
**Decision Session – Executive Member for
Children, Young People and Education**

8 November 2022

Report of the Assistant Director, Education and Skills

Childcare Sufficiency Review

Summary

1. This paper provides an update on a review of childcare sufficiency across the city to understand the impact of low funding and recruitment and retention challenges on the early years and childcare sector. Whilst the challenges for the early years and childcare sector are significant there is still some optimism about the local childcare market. For example, the local authority still receives approaches from prospective providers wishing to set up in York and settings can also change ownership. Where settings have low occupancy or staffing shortages they can sometimes benefit from the closures of other settings as they can offer places to parents seeking alternative provision and recruit staff who had been made redundant.

Background

1. The Local Authority works in close partnership with a mixed economy of registered settings to deliver approximately 3,700 places for children aged 0-14 (and up to 18 for disabled children). The Local Authority commissions approximately £11 million grant funding per annum to registered settings who deliver early education places for eligible two year olds and three and four year olds. The private and voluntary sector is made up of 38 private day nurseries, 27 Pre-School groups, 123 childminders and 15 out of school clubs.
2. Section 6 of the Childcare Act 2006 places a duty on local authorities to secure, as far as is reasonably practicable, sufficient childcare to meet the requirements of parents in their area who need childcare in order to work or to undertake training or education to prepare to work. The Local Authority continues to meet its statutory duty to secure sufficient early years and childcare provision for children aged 0-14 (and up to 18 for disabled children) including the impact of covid on the childcare market.

3. Under the Childcare Act 2008 Local Authorities are required to report annually to elected council members on how they are meeting their duty to secure sufficient childcare and make this report available and accessible to parents. The Childcare Sufficiency Assessment Annual Report 2021/22 is available at [Childcare Sufficiency \(yor-ok.org.uk\)](https://www.yor-ok.org.uk/childcare-sufficiency). Annex 2 of the Annual Report sets out anonymised information collated earlier this year from providers specifically about recruitment and retention challenges.
4. A separate provider survey is carried out on an annual basis and responses last year suggested that the majority of day nurseries, out of school clubs and childminders felt that despite a difficult operating environment they could remain financially sustainable for another year. About half of playgroups felt they could stay open for a year or longer and several said not for more than a few months. However, at the time of the survey it was unknown about the cost of living rises, how demand may change, and the recruitment and retention issues were not fully impacting.
5. Historical underfunding of the early years and childcare sector and lack of financial support to address the impact of covid costs means the early years and childcare market, locally and nationally, remains very fragile as the longer-term impacts of Covid-19 on jobs and changes to working patterns remain a challenge for the sector.
6. Throughout the year intelligence is gathered about the sector from sources such as the previously mentioned provider survey, evidence from quality improvement visits, information received by the early education entitlements team and feedback from the regular opportunities to engage with the sector during informal briefings and termly Leaders and Managers sessions. Monitoring, support and signposting is put in place as appropriate, and risks are highlighted and mitigated wherever possible. Regular sufficiency updates and challenges are shared with the DfE.
7. The National Day Nurseries Association (NDNA) has highlighted a worrying increase in settings being judged by Ofsted as requiring improvement or being inadequate which may be as a result of inconsistency in inspections or because day nurseries are struggling with staffing requirements following covid. The NDNA are urgently raising this issue with the DfE to ensure all settings are treated fairly and with compassion. The NDNA recently reported that during the Summer Term 2022, 65% more nurseries have closed compared with the same months in 2021. This is a sharp rise that could be a

continuing trend for the Autumn Term with rising utility costs and inflation.

8. Family Information Service (FIS) supports families to find alternative childcare places and opens brokerages where cases are more complex.

Current Position

9. Early analysis of a new survey of York parents shows there is some unmet need across the city albeit in relatively small numbers, including some families with children with SEND and this does vary regarding provision type, age etc for different wards. The main area of unmet need appears to be for full day care or sessional care for the under 5s in several ward areas, before and after school provision in Acomb, Bishopthorpe and Dringhouses and Woodthorpe and holiday provision in Acomb and Haxby & Wigginton. Some of this is likely to be due to the current recruitment and retention issues causing some providers to limit the number of places on offer. Many families commented that the cost of childcare is an issue and whilst most indicated that they were aware of Tax-Free Childcare, nationally there is low take up so further promotion may support increased take up. The parent survey results are attached at Annex 1.
10. Early analysis of a new provider survey shows the majority of settings (74% of responses) across all sectors consider they will remain financially sustainable for another year or longer. Some were unsure (25% of responses) and one playgroup considers it will only be sustainable for a few more months. There is a mixed picture about demand. Ongoing challenges are recruitment and retention and a small number, predominantly childminders, are reporting low reserves. Rising utility costs are identified as the biggest threat (36% of responses) to sustainability and (16% of responses) stated recruitment and retention as their biggest concern. The provider survey results are attached at Annex 2.
11. The findings from both surveys will inform the next Childcare Sufficiency Assessment 22/23.
12. The President of the West and North Yorkshire Chamber of Commerce has provided a view on the importance of the early years and childcare sector for York;

“Good access to childcare support services is very important for the future growth and prosperity of York’s business community, and therefore the wider economy. Many hard-working families are

struggling to find the right work-life balance and that includes the need for reliable, good quality childcare. A shortfall in that care, then, will inevitably have an impact on the performance and output of many businesses, so there's potentially a real problem on the horizon here in York. We therefore urge the Government to commit additional resource into this area and look at other ways to plug the emerging staffing gap."

13. If the challenges are not addressed nationally a two- tier market could emerge as provision in more prosperous areas where parents may be more able to afford fees for additional hours and services, is more sustainable than those in disadvantaged areas. Provision in areas of disadvantage could be at greater financial risk and closure meaning parents would not be able to go out to work and the positive achievements made in closing the gap for young children in York could be reversed. Sessional (term time only) playgroups often meet the needs of families only wanting to access the funded entitlement and not wanting additional hours or all year round care. However, many sessional groups are struggling financially as they are not able to offset losses from the funded hours by additional fee paying places. Closure of these sessional groups will therefore reduce the flexible offer available to families and affect those only wanting to access the funded hours, usually across term time only.
14. The cost of living announcement in September 2022 means that early years and childcare providers will benefit for six months to receive equivalent support as is being provided for households. Thereafter the government will consider whether this support for businesses should be targeted for vulnerable sectors and they have not yet made clear whether or not they view the early years and childcare sector as such.
15. In York the early years and childcare sector is responding to the current retention and recruitment challenges in the following ways:
 - Offering more flexible hours to potential employees.
 - Increasing the number of apprenticeships.
 - Using more staff qualified to Level 2.
 - Some sharing of staff across sites where appropriate
 - Increasing benefits for staff without paying additional costs.
 - Increased use of Job Centre Plus to attract potential employees.
 - More proactive engagement with job fairs.
 - More regular contact with universities and colleges.
 - Combining age groups for better efficiencies.

16. Further suggestions for national solutions have recently been made by the council to the DfE;
- **Part qualified Level 3 in Early Years to be counted in the 50% qualification ratio.** This would need national approval for colleges and training organisations to issue students with a certificate to this effect.
 - **Flexibility on the 50% qualification ratio.** Settings are meeting the 1:8, 1:4, 1:3 ratio but could there be some flexibility in regard to 50% requirement so for example, providers could risk assess and judge staff on their competence, confidence and experience and then maybe record when and why they may not meet 50% of all staff to be qualified to Level 2.
 - **Require entry level maths rather than GCSE.** Providers have raised GCSE as a barrier to accessing a Level 2 and 3 qualification. Although maths is important in the early years the level of maths knowledge needed for this stage is fairly low. Entry level maths rather than GCSE may encourage more mature people to come into the sector.

Recommendation

17. The Executive Member is asked to:
- Note the content of this report and to raise the issue of low funding, recruitment and retention and status of the sector as vulnerable with the Secretary of State for Education.

Reason: To acknowledge the challenges faced by the early years and childcare sector in York, regionally and nationally and to escalate to the Secretary of State for Education to implement national solutions and provide continued support with the cost of living.

Council Plan

18. The Council Plan focuses on 8 key outcomes, 3 of which are relevant:
- A better start for children and young people
 - Well paid jobs and an inclusive economy
 - Good health and wellbeing.

Implications

19. The following implications have been considered:

- **Financial** – there are no direct financial implications arising from this report.
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – Completed
- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – no implications.

Risk Management

20. None specifically associated with the recommendation within this paper. However, the Education Support Service and Quality Improvement Teams continue to categorise each setting in terms of priority support and to identify risk and appropriate mitigations.

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Report **Date** 31 October 2022
Approved

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Wards Affected: [List wards or tick box to indicate all]

All

For further information please contact the author of the report

Background Papers:

None

Annexes

Annex 1 Parent Survey Analysis 2022

Annex 2 Provider Survey Analysis 2022

Annex 3 Completed EIA