a Methodology and Evaluation Framework" - PA Consulting and SQW Ltd for the DTI, October 2005

Strategic leadership and influence

4.17 The partnership between the LDA and DCSF to fund the CAP05 pilot has enabled a more strategic approach to be taken to the provision of affordable childcare across London. In our view, it is highly unlikely that CAP05 would have operated as effectively without this high-level strategic engagement. Given that the LDA has the lead role for childcare across the RDA network, its involvement will also have facilitated sharing of good practice from the CAP05 pilot more widely across England. As a result of the LDA / DCSF partnership, CAP05's key message about the need for affordable childcare has had an impact both on national policy development and at other regional and local levels.

4.18 There is some qualitative evidence from our discussions with the funding bodies and London boroughs (through the annual case studies, the survey of London borough CAP leads and the workshops held in January 2009) that CAP05 has raised the profile of childcare within individual London boroughs. It was felt that CAP05 had contributed to greater consideration of the sustainability of childcare provision at the local authority level. Considerable efforts had been made by LDA and DCSF to engage the support of senior staff in boroughs at an early stage in the pilot. CAP05 had also helped to build capacity and to

develop and improve staff relationships and partnership working both within and between boroughs.

4.19 The appointment of a managing agent for the programme appeared to be a highly effective strategy. GLE's extensive knowledge of areas such as worklessness, in particular, proved to be invaluable. A good working relationship involving LDA, GLE and DCSF was established and maintained throughout the programme.

Leverage

4.20 There was some qualitative evidence from our workshop discussion with London Boroughs that CAP05 had helped them to leverage funds from other sources. Borough representatives at the Practical Delivery workshop highlighted that Phase 2, in particular, had required boroughs to assess opportunities to access other funding streams as a first course of action before CAP05 funding was provided. Some attendees, however, disagreed with the premise that there were many alternative funding streams available, noting that childcare grants from colleges were often insufficient and that the withdrawal of ring-fenced funding for childcare by the Learning and Skills Council had further reduced available sources. Others commented that, while there were other funding streams available to support many of the parents accessing CAP05, these were often not centrally coordinated or easily accessible.

4.21 It is also worth noting that the involvement of the LDA alongside the DCSF allowed the Department's funding contribution to be specifically ring-fenced for CAP05 rather than being allocated as part of the central Sure Start grant. Working with the LDA enabled the DCSF to support the pilot without having to hold responsibility for distribution of funding.

Synergy

4.22 Considerable synergy was provided by the appointment of a managing agent for the programme. The political and operational advantages of having an independent managing agent were highlighted by attendees at the Policy and Programme workshop. It was felt that it was easier for GLE to engage and follow up with CAP05 partners and stakeholders, than it would have been for either the LDA or DCSF. GLE was able to act as a buffer body or go-between, while also streamlining the administrative requirements and producing clearer and cleaner data for London boroughs to use. One example of this was the development by GLE of centralised templates for Phase 2 monitoring; this helped to minimise the burden on individual boroughs and to ensure a level of consistency in the monitoring data gathered across all boroughs. When reporting satisfaction levels for the support received during the delivery phase of the project, 75%²² of the CAP05 borough leads who responded were satisfied or very satisfied with the support they received from LDA / GLE, with respondents noting that GLE was professional and approachable.

4.23 In our survey of London boroughs, respondents also identified some areas of key support provided by the LDA and GLE, at the development stage, including:

- help with pre-application sessions
- assisting through the application process and audit trail
- sharing of information and knowledge.

²² n = 18

Engagement

4.24 Phase 2 of CAP05 has been particularly important in securing the engagement of stakeholders. London boroughs have valued the greater flexibility and autonomy which Phase 2 provided. Central support was essential, however, in the early stages of Phase 2 where London boroughs needed assistance in identifying key themes. This suggests that a balance between borough autonomy and centralised advice and support is needed, if an initiative such as CAP05 is to achieve its full potential.

Management roles and responsibilities

4.25 Table 4-2 is a copy of the LDA specification for the managing agent role which shows the roles and responsibilities associated with managing and delivering the programme as outlined in the specification for the management contract for CAP05.

Table 4-2: Detailed breakdown of the roles and responsibilities associated with managing the programme

Organisation	Main Responsibility	Tasks	Sub-Tasks
LDA	To ensure the successful delivery of the CAP05 across London	<ul style="list-style-type: none"> • Publicity • Procurement (Managing Agent) • Oversight of the Programme • Strategic Direction • Fund Holder 	<ul style="list-style-type: none"> • Appoint a Managing Agent and allocate funding to the Managing Agent • Publicise the scheme and promote good practice and learning across London and Nationally, as the lead RDA on childcare • Establish bid assessment and selection criteria for assessing bids from Local Authorities (LAs) • Review and approve bids from Local Authorities recommended following assessment by the Managing Agent • Allocate funding and pay LAs on a quarterly basis • Regulate the scheme
Managing Agent	To coordinate the CAP05 management on a day to day basis	<ul style="list-style-type: none"> • LA Bid assessment • Authenticate and collate monitoring and financial information • Risk management • Point of contact 	<ul style="list-style-type: none"> • Brief LAs on the criteria of the fund and act as main contact point for LAs • Assess and approve bids from LAs and present recommendations to panel for final approval • Authenticate, collate and submit invoices and monitoring information to LDA who in turn release payment to LAs

Organisation	Main Responsibility	Tasks	Sub-Tasks
			<ul style="list-style-type: none"> • Maintain a risk register and mitigate risks on an ongoing basis • Provide management information to LDA • Provide performance information to the LDA e.g. number of affordable places created • Be accountable to the LDA
Local Authorities	Successful coordination of the CAP05 in their local area	<ul style="list-style-type: none"> • Local Publicity • Coordinate bids from providers • Fund providers quarterly in advance • Submit financial and monitoring information to Managing Agent 	<ul style="list-style-type: none"> • Publicise the scheme in the local area • Seek bids from providers in the area and issue instruction and guidelines on the selection criteria to providers • Collate provider bids, certify their contents, assess sustainability e.g. financial viability and submit collated Local Authority bid to the Managing Agent • Pay providers quarterly in advance managing any clawback from initial estimates • Collect and collate performance management and monitoring information
Group day care providers	To provide CAP05 subsidised childcare	<ul style="list-style-type: none"> • Bid for funding • Supply Monitoring Information • Check parents are in receipt of the Child Tax Credit 	<ul style="list-style-type: none"> • Submit bids to LAs against key criteria (including accounts for the last 3 years) • Provide monitoring information to LAs on a quarterly basis • Check grant award letter from parents to indicate that they are in receipt of the Child Tax Credit at a higher rate than the family element.
Parents	To access CAP05 places for their children	<ul style="list-style-type: none"> • Apply for CAP05 places 	<ul style="list-style-type: none"> • Provide information confirming that they are in receipt of the Child Tax Credit at a higher rate than the family element. • Complete application questionnaire

Source: LDA CAP05 Managing Agent ITT, November 2005

4.26 This multi-level management structure was arguably unavoidable for a programme which was to be delivered across all 33 London boroughs. It was important to ensure that London boroughs were able to engage in and strategically manage the development of provision in their areas. This became increasingly significant following the enactment in 2006 of the duty on local authorities to secure sufficient provision of childcare to meet local needs and the requirement for sufficiency assessments to be completed from April 2008.

4.27 Such a multi-layered approach has not, however, been without its challenges. The main management partners, DCSF, LDA and GLE participated in the Policy and Programme workshop in January 2009 to reflect upon the CAP05 pilot. All partners agreed that the programme was complex and required considerable coordination and effort to implement and drive forward. In the light of this, they felt that the appointment of a dedicated management organisation (GLE) had been invaluable.

4.28 The role of the managing agent has developed over the course of the programme and it is clear from our consultations with London boroughs and providers that GLE has provided considerable support including: detailed explanations and briefings on the programme for Boroughs and providers; assistance in promoting CAP05 places; advice on improving take-up; and support to complete the required monitoring documentation.

4.29 In the Practical Delivery workshop facilitated by SQW in January 2009, London Borough representatives reiterated the high quality of support provided by GLE as the programme progressed. The managing agent was viewed as a reliable resource, with its staff providing accurate, pragmatic and well-balanced advice. Workshop attendees also commented on GLE's willingness to listen to their views (especially in regard to Phase 2) and to be open to negotiation.

4.30 Our call backs to providers also give a largely positive message on the administration and management of the programme, with the majority of responding childcare providers rating the support provided as good or excellent.

4.31 Problems experienced by providers were mainly due to the payments systems in place. For instance, some found the London borough payment systems too slow or prone to delays. Some providers also commented that having a dedicated officer working on CAP05 within a borough had helped to minimise these kinds of delays and problems.

4.32 From the perspective of the LDA and GLE, the management of the Phase 2 pilots did not differ significantly from the work undertaken in Phase 1. They continued to provide support and guidance to the London boroughs delivering the programme and made payments to the lead Borough who either paid the providers or, where applicable, distributed funds to the individual consortia members who in turn paid providers. London boroughs and providers have not reported any particular problems with these arrangements.

Monitoring of pilot activity

4.33 Completion and submission of quarterly monitoring returns was a grant requirement for London boroughs and individual providers. London boroughs were required to coordinate the collation of the returns from individual providers and to submit a single return to the managing agent, GLE.

4.34 In addition to the funding claim, monitoring returns collected the following information:

- Number of places offered (full day care, flexible and Phase 2 provision)
- Number of places converted from full day care places to flexible places (flexible only)
- Number of places filled (full day care, flexible and Phase 2 provision)
- Percentage take-up (full day care, flexible and Phase 2 provision)
- Name of provider (full day care, flexible and Phase 2 provision)
- Type of provider (full day care, flexible and Phase 2 provision)

4.35 However, as highlighted in the methodology section, the monitoring information collated did not provide a means to identify the precise numbers of parents or children benefiting from CAP05 support. This has proved challenging for the review of the pilot as it has meant that the central, programme level data cannot identify the total number of parents benefiting from the support, the period of time they have engaged with the pilot and the amount of provision used by individual parents. Future programmes should prioritise the development of monitoring processes to ensure that the information collated supports both performance management and evaluation of the programme in question.

Summary of findings

4.36 Table 4-3 presents a summary of key findings in relation to the management and governance of CAP05.

Table 4-3: Summary of key management and governance findings

- | |
|---|
| <ul style="list-style-type: none">• The pilot has benefited from a partnership approach to management and governance.• The involvement of the LDA and DCSF has provided added value to the pilot and enabled a more strategic approach to be taken to the provision of affordable childcare across London and more widely.• The pilot has required input into management at a number of levels; as a result considerable time and resources have been required to manage the programme.• The role of the managing agent has been central to making this complex management system work and the independent and informed support provided by GLE has been praised by strategic and delivery partners.• Whilst monitoring has been collated to assist the performance management of the programme, the fields of information collected fail to support the full management and evaluation needs of the pilot. Future programmes should prioritise the development of monitoring which ensures that the information collated supports both performance management and the evaluation of the programme in question. |
|---|

5: CAP05 Phase 1 implementation

5.1 In this chapter, we review the implementation of CAP05 Phase 1.

Beneficiaries

Parents

5.2 Phase 1 of CAP05 was specifically targeted to be open only to families who were in receipt of Child Tax Credit at a higher rate than the family element.

5.3 Our consultations with a small number of parent beneficiaries of Phase 1 have provided a snapshot of the characteristics of parents who benefited from the scheme. However, due to the small number of parents surveyed, these results should be taken as purely illustrative rather than representative.

5.4 The majority of interviewees were women, with most of these being lone parents. Parents from a range of ethnic backgrounds were interviewed, with 'Black African' being the most commonly occurring group of origin. Whilst the number of interviewees was small and this is by no means a representative sample, most of the respondents came from groups who are more likely to experience child poverty (lone parents and people from BME groups).

Providers

5.5 Ofsted registered and approved childcare providers across London have also benefitted from CAP05. The subsidy was given directly to providers who, as a result, were able to offer:

- existing services at a reduced rate, and
- more flexible places.

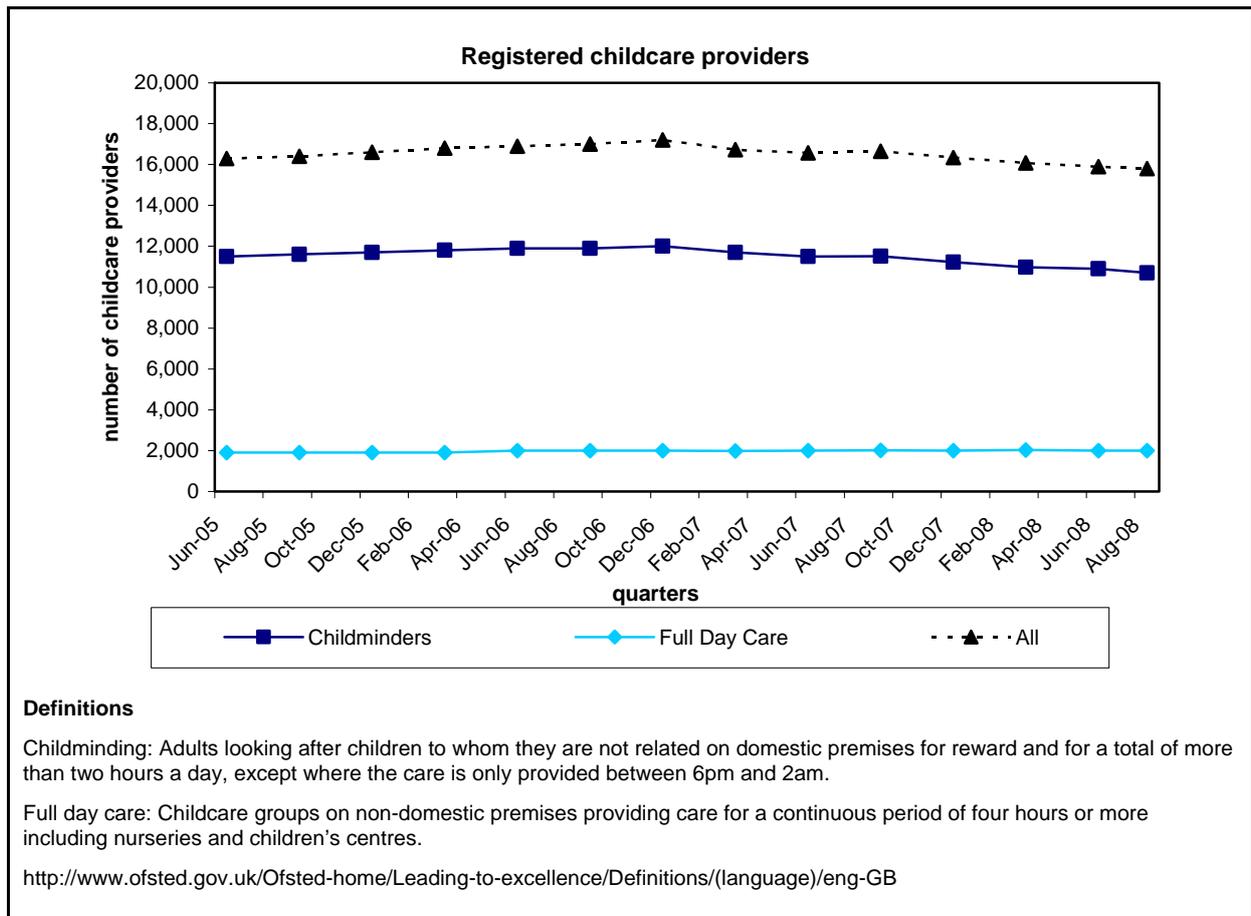
5.6 Although CAP05 was a voluntary scheme for providers, there were eligibility criteria to ensure that the provision offered was of an acceptable quality and met the pilot's requirements. Providers had to be Ofsted registered, have received a minimum of a "satisfactory" Ofsted assessment, be open for 48 weeks per year or more and the cost of full day care provision had to be more than £175 per week. Their application also had to be approved by their local borough. By setting the quality threshold as 'satisfactory', about 90% of full day care providers across Inner and Outer London were eligible to participate. Such a high proportion of eligible providers was necessary to ensure that the pilot could deliver the scale of support envisaged. A higher quality threshold of 'good' would automatically have excluded between 40-50 per cent of providers.²³

5.7 An average of around 400 providers across London per quarter were involved in delivering the Phase 1 offer, increasing from 369 in quarter 4 2005/06 to 459 providers in quarter 3 2006/07, and then falling to 403 in quarter 2 of 2008/09. Ofsted data show that there was an average of 1,973 registered full day care providers in London during the period June 2005-August 2008²⁴. This suggests that the CAP05 programme has supported approximately 20% of London's full day care providers to offer more affordable childcare to parents (see Figure 5-1 below for details of the total number of registered childcare providers in London).

²³ Based on Ofsted Quality of Childcare data from 30 September 2006.

²⁴ Increasing from 1,900 in June 2005 to 2,022 in March 2008 and then falling to 2,000 by August 2008.

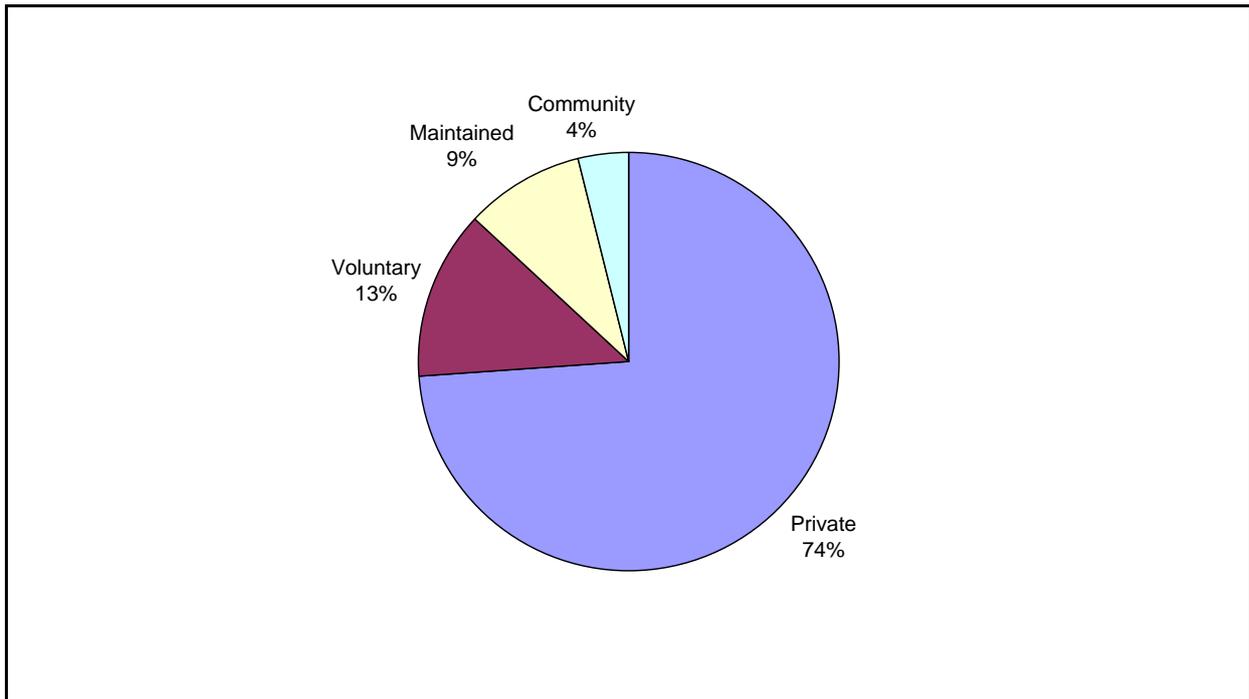
Figure 5-1: Total number of registered childcare providers in London



Source: Ofsted

5.8 Figure 5-2 below illustrates the distribution of providers that took part across the four main sectors: private; maintained, voluntary; and community. Although this is a snapshot and the number of providers increased over time, the proportions remained roughly the same across the life of the programme and are broadly representative of the total childcare market in London at this time. A large proportion of providers are from the private sector whilst the smallest proportion is found in the community sector. The higher participation rate of private providers could be due to the larger number of privately run childcare providers but may also reflect the possibility that private providers have recognised and realised an opportunity through CAP05 to increase and diversify their existing client base. London borough CAP05 leads reported that some maintained, community and voluntary providers were unable to engage in the full day care model at the outset because their fees were already below the £175 threshold. Some providers were also unable to participate in CAP05 as they were not open for the required 48 weeks per year.

Figure 5-2: Sector distribution of Phase 1 providers in 2006



Source: GLE steering group report Quarter 2 2006/07 report²⁵.

Implementation and delivery of Phase 1

Phase 1 applications and start-up

5.9 The Phase 1 applications process is summarised in Table 5-1. This was essentially a two stage process with London boroughs inviting applications from providers in their area which they then assessed for eligibility and suitability before submitting a single borough application to the LDA. The two stage application process required a considerable amount of coordination by the London borough lead.

Table 5-1: Applications process for Phase 1

- London boroughs express an interest in applying for the bidding round using form attached to letter
- London boroughs seek bids from group childcare providers in their area.
- Each London Borough will then collate the provider bids, certify the bid content, enter details into the CAP05 applications database and e-mail to the London Development Agency / Managing Agent
- The London Development Agency / Managing Agent assesses the bids against key criteria.
- The London Development Agency / Managing Agent informs London boroughs of the places to be funded by provider in their area.
- London boroughs / Managing Agent will inform providers of the number of places to be CAP05 subsidised.
- The London Development Agency contracts with London boroughs
- Boroughs set up Local Agreements with successful providers
- LDA pays London boroughs quarterly in advance
- London boroughs pay providers quarterly in advance based on the estimated number of CAP05 subsidised places.

Source: Managing Agent ITT November 2005

²⁵ n = 375 - Private 281, Maintained 32, Voluntary 48, Community 14.

5.10 This process placed the London boroughs at the centre of the programme, with responsibility for generating interest from providers to participate, co-ordinating applications and supporting successful providers to deliver and fill places. Early Years / Children’s Services teams took responsibility for the co-ordination of CAP05, with lead responsibility usually being taken by the Childcare Development Manager.

5.11 London boroughs generally offered all eligible providers in their area the opportunity to participate in the pilot. In our survey of London boroughs in 2007 (year 2), the 24 responding boroughs reported that in most cases (88%) they invited all local providers to submit applications to them for CAP05 places. Only three of the areas responding to the survey chose to invite only a selection of providers to apply.

5.12 Of the boroughs visited as case studies in year 2, those who chose to invite a selection of providers to bid generally did so after identifying those who would be eligible to deliver before inviting applications (removing those whose fees were too high or too low to be eligible; those who had not achieved a satisfactory Ofsted review or about whom the Childcare Partnership had concerns about quality). In some boroughs this resulted in a small list of eligible providers for very different reasons. In some cases, this was because the majority of providers charged fees that were well over the threshold while, in others, the majority of providers’ fees were too low to benefit from the full day care model.

Table 5-2: London boroughs’ methods of inviting and supporting providers through Phase 1 applications

	Phase 1	
	Number of respondent boroughs	% of 24 boroughs
We invited only a small selection of providers to apply	3	13%
We invited all providers to apply	21	88%
We held a briefing session on CAP05 for providers	12	50%
We gave one-to-one support to providers during the application process	17	71%

Source: SQW Survey of London boroughs 2007

5.13 Half of the boroughs responding to the 2007 survey reported holding a briefing session to inform providers about CAP05 and how it would work. Seventy-one per cent of boroughs also offered one-to-one support during the application process. It was noted by a couple of the case study boroughs that, in hindsight, they should have delivered workshops or group support sessions for prospective applicants. Nine out of the ten boroughs visited as case studies in 2007 highlighted the complexity of the scheme and noted that, whilst the application process (forms, information requirement etc.) was straightforward, the programme itself had proved to be quite difficult for providers to understand. These views were reiterated in our final borough survey in 2008.

5.14 Boroughs also highlighted the conversion of full day care places into flexible places as being particularly complicated. Two boroughs noted that they felt there was a competitive element to the application process which encouraged them to offer higher ratios of flexible places to converted full day care places which have in practice proved difficult to deliver and

result in take-up appearing low. Some providers and London borough CAP05 leads reported during case study consultations that the application pack implied that not all applications would be granted funding. This was interpreted by some to mean that those who proposed a higher conversion rate of full day care places to flexible places for lower costs would be favoured.

5.15 The applications process enabled local boroughs to develop childcare services strategically, in response to local contexts and demand for childcare. London boroughs welcomed this approach as it differed from some previous programmes, which were criticised for not involving the boroughs who have responsibility for developing local childcare services.

5.16 The application process did not involve any consistent assessment of demand by the providers or the boroughs. Providers were limited to applying for no more than 50% of their registered places to be offered as CAP05 places; however, they were not required to assess the likely level of demand for the subsidised places or to justify the number of places requested in their applications. When London borough CAP05 leads were surveyed by the review in 2006, only seven of the 19 responding boroughs claimed to have undertaken any assessment of demand for the CAP05 places. It is worth reiterating at this point that there were a lot of unknowns about demand at the start of the pilot and that CAP05 itself was commissioned in part to test the market for different types of childcare.

5.17 We consider that this lack of assessment of demand is likely to have been a significant contributor to the lower than anticipated levels of take-up experienced by the programme in its first 18 months of delivery as the providers may have been over-ambitious about the number of places they expected to fill.

5.18 Three application rounds were held for Phase 1. The first round was administered by the LDA prior to the appointment of GLE as managing agents. In Round 1, 26 London boroughs applied to offer and were awarded CAP05 places; the remaining 7 London boroughs made applications and were awarded places in Round 2. Round 3 provided an opportunity for some boroughs to increase the number of places they offered by engaging additional providers or increasing the number of places a provider was able to offer.

5.19 Between April 2006 and February 2007, all 32 London boroughs and the City of London were participating in CAP05. In February 2007 the City of London withdrew from delivering the programme as it had not filled any places.

5.20 Demand for engagement in the CAP05 programme was high at the outset of the programme with a peak of 459 providers offering places in Quarter 3 2006/07. Although the number of providers participating in Phase 1 did reduce from this point onwards, it never fell below 400 providers. The actual number of Phase 1 places offered peaked at 8,224 in the following quarter (Quarter 4 2006/07); this figure alone accounts for just over 82% of the total programme target of offering up to 10,000 affordable childcare places.²⁶

5.21 When providers were asked why they had submitted applications to CAP05 in 2006 three main responses were given:

- to support parents by providing affordable childcare
- to increase the take-up of places and fill vacancies, and
- to offer greater flexibility to parents.

²⁶ It has been suggested by stakeholders that the target of up to 10,000 places was based on the number of places that funding was available for rather than the number of places anticipated to be filled by the programme based on demand assessments.

These views were consistent across all three years of our provider consultations.

5.22 Two-thirds (67%) of providers visited in 2006 reported that they applied to CAP05 as it was a valuable opportunity to support parents and just over a third (38%) stated that they had applied because it provided an opportunity to boost occupancy rates.

5.23 Borough representatives and case study providers identified two main issues with the Phase 1 application process:

- a lack of clarity or information in the guidance provided and on the application form. In particular, this was expressed in relation to the description and explanation of the flexible model and how it might operate in practice;
- the short timescale for implementing the pilot. Some boroughs had contacted providers before the guidance notes were available; other boroughs commented on having insufficient time to inform providers fully about the details of the programme, and to carry out the necessary assessment of suitability of the providers applying.

5.24 These challenges were mostly overcome in subsequent funding rounds in which the boroughs and GLE introduced workshops to clarify the details of the programme to providers and boroughs.

5.25 These findings are symptomatic of a programme which experiences a rush to deliver in its early stages. Indeed, in the reflection workshops, both borough representatives and policy and programme management representatives identified, in hindsight, the need for a longer lead-in period to establish the programme, gather evidence of need and review applications.

Managing delivery

5.26 We move on now to explore the experiences of those involved in marketing and delivering CAP05 Phase 1 and the challenges and successes identified.

LDA & GLE

5.27 As noted earlier, the role of GLE as the managing agent developed considerably from the original specification and, as the programme evolved, the agent took an enhanced role in supporting boroughs and providers to promote CAP05 places, in enabling parents to access and source places and in managing the overall offer of the pilot.

5.28 Following the Phase 1 and 2 application rounds, the last of which was announced in January 2007, the CAP05 pilot entered its full delivery stage. In Quarter 4 2006/7 the programme had achieved 22% take-up of Phase 1 full day care places and 32% take-up of flexible places. These relatively low levels resulted in the LDA and GLE proposing a two-pronged approach to improving take-up and refocusing the programme offer, consisting of:

- a pan-London, targeted marketing and promotional strategy to address take-up of places offered, and
- a spare capacity review.

5.29 The marketing and promotion activities undertaken by GLE included:

- production of an A5 size flyer to promote CAP05 to parents, including contact details of all Children's Information Services (now Family Information Services) participating in the programme
- delivery of workshops promoting CAP05 to staff from London boroughs' Children's Information Services
- maintenance of the GLE CAP05 website (www.gle.co.uk/cap)
- intensive support for London boroughs, particularly those experiencing low take-up and multiple barriers to filling CAP05 places, through development of support packages, workshops and a GLE freephone service for parents and providers
- intensive support for providers and parents through refresher events and step-by-step guides to CAP05 promotion
- stakeholder engagement: by working with LDA-funded employment and training programmes (such as the LDA Opportunities Fund) to identify eligible parents who may benefit from CAP05 and to develop a coordinated approach to the promotion of the programme.²⁷

5.30 The following actions were agreed with the CAP05 Steering Group in response to a Spare Capacity Review Report submitted to the LDA in May 2007:

- All providers that did not fill any places for two consecutive quarters to have their places reduced by 50% and these places to be reallocated to better performing providers within the same borough.
- Providers that were filling more flexible places than full day care places and could demonstrate evidence of demand for flexible places to be allowed to convert more full day care places into flexible places.
- Providers to be allowed to increase the number of places they were offering if they were filling all their places and could provide evidence of greater demand.
- New providers to be allowed to join the programme if they satisfied all of the programme criteria and if there were sufficient numbers of empty places in the borough that could be shifted, subject to new service level agreements (SLAs).²⁸

5.31 The results of this review are demonstrated in the subsequent increased take-up of Phase 1 places and the reduction in the number of places offered as the contracts with boroughs and providers were reviewed.

5.32 The LDA and its managing agent have also provided on-going support to the Phase 2 pilots, including a telephone survey of parents benefiting from the Phase 2 funding to identify the employment and training outcomes achieved. These findings are summarised in Chapter 6.

²⁷ GLE Steering Group Reports.

²⁸ Actions identified in GLE Childcare Affordability Programme Quarter 4 2006/07 report, May 2007.

London boroughs

5.33 The expectations of the programme on London boroughs were that they would be responsible for: coordinating programme applications; the submission of monitoring information and financial claims to the managing agent; funding of providers; and local publicity. These aspects are considered below in relation to Phase 1 of the CAP05 pilot.

5.34 Within Phase 1, London boroughs reported undertaking a range of local publicity activities including:

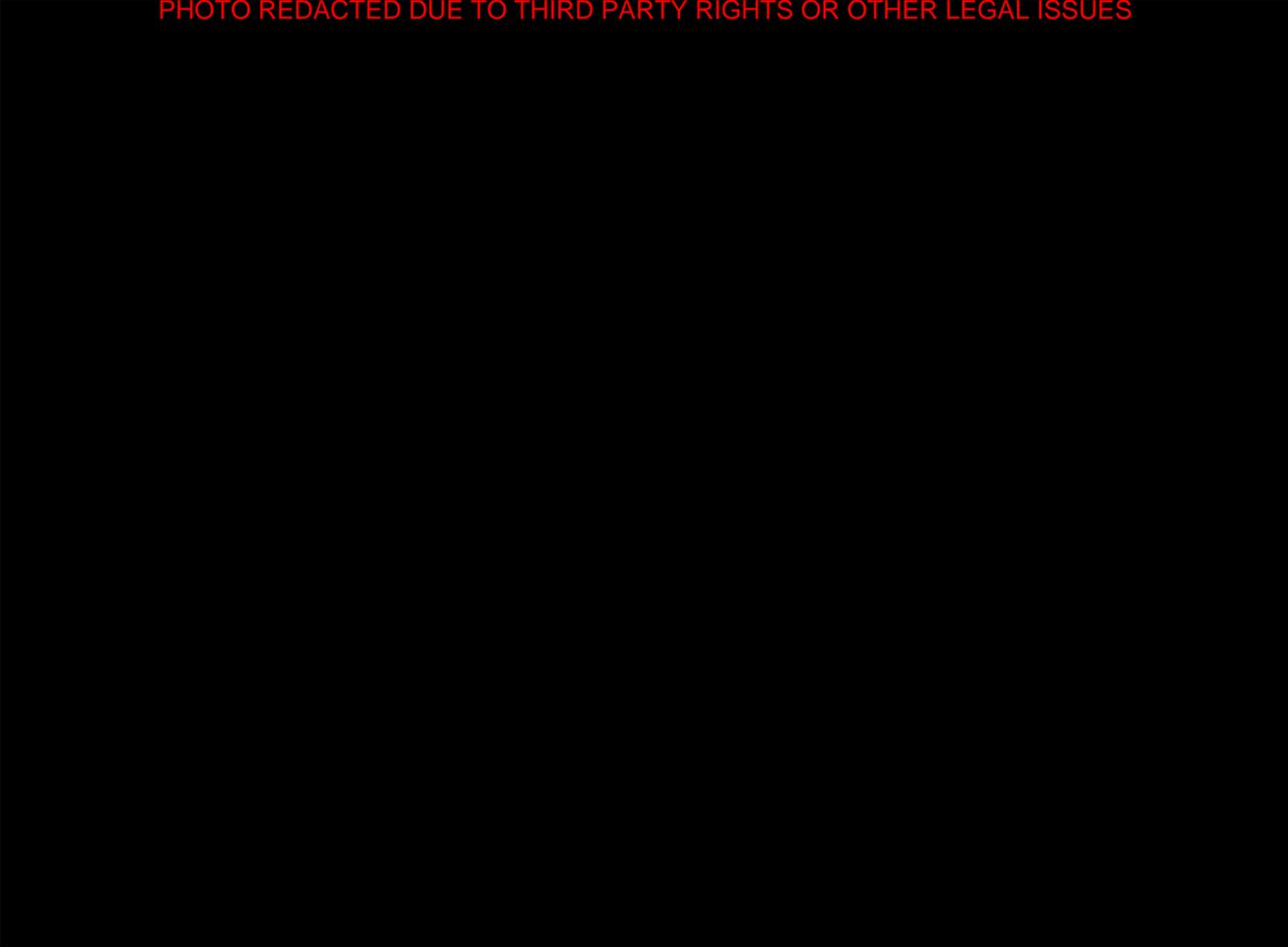
- providing information through their Children's Information Service/Family Information Service website and materials
- displaying information in libraries, doctors' surgeries, clinics and shopping centres
- launching CAP05 to Jobcentre Plus officers
- editorials and advertisements in local press
- provision of factsheets for providers and parents.

5.35 Figure 5-3 shows some examples of marketing leaflets and booklets produced by London boroughs to promote CAP05 places. There was a strong consensus amongst London Borough CAP05 leads responding to the annual survey of boroughs in 2008 that improved marketing and communication would be vital in maximising the future uptake of CAP05 places. Eleven of the 18 respondents said that with more marketing resources and schemes, plus better-targeted campaigns, boroughs could help to ensure high future levels of uptake of Phase 1 places. Indeed, some respondents even suggested having a designated person to lead the marketing of CAP05 across all London boroughs to help enable better co-ordination.

5.36 Despite the marketing activities undertaken in most London boroughs, take-up of places in Phase 1 has remained lower than anticipated by providers applying to offer places for the duration of the programme. One of the main areas of concern cited by London boroughs when asked to reflect on the CAP05 programme in the survey of London boroughs in 2008 was the level of marketing undertaken for CAP05. There was a widely held belief amongst the boroughs that not enough money had been set aside for marketing CAP05, meaning that providers and parents were not always aware of its existence or indeed their right to qualify for it. Where marketing strategies did exist, it was felt that they needed expanding and had to be better targeted.

Figure 5-3: Examples of local Phase 1 marketing and promotion activity

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Source: London Borough of Newham and London Borough of Richmond

5.37 London borough representatives attending the reflective workshop for delivery partners in January 2009 felt that the programme would have benefited from a more strategic marketing plan prior to the delivery phase to ensure that support agencies were fully aware of the programme and that awareness began to be raised amongst parents. These views provide further justification of the need for a longer lead-in time to establish a programme before delivery begins.

5.38 When asked to reflect on the overall structure of CAP05, boroughs reported that they felt that the programme had been unduly complicated. This made it difficult for London boroughs to implement the programme but also deterred parents and providers from becoming involved. Hence, there was a need to simplify the programme itself and the way it was run.

5.39 In general, the financial management of the CAP05 pilot appears to have been sound with few if any problems or complaints reported in our consultations. Where concerns have been expressed by boroughs, these generally relate to the slowness of their own payment systems when processing providers' invoices.

Providers

5.40 Within the CAP05 pilot, providers were expected to submit bids via their London borough to deliver the CAP05 places and in return to provide monitoring information to the London borough for collation and submission to GLE. It was also the responsibility of the

providers to ensure that parents accessing the Phase 1 programme were in receipt of the Child Tax Credit at a higher rate than the family element and therefore eligible for the subsidised place.

5.41 Three-quarters (72%²⁹) of providers surveyed in 2008 reported that the support that had been provided for the administration and management of the programme was excellent or good, further demonstrating the important roles of the London borough CAP05 leads and GLE in supporting the delivery of the programme.

5.42 Providers also promoted their CAP05 places using a variety of marketing methods. Almost eight out of ten providers responding to our survey of providers in 2008 reported using some form of marketing to promote their CAP05 places. Use of posters was the most popular approach. Some providers advertised on their website and information was also provided via the CIS / FIS. However, our consultations with providers strongly suggested that the most frequently used and effective method for informing parents about CAP05 was direct conversations with parents when they came to, or contacted, the provider to find out about their offer. Word of mouth recommendations by existing users were also cited as important.

5.43 Many providers reported that it was difficult to detail exact costs for parents because the amount any parent would actually pay would vary according to the combination of support they were eligible to receive. The range of funding streams for childcare makes accurate pricing complicated as parents could be in receipt of any combination of tax credits, CAP05, early years funding/ nursery education the free entitlement, childcare vouchers and other local funding. As a result, providers often preferred to discuss the costs of provision with parents face-to-face.

5.44 In general, most providers reported receiving some support from their London borough to market CAP05 places. Figure 5-4 is an example of provider level marketing.

Figure 5-4: Example of provider specific marketing materials



Source: Bow Childcare, London Borough of Newham

²⁹ N = 35

5.45 Delivery of full day care CAP05 places was relatively straightforward for most of the providers who delivered it. However, within a number of boroughs the threshold of £175 - £205 per week, made full day care places largely undeliverable either because providers generally charged lower rates than £175 for full day care (Hackney, Newham) or because providers charged over £205 per week (Richmond, Kingston, Westminster).

5.46 Flexible care was more complex for providers to conceptualise and initially for them to deliver. However, as demonstrated in Chapter 8, demand for flexible places was considerable and providers have reported that being able to offer flexibility has been of huge benefit to parents in that it has enabled them to access the childcare they need rather than the level of provision the provider wants them to take.

5.47 One of the learning points most commonly cited by providers when asked about the programme related to their over-estimation of the demand for CAP05 places. When consulted in the first year of delivery the majority of borough representatives and providers felt that the rate of take-up had been lower than they expected. In addition, providers found it very difficult to ask parents for evidence of their tax credits and found that parents were often reluctant to discuss their financial situation.

Sustainability

5.48 Consultations with London boroughs and providers suggest that sustainability of the subsidised places made available through CAP05 Phase 1 is highly unlikely once funding ceases.

5.49 In our consultations with parents who are or have benefited from CAP05 Phase 1, we sought to get some sense of the level of price sensitivity among parents and the importance of the CAP05 subsidy. Most of the parents interviewed said that they would have to reduce their childcare hours or stop using childcare altogether if prices rose between £16 -£34 per week. Again, given the small numbers consulted, this is purely illustrative.

5.50 At present, Phase 1 of CAP05 offers a subsidy of up to £30³⁰ a week for full day care places to bring the cost of the place down to £175 per week. It also provides a subsidy for flexible childcare places of up to £68 per week. Future price rises, following the removal of the subsidy, therefore look likely to have a significant impact on the use of childcare by eligible parents.

5.51 Our consultations with parents also revealed that amongst this group of parents most would either have to reduce their time in or leave employment or training if their nursery hours were reduced.

³⁰ In 2009 this increased to £40, following a review of prices.

Summary of findings

5.52 In Table 5-3 below, we summarise the key challenges and achievements in the implementation of CAP05 Phase 1.

Table 5-3: Summary of key challenges and achievements in CAP05 Phase 1 implementation

Challenges	Achievements
<ul style="list-style-type: none"> The two stage applications process required considerable coordination by London Borough leads The scheme was complex to explain to providers and for providers to explain subsequently to parents, especially as there were several funding streams available to parents. Parents were often reluctant to give personal information to providers which could result in parents forgoing opportunities. Conversion of places from full day care to flexible was complicated. The application process may have engendered a competitive element which made some boroughs and providers ask for more places than they were subsequently able to deliver. The applications process did not require a consistent assessment of demand by providers or boroughs Initial guidance was lacking in clarity, especially in relation to the flexible model. Short timescale for implementation. Phase 1 would have benefited from a more centralised and co-ordinated approach to marketing in the early days of the programme. The sustainability of the subsidised places made available through CAP05 Phase 1 is highly unlikely once CAP05 funding ceases. Price sensitivity amongst parents using CAP05 Phase 1 appears to be high. Price variation across the capital means that the extent to which CAP05 is able to support low income parents varies. 	<ul style="list-style-type: none"> By virtue of the eligibility criteria for CAP05 Phase 1 those parents accessing places were from low income families. CAP05 Phase 1 enabled 459 childcare providers to offer subsidised places to low income families in London. This accounts for approximately 20% of all full day care providers in London. The programme has supported a range of types of provider to be engaged in the pilot and the sector breakdown suggests that the proportions of providers involved were broadly representative of the overall childcare sector in London. Providers were keen to become engaged with the CAP05 programmes for three main reasons: <ul style="list-style-type: none"> ➤ attracting parents to use their provision ➤ being able to support low income parents to access quality provision and reduce their childcare costs, and ➤ being able to offer greater flexibility to parents. Boroughs and providers have reported that being able to offer greater flexibility to parents has been one of the key successes of Phase 1. In their view, it has enabled parents to access the childcare they need, rather than being forced to accept a standard offer. CAP05 Phase 1 required a greater level of borough involvement than earlier initiatives. This has enabled boroughs to develop childcare services more strategically, taking account of local contexts and demand. At its peak, Phase 1 alone was offering 8,224 places, representing 82% of the target of offering up to 10,000 affordable childcare places across the life of the pilot. The LDA and GLE responded to the need to improve marketing and take-up via the development of <ul style="list-style-type: none"> ➤ a pan-London, targeted marketing and promotional strategy to address take-up of places offered, and ➤ a spare capacity review which enabled better matching of supply and demand as the programme developed. The majority of providers reported that the administrative and management support provided by boroughs and GLE was excellent or good.

6: CAP05 Phase 2 implementation

6.1 This chapter reviews the implementation, achievements and challenges of the Phase 2 projects.

CAP05 Phase 2

6.2 While Phase 1 of the programme tested a large-scale approach to provision of a supply-side subsidy open to a wide cross section of low-income families, Phase 2 provided an opportunity for London boroughs to develop innovative solutions to supporting access to childcare for particular groups or to address particular challenges.

6.3 Phase 2 of the programme was specifically aimed at reducing the cost of childcare for:

- families with children with disabilities or special educational needs
- parents who require emergency childcare (as they are at risk of losing employment/training)
- families requiring home-based care, and
- parents requiring childcare to support their participation in further training or in seeking employment.

6.4 Four types of pilot were offered:

- **Transition to employment (T2E):** individuals were identified (through self-referral in response to local marketing / promotion and via referrals from providers, Family Information Services, Job Centre Plus, training providers and other community outreach) where lack of affordable childcare was preventing them from accessing training or seeking work. The programme supported parents through advice, outreach, sign-posting, employment brokerage, working with JCP, CIS / FIS and other partners. The scheme could cover the full cost of childcare provision whilst parents were training or looking for employment and could continue to cover the cost for a month following employment.
- **Disabilities and special needs:** the particular needs of families with disabled / SEN children were addressed, drawing upon a range of childcare provision. Focus was placed on offering parental choice, and ensuring that parents were charged no more than parents of non-additional needs children.
- **Home-based care:** the childcare needs of working parents were identified - especially lone parents and shift workers who would benefit from home-based care provided by childminders or those approved to care for children in the family home.
- **Emergency Childcare:** a range of flexible childcare options was offered to meet the needs of parents, especially lone parents, who may need to access childcare at short notice for a number of reasons - such as a breakdown in usual childcare arrangements, additional work commitments, and interviews / JCP appointments.

6.5 Phase 2 was originally scheduled to run from April 2006 until March 2008 and was subsequently extended to run until March 2009.

Beneficiaries

6.6 The eligibility criteria for Phase 2 differed considerably from those required by Phase 1. London boroughs and consortia were able to set their own eligibility criteria according to their assessment of need. However, guidance stipulated that Phase 2 was only to be made available to parents when there were no substitute/alternative public funding sources available³¹.

6.7 Each London borough had its own processes and criteria for measuring eligibility, and the relevant borough officer or panel assessed if the parent was suitable for the scheme. Parents were responsible for identifying a provider in their application with the borough paying the money directly to the provider. The providers had to meet the same criteria as for Phase 1, but, in some cases, parents could also use NCMA approved childminders on this scheme (dependent on individual borough decisions). Unlike Phase 1, parents did not need a Child Tax Credit award letter. The age limit of children was increased to 14 years old, to address the problems parents face with obtaining wrap-around care.

6.8 Table 6-1 below shows some of the eligibility criteria adopted in different pilots. In most cases, parents were referred to CAP05 Phase 2 by partner agencies including:

- Job Centre Plus
- colleges/ training providers
- childcare providers
- employment advisors
- Family Information Services
- Special Educational Needs Co-ordinator (SENco) support.

6.9 In most boroughs, parents were also able to self-refer. Generally, parents were asked to complete a form which would assist a panel to assess the individual's eligibility and decide whether other funding sources were available.

³¹ Including local discretionary funding to support childcare

Table 6-1: Eligibility Criteria in Phase 2 pilots

Southwark

In Southwark, parents were required to fit at least two of the following categories to be eligible to benefit from the Phase 2 pilot: lone parent; in receipt of Job Seekers Allowance; teenage parent; in receipt of Income Support; unemployed for less than 6 months; in receipt of Incapacity Benefit; unemployed for more than 6 months; asylum seeker with right to work; parent/carer with disability/special needs; refugee with right to work; child with disability / special needs; in receipt of the Working Tax Credit Higher Rate; Black, Asian & Minority ethnic group; and ESOL Needs.

Merton, Croydon & Sutton

To access funding, parents had to be receiving some form of benefits, Child Tax Credits or income support. The application form asked parents to provide their details by selecting which of the following statements applied to them, allowing the panel to make an informed decision with regard to their needs: I am a lone parent; no-one is employed in my household; I have been unemployed for 1 month or more and am looking to return to / start work; I do not have a GCSE qualification in English grades A-C; I do not have a GCSE qualification in Maths grades A-C; I do not have any qualifications; I have a child with SEN / Disability; I have a disability; my child has physiotherapy / language therapy; I access portage³²; I want to retrain; I have English as an additional language; I am in receipt of Child Tax Credit and have attached a copy of my tax credit form; I am in receipt of the Working Tax Credit and have attached a copy of my tax credit form; I am actively seeking employment such as attending Job Centre Plus interviews; I am in receipt of Job Seekers Allowance; I am in receipt of Disability Living Allowance; I am in receipt of Income Support; and I am in receipt of other benefits (please specify).

Bromley

To be eligible for the SEN / Disability pilot in Bromley a referral had to be made which identified that the child had a special need or disability; the child had to reside in the Borough; and the parent was required to have an offer letter for the course or employment which he/she wanted to take-up.

To be eligible for the T2E pilot in Bromley parents had to: reside within the Borough; be a low income family (evidence required); have an offer for a course or employment.

Redbridge

Eligibility criteria in Redbridge were: parent/s of a child with SEN/Disability under 5; household income below £35k; parent must be moving towards work or training or in work or training.

Source: SQW Phase 2 case studies

6.10 Due to the variable eligibility criteria adopted, the assessment of applications was undertaken by panels within each borough. These panels generally comprised 2-4 people and consisted of one or more of the following: officers coordinating the programme; members of the Early Years team / Children's Services; Job Centre Plus representatives.

6.11 The Phase 2 pilots have supported parents from the groups identified as facing disproportionate barriers to accessing childcare and employment, including families from Black and Minority Ethnic (BME) groups and lone parents.

6.12 Table 6-2 and Figure 6-1 are drawn from GLE monitoring data and illustrate that the majority of parents assisted in Phase 2 are from BME backgrounds with 55 per cent from Black or Asian backgrounds.

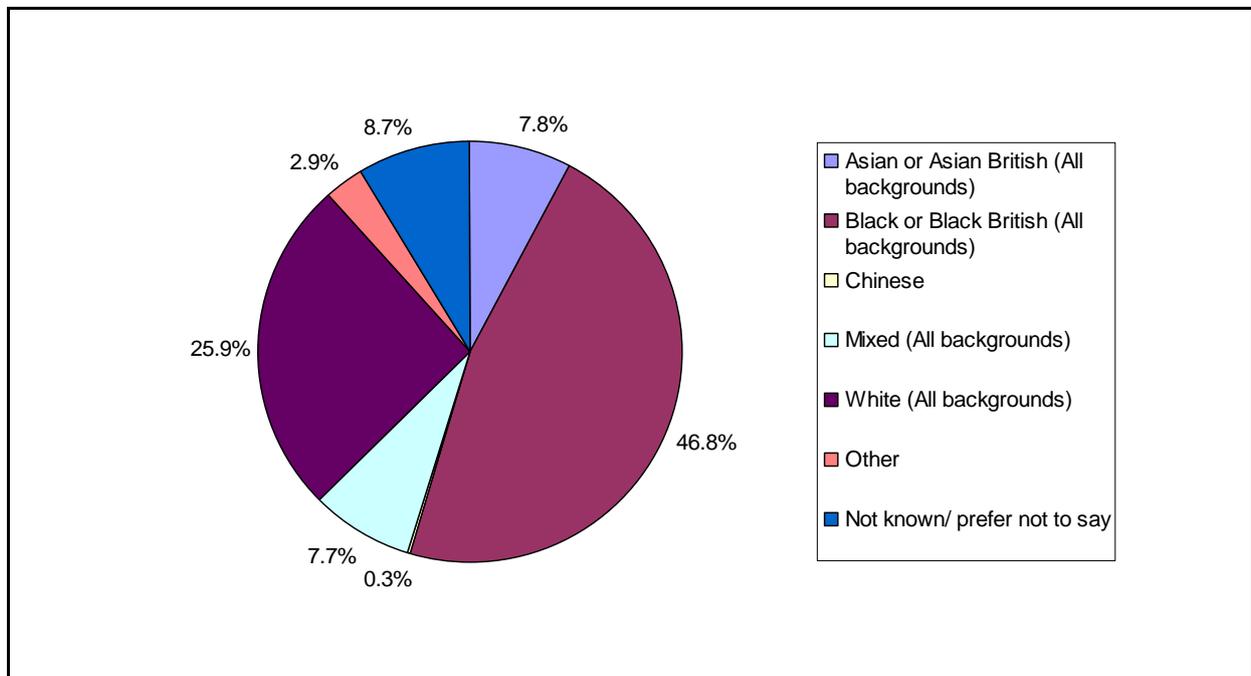
³² Portage is a home-visiting educational service for pre-school children with additional support needs and their families. The first such scheme was developed in Portage, Wisconsin, USA in the early 1970s to meet the needs of the young children living in rural communities. Since its introduction in the UK, the success of the approach has led to an increasing number of services being developed nationally. There are now 140 services registered with the National Portage Association in Britain (www.portage.org.uk).

Table 6-2: Phase 2 Ethnicity of Parents Benefiting

Ethnicity	2008/09	
	Qtr 1 (n=1632)	Qtr 2 (n= 1728)
Asian or Asian British	11%	8%
Black or Black British	46%	47%
Chinese	0.2%	0.3%
Mixed (All Backgrounds)	7%	8%
White (All backgrounds)	22%	26%
Other	4%	3%
Not known / prefer not to say	10%	9%

Source: GLE Steering Group Update Reports

Figure 6-1: Ethnicity distribution of parents accessing CAP05 Phase 2 Qtr 2 2008/09 (n= 1728)



Source: GLE Steering Group Report Quarter 2 2008/09

6.13 The majority of beneficiaries of CAP05 Phase 2 were lone parents, as illustrated in Table 6-3 below (with an average of 80 per cent of participants from this group). London borough attendees at the Delivery Workshop in January 2009 also emphasised this point. This high proportion may suggest that there was a need for lone parents to access particular types of childcare provision which were not previously available to them and, in particular, to access childcare which assisted them in making the transition to employment and/or training and also the fact that some boroughs targeted lone parents.

Table 6-3: Proportion of beneficiaries of Phase 2 who are lone parents

Borough	Total number of parents	Number of lone parents	Proportion of lone parents	Total number of Children
Greenwich	196	164	84%	257
Barnet	14	11	79%	14
Wandsworth	74	65	88%	
Hounslow	87	87	100%	97
Islington	56	54	96%	70
Brent*	493	394	80%	512
Hackney	352	284	81%	440
Hammersmith & Fulham	204	178	87%	252
Barking & Dagenham	19	15	79%	26
Enfield	55	21	38%	56
Kingston	62	39	63%	87
Redbridge T2E	14	13	93%	23
Redbridge SEN	21	1	5%	21
Southwark	900	720	80%	1123
TOTAL	2547	2046	80%	2978

NB. Not all Phase 2 Boroughs were able to provide information relating to the number of children benefiting from the support offered. Where the number of children supported was not provided, a ratio was applied to calculate an estimate for the number of children to number of parents benefiting from Phase Two of the programme.

Haringey data was not verified at the time of reporting so has been excluded

Source: Data provided by boroughs

Implementation and delivery of Phase 2

Applications and start-up

6.14 The original intention was that the activities delivered through Phase 2 funding would be led by the London boroughs themselves in identifying the challenges to be addressed and the responses to be developed. However, this approach did not generate the quality of applications anticipated by the programme management team and the CAP05 Steering Group.

6.15 Phase 2 was originally scheduled to begin delivery in April 2006 but the programme was considerably delayed, largely as a result of no awards being made through the initial call for pilot suggestions from London boroughs in December 2005. In order to generate innovative pilots the LDA and DCSF had deliberately provided an open brief to London boroughs simply requesting that boroughs work in partnership and provide innovative

solutions to childcare challenges in their areas. The CAP05 Steering Group found the applications they received to be disappointing and lacking in innovative approaches.

6.16 London boroughs reported some frustrations that their initial submissions were not accepted as they felt that they had responded appropriately to an open brief. They commented that if the LDA had specific target beneficiaries or pilot approaches in mind then the initial brief should have provided clearer direction. The LDA view was that the agency was responding to borough requests by offering complete flexibility but that the quality of the initial responses was inadequate.

6.17 The LDA issued a revised call for applications in which the brief specified that proposals should address one of the four childcare challenges outlined in paragraph 6.4 above.

6.18 Phase 2 operated two successful funding rounds: the first round of successful applications was announced in June 2006 and the second round in January 2007.

6.19 Five pilots were awarded funding in Round 1 (with delivery from October 2006) and a further 7 pilots were awarded funding in Round 2 (with delivery from January 2007). The GLE Steering Group reports note the lessons learned between the two application rounds, including: a suggestion that guidance be provided to the boroughs on the scoring system applied to bids; that a clear steer be provided on the themes for pilots; and that regular progress meetings should be held between the LDA and the Phase 2 pilots to provide ongoing support and guidance.

6.20 The resulting pilots are detailed in Table 6-4 below.

Table 6-4: Phase 2 pilots

Funding Round	Partner Boroughs	Type of pilot	Initial Place Allocation
Round 1	Bexley	Home Based Care	42
	Camden & Westminster	Transition to Employment (Special Educational Needs)	100
	Hackney 1	Special Educational Needs	12
	Hackney 2	Emergency Care	3
	Kensington and Chelsea	Special Educational Needs	20
Round 2	Bromley	Special Educational Needs	96
	Southwark & Lambeth	Transition to Employment	65
	Sutton, Croydon & Merton	Transition to Employment	18

Funding Round	Partner Boroughs	Type of pilot	Initial Place Allocation
	East Consortium - Hackney, Greenwich, Newham, Tower Hamlets & Waltham Forest	Transition to Employment	200
	West Consortium - Hammersmith & Fulham, Brent, Ealing, Harrow, Hillingdon, Hounslow	Transition to Employment	519
	Enfield	Special Educational Needs	30
	Redbridge	Special Educational Needs	10

6.21 As noted, London boroughs were encouraged to submit consortium applications to Phase 2. Five of the resulting 12 pilots were submitted as consortium bids. The process of developing consortium applications for Phase 2 was generally viewed by the participating boroughs as requiring more coordination but providing clear benefits in terms of being able to build on each other's experiences and to develop opportunities to support each other.

6.22 Phase 2 was identified by most participating boroughs as an opportunity to enhance their ability to support parents who often slip through the net either because they are unable to find funding for childcare whilst they train or enter work or they see childcare costs as prohibitive because of their child's additional support needs.

Managing delivery

6.23 The management of the Phase 2 pilots has varied considerably. In some boroughs, management and review has been undertaken by a steering group established to oversee the activities, while in others the management and review of the pilot has been the responsibility of individual officers. This section considers the varying arrangements.

Partnership Structures

6.24 For the pilots that were developed as cross borough consortia approaches, the extent and depth of the relationship has largely been limited to a management layer (collating and distributing monitoring and funding) and an initial development role.

6.25 More significant partnership arrangements have been developed within individual boroughs with key partners who can inform, advise and refer people to the pilot. Some reflections on these varied partnerships are provided in Table 6-5.

Table 6-5: Partnership structures

Bexley - Home-based care

Bexley worked with the already established and quality assured Bexley Childminders Network, capitalizing on the established working relationships in place between the Extended Services Team, Network Coordinators and the Family Information Service, all of whom are co-located.

Transition to Employment example

One of projects requires one borough to provide the management processes for distributing funding, collating monitoring and processing claim forms across its own and another borough. The lead borough feels that this management role has been an additional burden with limited benefit to them as the activities in the other borough have not matched the scale of their own.

Camden - Pathways to Work (T2E)

Targeting lone parents and, in particular, lone parents with children with disabilities and SEN, this pilot works closely with the Lone Parent Working Partnership and the Disabled Children's Benefits Project, the Early Years Intervention Team, Childcare Support Fund, the FIS and Welfare Rights Advice. Furthermore, the Economic Development team has been engaged in the pilot activities and, consequently, in the work of the childcare development team, alerting them to the role that childcare has to play in supporting employment particularly amongst key target groups such as lone parents. This is a new relationship that Camden is keen to continue.

Source: SQW consultations

Adaptations to delivery

6.26 Most of the Phase 2 pilots have made adaptations to the delivery of their pilot as it has developed. These include changes to:

- the overall partnership arrangements
- the number of places offered
- referral / application criteria, and
- the target groups for the pilot.

6.27 Changes to the overall partnership arrangements have generally occurred where consortia developed pilots. Whilst boroughs have acknowledged the benefits of working together to develop pilots, including opportunities to build on each other's experience and expertise and to develop cross-borough initiatives, the individual boroughs have become increasingly independent as the programme has developed. In most cases, the primary link between the consortia boroughs is for the submission of monitoring and financial claims and payments.

6.28 This reduction in the intensity of the consortium arrangements is not identified as being the result of any particular problems between the consortia members, but is simply a natural shift to focusing on the local delivery of the pilots within the overarching consortia plan.

6.29 The number of places offered by the Phase 2 pilots has also been varied during the lifetime of the pilots, with some pilots increasing the number of places as demand outstripped supply and others reducing the places offered as they struggled to fill them. The Transition to Employment (T2E) pilots have generally been the ones which have increased their number of places to meet demand, whilst the Emergency Care and SEN / Disability pilots have undertaken downward re-profiling.

6.30 A number of the pilots have reported revisions to their application/referral forms as the pilots have developed. This has generally sought to make the forms simpler and easier to complete.

6.31 The main change to the eligibility criteria has been the extension of the age range from under five to include children up to the age of fourteen years. This decision was taken across all Phase 2 pilots, following suggestions from the pilots to the LDA and GLE.

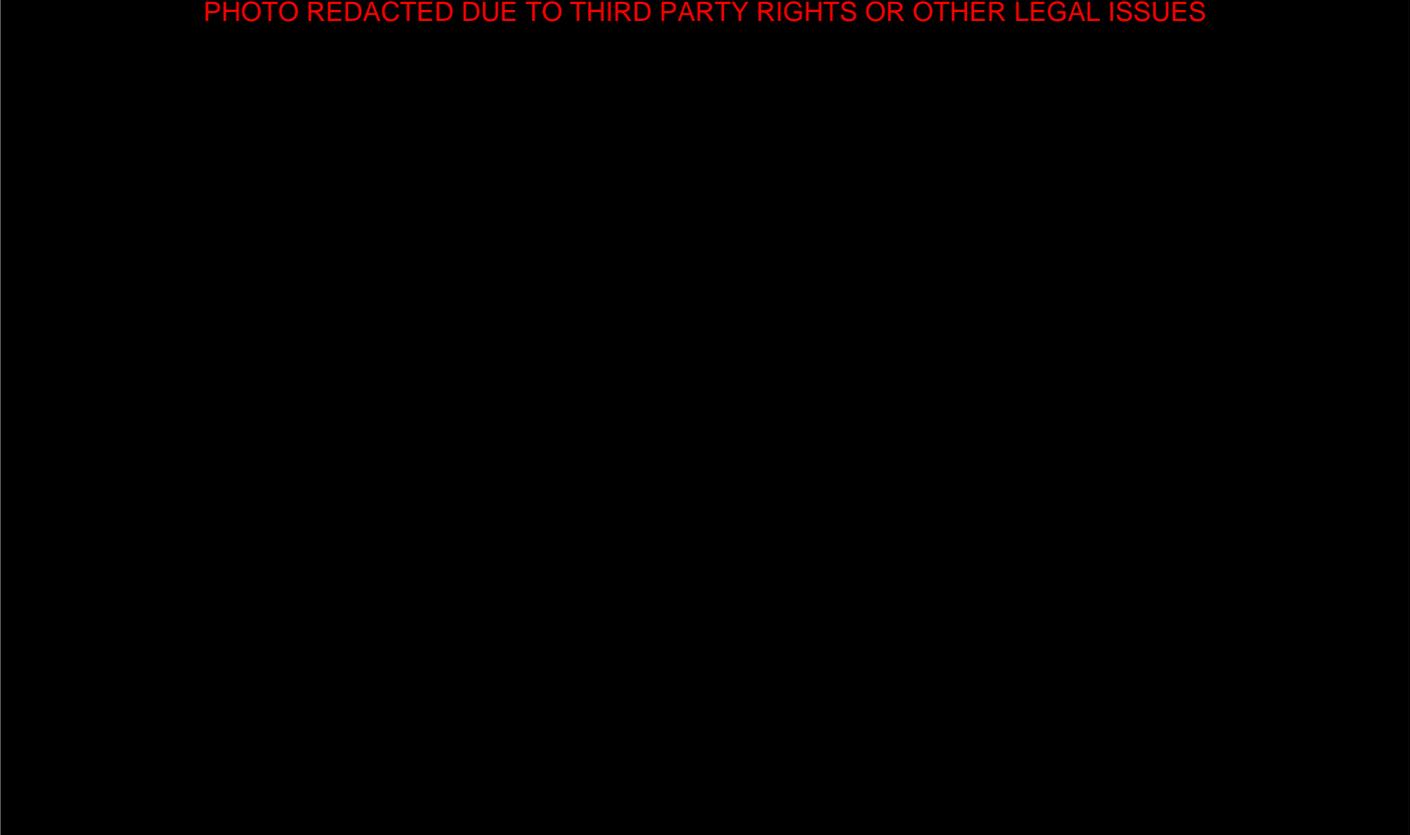
Marketing

6.32 Within Phase 2, pilot projects have also undertaken some marketing activity (see Figures 6-2 and 6-3 for examples). This has primarily focused on promoting the Transition to Employment projects, as some boroughs reported a reluctance to over-promote the other pilots as they generally offered only a small number of places. There was a corresponding reluctance to raise parents' expectations if they could not then be offered a place.

6.33 London boroughs did not raise as many concerns about the central marketing of the Phase 2 programme, reflecting the more localised nature of the Phase 2 activities and, therefore, the need for more localised marketing responses. All twelve London boroughs identified key lessons for the delivery of Phase 2 in our 2008 survey of London Borough CAP05 leads. Of these, five claimed that a key lesson learnt from the delivery of Phase 2 was the need to have a better marketing campaign, ensuring that the scheme was properly advertised both to parents and to potential providers. Responses to another question in the survey revealed that the uptake of Phase 2 places could be encouraged in the future by working in partnership with Jobcentre Plus and voluntary organisations, for example, to ensure that CAP05 was sufficiently well-publicised.

Figure 6-2: Examples of Phase 2 promotional materials East London Consortium

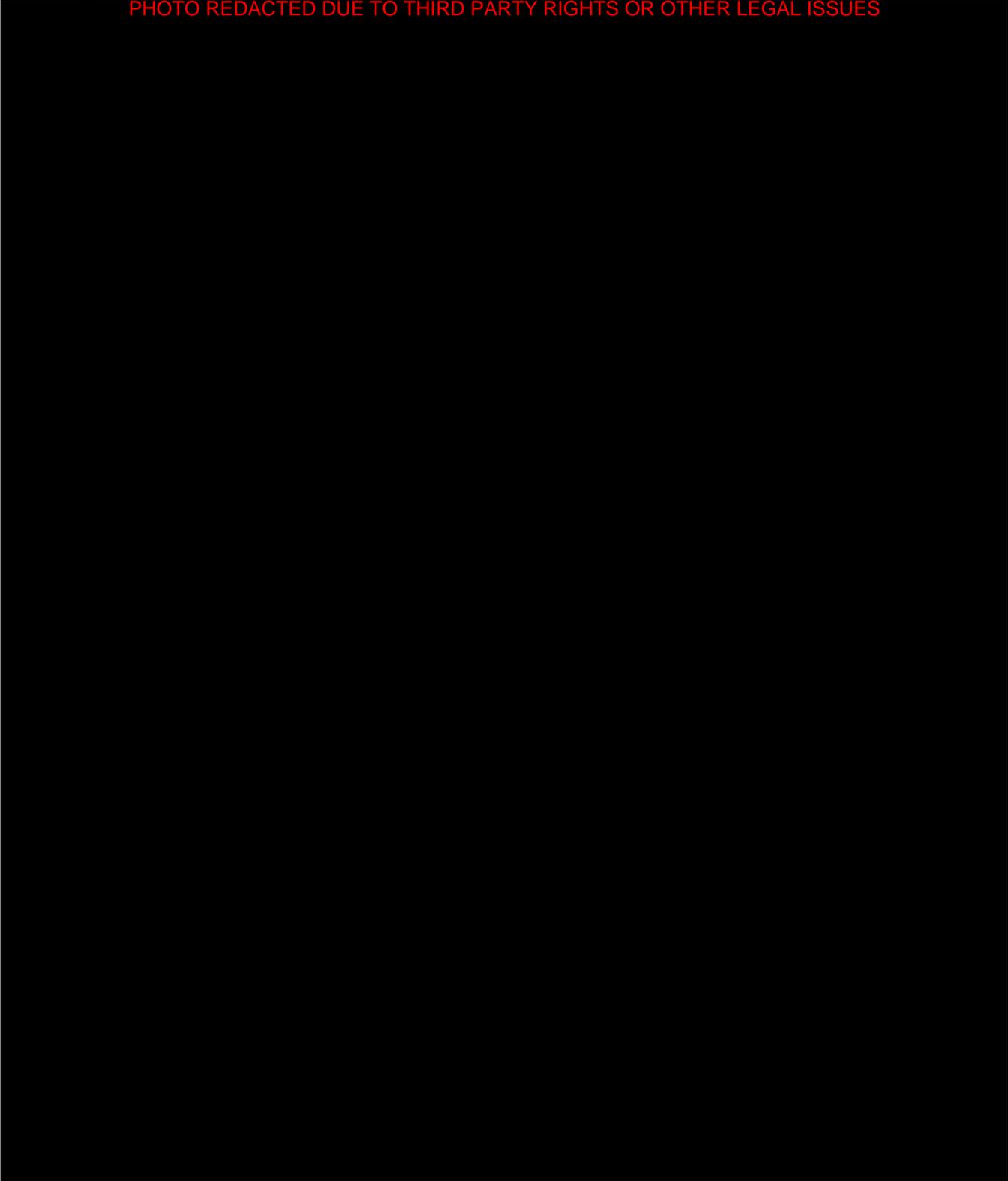
PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES



Source: East London Phase 2 Consortium

Figure 6-3: Examples of Phase 2 promotional materials in Camden

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES



Source: London Borough of Camden

Challenges and barriers

6.34 The London borough survey and case study consultations highlighted that London boroughs were less satisfied with the financial management of Phase 2, in particular those operating within consortia where the lead borough was responsible for collecting payments from the GLE and making payments to individual member boroughs. Six London boroughs also cited the payment system for providers as being a key barrier in preventing effective delivery. In some cases, the London borough payment system was considered to be too slow and providers experienced real problems in processing their invoices quickly and efficiently.

6.35 Resource issues were also flagged as a barrier to the delivery of Phase 2. In particular, there were concerns amongst several boroughs that little acknowledgement had been given to the time and workload pressures involved in delivering CAP05. Some felt that not enough was being done to support childcare providers, with four London boroughs reporting that providers were being overburdened with paperwork whilst another reported that the completion of quarterly reports for Phase 2 operated on too tight a timescale.

Good practice and lessons learnt

6.36 Phase 2 pilots have been delivering on a much smaller scale than Phase 1 but have required more intensive input from London boroughs to coordinate and develop. Despite this, the Phase 2 pilots have been welcomed by London boroughs as they have been seen as an opportunity for them to respond to local needs in ways that are locally determined.

6.37 The boroughs have highlighted that it took quite a lot of time to develop and establish partnership working arrangements especially when working with other boroughs, but also when seeking to engage partners from different agencies and teams within an individual borough. In discussion at the Delivery Workshop, borough representatives emphasised that the CAP09 activities should incorporate sufficient lead-in time for partnerships to be established and plans developed before delivery activities and outputs are expected.

Sustainability

6.38 Delivering the Phase 2 pilots required considerable funding and coordination of resources and all pilots reported that they would be unable to continue to offer the same level of support once the CAP05 funding ceases. London borough leads also raised concerns that the CAP09 eligibility criteria and delivery models might be too restrictive and inflexible for the pilots to continue in their current form and that there was a danger that the gains made through the development and delivery of CAP05 Phase 2 could be lost.

6.39 The partnership arrangements established through the development and delivery of CAP05 Phase 2 pilots are likely to be a key legacy for the future. Working to develop Phase 2 pilot activities has engaged partners who have not previously worked together and has further consolidated existing relationships.

Childcare and Employment Adviser Project

6.40 In addition to the core Phase 1 and Phase 2 activities, the CAP05 programme provided funding to deliver a small project providing childcare and employment advisers in a selection of London Boroughs. This activity was beyond the remit of the review, but a summary of the project is provided in Table 6-6.

Table 6-6: Summary of the Childcare Employment Adviser Project

The CAP Senior Childcare and Employment Adviser project funded eight adviser posts across 11 London boroughs. The Advisers provided one-to-one employment and childcare advice and support to parents seeking sustainable employment. The participating boroughs were:

- Hackney
- Newham
- Tower Hamlets
- Greenwich
- Waltham Forest
- Ealing
- Hounslow
- Hammersmith and Fulham
- Harrow
- Brent
- Hillingdon.

Six of the eight Advisers were assigned to the five East London boroughs and the remaining two Advisers worked across the six West London boroughs.

The role of the Advisers was to work with parents to:

- provide intensive one-to-one support to parents seeking employment by providing advice and support in accessing vocational training, voluntary work or employment.
- assist parents through every stage of the process to move into work or training and to complete an application form for CAP05 Phase 2 funding for childcare.
- offer a confidence building workshop in Children's Centres and outreach locations which aims to help parents to identify the next best step for them (work, training, volunteering etc) and provides practical help with CVs, application forms and interview techniques and preparation.
- provide benefits advice and in-work benefit calculations.
- complement existing provision and services and to act as a referral source for and to partner agencies.

The project model was based on an average of 16 hours intensive support per beneficiary and the peak case load was 59 clients per Adviser.

Source: GLE Childcare and Employment Adviser Project - Progress Report December 2008.

Summary of findings

6.41 In Table 6-7 below, we summarise the key challenges and achievements in the implementation of CAP05 Phase 2.

Table 6-7: Summary of key challenges and achievements in CAP05 Phase 2 implementation

Challenges	Achievements
<ul style="list-style-type: none">• Developing the pilots proved challenging and time consuming due to initial misinterpretation of the brief by London boroughs and lack of initial clarity in the brief.• Developing consortium approaches required greater time consuming coordination across boroughs.• The protracted application process delayed implementation of Phase 2 pilots.• Conducting regular consortia reviews of the pilots is time consuming and has reduced considerably over the life-time of the pilots.• As noted in chapter 3, at the outset of the programme there was very little information available which could provide a sense of the likely scale of demand for the CAP05 programme at a policy level. As the pilot developed, it was clear that the absence of detailed understanding of the market was also an issue for providers and London boroughs.• A balanced approach was needed to ensure that advertising did not stimulate demand which subsequently could not be met. This was a particular issue for the T2E pilots.	<ul style="list-style-type: none">• Boroughs submitted successful pilot applications once issued with clearer guidance.• The process facilitated greater partnership working across boroughs via consortium bids. It also encouraged and supported intra-borough working which has the potential to develop into sustainable relationships beyond the lifetime of CAP05.• Flexibility has enabled the development of locally responsive pilots.• Borough representatives have reported that the pilots have supported parents from groups identified as facing disproportionate barriers to accessing childcare and employment, including families from BME groups and lone parents.• Extending the eligibility to include parents of children up to 14 years old has increased the capacity of the P2 pilots to support a wide range of parents.

7: Project costs

7.1 Table 7-1 outlines the anticipated and actual funding for the project.

Table 7-1: Total project cost/funding

	Yr 1 2005/06 (Nov-Mar)		Yr 1 2006/07		Yr 2 2007/08		Yr 3 2008/09		Yr 4 2009/10		Total	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual (to date)
LDA Funding	£5m		£7.5m		£10m		£5m*		-		£27.5m	
DCSF Funding			£5m		£6m		£3.8m*				£14.8m	
Total	£5m	£1,798,183 (36%)	£12.5m	£5,796,778 (46%)	£16m	£10,462,704 (65%)	£8.8m	£13,957,771 (158%**)	N/A	N/A	£42.3m	£32,015,436 (76%)

NB Actual expenditure is not available by funder

*An additional £3.8m of DCSF funding was agreed in October/November 2008. This was received by LDA in 2008/09 but was scheduled for expenditure in 2009/10.

**The actual expenditure included under spend rolled forward from 2007/08

7.2 The CAP05 pilot was originally scheduled to operate from November 2005 until March 2008. The duration of the pilot was extended in late 2008 using additional funding from DCSF, taking the end date of the pilot to December 2009³³.

7.3 The LDA and DCSF funding covered the costs of central management and administration of the pilot as well as the provision of the subsidy for full day care, flexible and Phase 2 childcare places.

7.4 The project experienced considerable under spend in the first three years of delivery. Programme expenditure caught up with overall programme profile in 2008/09.³⁴ This reflects the delivery of Phase 2 activities in 2008/09 and the peak in take-up of Phase 1 places. We understand that the Programme was able to roll forward under spend into subsequent delivery years.

7.5 The DCSF has provided a total of £14.8 million for the CAP05 pilot between November 2005 and March 2009.

7.6 Table 7-2 shows the programme expenditure split by Phase 1 and Phase 2 delivery costs and the management and administration costs associated with the overall programme.

Table 7-2: Actual expenditure split by Phase and Management Costs

	Yr 1 2005/06 (Nov – Mar)	Yr 1 2006/07	Yr 2 2007/08	Yr 3 2008/09	Yr 4 2009/10	Total to date
Phase 1			£6,378,612	£8,092,557	Not Available	
	£1,678,188	£5,234,146				£30,061,576
Phase 2			£3,617,285	£5,060,788	Not Available	
Management Costs*	£119,995 (7%)	£562,632 (10%)	£466,807 (4%)	£804,426 (6%)	Not Available	£1,953,860
Total	£1,798,183	£5,796,778	£10,462,704	£13,957,771	Not Available	£32,015,436

*Management costs include GLE Management costs, LDA marketing and events, additional support to boroughs and the provision of Childcare Employment Advisors.

Source: LDA

7.7 Central management and administration costs as a proportion of overall spend peaked at 10% in 2006/07. This is likely to reflect the investment in marketing activities in this first year of delivery. Over the life of the programme, these costs varied between four and ten per cent, with an average of 6.8%.

³³ While the programme itself finished in March 2009, some exit funding is being provided to support existing parents on the scheme.

³⁴ It is worth noting that £3.8 million of additional DCSF funding received during 2008/09 was actually earmarked for expenditure in 2009/10.

8: CAP05 outputs and outcomes

8.1 In this chapter, we examine the project's achievements relative to the outputs and targets it sought to deliver.

8.2 The overarching aim of the CAP05 pilot was to:

'pioneer a range of different approaches to make childcare more affordable for lower income families in London to increase their participation in paid employment'

8.3 More specifically, the strategic objectives of CAP05 were to³⁵:

- make childcare in London more affordable for lower income parents
- enable parents on low incomes in London's most disadvantaged areas to stay in, or return to, full or part-time work and flexible work, and to
- provide parents with greater access, choice and flexibility via quality childcare.

8.4 CAP05 also sought to address some wider outcomes including³⁶:

- the child poverty agenda - through tackling barriers to adult economic activity and worklessness
- increasing levels of take-up of tax credits amongst eligible families
- supporting and encouraging lone parent families in London to access employment, and
- reducing the cost of childcare as a barrier to employment and training opportunities.

8.5 The key deliverable for CAP05 was to subsidise up to 10,000 affordable and flexible childcare places across the duration of the programme; this does not distinguish between places offered under Phase 1 or Phase 2.

8.6 This chapter of the report reviews the output achievements of the CAP05 pilot and, where possible, considers the pilot's contribution to the wider outcomes identified above. We start by summarising the overall offer and then go on to consider the specific details of Phase 1 and Phase 2 in turn.

The overall CAP05 offer

8.7 Table 8-1 shows the total number of places offered under Phase 1 and Phase 2 over the duration of the pilot. As with many new programmes the offer of places took some time to build, with three funding rounds being undertaken. Similarly, the take-up of places also took time to build.

³⁵ Childcare Affordability Programme Appraisal for CPRG (June 2005), KPMG

³⁶ Young London Matters website, Childcare Affordability Programme (accessed March 2009)

http://younglondonmatters.org/ecminlondon/pathfinder_pilot_initiatives/partner/123/childcareaffordabilityprogramme/

Table 8-1: Total number of places offered and filled across Phase 1 and Phase 2

	Places offered			Places filled		
	Phase 1	Phase 2	TOTAL	Phase 1	Phase 2	TOTAL
Qtr 2 2006/07	5,913	n/a	5,913	1,882	n/a	1,882
Qtr 3 2006/07	8,208	n/a	8,208	2,010	n/a	2,010
Qtr 4 2006/07	8,224	n/a	8,224	2,410	n/a	2,410
Qtr 1 2007/08	7,839	1,104	8,943	2,878	342	3,220
Qtr 2 2007/08	7,899	1,104	9,003	3,198	918	4,116
Qtr 3 2007/08	8,017	1,104	9,121	3,354	1,447	4,801
Qtr 4 2007/08	5,124	1,104	6,228	3,542	1,469	5,011
Qtr 1 2008/09	4,649	2,102	6,751	3,320	1,727	5,047
Qtr 2 2008/09	4,661	2,471	7,132	3,268	2,025	5,293
Qtr 3 2008/09	4,696	2,471	7,167	3,030	1,695	4,725

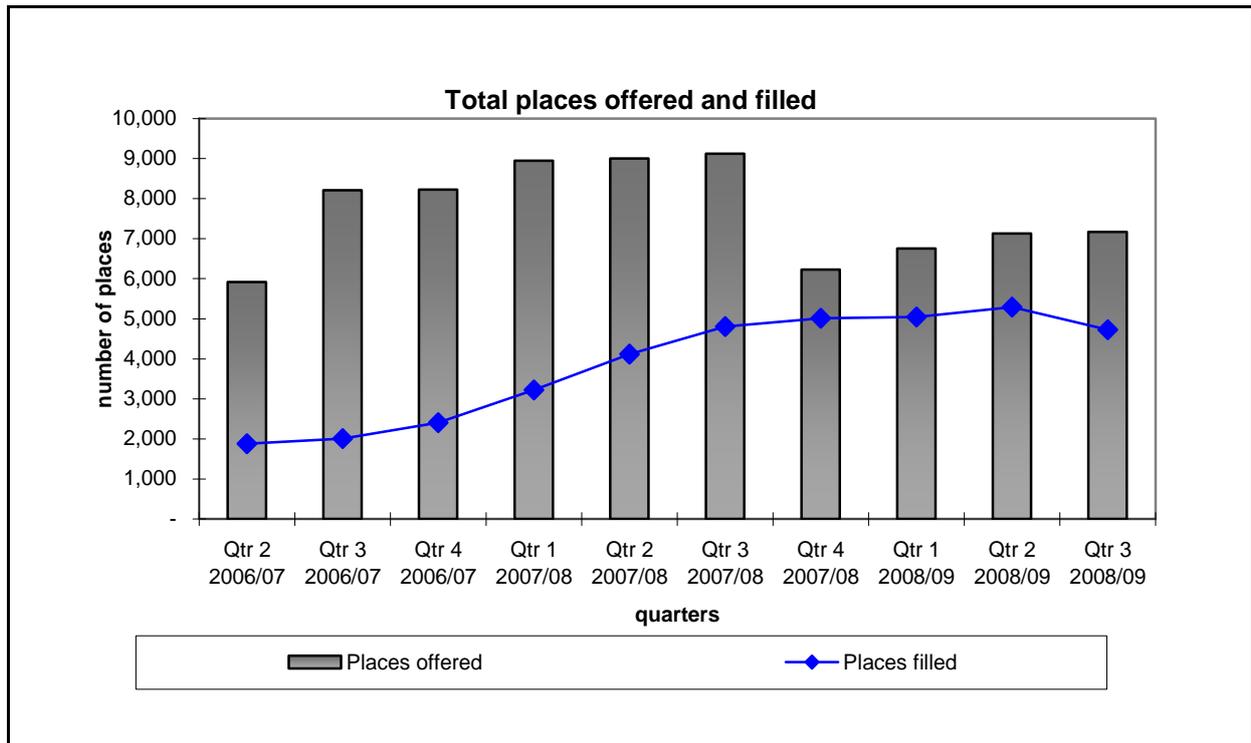
Source: GLE Steering Group Reports

8.8 Figure 8-1 below illustrates the data shown in Table 8-1. Places were allocated through three funding rounds in September 2005, January 2006 and April 2006. By quarter 4 of 2006/07 all of the funding rounds had been completed and boroughs notified. The total number of places offered peaked in quarter 3 of 2007/08, with 9,121 childcare places on offer while the total number of places filled peaked at 5,293 almost a year later (in quarter 2 of 2008/09). This time lag between peak offerings and places being filled reflects the amount of time that the marketing and advertising of CAP05 took to filter through to parents and to be converted into CAP05 places being taken up for both Phase 1 and Phase 2.

8.9 From quarter 4 of 2007/08 onwards there is a substantial drop in the number of places offered under Phase 1; this is a result of an exercise carried out by GLE where places from under-performing providers were released and the funds reallocated. In the initial stages of delivery of both Phase 1, and in some of the Phase 2 pilots, there was an overestimation by many providers as to how many places they needed and could fill. The numbers offered remained constant as the pilot was coming towards its end.

8.10 Looking at these results, we can clearly say that CAP05 achieved its target of offering up to 10,000 affordable and flexible childcare places across the duration of the project.

Figure 8-1: Total number of places offered and filled across Phases 1 and 2



Source: Data from GLE steering group reports

8.11 No target was set for the number of parents expected to benefit from the programme. This largely reflects the pilot nature of the programme and the fact that the pilot was developed with limited information relating to levels of demand. In light of this, the target of offering up to 10,000 places was largely influenced by the funding available for the programme which would enable this number of places to be funded for the programme’s anticipated delivery period.

8.12 As highlighted in Chapter 5, the initial application process for CAP05 did not incorporate any consistent assessment of demand by boroughs or providers. In 2006, only seven of the 19 London borough CAP05 leads interviewed reported undertaking any assessment of demand prior to submitting CAP05 applications. In addition, applications for places were undertaken prior to the completion of Childcare Sufficiency Assessments so any assessment of demand was likely to be based on limited evidence. In light of this absence of demand information, the number of places offered has outstripped the take-up of places for the duration of the pilot. Arguably, it is unlikely that take-up would have outstripped the offer as providers are more likely to apply for more places than they initially think they can fill in order to reduce the possibility of having insufficient places to meet demand.

8.13 By the end of the project, there was a much closer alignment between the places filled and those offered, following reviews of spare capacity and subsequent removal and reallocation of places. The number of places filled dips as the project is winding down and no new applicants were being accepted.

Phase 1

The Phase 1 offer

8.14 Phase 1 sought to offer pan-London access to subsidised full day care and flexible childcare provision. This offer was created by providing a supply-side subsidy to childcare providers. Ofsted registered childcare providers and accredited childminder networks were able to apply to offer up to 50% of their places as CAP05 places. Providers were then able to claim the subsidy when eligible parents accessed a place. Details of the eligibility criteria are provided in Chapter 4.

8.15 Table 8-2 below indicates that the largest number of Phase 1 childcare places for both full day care and flexible (in red italics) were offered in quarter 4 of 2006/07, roughly nine months into the programme's life.

Table 8-2: Number of places offered in CAP05 Phase 1

Places offered	Full day care	Flexible day care	Grand Total
Qtr 1 2006/07	1,633	4,290	5,923
Qtr 2 2006/07	1,604	4,309	5,913
Qtr 3 2006/07	1,938	6,270	8,208
Qtr 4 2006/07	1,933	6,291	8,224
Qtr 1 2007/08	1,792	6,047	7,839
Qtr 2 2007/08	1,691	6,208	7,899
Qtr 3 2007/08*	1,650	6,367	8,017
Qtr 4 2007/08	920	4,204	5,124
Qtr 1 2008/09	895	3,754	4,649
Qtr 2 2008/09	914	3,747	4,661
Qtr 3 2008/09	931	3,765	4,696

Source: GLE Steering Group reports

8.16 The figures show that, at its peak, the CAP05 Phase 1 pilot provided almost 2,000 subsidised full day care places across London. The direct subsidy has also had a significant impact on the availability of flexible childcare in London by substantially increasing the number of flexible day care places available. London boroughs' Childcare Sufficiency Assessments show that there is a demand for more flexible childcare provision and the introduction of the extended flexible entitlement for 3 and 4 year olds will further promote the provision of flexible childcare. However, delivering a flexible offer is challenging for childcare providers and can result in loss of earnings as the offer needs to be available for some time for demand and confidence in the offer to build. As reported to us by London Borough CAP05 leads and providers during case studies and surveys, the CAP05 flexible subsidy has clearly provided an incentive for providers to try to make this offer work for the parents accessing their provision with over 6,000 flexible places made available by providers at the peak of delivery. When asked in 2006 why London boroughs were keen to participate in the programme, borough CAP05 leads noted that the opportunity to test a flexible offer was key, as many were aware through the preparation of their Childcare Sufficiency Assessments that gaps in provision existed particularly in relation to atypical and flexible hours.

8.17 The number of flexible day care places offered suggests that providers saw a real opportunity in the CAP05 programme to develop and test a flexible offer with the support of a subsidy. Some providers reported during case study consultations that they were concerned about developing a flexible offer as they worried that if they split a full day care place into several places, they may be able to find a child to fill 3 days of the week but not the remaining 2 days; thus they would lose out on revenue for 2 days. The role of the CAP05 subsidy was to alleviate this uncertainty.

Phase 1 take up of places

8.18 Table 8-3 shows the number of full day care places and flexible day care places that were filled in each quarter; the figures in red italics are the quarters where the numbers of places filled were at their peak. The highest number of places utilised under CAP05 Phase 1 was in quarter 4 of 2007/08 when 3,542 childcare places were being used.

8.19 Caution should be exercised when looking at the number of places filled as this does not necessarily correspond to the total number of parents helped through CAP05 Phase 1. From the centrally collated figures we are unable to distinguish, for example, where parents had more than one child on the CAP05 scheme; in addition, some parents will have finished using CAP05 places and new parents will have started to use those places throughout the lifetime of the pilot.

Table 8-3: Number of places filled in CAP05 Phase 1

Places filled	Full day care	Flexible day care	Grand Total
Qtr 2 2006/07	385 (20%)	1,497 (35%)	1,882
Qtr 3 2006/07	366 (19%)	1,644 (26%)	2,010
Qtr 4 2006/07	417 (22%)	1,993 (32%)	2,410
Qtr 1 2007/08	431 (24%)	2,447 (40%)	2,878
Qtr 2 2007/08	515 (30%)	2,683 (43%)	3,198
Qtr 3 2007/08	556 (34%)	2,798 (44%)	3,354
Qtr 4 2007/08	623 (68%)	2,919 (69%)	3,542
Qtr 1 2008/09	626 (70%)	2,694 (72%)	3,320
Qtr 2 2008/09	610 (67%)	2,658 (71%)	3,268
Qtr 3 2008/09	579 (62%)	2,451 (65%)	3,030

Source: GLE Steering Group reports

8.20 As the data demonstrate, the offer of places has exceeded demand throughout the lifetime of the pilot and take-up rates only increased following the capacity review undertaken by GLE.

8.21 There is also considerable variation in the proportion of places filled by borough. Some boroughs overestimated demand by considerable amounts especially for the full day care places. Bromley and Ealing both offered 135 and 192 places respectively but had to reduce them by over 100 places each. These two boroughs alone accounted for a drop of over 250 places.

8.22 For flexible care, quite a few boroughs had high levels of take-up in terms of absolute figures and also in proportion to the number of places they offered. Those that performed particularly well in this respect were Southwark, Barking & Dagenham, Brent, Croydon, Lambeth, Newham and Walthamstow. There is no discernable geographical pattern to this success with some Inner and Outer London boroughs performing well.

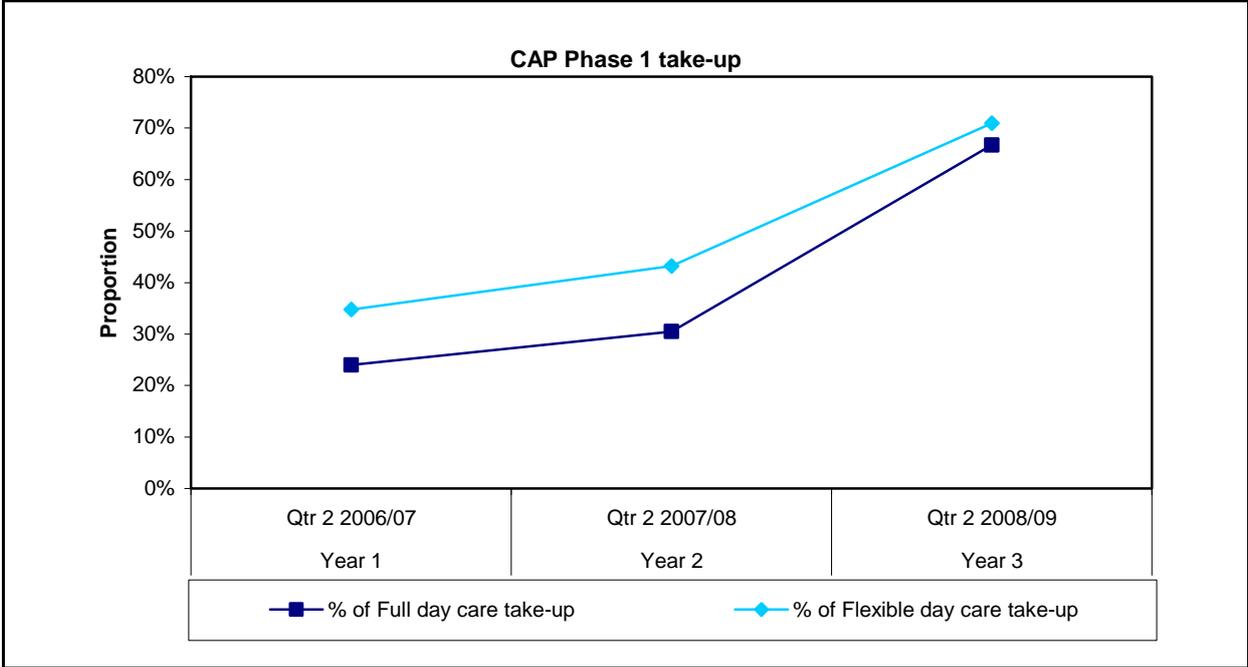
8.23 Table 8-4 and Figure 8-2 show how the take-up of flexible and full day care places has been increasing at an annual rate over three years. The number of full day care places offered has consistently been lower than the number of flexible places offered and reduced over the years. Although the absolute number of full day care places has been falling, the proportion of places being taken up has been steadily rising, peaking in year 3 as shown in Figure 8-2. This could be as a result of better promotion of full day care places alongside an improved alignment between the number of places offered by providers and parental demand.

Table 8-4: Annual take-up of full and flexible day care places in CAP05 Phase 1

		Number Full day care places offered	Number of Full day care places filled	% of Full day care take-up	Number of Flexible day care places offered	Number of Flexible day care places filled	% of Flexible day care take-up
Year 1	Qtr 2 2006/07*	1,604	385	24%	4,309	1,497	35%
Year 2	Qtr 2 2007/08	1,691	515	30%	6,208	2,683	43%
Year 3	Qtr 2 2008/09	914	610	67%	3,747	2,658	71%

Source: GLE Steering Group reports

Figure 8-2: Percentage take-up of CAP05 Phase 1



Source: Data from GLE Steering Group reports

8.24 As noted above, the number of places filled does not necessarily correspond to the number of families supported by CAP05. At the peak of the programme, GLE undertook an exercise to estimate the number of children and families who had benefited from Phase 1.³⁷ They surveyed 18 London boroughs in February 2008 (56% of participating boroughs) from which they estimated that, for Phase 1 as a whole, 5,934 children had accessed a childcare place with roughly 5,600 families benefiting from the programme. This was extrapolated to December 2008³⁸ at which point it was estimated that 6,376 children and 5,995 families across London had been supported by CAP05. These figures are considered, by GLE, to be a conservative estimate of the actual number of families supported during Phase 1. The extent to which the data can be considered robust is limited as it is based on estimated projections.

Providers engaged

8.25 The average number of providers per borough engaged in CAP05 was between 13 and 15, although there was a large range between boroughs with some involving fewer than 13 and some far more. Newham had the highest number of providers with up to 37 taking part in the pilot. At the other end of the scale, boroughs such as Haringey and Sutton had 5 to 6 providers involved whilst the City of London withdrew from the project altogether in 2007 due to lack of take-up. For a more detailed breakdown, see Annex A, Table A3.

³⁷ For the 18 boroughs surveyed in February 2008, GLE worked out the ratio of the number of children compared to the average number of childcare places filled at that point (which was the sum of childcare places filled in every quarter divided by the number of quarters for which the borough had been delivering). For boroughs that GLE was unable to survey, the average number of places filled by that borough was calculated and then multiplied by the average of all the ratios from the surveyed boroughs.

³⁸ For the extrapolation to December 2008, GLE collated the numbers of children and families supported in each subsequent quarter and assumed that where these numbers increased from one quarter to another, these represented new beneficiaries and added them to the February 2008 total. This approach does not take into account the possibility that existing beneficiaries may have left the programme for a quarter or more and subsequently returned or that new beneficiaries may have replaced existing ones.

8.26 Although some boroughs such as Hackney and Newham had a significant number of providers involved in the programme, many of these only offered flexible day care places. In the case of Newham, no full day care places were offered in their borough; the reason for this was the already low cost of their childcare places (i.e. their full day childcare places were already below £175 and thus required no subsidy to bring them down to this level).

8.27 At the opposite end of the spectrum, some boroughs such as Camden, Kingston, Richmond and Westminster had low numbers of providers involved which subsequently meant that they offered fewer places compared to other boroughs, with the exception of Westminster which used a large provider who was able to offer a significant number of places. Within these boroughs CAP05 leads reported that there was a large proportion of private childcare providers who charged prices that were too high to be involved in the programme. As the maximum subsidy provided was £30 to bring prices down to £175 per week, those providers that charged more than £205 could use the £30 subsidy but then had to further subsidise the places from their own revenue. Thus, there was no incentive for them to become involved in a loss making scheme.

8.28 An added reason for the low numbers of providers participating in the pilot in these boroughs was the overall affluence of these boroughs. Contained within the boroughs were concentrations of better-off families who could afford to pay the higher childcare prices demanded and there was little need for the providers to bolster their revenue stream by expanding their services to low income families as they had little excess capacity.

8.29 Although there are no direct figures as to how many new parents started to claim tax credits as a result of CAP05, qualitative evidence from our provider surveys indicated that many providers helped parents to claim the higher rate of child tax credits in order to qualify for the Phase 1 places. In addition, some London borough CAP leads suggested in the London borough survey that providers would have benefited from training to promote the tax credit more effectively.

Phase 2

The Phase 2 offer & take-up

8.30 Phase 2 sought to offer locally responsive support to parents experiencing four key barriers to affordable childcare: accessing childcare for training or transition to employment periods; accessing childcare for children with SEN; accessing home-based childcare or childminders; and accessing emergency childcare. The way in which support was allocated varied by borough; some boroughs provided full funding for childcare, while others offered a subsidised place.

8.31 Table 8-5 below shows the number of places offered and accessed throughout the lifetime of the pilot. The figures suggest a more appropriate assessment of demand for the number of places offered in Phase 2 as full take-up is achieved and exceeded within 3 quarters of the pilots being established. Subsequently, the number of places offered was increased in quarter 1 of 2008/09.

Table 8-5: Total places offered and filled under CAP05 Phase 2

Phase 2	Places offered	Places filled	% Take-up
Qtr 1 2007/08	1,104	342	31%
Qtr 2 2007/08	1,104	918	83%
Qtr 3 2007/08	1,104	1,447	131%
Qtr 4 2007/08	1,104	1,469	133%
Qtr 1 2008/09	2,102	1,727	82%
Qtr 2 2008/09	2,471	2,025	82%
Qtr 3 2008/09	2,471	1,695	69%

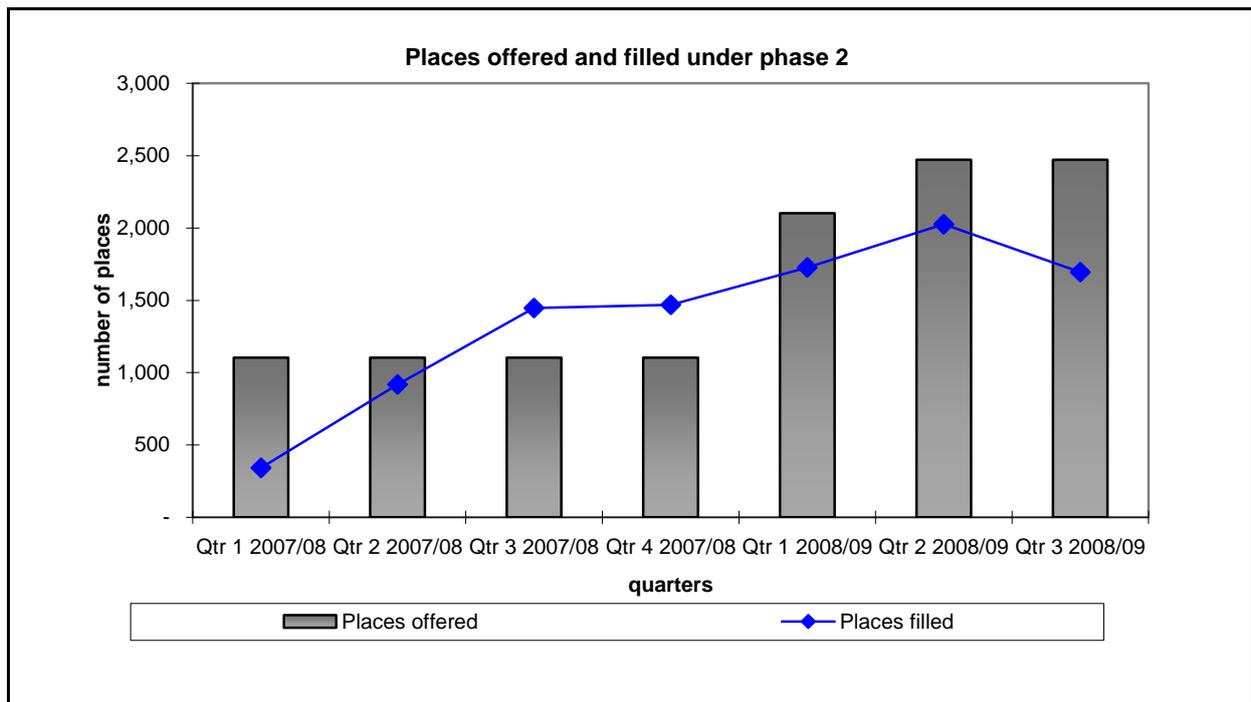
Source: GLE Steering Group reports

8.32 In quarters 3 and 4 of 2007/08 the number of places filled exceeded the number of places offered. It is the review team's understanding that this was undertaken in agreement with GLE / LDA and that place allocations were subsequently revised in light of the available budget from previous under spend. The higher than anticipated demand for places was largely due to the Transition to Employment pilots; take-up of places was more variable within the Emergency Care and SEN / Disability pilots. Further details on some of the reasons for this are highlighted in paragraphs 8.39-8.41 below.

8.33 Figure 8-3 overleaf illustrates the steady increase in the number of places filled under Phase 2 until the latest quarter in 2008/09 (when it was announced that CAP05 was not continuing and not taking any new parents onto the scheme). It clearly shows that the number of places offered and filled was much more closely aligned in Phase 2 than in Phase 1.

8.34 As expected, it took some time to build up parent knowledge of the scheme when it was initially launched, and we see this in the steep increase in the take-up of places between quarters 1-3 of 2007/08. The number of places offered by childcare providers and taken up by parents increased as the programme progressed: this is in contrast to the pattern we saw in Phase 1.

Figure 8-3: Total places offered and filled in Phase 2

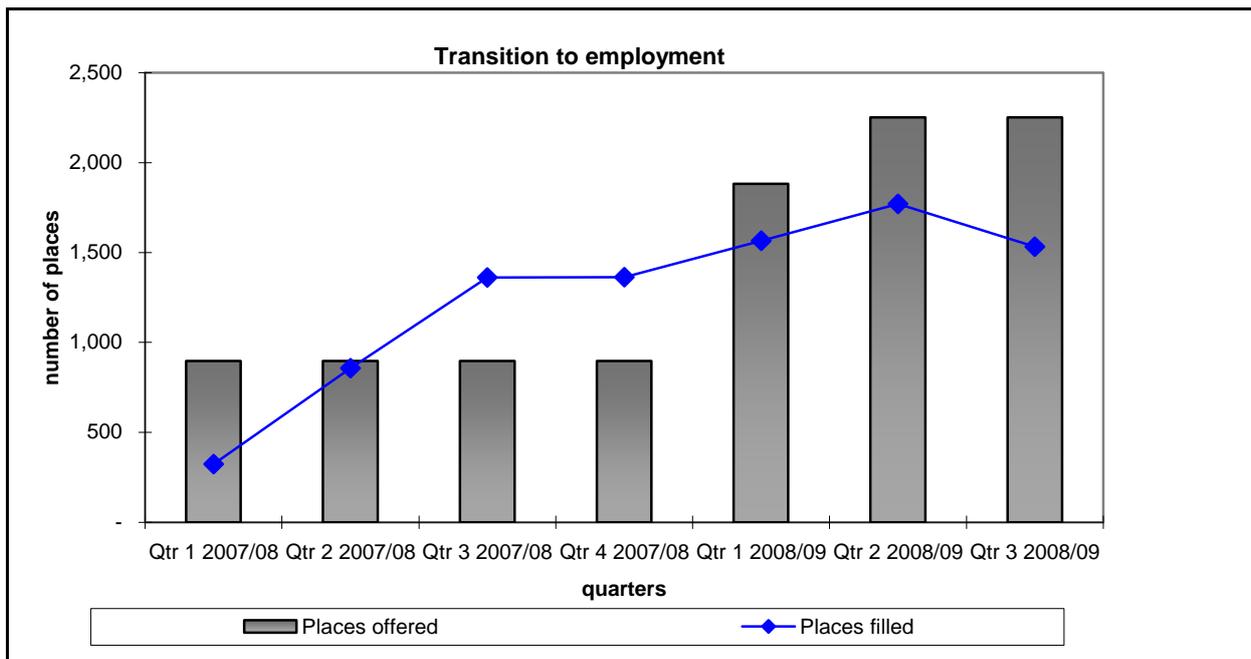


Source: Data from GLE Steering Group reports

Variation in take-up by pilot theme

8.35 Transition to Employment pilots offered the largest number of places under Phase 2 of CAP05. Figure 8-4 shows the proportion of take up of T2E places in comparison to the total number of places being offered. Between the end of quarter 4 of 2007/08 and quarter 2 of 2008/09 the number of places offered increased by 1,367.

Figure 8-4: Transition to Employment places offered and filled



Source: Data from GLE Steering Group reports

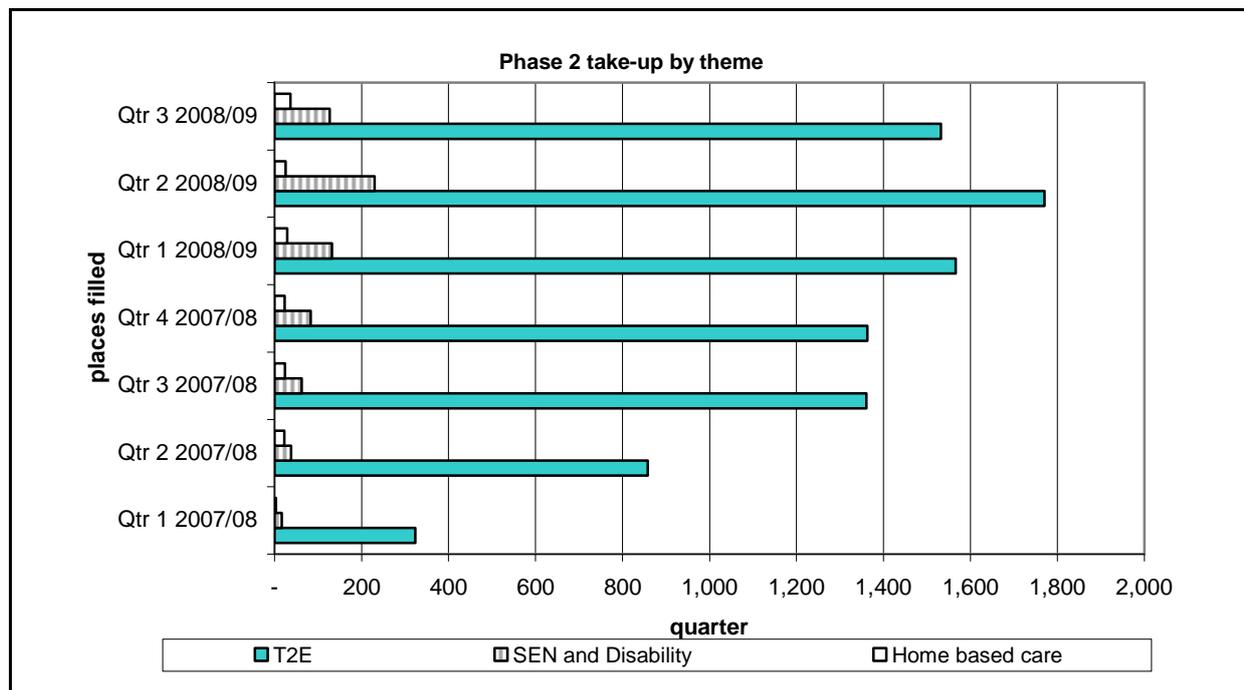
8.36 Transition to Employment (T2E) extended eligibility for CAP05 subsidised childcare places to parents seeking work or entering job-related training.

8.37 London boroughs implementing the T2E reported via our survey and the Practical Delivery workshops that this theme was successful for a number of reasons:

- it filled a funding gap - there was very little funding available for childcare to support parents who wished to access training or for those making the transition to paid employment
- it offered flexibility - because the pilots were able to make individual assessments of the parent's childcare needs, they were able to offer tailored packages of support
- it provided a progression plan - by engaging with parents as they started to consider making the transition to employment, the pilot drew on expert advisors who were able to advise parents about the progression routes they might take.

8.38 On a borough by borough basis, Southwark, plus the two large consortia of 'EAST' led by Hackney and 'WEST' led by Hammersmith & Fulham, have consistently supported high numbers of children under their T2E schemes. As we know from our Phase 2 case study consultations, these boroughs and consortia have been proactive in providing marketing material across their consortia and have also worked in close partnership with Early Years teams and Jobcentre Plus advisors to increase referrals.

Figure 8-5: Places filled under Phase 2 by theme



Source: GLE Steering Group reports

8.39 The SEN / Disability, home-based care and emergency care pilots were very different to the T2E pilots as they sought to develop an offer which was previously limited or non-existent. By contrast, the T2E pilots focused on supporting access to the existing CAP05 subsidised childcare offer to those seeking work or entering training

8.40 The SEN / Disability and Emergency Care pilots have experienced lower numbers and rates of take-up; this is likely to be because their target groups comprised significantly smaller proportions of the population. London Borough CAP05 leads reported that in the case of the SEN/Disability pilots, the parents they were seeking to support may be a long way from considering re-entry to the labour market and the barriers preventing them are multiple, including: training and skills needs; appropriate childcare and confidence in that provision; affordable childcare; confidence to return to employment; and a decision about who is the best person to care for their child. In light of this, some London Borough CAP05 leads suggested that the CAP05 programme and its focus on securing employment was not suitable for families with children with SEN / Disability.

8.41 Many boroughs felt that there was a shortage of SEN / Disability providers because of inexperienced staff, lack of equipment or a reluctance to accept children with disabilities or special educational needs³⁹. Although emergency care was offered, there was no take-up of this service throughout the period for which we have data and therefore this area has not been included in Figure 8-5. From our Phase 2 case study consultations, it appears that the emergency care pilot has struggled to engage parents as they have had to strike a balance between marketing and promoting the limited number of places available and stimulating a level of demand that they cannot hope to meet.

Outcomes for parents

8.42 As previously highlighted, the monitoring of outcomes has been very challenging within the CAP05 pilot.

Phase 1

8.43 Within Phase 1 the parents accessing provision were not identified or tracked, because of concerns over confidentiality. Their eligibility for the programme was determined through their receipt of child tax credit at a higher rate than the family element, showing they were on low incomes.

8.44 Our qualitative consultations with a small number of Phase 1 parents provide some indication of the range of activities which CAP05 had enabled those specific parents to undertake. Of the parents who, prior to accessing CAP05, were staying at home to look after their families, half moved into part-time employment and about one quarter into training. A large majority of the parents interviewed were already in some form of employment or training before they benefited from CAP05. This is based on a small sample but does provide some anecdotal evidence that CAP05 was assisting these particular parents to stay in or return to employment or access training.

Phase 2

8.45 Although the monitoring system established for Phase 2 does track individuals accessing the funding and seeks to identify the outcome of the support they have received, including the training or employment outcome achieved, the data are inconsistent and incomplete and it is impossible to track individuals' progress through the quarters in a systematic way.

8.46 GLE has undertaken tracking of some individuals benefiting from Phase 2. As at the end of June 2009, GLE has tracked 603 beneficiaries (out of 1,132 contacts) from Phase 2 projects across 18 London boroughs and asked them about whether or not they had achieved their target outcome. Of those contacted, 175 people (29%) had entered work and

³⁹ Childcare Affordability Programme, Quarter 4 2007/08 Report (GLE)

221 (36.7%) had achieved a qualification with the support of the programme (Table 8-6). This suggests that Phase 2 has helped some parents to achieve their aim to enter employment or achieve further qualifications.

Table 8-6: Results of GLE survey of Phase 2 beneficiaries

	Calls Attempted	People Surveyed	People into work	Qualifications achieved	Unpaid/Volunteering work	Further progression (still in training or moved to next level)	No outcome to date
Bexley	111	19	3	8		8	8
Brent	120	42	12	21	0	9	9
Bromley	N/A Questionnaires	16	5	4	0	9	2
Camden	N/A Questionnaires	14	2	5	1	6	
Croydon		8	1	1	2	6	
Ealing	91	32	13	10		3	6
Greenwich	132	61	12	31	1	30	
Hackney	N/A Questionnaires	35	23	12	3		2
Hammersmith & Fulham	166	58	17	22	3		16
Harrow	36	8	3	2		2	3
Hounslow	N/A Questionnaires	40	17		2	13	8
Newham	386	77	17	43	3	14	
Lambeth	N/A Questionnaires	18	2				16
Merton	N/A Questionnaires	28	6	11	3	7	1
Southwark	148	60	16	23	2	17	2
Sutton	10	10	2	2		2	4
Tower Hamlets	168	63	22	23		2	16

	Calls Attempted	People Surveyed	People into work	Qualifications achieved	Unpaid/Volunteering work	Further progression (still in training or moved to next level)	No outcome to date
Westminster	N/A Questionnaires	14	2	3		8	1
Total	1368	603	175	221	20	136	94

NB "N/A Questionnaires" denotes boroughs where questionnaires were sent out by the London borough rather than telephone calls being undertaken by GLE. Therefore the results do not contribute towards the calls made, but are still used to report on parental outcomes. People Surveyed includes those responding to the questionnaires circulated by the boroughs and the telephone interviews undertaken by GLE.

Source: GLE

8.47 The Phase 2 case studies have also provided some information relating to parental outcomes, examples of which are briefly summarised in Table 8-7 below.

Table 8-7: Outcomes of Phase 2 activity as reported by Phase 2 pilots

<p>Camden - Pathways to Work</p> <p>62 parents of 70 children had been supported by CAP05 Phase 2 by December 2008. 11 of the 62 (18%) had entered employment at that stage and 2 of those had reached sustained employment.</p> <p>Sutton - T2E</p> <p>Sutton estimated that 60-70% of the parents supported to access training and employment opportunities by CAP05 Phase 2 would not have accessed those opportunities without the pilot.</p>

Source: SQW consultations

8.48 Some of the Phase 2 pilots have reported frustration that the timescale available for the Transition to Employment support was not sufficient to fully support some of the parents they were working with to achieve an employment outcome. They suggested that parents who have been away from the labour market and who may be facing a number of other barriers (confidence, language, skills, family needs) require more than a single course to support them along the path to employment. The pilots also suggested that the timescale for anticipated outcomes is too short and that employment outcomes may be much further down the line.

Value for money

8.49 Based on the monitoring data available from GLE, investment in the CAP05 pilot has supported a maximum offer of approximately 8,000 childcare places per quarter during its peak period (quarter 3 2006/07 to quarter 3 2007/08⁴⁰) and has directly subsidized on average 3,650 places per quarter over the four year delivery period at a total cost of approximately £32m to date. The pilot has engaged over 400 childcare providers across London, the majority of whom were motivated by an opportunity to support low income parents.

⁴⁰ For detailed figures, please refer to Table 8-2.

8.50 In the absence of specified targets and data on the numbers of parents accessing the CAP05 pilot and the outcomes secured as a result of the subsidy and the support provided by CAP05 Phase 1 and 2, it is not possible to undertake a thorough assessment of value for money.

8.51 As shown in Table 7-2 in Chapter 7, the proportion of programme expenditure on central management and administration costs has varied between four and ten per cent with an average of 6.8 per cent (2005/06-2008/09). This figure suggests that the pilot was able to secure considerable economy with respect to the central management and administration of a programme of this size.⁴¹ It is unlikely that the LDA would have been able to provide the management and administration activities more economically than the managing agent who was commissioned through a tendering process which included consideration of value for money. Indeed these figures are in-line with recommended management and administration costs for other significant support programmes including the Single Regeneration Budget 5%, New Deal for Communities Programme 10% and the European Programmes - 7-10%.

8.52 The specific costs associated with Phase 2 are complex as the pilots have supported parents to access a wider range of opportunities through the provision of full funding and subsidy of childcare places during training and entry to employment, retention of places for emergency care and funding for provision of additional support for children with additional needs to access provision. Detailed cost breakdowns of these individual costs are not available.

8.53 The LDA's original expectation for the pilot was the provision of up to 10,000 affordable childcare places and this was undoubtedly achieved over the lifetime of the programme. Take-up targets were not identified by the pilot so it is not possible to draw clear conclusions regarding the programme's effectiveness in this area. In terms of the wider aims of the programme (to pioneer a range of different approaches to make childcare more affordable to lower income families and test innovative approaches to supporting key groups to gain access to childcare) the pilot has:

- trialled the provision of a supply side funding mechanism
- provided an opportunity for providers to test the viability and demand for flexible provision, and
- promoted take-up of tax credits.

Summary of findings

8.54 Table 8-8 presents a summary of key findings in relation to the outputs and outcomes of CAP05.

⁴¹ Central management costs do not, however, capture the considerable resources expended by London boroughs in their own administration of the programme. At the Practical Delivery workshop in January 2009, borough representatives estimated that one person was needed to administer Phase 1, while Phase 2 ideally required a small team of around 3 people to provide the more intensive, tailored support required.

Table 8-8: Summary of project outputs and outcomes

- CAP05 provided almost 2,000 subsidised full day care places per quarter at its peak.
- CAP05 provided over 6,000 subsidised flexible day care places at its peak, enabling and incentivising childcare providers to consider a flexible offer at a time when the Government was promoting and supporting increased flexible working and prior to an expectation that providers offering the early years/ nursery education provision for 3 and 4 year olds should be preparing to provide a more flexible offer.
- Providers were keen to participate in both Phase 1 models. They saw CAP05 as an opportunity to support parents to access affordable provision and, in some cases, to increase take-up of their own places.
- The awareness and take-up of provision took time to build with take-up peaking 21 months into the pilot's lifetime.
- The rate of take-up in Phase 1 suggests that providers, London boroughs and the LDA / GLE over-estimated the level of demand (in the absence of robust data on likely demand levels).
- GLE estimates suggest that during the peak delivery period of 2008 approximately 6,000 families had been supported by CAP05 Phase 1.
- The provider eligibility criteria for the full day care provision resulted in some boroughs being unable to participate in delivery as their charges were below the threshold or above it - reflecting the variability in the price of childcare across London.
- Phase 2 take-up exceeded supply of places considerably, largely due to the demand for the Transition to Employment support.
- The Transition to Employment theme was the most successful pilot in terms of filling places and providing access to funding support. Take-up rates were more variable within the other themes.
- The absence of centrally-collected data to monitor outcomes amongst beneficiaries of Phase 1 has unfortunately resulted in the pilot being unable to quantify the number of parents supported by the funding provided.
- The format of the monitoring data for Phase 2 means that the scheme cannot provide comprehensive details of parental progression towards training / employment / volunteering outcomes for those accessing provision.
- There is some indicative evidence to suggest that some parents receiving support from CAP Phase 2 have now accessed employment.
- Ability to assess value for money is limited. However, data suggest that the programme was delivered economically for such a large-scale, innovative programme. Assessments of effectiveness and efficiency are harder to justify in the absence of clear and measurable target outputs and outcomes.

9: Key learning and conclusions

9.1 In our final chapter, we explore some of the key learning arising from the CAP05 pilot and summarise our overall conclusions about the programme.

The rationale for CAP05

9.2 CAP05 was an ambitious and innovative pilot programme which sought to contribute to and inform national and regional policy objectives in relation to child poverty, worklessness and the provision of subsidised and more flexible quality childcare. It reduced childcare costs for low income families through an alternative supply side approach rather than the existing demand side funding available through the Tax Credit system.

9.3 We have reviewed the logic model for CAP05 and considered the evidence available at the start of the programme. In our view, the strongest rationale for the CAP05 programme is one of equality of opportunity. The cost of childcare in London prohibits low income families (within which lone parents and families from BME groups are disproportionately represented) from accessing employment and training opportunities. This rationale is not explicit within the pilot documentation available, but was identified in the Mayor's London Childcare Strategy which underpinned the programme.

9.4 Based on the evidence available, we conclude, therefore, that the problem posed by a lack of affordable childcare in London was correctly identified. The rationale for intervention, however, was insufficiently specified in that the initial programme documentation focused on the public good potential rather than CAP05's role in addressing inequality of access to the labour market due to a lack of resources. While CAP05 may have led to greater educational and social opportunities for children, the pilot was not explicitly designed for this purpose.

9.5 The project provided opportunities to maximise take-up and utilisation of existing benefits to support low-income families and to address inequalities, which were being experienced in particular in the London area, through targeted eligibility. However, the appraisal documents include limited assessment of demand for CAP05 places, particularly at the local level, and also fail to define clear output targets in terms of the offer and take-up of places and the number of parents accessing work or remaining in employment as a result of the support offered by CAP05.

9.6 The scheme would have benefited from a more detailed, initial assessment of demand, especially at the local level (although we recognise that the programme was launched in advance of the requirement on London boroughs to undertake childcare sufficiency assessments). This might have ensured a better match between places offered and taken-up, particularly in the early stages of the programme.

CAP05's overall aim and objectives

9.7 CAP05 has partially met its original aim in that it has pioneered a range of different approaches to make childcare more affordable for lower income families in London. However, the extent to which these approaches have directly enabled parents to increase their participation in paid employment cannot be robustly determined on the evidence available.

9.8 Similarly, in relation to the main purposes of the pilot, CAP05:

- improved affordability of childcare for lower income families in full-time work by subsidising full day care provision
- offered incentives to providers to offer more flexible hours of care with compensation for some of the additional costs involved, and
- tested innovative approaches to supporting key groups to access childcare provision.

While some indicative evidence exists to suggest that parents from key groups may have been able to engage in training and employment opportunities as a result of CAP05, again this is not conclusive from the evidence available.

9.9 As mentioned above, the only quantified target was for the pilot to offer up to 10,000 subsidised childcare places across the life of the programme. Overall the monitoring data collected by the managing agent indicate that the programme met its broad target of providing up to 10,000 affordable quality childcare places across the life of the programme. However, the centrally held data do not allow robust analysis of the number of families benefiting from CAP05, meaning that the true number of beneficiaries cannot be ascertained. As a result, the programme has been unable to demonstrate the outcomes achieved in terms of numbers of parents into employment or retaining employment due to the absence of appropriate monitoring arrangements. The project appraisal documents did not define clear output targets in terms of the offer and take-up of places and the number of parents accessing work or remaining in employment as a result of the support offered by CAP05.

9.10 Assessment of the pilot's overall impact has been limited by the absence of other measurable outputs. Future programmes should seek to identify more specific aims, objectives, outputs and outcomes and to develop appropriate monitoring systems at the start of the programme which will be able to support these requirements.

Structure, management and governance of CAP05

9.11 The CAP05 pilot has benefited from a partnership approach to management and governance. The programme has been delivered across a large area, involving a high number of delivery agents (providers), management bodies (London boroughs, LDA and GLE) and strategic partners (DCSF, GLA, JCP).

9.12 The involvement of the LDA and DCSF has provided added value to the pilot and enabled a more strategic approach to be taken to the provision of affordable childcare across London. In our view, it is unlikely that CAP05 would have operated as effectively without this high-level strategic engagement. The involvement of the LDA, with its lead role for childcare across the RDA network, has facilitated sharing of good practice from the CAP05 pilot more widely across England. As a result of the LDA / DCSF partnership, CAP05's key message about the need for affordable childcare has had an impact both on national policy development and at other regional and local levels. The partnership also enabled the DCSF's funding contribution to CAP05 to be ring-fenced rather than being allocated as part of the general Sure Start grant.

9.13 The appointment of a managing agent (Greater London Enterprise) for the programme proved to be an effective strategy. GLE's extensive knowledge of cognate areas such as worklessness, in particular, was an asset to the programme. A good working relationship involving LDA, GLE and DCSF was established and maintained throughout the programme.

9.14 The pilot has required input into management at a number of levels, resulting in considerable time and resource being required to manage the programme. London boroughs have reported that the burden placed on them to manage and administer CAP05 has been considerable. In light of this, and to improve the level of commitment and input, the programme would have benefited from more dedicated funding for borough level administrative support up front.

9.15 The role of the managing agent has been crucial to making CAP05's complex management system work and the support provided by GLE has been praised by strategic and delivery partners. The independent status of the managing agent enabled it to act as a buffer body between those funding and delivering the programme and to play an important and valued role in supporting the programme's overall administration and coordination.

CAP05 Phase 1: implementation and delivery

9.16 The eligibility criteria for Phase 1 ensured that those parents accessing places were from low income families. Phase 1 also enabled 459 childcare providers (approximately 20% of all full day care providers in London) to participate in the scheme, comprising a broadly representative sample of the overall childcare sector in London.

9.17 CAP Phase 1 was welcomed by London boroughs as it enabled a greater level of direct borough involvement than earlier initiatives. Boroughs have been encouraged to develop childcare services more strategically, taking account of local contexts and demand.

9.18 Providers were keen to become engaged with the CAP05 programme for two main reasons:

- attracting parents to use their provision, and
- being able to support low income parents to access quality provision and reduce their childcare costs.

9.19 The opportunity to trial subsidised flexible provision has been highlighted by funders, stakeholders and boroughs as one of the key benefits of Phase 1 and of CAP05 overall. The pilot demonstrated to providers that there was a significant demand for more flexible provision and may have helped to make a broader business case for developing a flexible offer. The subsequent introduction of the flexible, extended early education funding for 3 and 4 year olds may encourage further expansion of a flexible offer and London providers who have already participated in CAP05 should be well placed to take advantage of this opportunity. There is still a need, however, for clearer messages about flexible childcare to be communicated to parents.

9.20 At its peak, Phase 1 alone was offering 8,224 places⁴² which comprised 82% of the programme target of offering up to 10,000 affordable childcare places across the life of the pilot.

9.21 Strategic, management and delivery partners all agreed that, due to the complex nature and large scale of the pilot, CAP05 would have benefited from a longer lead-in time to establish the programme prior to offering places to parents. An extended set-up period would have allowed time for:

- the LDA and GLE to devise monitoring arrangements which enabled beneficiaries of the places to be counted

⁴² See Table 8-2 in Chapter 8.

- London boroughs to review strategic priority areas for places and to work with providers to explain the programme more fully and assess demand more accurately, and
- for the development and implementation of a more strategic and targeted pre-marketing and dissemination programme.

9.22 A more extended lead-in period including structured introductory and training sessions on the details of the pilot could have supported providers and London boroughs to get up to speed with the programme more quickly and, therefore, potentially to increase the rate of take-up in the early delivery stages.

9.23 As Phase 1 progressed, the LDA and GLE responded effectively to the need to improve marketing and take-up via the development of

- a pan-London, targeted marketing and promotional strategy to address take-up of places offered, and
- a spare capacity review which enabled better matching of supply and demand as the programme continued.

9.24 The majority of providers consulted reported that the administrative and management support provided by boroughs and GLE was excellent or good.

9.25 Future sustainability of the subsidised places made available through CAP05 Phase 1 is highly unlikely once CAP05 funding ceases. Our consultations with parents revealed that amongst this group of parents most would either have to reduce their time in or leave employment or training if there was an increase in provider costs.

CAP05 Phase 2: implementation and delivery

9.26 The delays in commissioning Phase 2 resulted in a very tight development and establishment period for the Phase 2 pilots, and partners have acknowledged that the time taken to establish partnership working was underestimated. These delays arose as a result of unsatisfactory responses to a very open brief to London boroughs. Subsequently, a more focused brief was provided which yielded responses which fitted more closely with LDA and DCSF expectations. This suggests that open briefs may not always be the most effective method of commissioning, as different partners may have varying interpretations of what is required.

9.27 The opportunity offered by the Phase 2 pilots to work in partnership with other boroughs and with a range of partners within boroughs has been one of the key successes of the pilots. The cross-borough partnerships established in the development of the pilots have enabled boroughs to learn from each other's experiences and to share the burden of development. Although in a number of cases the cross-borough partnerships ceased to be of considerable benefit once the pilots were established, they were acknowledged by most boroughs as a broadly beneficial approach.

9.28 Working in partnership with agencies and teams within the borough has proved to be of more lasting benefit to the pilots. Boroughs were able to draw on partners for advice and support to refer, sign-post, inform and aid the progress of parents through the pilot.

9.29 Boroughs found the flexibility of the Phase 2 pilots to be an important benefit, enabling them to work more creatively with partners to develop a response which they feel reflects local needs and infrastructure. In their view, the pilots have proved effective at engaging parents from key target groups - including lone parents and those from BME groups.

Project costs

9.30 Total spending to the end of 2008/09 on CAP05 is just over £32 million, which is approximately 76% of the planned funding for the programme over the period 2005/06 to 2009/10.

9.31 The project experienced considerable under spend in the first three years of delivery. Programme expenditure caught up with overall programme profile in 2008/09.⁴³ This reflects the delivery of Phase 2 activities in 2008/09 and the peak in take-up of Phase 1 places.

9.32 Central management and administration costs as a proportion of overall spend peaked at 10% in 2006/07. This is likely to reflect the investment in marketing activities in this first year of delivery. Over the life of the programme, these costs varied between four and ten per cent, with an average of 6.8%.

Overall outputs and outcomes

9.33 CAP05 Phase 1 provided almost 2,000 subsidised full day care places at its peak. The pilot has also contributed significantly to the development and understanding of a flexible childcare offer in London. Over 6,000 subsidised flexible day care places were on offer at the programme's peak. CAP05 enabled and incentivised childcare providers to consider a flexible offer at a time when the Government was promoting and supporting increased flexible working and prior to an expectation that providers offering the early years /nursery education 3 and 4 year olds provision should be preparing to offer more flexible childcare.

9.34 A large number of providers participated in the delivery of both of the Phase 1 models. They saw the pilot as an opportunity to support parents to access more affordable provision and, in some cases, to increase take-up of their own places.

9.35 However, as to be expected with a new programme of this kind, the awareness and take-up of provision took time to build with take-up peaking 21 months into the pilot's lifetime.

9.36 The rate of take-up suggests that providers, London boroughs and the LDA and GLE over-estimated the level of demand (in the absence of robust data on likely demand levels). Adjustments were made later as take-up became clearer.

9.37 The provider eligibility criteria for the full day care provision resulted in some boroughs being unable to participate in the delivery as their providers' charges were below the threshold or above it - reflecting the variability in the price of childcare across London.

9.38 Overall demand for Phase 2 exceeded the initial supply of places. This was largely due to the number of people interested in the Transition to Employment (T2E) pilots. This theme was the largest part of Phase 2 and was the most successful in terms of filling places and providing access to funding support. Take-up rates were more variable within the other themes and particularly in relation to the Emergency Care and SEN / Disability Pilots. During the delivery period, the place allocations to particular themes were revised to reflect the actual levels of demand experienced.

⁴³ NB: £3.8 million of additional funding from DCSF received in 2008/09 was actually earmarked for expenditure in 2009/10.

9.39 The absence of centrally-collected data to monitor outcomes amongst beneficiaries of Phase 1 has unfortunately resulted in the pilot being unable to quantify the number of parents supported by the funding provided.

9.40 The format for the monitoring data for Phase 2 makes it difficult for the pilots to demonstrate progression towards employment outcomes for parents accessing the provision. There is, however, some indicative evidence from GLE survey data plus some qualitative findings from our Phase 2 case studies which suggest that some parents receiving support from CAP Phase 2 have now accessed employment.

9.41 Ability to assess value for money is limited. However, data suggest that the central management of the programme was administered economically for such a large scale, innovative programme.⁴⁴ Assessments of effectiveness and efficiency are harder to justify, however, in the absence of clear and measurable target outputs and outcomes.

The future

9.42 As a pilot programme, CAP05 has provided learning opportunities at a range of levels from management and planning to practical delivery. The programme has engaged London boroughs and providers in addressing local affordability issues and, in particular through the partnership working promoted in Phase 2, has planted opportunities for more enhanced joint working between childcare development teams and employability and economic development teams.

9.43 Lack of affordable childcare is a significant factor for parents in London seeking employment but it is not the only factor affecting parents' participation in the labour market.⁴⁵ Low income families, and particularly those seeking to make the transition from benefits to work, also require high quality information, advice and guidance to support their decisions. Many parents needed tailor-made support throughout their participation in CAP05. Some providers have reported concerns that they were not skilled or informed enough to advise parents on these complex issues. The CAP05 pilot could have benefited from more strategic links with regional and local entry to employment programmes which could bring together a range of activities to build a support package for parents. While the CAP05 Adviser initiative may have addressed some aspects of this⁴⁶, the scheme was only operating across 11 boroughs and was largely limited to Phase 2 of the pilot.

9.44 The scheme has enhanced LDA, DCSF and borough understanding of the complexity of supporting access to affordable childcare in a market as diverse as London where huge variations in the cost of provision and the ability to pay can exist within a single borough. While the CAP05 pilot could not necessarily address all of these complexities, it has demonstrated that provision of supply side funding can be used to support access to provision in a highly diverse market.

⁴⁴ Central management costs do not, however, capture the considerable resources expended by London boroughs in their own administration of the programme. At the Practical Delivery workshop in January 2009, borough representatives estimated that one person was needed to administer Phase 1, while Phase 2 ideally required a small team of around 3 people to provide the more intensive, tailored support required.

⁴⁵ See, for example, D'Souza J et al (2008), *Analysis of the choices and constraints questions on the Family and Children Study*, DWP report 481. This illustrates that while childcare may be an important issue, there is a complex interplay between this and many other factors (including lack of suitable job opportunities, parents wishing to care for their own children or to use informal care, health problems, lack of qualifications or skills, low confidence). For each parent, particular factors will be more or less significant and these may vary over time, reflecting other life changes.

⁴⁶ This scheme was outside the scope of our evaluation.

9.45 It is important that the successor pilot, CAP09, learns from the successes and challenges of CAP05. It needs to specify overall programme outcomes and impacts more precisely and to provide a balance between local flexibility / autonomy and centralised support and direction.

Annex A: Detailed delivery tables

Table A-1 : Table of places offered and filled by borough from Q4 2006/07 to Q2 2008/09 for Phase 1 Full day care places

Full day care places	Q4 2006/07			Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09		
	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up
Barking & Dagenham	0	0	N/A	0	0	N/A	0	0	N/A	0	0	N/A									
Barnet	20	0	N/A	20	2	10%	20	3	15%	20	9	45%	20	12	60%	20	11	55%	20	15	75%
Bexley	14	3	21%	14	2	14%	14	1	7%	18	2	11%	10	2	20%	10	5	50%	10	4	40%
Brent	49	21	43%	49	15	31%	49	24	49%	49	5	10%	23	20	87%	18	15	83%	23	15	65%
Bromley	135	28	21%	135	20	15%	135	30	22%	135	26	19%	41	23	56%	26	10	38%	26	2	8%
Camden	13	1	8%	13	1	8%	4	1	25%	4	1	25%	2	1	50%	1	1	100%	2	2	100%
City	0	0	N/A	0	0	N/A	0	0	N/A	0	0	N/A									
Croydon	48	16	33%	48	16	33%	38	23	61%	36	22	61%	29	24	83%	30	26	87%	29	20	69%
Ealing	192	12	6%	192	12	6%	192	8	4%	95	21	22%	33	22	67%	32	26	81%	32	22	69%
Enfield	40	3	8%	40	11	28%	35	12	34%	36	15	42%	21	19	90%	21	20	95%	21	18	86%
Greenwich	61	10	16%	51	9	18%	54	13	24%	91	8	9%	53	9	17%	50	12	24%	50	16	32%
Hackney	33	21	64%	25	15	60%	25	17	68%	25	20	80%	29	24	83%	27	25	93%	27	23	85%
Hammersmith & Fulham	110	29	26%	110	27	25%	110	28	25%	121	23	19%	53	22	42%	53	26	49%	53	22	42%
Haringey	15	5	33%	15	6	40%	15	9	60%	15	9	60%	10	5	50%	10	8	80%	10	9	90%
Harrow	27	6	22%	27	7	26%	27	8	30%	27	8	30%	14	10	71%	14	11	79%	14	10	71%

Full day care places	Q4 2006/07			Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09		
	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up
Havering	0	0	N/A	0	0	N/A	0	0	N/A			N/A									
Hillingdon	68	9	13%	66	16	24%	52	22	42%	52	11	21%	28	16	57%	28	16	57%	28	12	43%
Hounslow	25	0	N/A	0	0	N/A	0	0	N/A			N/A									
Islington	30	12	40%	23	16	70%	30	18	60%	32	23	72%	28	25	89%	28	26	93%	28	24	86%
Kensington & Chelsea	119	36	30%	90	42	47%	73	28	38%	73	34	47%	50	40	80%	50	41	82%	50	42	84%
Kingston	63	0	N/A	63	3	5%	33	4	12%	43	5	12%	11	4	36%	11	7	64%	11	8	73%
Lambeth	217	51	24%	217	31	14%	207	60	29%	197	99	50%	131	122	93%	133	103	77%	133	122	92%
Lewisham	98	32	33%	80	35	44%	80	32	40%	75	32	43%	43	33	77%	43	30	70%	45	32	71%
Merton	48	13	27%	25	13	52%	25	13	52%	28	13	46%	18	13	72%	18	13	72%	18	10	56%
Newham	0	0	N/A	0	0	N/A	0	0	N/A			N/A									
Redbridge	11	4	36%	11	4	36%	11	3	27%	11	4	36%	6	5	83%	6	5	83%	8	8	100%
Richmond	22	6	27%	22	5	23%	22	3	14%	22	5	23%	11	6	55%	11	7	64%	11	6	55%
Southwark	108	23	21%	94	34	36%	104	70	67%	105	65	62%	89	70	79%	89	70	79%	96	71	74%
Sutton	73	10	14%	73	19	26%	47	19	40%	39	17	44%	34	16	47%	34	20	59%	34	16	47%
Tower Hamlets	113	40	35%	93	47	51%	93	45	48%	93	47	51%	56	48	86%	55	49	89%	58	45	78%
Waltham Forest	20	0	N/A	10	0	N/A	10	0	N/A	10	0	N/A	0	0	N/A	0	0	N/A			N/A
Wandsworth	42	23	55%	42	20	48%	42	20	48%	54	31	57%	38	29	76%	38	29	76%	38	27	71%

Full day care places	Q4 2006/07			Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09		
	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	# filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up
Westminster	119	3	3%	119	3	3%	119	1	1%	119	1	1%	39	3	8%	39	14	36%	39	9	23%
Grand Total	1,933	417	22%	1,792	431	24%	1,691	515	30%	1,650	556	34%	920	623	68%	895	626	70%	914	610	67%

Table A-2 : Table of places offered and filled from Q4 2006/07 to Q2 2008/09 under Phase 1 Flexible day care places

Flexible day care places	Q4 2006/07			Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09		
	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up
Barking & Dagenham	143	52	36%	135	55	41%	135	79	59%	135	74	55%	130	89	68%	130	94	72%	130	91	70%
Barnet	10	0	N/A	10	4	40%	10	4	40%	10	0	N/A									
Bexley	174	26	15%	174	28	16%	142	30	21%	154	39	25%	98	49	50%	108	48	44%	108	57	53%
Brent	897	552	62%	897	570	64%	897	319	36%	897	297	33%	529	285	54%	310	277	89%	310	253	82%
Bromley	137	5	4%	137	8	6%	137	9	7%	137	14	10%	24	13	54%	36	22	61%	36	28	78%
Camden	30	0	N/A	30	0	0%	20	3	15%	20	3	15%	4	3	75%	4	3	75%	4	3	75%
City	0	0	N/A			N/A	0	0	N/A	0	0	N/A	0	0	N/A			N/A			N/A
Croydon	588	238	40%	588	286	49%	626	325	52%	634	312	49%	393	309	79%	393	302	77%	393	300	76%
Ealing	373	89	24%	373	92	25%	373	107	29%	416	114	27%	193	121	63%	201	114	57%	197	140	71%
Enfield	71	12	17%	71	25	35%	78	23	29%	78	23	29%	58	46	79%	58	43	74%	58	47	81%
Greenwich	155	39	25%	147	45	31%	151	44	29%	171	52	30%	99	57	58%	92	52	57%	92	55	60%
Hackney	456	133	29%	456	257	56%	456	252	55%	456	246	54%	447	308	69%	405	311	77%	398	324	81%
Hammersmith & Fulham	33	11	33%	33	14	42%	33	23	70%	63	16	25%	39	21	54%	39	13	33%	39	16	41%
Haringey	31	0	N/A	31	9	29%	31	5	16%	31	14	45%	18	14	78%	18	15	83%	18	14	78%
Harrow	99	27	27%	99	23	23%	99	23	23%	99	25	25%	46	32	70%	46	30	65%	46	29	63%

Flexible day care places	Q4 2006/07			Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09		
	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up
Havering	370	46	12%	355	125	35%	397	279	70%	397	295	74%	274	240	88%	56	42	75%	56	42	75%
Hillingdon	149	28	19%	143	30	21%	153	50	33%	157	61	39%	105	66	63%	105	69	66%	105	59	56%
Hounslow	49	7	N/A	49	7	14%	49	4	8%	57	12	21%	18	12	67%	18	12	67%	18	11	61%
Islington	80	18	23%	68	22	32%	74	52	70%	76	75	99%	82	79	96%	86	77	90%	86	79	92%
Kensington & Chelsea	156	25	16%	113	23	20%	133	32	24%	133	54	41%	95	51	54%	97	43	44%	97	37	38%
Kingston	33	7	21%	33	7	21%	26	10	38%	49	15	31%	33	16	48%	33	21	64%	33	22	67%
Lambeth	518	101	19%	518	148	29%	538	274	51%	547	271	50%	372	285	77%	374	266	71%	374	265	71%
Lewisham	61	0	N/A	41	5	12%	41	5	12%	41	5	12%	35	25	71%	35	18	51%	35	18	51%
Merton	40	0	N/A	38	2	5%	38	2	5%	41	2	5%	8	2	25%	8	3	38%	8	5	63%
Newham	554	278	50%	554	301	54%	586	332	57%	586	352	60%	421	365	87%	426	379	89%	426	350	82%
Redbridge	277	67	24%	277	83	30%	277	91	33%	255	100	39%	143	94	66%	143	105	73%	148	114	77%
Richmond	4	0	N/A	4	0	0%	4	1	25%	4	2	50%	2	2	100%	2	0	N/A	2	0	N/A
Southwark	110	38	35%	100	45	45%	109	71	65%	125	82	66%	94	77	82%	94	75	80%	94	67	71%
Sutton	74	0	N/A	74	22	30%	98	27	28%	91	23	25%	70	39	56%	70	30	43%	70	37	53%
Tower Hamlets	176	22	13%	76	14	18%	76	15	20%	76	15	20%	24	10	42%	24	15	63%	24	12	50%
Waltham Forest	192	41	21%	182	71	39%	192	108	56%	212	122	58%	166	117	70%	173	129	75%	172	125	73%

Flexible day care places	Q4 2006/07			Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09		
	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up	Places offered	Places filled	% take-up
Wandsworth	87	32	37%	77	28	36%	65	38	58%	75	28	37%	49	30	61%	49	30	61%	49	24	49%
Westminster	164	99	60%	164	102	62%	164	50	30%	144	55	38%	125	58	46%	111	52	47%	111	34	31%
Grand Total	6,291	1,993	32%	6,047	2,447	40%	6,208	2,683	43%	6,367	2,798	44%	4,204	2,919	69%	3,754	2,694	72%	3,747	2,658	71%

Table A-3 : Number of providers per borough for Phase 1

Boroughs	Q4 2005/ 06	Q1 2006/ 07	Q2 2006/ 07	Q3 2006/ 07	Q4 2006/ 7	Q1 2007/ 08	Q2 2007/ 08	Q3 2007/ 08	Q4 2007/ 08	Q1 2008/ 09	Q2 2008/ 09
Barking & Dagenham	9	9	9	11	11	11	10	10	10	10	10
Barnet	4	4	4	4	4	4	4	4	4	4	4
Bexley	8	8	8	9	9	9	9	12	10	11	11
Brent	22	22	22	29	29	29	29	28	26	28	28
Bromley	17	17	17	17	17	17	17	17	10	10	10
Camden	4	3	3	7	7	7	7	7	2	2	2
City	1	1	1	1	0	0	0	0	0	0	0
Croydon	21	21	21	32	32	32	32	32	30	31	31
Ealing	28	28	28	27	33	33	33	33	23	24	24
Enfield	9	9	9	10	9	9	9	9	8	8	8
Greenwich	20	20	20	26	26	26	26	28	25	20	20
Hackney	16	16	16	22	22	22	21	22	22	22	22
Hammersmith & Fulham	10	10	10	12	12	12	12	13	13	12	12
Haringey	4	4	4	6	6	6	6	6	6	6	6
Harrow	3	3	3	8	8	8	8	8	6	6	6
Havering	9	9	8	9	10	10	10	9	9	8	8
Hillingdon	8	8	8	12	12	12	11	12	11	11	11
Hounslow	6	6	6	6	6	6	6	6	1	2	2
Islington	12	12	10	12	12	12	12	12	10	9	10
Kensington & Chelsea	6	6	6	10	9	9	9	10	10	10	10
Kingston	8	8	8	8	8	8	8	9	6	6	6
Lambeth	21	21	21	25	25	25	25	24	24	24	24
Lewisham	6	6	6	12	9	9	9	9	9	9	9
Merton	1	1	1	8	4	4	4	5	4	4	4
Newham	25	25	25	31	31	31	34	34	34	37	36
Redbridge	6	6	6	9	9	9	9	9	9	9	9
Richmond	6	6	6	6	6	6	6	6	5	5	5
Southwark	27	27	27	30	30	30	27	27	24	23	23
Sutton	3	3	3	6	6	6	6	5	5	5	5

Boroughs	Q4 2005/ 06	Q1 2006/ 07	Q2 2006/ 07	Q3 2006/ 07	Q4 2006/ 7	Q1 2007/ 08	Q2 2007/ 08	Q3 2007/ 08	Q4 2007/ 08	Q1 2008/ 09	Q2 2008/ 09
Tower Hamlets	8	8	8	9	9	9	8	8	8	8	8
Waltham Forest	9	9	9	12	12	12	9	10	9	9	9
Wandsworth	15	15	15	16	16	16	15	17	15	15	15
Westminster	17	17	17	17	17	17	16	15	15	15	15
Grand Total	369	368	365	459	456	456	447	456	403	403	403
Average number of Providers per quarter	11	11	11	14	14	14	14	14	12	12	12

Table A-4 : Number of places offered and filled under Phase 2

		Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09			Q3 2008/09		
		Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up
Bexley	HBC	42	3	7%	42	22	52%	42	24	57%	42	23	55%	42	29	69%	42	25	60%	42	41	98%
Hackney	Emc	3	0	0%	3	0	N/A	3	0	0%	3	0	0%			N/A			N/A			N/A
Bromley	SEN	90	8	9%	90	13	14%	90	31	34%	90	43	48%	90	80	89%	90	170	189%	90	72	80%
Enfield	SEN	30	4	13%	30	14	47%	30	20	67%	30	26	87%	52	33	63%	52	36	69%	52	32	62%
Redbridge	SEN	10	3	13%	10	7	47%	10	7	70%	10	11	110%	15	15	100%	15	19	127%	15	19	127%
Hackney	SEN	12	1	8%	12	0	N/A	12	0	0%	12	0	0%			N/A			N/A			N/A
Kensington & Chelsea	SEN	20	0	0%	20	4	20%	20	4	20%	20	3	15%	20	4	20%	20	5	25%	20	4	20%
Hackney 'EAST'	T2E	200	54	27%	200	284	8%	200	572	286%	200	638	319%	618	772	125%	618	741	120%	618	528	85%
Hammersmith & Fulham 'WEST'	T2E	519	35	7%	519	170	33%	519	241	46%	519	303	58%	659	419	64%	843	344	41%	843	324	38%
Southwark	T2E	60	211	352%	60	364	607%	60	436	727%	60	317	528%	350	200	57%	350	314	90%	350	189	54%
Sutton, Merton & Croydon	T2E	18	6	44%	18	23	128%	18	86	478%	18	75	417%	18	57	317%	18	68	378%	18	64	356%
Lambeth*	T2E												N/A	30	44	147%	30	63	210%	30	53	177%
Camden & Westminster	T2E	100	17	16%	100	17	17%	100	26	26%	100	30	30%	100	37	37%	100	60	60%	100	67	67%
Islington	T2E															N/A	55	57	104%	55	73	133%
Redbridge	T2E													15	5	33%	15	21	140%	15	23	153%

		Q1 2007/08			Q2 2007/08			Q3 2007/08			Q4 2007/08			Q1 2008/09			Q2 2008/09			Q3 2008/09		
		Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up	Places offered	Children Supported	% take up
Wandsworth	T2E													50	5	10%	50	37	74%	50	69	138%
Lewisham	T2E													43	27	63%	43	30	70%	43	44	102%
Kingston	T2E															N/A	30	30	100%	30	74	247%
Barking & Dagenham	T2E															N/A	100	5	5%	100	24	24%
Grand Total		1,104	342	31%	1,104	918	83%	1,104	1,447	131%	1,104	1469	133%	2,102	1,727	82%	2,471	2,025	82%	2,471	1,700	69%

* Lambeth delivered in a consortium with Southwark up to the end of Q4 07/08.

Annex B: Survey of London boroughs

B.1 This annex analyses the findings of our survey of London boroughs, conducted in December 2008. This is the third survey of London boroughs undertaken for this project. The annex includes comparisons between this year's findings and those of previous years, and also examines CAP05 as a whole, evaluating its strengths and weaknesses since its introduction.

B.2 The survey sought views from the boroughs about their experience in the following areas:

- the take up of CAP05 places both in year 3 and over the lifetime of the programme
- delivering the programme
- the impact of the programme on parents and providers, and
- overall perceptions of the programme.

B.3 All 32 London boroughs and the City of London were invited to participate in the survey and completed surveys were received from 18 of these boroughs, representing a 56 per cent response rate. Response rates for surveys in previous years were as follows: 24 complete survey forms were received in 2007; and 19 in 2006.

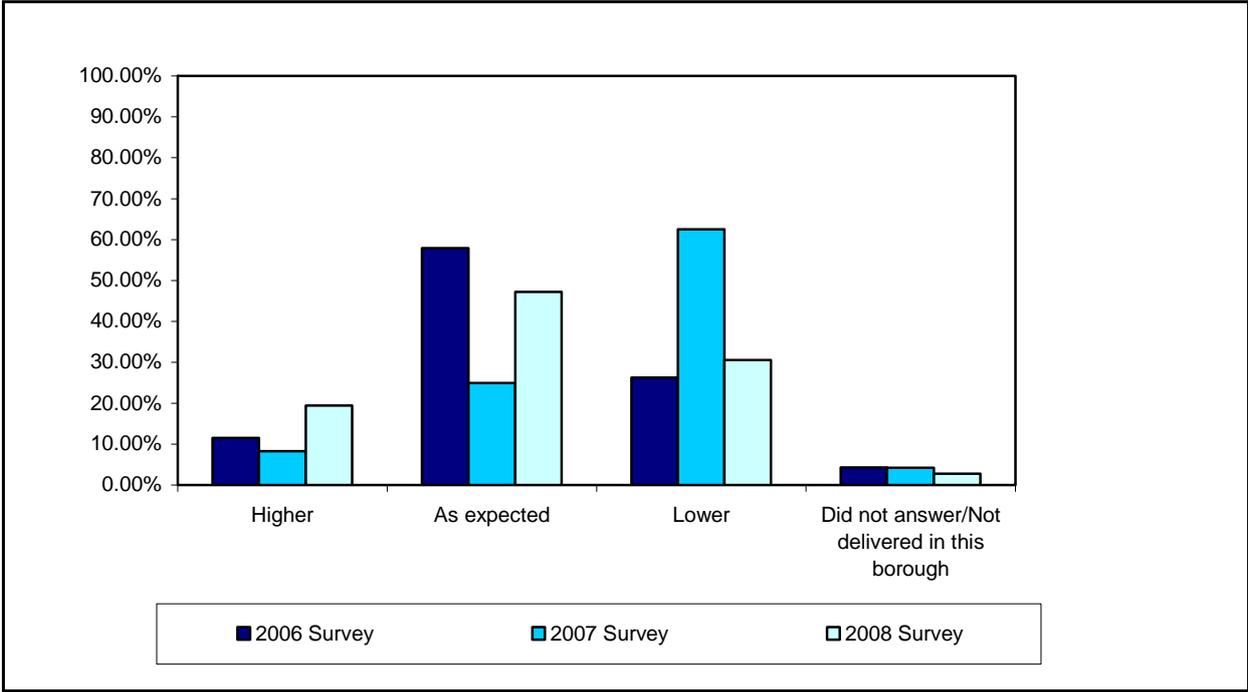
The take up of CAP05 places

B.4 A key component of the questionnaire involved asking respondents about the uptake levels of CAP05 places both for Phase 1 and for Phase 2.

B.5 Dealing firstly with Phase 1, 9 respondents said that parental uptake of full day care over the last twelve months was at a level consistent with borough expectations, with 8 responding in the same way for flexible care. Two boroughs reported a higher than expected uptake for full day care, with 5 boroughs responding similarly for flexible care (higher or much higher than expected).

B.6 The overall situation had improved between 2007 and 2008, with a fall in the number of boroughs reporting a lower than expected take-up rate, coupled with a rise in the number of boroughs claiming a higher than expected take-up rate.

Figure B-1 : Respondents' perceptions of whether Phase 1 take-up has met expectations in the last 12 months, comparison of 2006, 2007, and 2008 responses⁴⁷



Source: SQW Surveys of London boroughs 2006, 2007, and 2008

B.7 However, when the levels of parental uptake are considered for the entire lifetime of the programme, rather than simply on a year-by-year basis, the results are more mixed. This is illustrated in Table B-1.

Table B-1 : How far parental uptake of CAP05 Phase 1 places met the expectations of London boroughs over the duration of the programme

	Full Day Care	Flexible Care
Much lower than expected	3	3
Lower than expected	4	2
As expected	5	4
Higher than expected	2	3
Much higher than expected	0	2
Not delivering Phase 1	1	1
Don't know	3	3

Source: SQW survey of London boroughs 2008

⁴⁷ The 2006 survey simply asked if the rate of take-up of places had been higher or lower than expected - there was no need to specify a time frame because it was assumed to be since the project started. For the 2007 and 2008 surveys we wanted to specify a time frame so as to isolate the take-up levels since the last survey.

B.8 As Table B-1 shows, there was relatively little consistency across London boroughs on whether uptake of CAP05 Phase 1 places had met expectations. For both full day care and flexible care, there is no one answer which receives a significantly greater number of responses.

B.9 Levels of take-up appear to have been more successful in Phase 2, although findings do vary considerably by theme. Seventeen boroughs reported that they were delivering the Transition to Employment scheme, with 12 responding that take-up had been either as expected, higher than expected, or much higher than expected. By contrast, of the 7 boroughs providing Special Needs Provision, 6 reported that take-up had been much lower than expected.

Delivering the programme

B.10 The questionnaire also asked London boroughs for their views on the delivery of CAP05 over the three years. Questions sought to identify how well the boroughs believed that both phases had been delivered, and also aimed to help identify the key barriers to the successful delivery of the programme.

Funding and Resource Issues

B.11 Starting with Phase 1, it is clear from the survey that the availability of funding has been fundamental to the successes seen through CAP05 in a number of Boroughs. Eight of the 18 respondents claimed that without continued or extended funding of some kind, there would be little chance of this kind of subsidised childcare being sustainable in the future.

B.12 Resource issues were also highlighted as a barrier to the delivery of Phase 2. In particular, there were concerns amongst several boroughs that little acknowledgement had been given to the time and workload pressures that came with delivering CAP05.

B.13 Boroughs expressed concerns that little was being done by LDA to help support childcare providers with the administration of the programme. The completion of quarterly reports for Phase 1, for instance, provided too tight a timescale for providers and London boroughs alike.

B.14 With Phase 2, out of 16 responses to this question, 6 cited the payment system for providers as a key barrier in preventing effective delivery. In some cases, the London borough payment system was deemed as being too slow and providers experienced real problems in getting their invoices quickly and efficiently processed.

B.15 These responses clearly indicate that, for both phases of CAP05, the provision of adequate resources and a coherent funding and payment system are critical to delivering the programme effectively.

Knowledge issues

B.16 The lack of transparency in CAP05's administrative process proved to be a major concern for a number of London boroughs, something which has affected both parents and providers. Amongst parents, the lack of clarity over the Working / Child Tax Credit has meant that some have been unwilling to disclose the level of tax credit awarded to their childcare providers. This has been attributed as a key barrier to the uptake of CAP05 Phase 1 places.

B.17 A third of all responses also claimed that the delivery process of Phase 1 was hampered by a lack of clarity and inadequate knowledge amongst providers on the definition and qualification criteria for flexible childcare. Six responses claimed that there was

considerable confusion over the definition of 'flexible' and that the calculation system for it was unnecessarily complicated. Similarly, there was a worry that parents were not clear as to what flexible childcare actually meant.

B.18 The survey also revealed the importance of sharing knowledge and partnership working across London boroughs. Eight of the 18 responses said that they were delivering CAP05 Phase 2 as part of a cross-borough consortium. Of these eight, 5 boroughs cited the sharing of knowledge and best practice as being a key benefit of the collaborative approach.

Marketing

B.19 There was a strong consensus that improved marketing and communications would be vital in ensuring that the uptake of CAP05 places in the future was as high as possible. Eleven of the 18 respondents said that with more marketing resources, and more frequent and better-targeted marketing campaigns, boroughs could help to ensure high future levels of uptake of CAP05 Phase 1 places. Some respondents suggested having a single person to lead the marketing programme to ensure that the campaign across London was better co-ordinated.

B.20 Marketing issues were also raised in responses on Phase 2 although the problem was not regarded as being so significant here. Five of 13 responses claimed that a key lesson learnt from the delivery of Phase 2 was the need to have a better marketing campaign, ensuring that the scheme was properly advertised both to parents and to potential providers. Responses to another question in the survey revealed that the uptake of Phase 2 places could be encouraged in the future by working in partnership with Job Centre Plus and voluntary organisations for example, to ensure that there was plenty of publicity for CAP05.

The rigidity of CAP05 as an overall scheme

B.21 A fundamental concern raised by respondents was that CAP05 was simply too rigid a scheme, denying Boroughs and providers the flexibility to introduce affordable childcare in a way that best suited their particular area. This was a problem that occurred particularly with Phase 1. One respondent, for instance, criticised the inability to change CAP05 full day care places into flexible ones (and vice versa). Others claimed there was little scope for imagination when it came to creating a definition of flexible childcare.

B.22 The need for CAP05 providers to offer childcare costing between £175 and £205 per week proved to be a major problem for some Boroughs in actually reaching out to the parents most in need of support (this was an issue for full day care, in particular). In Kingston, for instance, the cost of full day childcare is often higher than £205 per week and therefore providers were reluctant to subsidise places further.⁴⁸ In other areas such as Mitcham, providers could not join the scheme as they charged less than £175 per week.⁴⁹ Elsewhere, a charge of £175 a week was still considered to be too expensive to make it affordable for many parents.

B.23 Respondents were generally happier with the structure of Phase 2. Five of 17 respondents stated that the freedom and flexibility in designing and implementing Phase 2 was a key factor in ensuring its successful delivery. With the four different types of Phase 2 provision, there was simply greater scope for London boroughs to implement the programme that was best targeted for local needs.

⁴⁸ SQW survey of London Boroughs 2008

⁴⁹ Ibid.

The impact of CAP05 on parents and providers

Parents

B.24 It is clear that London boroughs have seen considerable value in CAP05, believing that it has played a genuinely important role in supporting parents. Table B-2 provides the response results for Phase 1.

Table B-2 : How respondents believed CAP05 Phase 1 had helped to support parents.

	Number of Responses
Reduce their existing childcare costs by changing to a CAP05 place	14
Access childcare that they would have otherwise been unable to afford	15
Access a better quality of childcare than they would have been otherwise able to afford	5
Enter/re-enter employment which would have been unviable without the subsidised rate	9
None of the above	0

Source: SQW survey of London boroughs 2008

B.25 Table B-2 highlights the fact that all respondents believed that CAP05 had brought about beneficial changes for parents, hence no selections for 'none of the above.' When asked which of these ways of supporting parents had been most influenced by CAP05 Phase 1, eight respondents chose access to childcare that would have otherwise been unaffordable, with a further 7 selecting reduction in childcare costs by changing to a CAP05 place.

B.26 Table B-3 illustrates that boroughs believed that Phase 2 of CAP05 had also had a positive impact upon parents.

Table B-3 : How respondents believed CAP05 Phase 2 had helped support parents

	Number of responses
Reduce their existing childcare costs by changing to a CAP05 place	4
Access childcare that they would have otherwise been unable to afford	15
Access a better quality of childcare than they would have been otherwise able to afford	7
Enter/re-enter employment which would have been unviable without the subsidised rate	16
None of the above	0

Source: SQW survey of London boroughs 2008

B.27 As with Phase 1, there were no responses to 'none of the above', and there was considerable agreement that Phase 2 had helped to improve access to childcare that would have otherwise been unaffordable.

B.28 In addition, respondents clearly believed that Phase 2 had enabled parents to enter/re-enter employment or training that would have been unviable without the subsidised rate. Twelve respondents chose this area as the one in which Phase 2 exerted its greatest influence.

Providers

B.29 Overall, boroughs held the view that CAP05 funding has had a generally positive impact on childcare providers. Six of 15 responses said that CAP05 funding had helped to encourage providers to offer flexible forms of childcare. Additionally, boroughs believed that CAP05 had brought much-needed funding into their areas. Six of the 15 responses claimed that CAP05 had addressed significant funding and sustainability problems that exist within the childcare sector.

B.30 Responses indicated that, in many instances, affordable childcare would be unsustainable without CAP05 funding (most respondents said that the subsidised childcare provision funded by Phase 1 would be unsustainable at the subsidised rate if CAP05 funding was withdrawn). Without the subsidy, there would be little or no incentive for providers to maintain lower fees.

B.31 Most similarly claimed that subsidised provision of Phase 2 places would be unsustainable if funding was withdrawn. This was particularly true for Special Needs provision which, with its one-to-one care, was particularly expensive. The withdrawal of funding would make special needs childcare provision unaffordable for many parents and there was a general feeling that it would be unfair to expect providers to fill the funding gap themselves.

Overall perceptions of the scheme

B.32 Respondents were also asked a series of open ended questions about their overall perceptions of CAP05 over the three years, including whether or not they thought it had been a success, and any particular things that they would do differently if they were to participate in such a scheme again.

B.33 There were three main concerns raised over the way that CAP05 had been run. Firstly, there was a belief that the programme had been unduly complicated. This made it difficult for London boroughs to implement the programme but also deterred parents and providers from becoming involved. Hence, there was a need to simplify the programme itself and the way it was run.

B.34 The second area of concern was marketing and communication. There was a widely held belief that not enough money had been set aside for marketing CAP05, meaning that providers and parents were not always aware of its existence or indeed their right to qualify for it. Where marketing strategies did exist, it was felt they needed expanding and had to be better targeted.

B.35 Many respondents cited the lack of adequate and sustained funding as a major barrier to the effective delivery of CAP05 which also threatened the continued long-term provision of affordable childcare.

B.36 Nonetheless, such has been the perceived success of CAP05, predominately with the flexible aspect of Phase 1 and the Transition to Employment aspect of Phase 2, that some boroughs themselves have decided to provide some funding towards affordable childcare to help partially plug the funding gap when CAP05 ends. Of the 13 responses to the relevant question, 5 respondents revealed that their Borough was either partially funding one particular aspect of affordable childcare found under CAP05, or were actively seeking other forms of funding to help continue the provision of affordable childcare.

Annex C: Survey of providers

C.1 This annex analyses the responses to our year three call backs to providers who were visited in years 1 and 2 of the review. We obtained responses from 35 providers out of a total of 65 a response rate of 54%.

C.2 The provider case studies and subsequent call backs explored a number of aspects of the CAP05 programme including:

- current delivery (CAP05 and core) and staffing
- current CAP05 offer and take-up
- rationale for participating in the programme
- experience of the application and delivery process
- barriers and challenges faced
- perceived impact of CAP05 on parents accessing the support.

C.3 Of the 35 providers that were surveyed in year 3, three had not used CAP05 within the last 12 months (due to very low take-up or lack of demand). Two of these were in the London borough of Camden and the other was in Kingston-upon-Thames.

C.4 Providers on average offered between 3 and 4 types of provision. The most common types of provision offered were:

- full day care for 3-5 year olds
- full day care for 0-2 year olds, and
- part-time places.

C.5 The number of services provided by settings ranged from 1 to 6. Across all the different types of providers, a quarter offered three services, with the most popular provisions mentioned above. Community run providers seemed to offer a broader range of services with nearly a third of them providing up to 6 services. To some extent, this may reflect the fact that they are not-for-profit organisations with a clear remit to serve the local community. The privately owned businesses tended to offer the 3 core services as these were most frequently in demand.

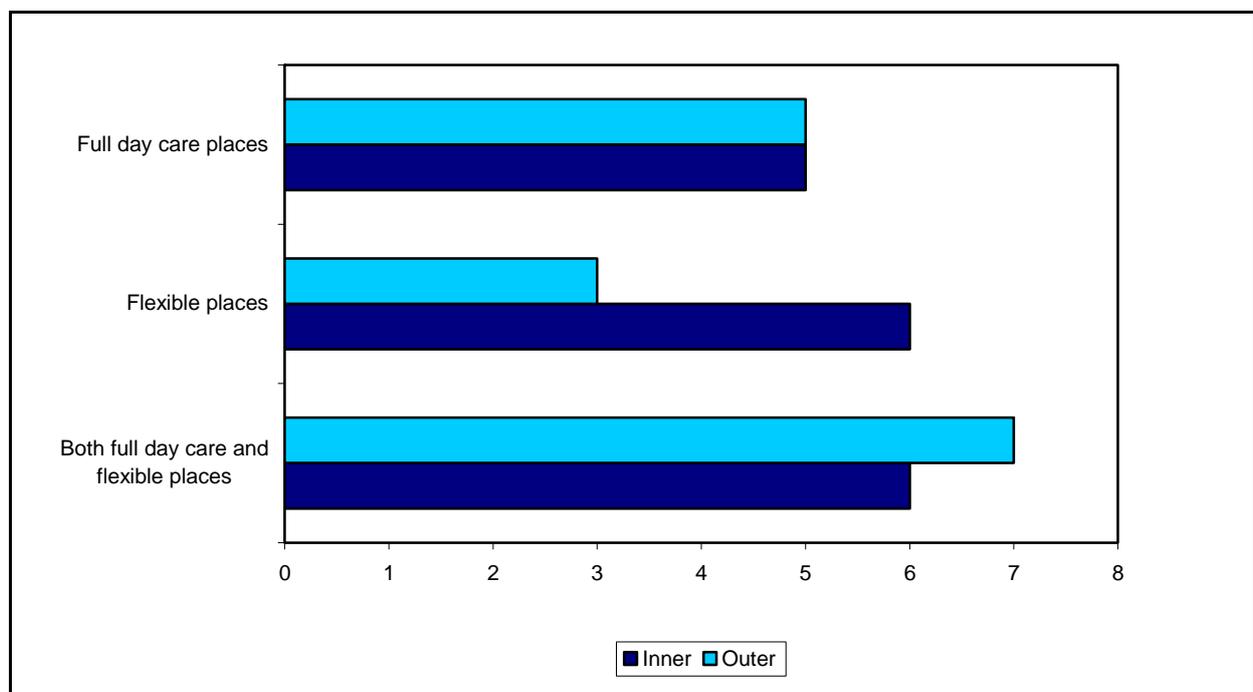
Table C-1 : Number of CAP05 services offered by the type of provider

# of services per provider	Type of Providers			Grand Total
	Community/Voluntary Organisation	Privately owned business	statutory/LA	
0	1	2		3
1	1			1
2		2	2	4
3	4	5		9
4	2	2	2	6
5	1	1	2	4
6	4	2	2	8
Grand Total	13	14	8	35

C.6 As shown in Table C-1 above, there was a spread of respondents across private, community-run and Local Authority-run providers. The majority of the community or voluntary organisations are found in inner city boroughs such as Hackney and Southwark.

C.7 Figure C-1 below shows that the number of providers offering only full day care places was the same for both Inner and Outer London, whilst more Inner London providers offered only flexible places as part of their CAP05 scheme. More Outer London providers seemed to offer both services as part of CAP05.

Figure C-1 : Provision available under CAP05



Source: SQW Consulting

C.8 In relation to Phase 2, six of the responding providers offered special needs provision and 12 offered Transition to Employment places.

C.9 When asked why they had decided to implement the CAP05 programme, many providers replied that they wanted to make childcare more affordable especially for low income families. In the London boroughs which experience higher levels of deprivation, providers were aware that there were a lot of low income families and deprived parents who had difficulties accessing childcare. A large proportion of providers which gave this response were community or local authority-run childcare providers. Some providers also mentioned that the extra funding helped them with their finances and enabled them to offer greater flexibility of provision (which was wanted by parents). One noted that participation in the programme was a way of increasing awareness of the business in the wider community.

Marketing

C.10 Of those surveyed, the majority said that they had used marketing of some kind to promote their CAP05 subsidised places in the last 12 months. Posters were the most popular form of marketing, followed by advertising through the Family Information Service (FIS) which many London boroughs did on behalf of providers. Some providers also advertised on their websites and many took the opportunity to mention CAP05 when parents came in to make general enquiries about places; this was done either face-to-face or through information packs.

C.11 A number of respondents thought the marketing had 'no impact', but a similar number thought it was 'quite successful'. Many of the respondents who thought that the marketing was 'quite successful' saw it as a way of getting parents through their doors to make enquiries about the scheme. Staff could then provide detailed and tailored advice which was felt to be a more effective way of explaining the complexities of CAP05 rather than leaflets or posters. Some of those responding that marketing had "no impact" similarly emphasised that tailored explanations given by staff were more effective than external marketing.

C.12 If we analyse by borough, amongst those providers that thought their marketing was successful (either "quite successful" or "very successful"), Hackney has the highest proportion followed jointly by Lambeth, Southwark, Sutton and Hillingdon. Hackney, Lambeth and Southwark are the only boroughs where their providers responded with "very successful".

C.13 The most important message that came out of the survey consultations was that face-to-face contact by providers to parents and word-of-mouth recommendations were both very powerful elements in raising the profile of CAP05. The face-to-face contact allowed providers to ask parents about their circumstances there and then and to target the scheme to eligible parents. Word of mouth as a form of peer recommendation was viewed as effective as friends and family were likely to have more information about circumstances and only to recommend the programme to those likely to be eligible. It also helped to remove some of the mystery surrounding the programme.

C.14 Table C-2 below indicates the types of marketing support that providers received from their London boroughs. Most boroughs offered some form of support, the most popular being in the form of posters and flyers which the provider could provide for parents.

Table C-2: Marketing support offered by London boroughs

Marketing Support offered by London boroughs					
Borough	Other	Yes - design and planning	Yes - Materials (posters/flyers)	No marketing support	Grand Total
Bromley			1		1
Camden	1			2	3
Ealing	1		1	2	4
Hackney		1	4		5
Hammersmith & Fulham		1			1
Hillingdon			1	1	2
Islington			1		1
Kingston upon Thames				2	2
Lambeth	3				3
Lewisham			1		1
Merton	1		1		2
Richmond upon Thames			2		2
Southwark			3		3
Sutton			1	1	2
Tower Hamlets			1	1	2
Grand Total	6	2	18	9	35

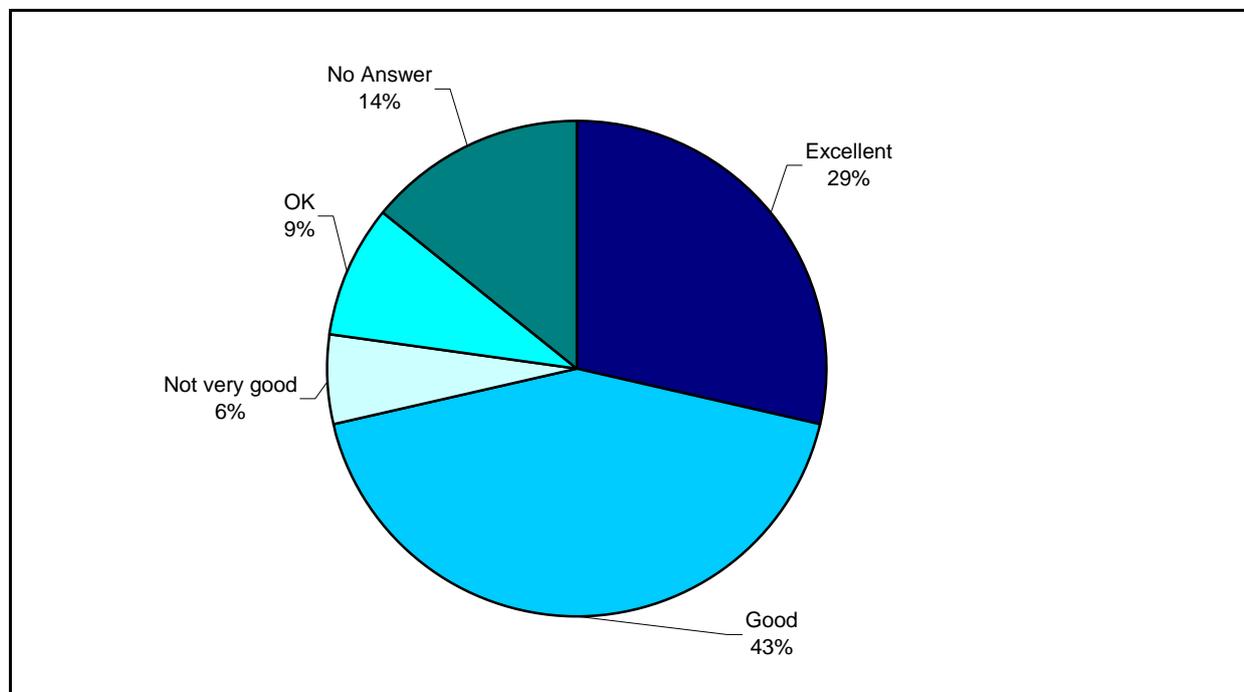
C.15 All of the responding providers in Hackney, Richmond and Southwark said that they received some kind of marketing support either in the form of design and planning or via production of posters and flyers. In the case of Richmond, both providers were privately run businesses and part of a larger chain which received materials centrally and redistributed them out to the individual settings.

C.16 Most of the boroughs offered at least some kind of marketing support to some of their childcare providers. Hackney and Southwark were perceived to have helped more. In Sutton, a few noted that they had received advice and a visit explaining how the scheme worked.

General Admin Support

C.17 Nearly half of responding childcare providers thought that the support provided for the administration and management of the programme was good and almost a third thought it was excellent.

Figure C-2 : Rating of general administrative and management support



Source: SQW Consulting

C.18 The questionnaire asked childcare providers for their views on lessons learned and advice to other providers. The questions asked included:

- “What advice would you give to new CAP05 providers about promoting CAP05 subsidised places?”
- “What lessons have you learned in delivering CAP05 subsidised places?”
- “What barriers have you as a provider faced in terms of taking part or delivering the CAP05 subsidised places?”
- “Are you aware of any barriers that parents have faced in terms of taking up places?”

C.19 For many providers it was important to have a good and clear understanding of CAP05 and how to apply it, so that they could offer a consistent policy and provide reassurance to parents who were reticent in providing personal tax credit details.

C.20 One lesson from the scheme was the need to estimate as accurately as possible the number of affordable childcare places that were needed in each setting, with the most commonly mentioned method being via some form of market research or monitoring. There was a variation in demand not just between boroughs but also within boroughs. As one provider noted, “it would be wise to look into prospective markets to see what might be the best way to divide up the places. Marketing the right areas and locations would improve take up”. For more affluent parts of London, the scheme was simply not needed, whilst in other

boroughs the limited number of CAP05 places had to be shared across a larger number of providers. A few providers noted that it was not easy to increase their number of CAP05 places once these had been initially allocated. As a result they had to stop accepting parents or put them onto a waiting list and stop advertising CAP05 as they were receiving too many enquiries.

C.21 In some London boroughs a perceived barrier was the lack of demand for CAP05 places, with a number of reasons being cited. Some providers were located in an affluent area where a programme of this kind was not required; others found that, although they could fill their flexible places, they had more difficulty filling their subsidised full day care places. Some found that a lack of awareness amongst parents led to a lack of subsequent demand.

C.22 When asked what barriers parents faced, many providers cited the tax credit system as a major barrier to parents taking up the offer. There was widespread concern and mistrust of the tax system amongst parents which was exacerbated by highly publicised issues with the system at this time. These made some parents fearful of disclosing their details or of even accessing tax credits in the first place. Barriers related to misunderstanding could, however, be overcome in time. Other issues that were raised included the long time lag between people applying and being accepted onto CAP05 and a general lack of knowledge about the scheme.

C.23 Finally, despite some of the initial problems with the programme, many providers expressed a desire for the scheme to carry on and wanted to be involved in CAP09, as they were aware that many parents who had benefited would otherwise have to stop using their childcare.

Annex D: Consultations with parents

Introduction

D.1 This annex provides a summary analysis of the results of our telephone consultations with parents, which were conducted in December 2008. The consultations sought the views of parental beneficiaries on their use of CAP05 Phase 1 subsidised childcare provision. Principally, they aimed to provide some qualitative feedback on the extent to which the subsidised provision had enabled and supported eligible parents in getting back into employment or further education.

D.2 Data protection issues meant that the process of getting parents' contact details was protracted as this had to be done using providers as intermediaries. An initial letter and subsequent reminder to providers eventually generated a list of 105 names. In all, 24 telephone interviews were completed, with individuals spread across 11 Childcare Centres. Given the numbers of individuals contacted, these findings should be treated as illustrative and indicative only.

D.3 The majority of respondents were female and most of these were lone parents. The small number of male beneficiaries questioned were living with a wife or partner.

D.4 Individuals from a range of ethnic backgrounds were consulted in the course of the survey, with 'Black African' being the most commonly occurring group of origin.

D.5 Our summary analysis follows the structure of our consultation topic guide, with an initial focus on the parents' use of childcare provision, before moving on to look at parents' employment and their knowledge and experience of CAP05.

Use of childcare provision

D.6 Parental beneficiaries were asked how they found out about the provider, and why they had chosen to take their child / children to that particular provider. The main ways that parents had found out about their provider, included: word of mouth recommendations; via the Family Information Service (FIS); or through wider internet searches.

D.7 A key factor in choosing childcare was the proximity of the provider to home, work or training (or a combination of the three). Proximity to home was the most popular reason for choosing a particular provider, with high quality provision cited as the second most popular reason.

D.8 The subsidised places and affordability of CAP05 did not feature strongly as the main reason for choosing a particular provider. This may be related to the apparent lack of understanding of the CAP05 subsidy amongst some parents.

D.9 About two-thirds of the parents contacted were happy with the hours they used the provider; the others would have liked to change their hours of use. Most of the latter group said that such a move would have enabled a better fit with their work or education, or that it would have allowed them to increase their hours in education. This response indicates that greater flexibility is desirable.

D.10 A few of the parents interviewed were unable to take up hours which fully suited their employment or training, either because, despite the CAP05 subsidy, the ideal childcare arrangement remained too expensive, or because there was insufficient flexibility in the provider in question.

D.11 For the majority of parents the childcare provided suited their working or training patterns. In response to the question 'did the hours suit your work/training patterns?' one parent said, "very much so, the nursery provision makes it very easy for me to remain in work knowing that my daughter is very happy and well cared for." Another parent commented on how her provider stays open until around 6:30pm, meaning that she does not have to worry about her daughter if she is held up at work.

Parents' employment

D.12 The majority of parents decided to use the CAP05 subsidised childcare provision with the aim of either moving into employment or training, increasing the amount of time that they were able to spend in employment or training, or to allow them to stay in education or training. Most of the parents interviewed said that the provision enabled them to achieve the above specified aims, with a small number saying that the provision had partially enabled them to meet their aims. None of the parents said that the provision had not helped.

Understanding of the Childcare Affordability Programme

D.13 While the majority of those consulted knew that their place was subsidised, many were not aware of the Childcare Affordability Programme by name, or of much detail beyond the fact that a parent needed to be receiving tax credits in order to be eligible. Of those parents who were aware of CAP05 and could remember first becoming aware of it, most had been introduced to it by their childcare provider, while others found out from various additional sources (e.g. the FIS, via friends' recommendations, internet search, and local advertisements).

D.14 When asked whether, if the programme were redesigned, they would disclose their family income level in order to access future funding, all parents said they would be willing to do so. Two main reasons were given for this response; firstly, that the funding was needed and thus the parents would do all they could to continue accessing the subsidy; and secondly, that they had already had to disclose their tax credit entitlement and revealing their family income level was "not a far cry from that".

D.15 Many of the parents interviewed were unsure of whether they had been accessing higher rate tax credits prior to taking up a place through CAP05. The number of 'don't knows' is understandable given that all the parents had been accessing the CAP05 subsidy at least one year ago, in order to have their names on the survey contact sheet.

D.16 Of the small number of respondents who said that they had started accessing tax credits at a higher rate than the family element prior to taking up a place through CAP05, one said that it had been the availability of CAP05 which had prompted her to start accessing higher level tax credits.

D.17 Even across CAP05 subsidised places there is considerable variation in terms of pricing. A large number of the parents interviewed would have to reduce their childcare hours or stop using it altogether if a price rise of between £16-£34 was introduced. Any price rises following the removal of the subsidy look likely to have a big impact on the usage of childcare by eligible parents.

D.18 If the parents reduced their hours, most would have to either reduce time in (or quit) employment or training. If they were forced to stop using provision due to cost increases, most of those who answered the question would have to stop employment or training altogether.

D.19 The impact is likely to be greater for parents using flexible (part-time) provision than those using full-time provision, as the typical relative cost per hour would increase by a greater proportion.

D.20 If they were to reduce hours or stop using the provision, some parents would be most likely to seek an alternative day care provider. Others would seek an alternative childcare solution (such as an au pair or childminder) and a small number would continue with their current provider.

D.21 Without the CAP05 subsidy it is unlikely that these parents would be able to find cheaper childcare elsewhere, and thus it is quite likely that their employment and training may be impeded.

Annex E: Summary of workshop findings

E.1 As part of our work programme, two consultative workshops were held in January 2009, as follows:

- a practical delivery workshop for representatives of London boroughs and partner agencies
- a policy and programme workshop for DCSF, LDA and other key policy partners (GLA, DWP etc.).

E.2 Attendees at the practical delivery workshop comprised representatives of 6 London boroughs, Jobcentre Plus and GLE, the managing agent for CAP05. For the policy and programme workshop, attendees comprised representatives of the LDA, DCSF, GLA and GLE.

E.3 Both workshops were asked to reflect on key issues relating to:

- the management and administration of CAP05
- the role of CAP05 in engaging and supporting parents, and
- the overall achievements of CAP05 and lessons for the future.

E.4 The table below summarises key views from both workshops against these discussion themes.

Table E-1 : Summary of workshop discussions

Discussion themes	Policy and programme workshop views	Practical delivery workshop views
Management and administration	<ul style="list-style-type: none"> • The set-up of CAP05 had been a lengthy and complex process with lots of lessons learned on the way. In hindsight, a longer lead-in time would have been beneficial. • The introduction of CAP05 was complicated by the introduction of the £175 tax credit threshold which had to be accommodated. This affected take-up of CAP05 in some boroughs. • Implementation improved once the managing agent was in place (this took time because of internal procurement processes). • Initial engagement by London boroughs was variable. It was important to get senior commitment and 	<ul style="list-style-type: none"> • CAP05 was initially viewed as prescriptive and of limited flexibility. There was a lack of autonomy for London boroughs in Phase 1. • CAP05 was a complex programme and the early stages were quite confusing; things improved when the managing agent, GLE, was appointed. • The support from GLE was very highly regarded. • The scheme would have benefited from more pre-marketing and a greater lead-in time. • Central co-ordination and marketing were initially felt to be quite poor.

Discussion themes	Policy and programme workshop views	Practical delivery workshop views
	<p>buy-in to the scheme, but this was not always possible. CAP05 staff tended to be more junior and often had less strategic and political influence.</p> <ul style="list-style-type: none"> • In the early stages of CAP05, there was a lack of joined-up or more innovative thinking within London boroughs, but the situation improved over the life of the programme (and particularly within Phase 2). • There was a need for centralised marketing in the earlier stages, but this was subsequently more effective if devolved to the borough level. • The programme would have benefited from more centralised training at the start to build capacity and commitment. • The partnership between the LDA and DCSF added value to the programme and a good working relationship was established between the two bodies and with GLE, the managing agent. • LDA involvement ensured that DCSF funding could be ring-fenced specifically for CAP05. • GLE was a useful buffer organisation between the funders and the London boroughs. • There is a continued need for greater cross-Departmental working and data-sharing. 	<ul style="list-style-type: none"> • Overall, P1 was seen as more problematic than P2 and did not fully live up to expectations. This was partly due to issues around pricing in relation to the £175 tax credit threshold. • Due to the complexity of the scheme, communication issues were seen as challenging. • P2 was regarded as more successful partly as a result of the greater autonomy for London boroughs to develop schemes for their particular needs / circumstances. • Changes to the monitoring over the life of the programme had increased the bureaucracy associated with CAP05. • Administrative costs for P1 were lower than P2 (P1 could be administered by one person, while P2 ideally required a small team of around 3 people to provide the more intensive, tailored support required). • Developing and maintaining partnership working takes time and this may not be fully appreciated at the policy level. • P2 had stimulated a lot of effective partnership working both within and between Boroughs. • It was important to provide support for parents throughout the process.
Engaging & supporting parents	<ul style="list-style-type: none"> • Flexible provision was viewed as one of the most successful elements of CAP05. It may have influenced a sea change in the market for childcare and helped to make the business case for increased 	<ul style="list-style-type: none"> • Concerns were expressed at the possible impact of the economic downturn on parents and the childcare market. • There was a consensus that lack of affordable childcare was the main barrier for

Discussion themes	Policy and programme workshop views	Practical delivery workshop views
	<p>flexibility to providers.</p> <ul style="list-style-type: none"> • There was still a need, however, for clearer messages about flexible childcare to be communicated to parents. • Effective information, advice and guidance were critical. The role of the FIS was seen as vital in getting accurate and high quality information out to parents. • The CAP05 advisers were also viewed as a very successful initiative. • It was recognised that hard-to-reach parents needed tailor-made support throughout the process. 	<p>parents entering/returning to work. The CAP05 Adviser project helped to communicate the right messages to parents.</p> <ul style="list-style-type: none"> • P2 was viewed as particularly helpful for lone parents. • P2 prepared people to enter/return to work, but the actual move into work may not happen for a few more years (when children were at school). What P2 did ensure was that parents did not move further away from the labour market. • The programme had not really considered the longer-term impact on children themselves (it was recognised that it would be several years down the line before one would be able to see any impacts). • Families of children with disabilities and SEN needed to have confidence in the quality of childcare being provided. Not enough marketing was done on the specialist care available.
<p>Overall achievements and lessons for the future</p>	<ul style="list-style-type: none"> • CAP05 succeeded in its objective of providing 10,000 more affordable childcare places. • It contributed to raising awareness at London borough level of the sustainability of the childcare market and gave the issue a higher profile. • CAP05 made a contribution to improved partnership working both within and between LBs. It encouraged a greater focus on childcare and the London-specific problems associated with it. • Affordability emerged as the key message which resonated with parents. 	<ul style="list-style-type: none"> • London boroughs were concerned that CAP09 would be too prescriptive and inflexible. There was a danger that the gains seen in P2 of CAP05 would be lost. • More time was needed to plan the delivery of CAP09. • Guiding principles for CAP09 were highlighted as: <ul style="list-style-type: none"> ➤ flexibility ➤ good operational support, and ➤ local variability.

Discussion themes	Policy and programme workshop views	Practical delivery workshop views
	<p>This needs to be carried forward in CAP09.</p> <ul style="list-style-type: none"> • Other LAs were considering introducing their own versions of CAP (e.g. Portsmouth). • CAP09 will build in greater autonomy for London boroughs, but will also specify outcomes to be achieved more closely than in CAP05. • Specific funding for administration will be provided up front for CAP09. • It was recognised that it would be challenging to get the necessary training and monitoring systems in place for the launch of CAP09 in April 2009. 	

Source: SQW consultative workshops, January 2009

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