

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker</b>	Executive Lead Member for Children's Services and Young People
<b>Date:</b>	20 November 2019
<b>Title:</b>	Childcare Sufficiency Assessment
<b>Report From:</b>	Director of Children's Services

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#### **Purpose of this Report**

1. The purpose of this report is to provide an update to the Executive Lead Member for Children's Services and Young People on how the Local Authority complies with its statutory duty to secure sufficient childcare to meet parental need, in accordance with the Early Education and Childcare Statutory Guidance for Local Authorities (June 2018).
2. The full Childcare Sufficiency Assessment (CSA) is provided as Appendix 1 to this report. This report summarises the key findings and identifies actions to be taken to maintain and improve childcare sufficiency across Hampshire.

#### **Recommendation(s)**

3. It is recommended that the Executive Lead Member for Children's Services and Young People note the content of the Childcare Sufficiency Assessment.

#### **Executive Summary**

4. Statutory guidance requires that the council is able to secure sufficient childcare for working parents and to undertake a sufficiency assessment to be brought to executive members on an annual basis.
5. The detailed CSA in Appendix 1 provides an overview of Hampshire as at 2019. It provides a status known at that time and provides an action plan that looks forward to the 2020 year and beyond.

6. The early years and childcare sector for under fives continues to offer a good variety of childcare with 95% of provision receiving Good or Outstanding judgements from OFSTED.
7. The county continues to have 98% of children who are three and four year old access funded early years free entitlements and the county is broadly in line with the national picture. Overall take up for funded vulnerable two year olds is just above national averages.
8. The Extended Entitlement (30 hours) childcare has proved very attractive to working families in Hampshire is moving towards 12000 children accessing in 2019. Of those who also received SEND additional funding for early years education, 50% took up extended entitlement. Just under 7000 children entered primary school in 2019 who had previously taken up the extended entitlement and it is likely there will be an increased demand for out of school and holiday childcare as a result.
9. The early years and childcare sector continue to work with the county in offering flexible childcare. However, the market continues to cite issues with financial sustainability due to increased business rates; employers pension costs contributions; increases in national minimum/living wage; and the early years funding rate not receiving inflationary increases for the past six years.
10. The child population is anticipated to grow by 2025 with many new homes being built in Hampshire. The majority of the large developments have plans for early years provision. The smaller housing developments offer different challenge and need careful planning alongside adjacent or other provision in the local areas.
11. The action plan outlines key areas for focus for the period up to 2021.

### **Contextual Information**

12. The Childcare Act 2006 requires local authorities to improve outcomes for all young children, reduce inequalities and ensure there is sufficient, high quality Early Years Education and childcare to meet forecast demand.
13. Section 6 of the Childcare Act 2006 placed a duty on local authorities to secure sufficient childcare, so far as reasonably practicable, for working parents. The Childcare Act 2016 further refined this duty with implementation of 30 hours childcare. The duty was also set out at regulation 33 of the Childcare (early years provision free of charge) (extended entitlement) regulation 2016.

14. The Early Education and Childcare statutory guidance for Local Authorities (June 2018) outlines the requirement to report annually to Council Members on how they are meeting their duty to secure sufficient childcare, and to make this report available and accessible to parents.
15. Hampshire County Council publishes updated childcare sufficiency reports Council website for each of the 11 boroughs and districts and updates elected members through briefings.
16. The detailed CSA in Appendix 1 provides an overview of Hampshire as at 2019. It provides a status known at that time and provides an action plan that looks forward to the 2020 year and beyond.

## **Key Findings**

17. **The mix, quality and availability of different types of provision, including children with special educational needs:**
  - Hampshire's childcare market is predominantly provided from with the Private, Independent and Voluntary childcare sector with growing trend in maintained school direct delivery.
  - Hampshire continues to represent 3% of the All England childcare market.
  - The early years childcare market continues to offer variety of weeks of delivery and 75% deliver beyond school term time.
  - The childcare market supports children with SEND with 7.5% supported directly by the council's inclusion team.
  - Provision for out of school is an area of potential growth.
  - Good and outstanding judgements for Hampshire childcare provisions is at 95% compared to All England levels at 96%.
18. **Early years entitlement including free childcare entitlement for 2, 3 and 4 year olds, both universal and extended (30 hours):**
  - Trends in take up of funded 2s has declined to 68% but is above All England trends.
  - Three and four year old take up remains high and take up hours continue to increase.
  - Extended entitlement (30 hours) has grown quickly with over 11,500 children eligible children claiming.
19. **Current issues affecting the childcare market and the capacity of the market to meet population growth trends:**
  - Continued concern from the market of financial concern with the sector experiencing, increased business rates; increased percentage of employers contributions for pensions; minimum

and living wage increases; pay and condition competition from other sectors such as retail and schools.

- Difficulty in recruiting qualified staff to the childcare workforce.
- No inflation or increases in early years education hourly rates.

## **Under 5 Childcare**

20. Whilst Hampshire providers have reduced by 3% the number of places has significantly increased by 15%. The population of nought to four year olds for the same period increased by 5%.
21. Data collected in Spring 2019 outlined that all age groups of under fives did access some level of early years provision: 18% of one year olds and under; 70% of two year olds (which includes 22% of two year olds that receive early years funding). Nearly all three year olds access provision. Most children aged four years old enter school in September, therefore the numbers reflected in the Spring data at 50% is expected.
22. Take up of early years funded entitlement for all childcare offers continues to do well, specifically, early years education for funded two year olds has continued to be better than national take up although both nationally and in Hampshire take up has reduced.
23. The three and four year old entitlement also has a high take up with 98% and this is above the national position.
24. The 30 hours scheme for working parents with eligible three and four year olds launched in September 2017. The actual take up of the extended entitlement place (30 hours) in summer 2019 has reached 11,200 children. Hampshire is in the top 3 of all local authorities in the number of children supported by this offer. Summer also saw nearly 50% of SEND children access this offer.

## **Out of School**

25. The 30 hours early years offer is likely to impact on the level of demand for Out of School childcare. It is estimated that in the region of 42% of Pupil Admission Numbers in September 2020 for the primary phase will enter school previously having received 30 hours childcare at their early years provider.
26. There is in the region of 5,000 places in Hampshire's out of school childcare. There is limited information regarding take up and the full market offer.

27. A temporary appointment of an out of schools childcare development business officer will be recruited to support a more detailed assessment of supply and demand for this type of childcare.

### **Housing Developments**

28. The Childcare Development team works closely with the School Place Planning team to consider early years and childcare places alongside any required expansion/development of schools. Major housing developments are likely to require 1700 places for two, three and four year old children. Plans are being formed or are in place for developers to support the delivery of early years places.
29. There are also a substantial number of mid to small housing growth developments which can impact local areas where there is not a requirement for developer contribution or consideration of early years. The Childcare Development team respond to individual planning applications to consider impact on childcare sufficiency needs on a case by case basis.
30. It is the smaller developments that are of challenge, especially when there are a cluster of schemes. The estimated numbers of children at an individual site level can appear low, but grouped together with neighbouring developments, puts pressure on early years places in the locality.
31. The childcare development team work with local providers and keep them informed of the changes in the population and potential demand. This supports the market to take up opportunities as they present.

### **Issues for the Childcare Market**

32. Anecdotally and covered in the national press are concerns raised about childcare workforce recruitment. Hampshire has seen a 7% reduction in the number of people working to deliver early years foundation stage since 2014. As part of the early years census, we asked providers to indicate any concerns regarding recruitment and retention of the childcare workforce and the snap shot taken at that time suggested a majority of providers had little concern. However, in Summer 2019 providers had opportunity to inform on any aspects of concern regarding their business and many cited cost pressures in recruiting and retaining qualified staff.
33. Providers also informed of the continued costs pressure faced with regards to business rate increases; employers contribution to pensions; national living wage increased and the erosion of salary differential; inflation costs that are not supported by an early years hourly rate that has been cash limited for a number of years.

34. The introduction of the Extended Entitlement continues to change the income streams for early years and childcare market. Some providers are finding the ability to meet costs with the change in income through more hours being provided by the early years education funding a challenge.

## **Performance**

35. Key sufficiency measures are reported to Childrens Services Management Team and monitored by Services for Young Children service plan as follows:

- Hampshire's take up of early years entitlement for eligible funded twos represents 80% of the proxy indicator of possible two year olds informed to the county from the Department for Work and Pensions.
- Hampshire's take up of universal entitlement<sup>1</sup> of funded three year olds to be 98% of population.
- The average hours claimed for children aged three achieves 14.15 average hours per week.
- The average hours claimed for children aged three who stretch their hours across more than 38 weeks per year (stretched offer<sup>2</sup>) achieves 10.55 average hours per week.
- The total numbers of three and four year olds accessing early years education is not less than 95% of population
- Of the codes issued to parents meeting the eligibility criteria for extended entitlement (30 hours) 95% of children access their place.
- Providers reaching good or outstanding Ofsted Judgements is 2% higher than national position.
- Of the families that contact SfYC to be supported to find childcare solution 99% of families will have found appropriate childcare solution.

## **Finance**

36. Childcare is supported by parental fees and through Early Years Education funded hours for eligible two, three and four year olds. The early years education funding is provided from the Early Years Block of the DfE Dedicated Schools Grant. It is governed by the Early Years National Funding Formula. The type of organisation and childcare offer will determine the balance of the parental fees to early years funding.

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<sup>1</sup> Universal Entitlement is funded universal early years entitlement which is 15 hours per week for 38 weeks a year to a maximum of 570 hours per child's eligible birthday year.

<sup>2</sup> Stretched offer is funded universal entitlement that is stretched across more than 38 weeks per year, eg 11 hours per week across 52 weeks.

37. Hampshire's Schools Forum is the accountable body for confirming Early Years Education funding rates and receives reports on the funding changes and subsequent consultations.
38. A review and provider consultation on the Early Years National Funding rate for Hampshire concluded in September 2019, and it is anticipated that the early years funding formula will remain the same as it is for 2019/20.
39. The government has announced further funding for the early years education however full details of this is yet to be provided. It is not known how this may impact on funds for providers and whether it will further support the local maintained nursery schools.

### **Consultation and Equalities**

40. Consultation with providers regarding early years education took place during summer 2019. There is not requirement to consult the childcare sufficiency assessment. The assessment will be published on the Council's website and will feature in briefings with childcare providers throughout the coming year.
41. The childcare sufficiency assessment has identified a need for growth across early years education places and out of school childcare due to population change and demand changes for certain types of childcare.
42. Universal early years is available to all three and four year olds resident in England. There is no statutory requirement for parents to take up provision and choice remains. The statutory Early Years Foundation Stage requires all providers to be inclusive. The Council monitors take up of ethnic groups through parental declaration at child's access to provision.
43. The continued monitoring of the take up and implementation of action plans to stimulate childcare places growth in areas of helps to mitigate risk in the sufficiency of places not being available for parents.
44. An Equalities Impact Assessment is not required at this time as there is no change to policy and the report is an assessment of business as usual..

### **Action Plan**

45. The key areas for detailed scrutiny across all Hampshire Districts is set out for the following categories. This will include establishing a monitoring process. These actions will cover the period 2019 to 2021.

- Childcare for under Twos and Two Year olds – Capacity of the market and assessment against population.
- Out of School childcare– Capacity of the market and assessment against trends in 30 hours take up.
- Rural Childcare: Review Capacity of the market and assessment of rural sustainability and assessment against population.
- Childcare to support new Housing Developments: Review all known housing developments and phasing to determine the future childcare needs.

**Provider sustainability:**

- Continued development and implementation of a set of early indicators to support Development Officers to identify risks to childcare sufficiency in the childcare market.
- Continued review of the costs pressures of childcare providers to inform strategies to strengthen the provider base where possible.

**Early Years Education:**

- Continued monitor of 2 year old funding to ensure access, and taking action to maintain access if appropriate.
- Continued monitor of 30 hours childcare to ensure access and taking action to maintain access if appropriate.
- Continued monitor to ensure take up of entitlements for disadvantage children: Early Years Pupil Premium; Disability Access Fund; SEND, and taking action to maintain access if appropriate.

**Out of School Childcare (OSC):**

- Recruitment of (temporary) dedicated project officer to assess OSC/Holiday scheme provision and develop strategy.
- Development of data set to share with schools on 30 hours take up of new Year R in-take to support schools planning for new intake and potential demand for out of school provision.
- Targeted data collection from out of school clubs and schools to inform OSC place planning.

**Childcare Workforce:**

- Continued promotion of childcare as a career choice at job fairs and liaison with Job Centre Plus.
- Continued development with Further Education colleges, Housing Associations, and Job Centre Plus of the roll out of “Sector Based work academy- childcare” programme to support new entrants to childcare workforce
- Continued monitor through EYNFF survey of the numbers of staff and qualification in the sector.



## Conclusions

46. Hampshire continues to have a high quality and responsive childcare market. There is a good mix of provision including childminders. The market continues to support funded two year olds and has responded well to introducing the extended entitlement for working parents (30 hours). The market has sustained its capacity for three and four year olds with 97% of all three and four year olds accessing provision.
47. The growth in the numbers of three and four year olds accessing extended entitlement (30 hours) is expected to impact on the requirement for confirmed out of school childcare. The is currently limited data around the size of the out of school childcare market and assessment is difficult to be made.
48. Housing developments and subsequent population growth will require careful market management over the course of the next 5 years. Areas of low child population, e.g. rural areas will need to be watched carefully to ensure parents are supported to access provision to meet their needs.
49. Better data recording of SEND children has shown there to be a good offer for children and the numbers of children accessing early years education, including extended entitlement (30 hours) has grown and the childcare market has developed its local SEND offer to meet these needs.
50. The sector continues to cite financial difficulties and workforce recruitment and retention of qualified staff. Having sufficient and appropriately qualified staff will be key to ensuring stability in the childcare market and its ability to augment and deliver the anticipated growth.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	no

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> Childcare Act 2006: Section 6, Section 7 (as substituted by section 1 of the Education Act 2011) Section 7A (as inserted by the Children and Families Act 2014) Section 9A (as inserted by the Children and Families Act 2014) Childcare Act 2016 Section 1	<u>Date</u> <b>2006 and 2016</b>

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

Childcare Sufficiency Assessment 2019/20  
Appendix 1 to this report.

To be published on council's website  
after meeting.

The Hampshire Labour Market Bulletin  
August 2019 produced by the **Economic  
and Business Intelligence Service**  
Hampshire County Council

<https://www.hants.gov.uk/business/ebs/reports>

Developers guide:

<https://www.hants.gov.uk/educationandlearning/schoolplacesplan>

DfE Experimental Statistics

<https://www.gov.uk/government/statistics/30-hours-free-childcare-summer-term-2019>

Source: Office for National Statistics (Mid  
2018 release June 2019):

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/analysisofpopulationestimatestool>

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

It has been agreed with Childrens Services Equalities Impact Assessment officer that an EIA is not required at this time as there is no change to policy and the report is an assessment of business as usual.