



Childcare Sufficiency Assessment and Snapshot of Current Childcare Market

March 2020

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Snapshot of Current Position

1. This paper sets out the review of the local childcare market that was completed in March 2020. The review concluded that there was in March, sufficient childcare provision to meet local demand.
2. Since the completion of the review, the childcare market have experienced exceptional fragility culminating in uncertainty of future sufficiency and demand post Covid-19.
3. Settings were asked to close to the vast majority of children in March in response to efforts against Covid-19. They were encouraged to remain open to provide childcare to critical workers and vulnerable children. The Chancellor confirmed on 17th March that's settings would continue to receive the early years entitlement funding for 2, 3 and 4 year olds. This offered some confidence.
4. By April, 57% (76 out of 133) childcare settings and 23% (41 out of 176) childminders (37% combined), remained open for eligible children. 57 childcare settings and 135 childminders suspended their business due to the impact of Covid-19 on the demand for childcare. This has had a significant impact on income.
5. Eligible settings utilised the opportunity to furlough staff through the Covid-19 Job Retention Scheme (CJRS) published 17th April. The CJRS was much anticipated with many having already furloughed staff in anticipation that 80% of salaries would be reimbursed. Eligible childminders claimed 80% of their average income over 3 years under HMI scheme for the self-employed.
6. Playgroups and independent settings with significant numbers of funded 2, 3 and 4 year olds, are unlikely to be adversely affected post Covid-19. They have continued to receive public funding expected to cover operational cost. Private nurseries in contrast who have marginal numbers of funded children remain dependent on income from fees for sustainability.
7. Maintained children's centres and schools were not eligible for the CJRS. They like the private sector have a significant shortfall in childcare income (£1.1 million March to June). This deficit is anticipated to increase the longer settings remain partially full. This is likely to impact on the future viability of children's centres, if the deficit is not recovered.
8. The DfE published guidance on 24th May, about the wider opening of early years and childcare settings from June. Since this time, settings have continued to open incrementally. Week ending 25th June, 223 settings (96 childcare settings – 72% and 79 childminders – 44%)(56% Combined), have opened supporting 3,620 children. 12 settings and 79 childminders have remained closed.

10 settings (5 children's centres, 4 private nurseries and 1 independent setting) have reported that they are unable to meet the demand for places, impacting 55 children. The Early Years service will continue to monitor this over coming weeks. The reduced capacity is as a result of not all settings being open, alongside having to accommodate children in smaller groups. However, from 20 June, restrictions on group sizes will be lifted, settings will no longer be required to keep children in 'bubbles' of 15 or less, in order to maximise capacity.
9. We understand from settings that some parents have deferred their child's return until September. Parents who previously required a full time place have reduced their hours to part time and others have divulged that they or their partner have been furloughed or have lost their income. The autumn term will evidence whether or not providers have bounced back from the current interruption after the cessation of the CJRS and LA discretionary grant - subject to eligibility.

Introduction

The local authority has a duty under the 2006 Childcare Act to:

‘secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0-14 (or up to 18 for disabled children)¹’

This duty has been extended under the Childcare Act 2016 to include:

‘secure that childcare is available free of charge for qualifying children of working parents for, or for a period equivalent to, 30 hours in each of 38 weeks in any year’

The latter was an additional requirement implemented in September 2017 to the existing duty to ensure sufficient places to effectively deliver the free targeted and universal entitlements for two, three and four-year olds.

Childcare is defined in the 2006 Childcare Act as ‘any form of care for a child including education and any other supervised activity’. DfE guidance states that local authorities should take into account what is ‘reasonably practicable’ when assessing what sufficient childcare means in their area. Consideration should be given to the state of the local childcare market, the quality and capacity of childcare providers and childminders, the demand and supply in the area and the local labour market.

This report assesses the sufficiency of childcare in Hackney through a focus on the main themes of: demand for childcare, the supply of childcare places, the quality of care and the cost. Each of these themes will be discussed to determine the overall sufficiency of childcare, ensuring families are able to find appropriate childcare to enable them to continue with work and training. The report also looks at the strengths and weaknesses of the provision offered in Hackney at present.

Executive Summary

- There continues to be a sufficient supply of childcare provision to meet the needs of children requiring funded childcare places. Participation by providers offering 2, 3 and 4 year old funded places has increased further, improving access to these entitlements for children and families. To encourage and maintain participation, the Local Authority offers providers business support, workshops and training on the funding entitlements and online claims process.
- Hackney has maintained its position as a high performing borough in relation to national benchmarks for educational outcomes and inspection outcomes in maintained school provision. The quality of early years provision has continued to improve over the past year across provider types.
- The take-up of funded early education for 2 year olds in Hackney is slowly improving particularly when viewed against statistical neighbours. The slight increase in take-up during 2019 should be viewed in the context of significant reductions both regionally and

¹ Statutory guidance on Early Education and Childcare, effective from 1 September 2017. The wording of the 2014 statutory guidance, effective until this date, is identical.

nationally. Although take-up in Hackney remains below the national average it is now above the London average.

- The take-up of universal funded early education for 3 and 4 year olds remains consistent with previous years and is slightly higher than local regional comparators. Take-up of the extended hours entitlement continues to increase.
- The supply of places for the extended entitlement (30 hours) is sufficient and continues to increase, exceeding local demand. There is no indication as yet that this increase has had any impact on provision and take-up of universal funded places or 2 year old funded places in Hackney which, as previously stated, continue to increase.
- The total number of early years childcare providers continues to increase as does the number of places available. The growth is both in day nursery provision and in childminding bucking the national trend of a fall in childminder numbers.
- The early years' population projections remain broadly unchanged. If current levels of childcare provision are maintained, overall demand for early years childcare should continue to be met. The school age population is expected to increase in 2023 but is not forecast to exceed the highest previous totals in 2016 and therefore there will still be sufficient school age childcare provision to meet any potential growth in demand.
- Childcare for children with special educational needs and disabilities (SEND) is available in Hackney. The number of early years children with SEND continues to increase in PVI settings and school nurseries, reflecting the growing demand for SEND services, support and appropriate childcare. The primary need for the majority of children requiring SEND support remains speech and language and communication and interaction. Support strategies are in place for early years childcare providers and SEND children in the form of an inclusion fund, SEND drop-in surgeries for providers and targeted support visits tracking individual children's needs. Awareness and understanding of the inclusion fund by providers has improved, reflected by the increasing numbers of inclusion fund claims and improved engagement with the Local Authority. The aim of the inclusion funding is to ameliorate need and enable children to access learning and the social life of the setting and to make progress across all the early learning goals. In all cases, progress and greater access has been reported.
- The average cost of childcare has increased slightly in group settings although remains significantly lower than London averages. The average cost of childminding has fallen since the previous CSA.

Demand for childcare

Population Numbers

According to the Office for National Statistics, the population of Hackney has increased from 273,526 in 2016 to an estimate of 279,700 in 2018. The Greater London Authority estimates the population of Hackney will grow to over 331,742 people in 2041.

Population of early years children

There are 21,878 children aged under 5 in the borough (source: GP registrations, January 2018)

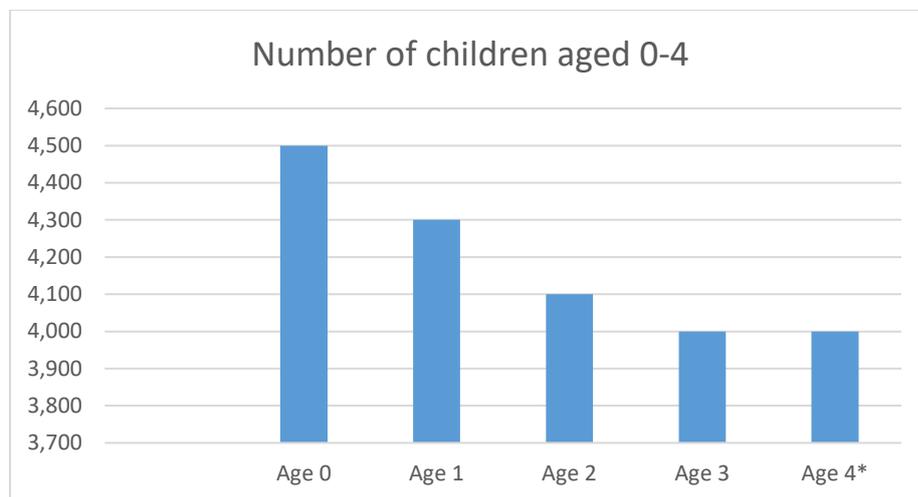


Table 1: Source - GP Registrations Jan 2018

Population of school age children

In total there are 30,307 children aged 5-16, attending a Hackney school. Table 2 provides a breakdown of the number in each year.

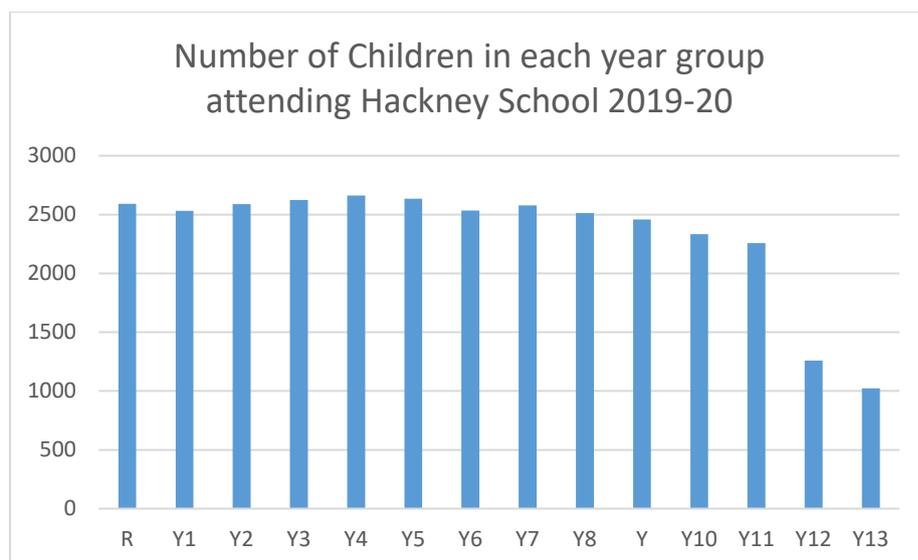


Table 2: Numbers of children in each year group (Source: GLA population dataset projections 2017)

The actual number of children accessing a school place steadily rose between 2013 and 2016 before falling year on year. The projections are for the primary school roll to continue to fall until 2023 before increasing again, however even by 2031 the numbers will not reach earlier highs.

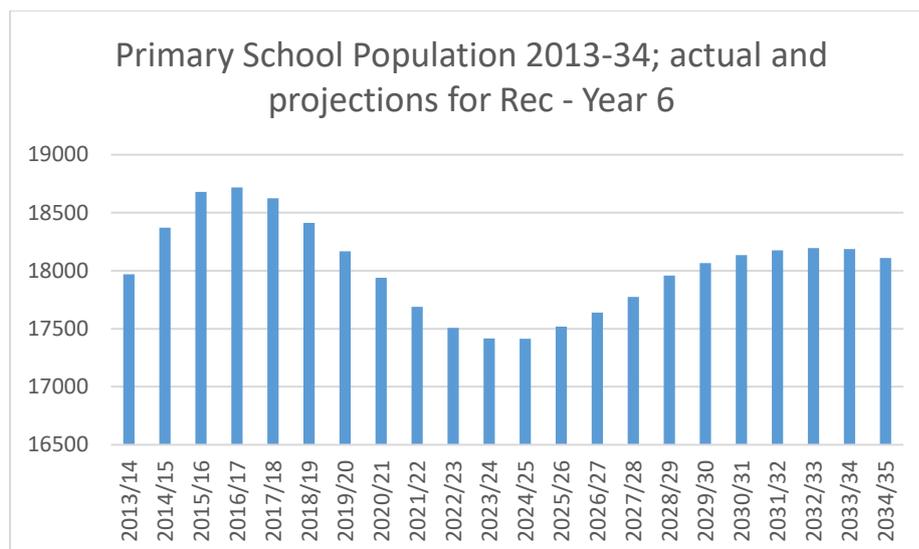


Table 3: Source: GLA population dataset projections 2017)

Number of children with special educational needs and disabilities

There is currently a total of 1926 active Education, Health and Care plans in Hackney. This is an increase of 119 since the previous Childcare Sufficiency Audit. When the SEND reforms were launched in 2013/14 the number of children with an EHC plan was approximately 1,300. A breakdown in numbers for Early Years, Primary and Secondary phase can be found below.

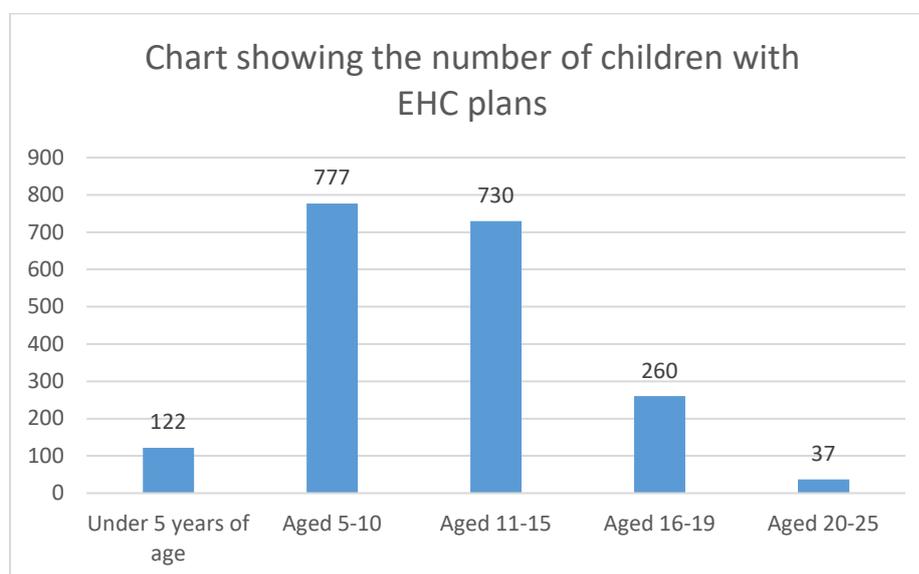


Table 4; Source: DfE SEN2 (2019)

SEND within Early Years

The Early Years Inclusion Funding is a budget to support children aged 3 or 4 years of age who have low level needs or emerging needs related to a Special Educational Need and/or Disability (SEND) and because of this require additional support. The fund is for children within PVI settings (including childminders) and school nurseries who require SEND support.

The number of claims received helps identify those children with SEND but who do not yet have an EHC plan within funded PVI provision. The Early Years Inclusion Fund has two main strands; An SEN Worker Scheme which is an annual grant awarded to settings to enable them to employ an additional worker to support the needs of children with SEND; and a Supported Child Care Scheme where settings apply for funding on a quarterly basis for children with low level needs and emerging SEND and who require some additional targeted provision.

The number of claims has increased since the fund was introduced as marketing and awareness of the fund has broadened. In Jan 2020 the Inclusion Fund supported 179 children to access their 3 and 4 year old entitlements.

Hackney Local Offer

Local Offers are a description of local SEND processes, services and support and are a statutory requirement for all local authorities. Hackney's Local Offer website is an online resource providing a central point of information and advice, listing details of support services from partners in education, health and social care for children and young people between the ages of 0-25 with special educational needs and /or disabilities and their families. It also offers a central resource for professionals working with children to be able to reference and access up to date information needed to help support these families. The website is a shared duty for partners and was co-produced with local parent-carers and professionals with both groups remaining involved formally through a steering group.

Information about services and support are available across early years, education, employment and training, health, leisure and social care. Hackney's Local Offer website can be found here: www.hackneylocaloffer.co.uk

Awareness of the resource has steadily increased; in 2018-19 alone there were 280,454 pages viewed, roughly equating to 24,000 page views per month. Early Years settings are consistently in the top search results on the website.

A Coram review and subsequent report 'Improving information on childcare for children with Special, Educational Needs and Disabilities'² showed parents of children with SEND still have uncertainty about what support they can expect in regards to childcare and early years. Hackney undertook its own review with parents in December 2018 with follow up actions being to include SEND information about all Early Years settings' entries in the website's directory. This has been completed thereby enabling parents to identify the full range of options and support available in all Early Years settings.

Supply of childcare

Number of early years providers and places

In total, there are 364 childcare providers in Hackney. These include Childminders, nursery classes in schools and in Private, Voluntary of Independent settings (PVIs). Since the previous assessment, there has been a slight decrease in the number of registered Childminders (from 179 to 176) but an

² <https://www.familyandchildcaretrust.org/improving-information-childcare-children-special-educational-needs-and-disabilities>

increase in the number of PVIs (from 125 to 133). The number of nursery classes in school remains the same.

Type of provision	Number of providers	Number of full time places for children under 5
Childminders	176	880
Nursery classes in maintained schools	53	2266
Nursery Schools	2	242
PVIs	133	5217

For private, voluntary and independent nurseries and childminders, the number of registered places represents the maximum number of children who can be on the premises at any given time. In practice, many providers choose to operate below their number of registered places. The table above records places for children who are attending full time, or for as many hours as the setting is open. In many cases however two or more children attending part time may use one full time equivalent place. For example, one child may attend in the morning and one child may attend in the afternoon. It should also be noted that the number of places can vary depending on the age of the children attending and how staff resources are deployed to ensure ratio requirements of adults to children are met.

The maximum number of full time places therefore across Hackney has increased from 8,460 to 8,605 full time early years childcare places.

Early Years vacancies

This table below records the number of full time vacancies reported by providers³. These places could be accessed by children who are attending full time, part time or for as many hours as the setting is open. In some cases, two or more children attending part time may use one full time equivalent place. It should be noted that the table below shows the vacancy rate only from the providers that responded to the survey. It should not be inferred that this rate is common across all providers.

Type of provision	Number of providers	Total number of returns	Total number of vacancies	Vacancies as a percentage total places available
Childminders	176	81	306	57%
Nursery classes in maintained schools	53	34	225	13%
Nursery Schools	2	2	4	2%
Private and Voluntary nurseries	111	82	1050	23%

³ Figures obtained through FIS providers survey 1st March 2020

Vacancy rates provide a snapshot, and often change rapidly. In March 2020 the overall vacancy rate at the providers and schools that responded, was approximately 22%. In some cases, providers may have a vacancy which is only available for a specific age group, or for a particular part-time arrangement. In summary however, both occupancy and vacancy rates illustrate that there are sufficient childcare places to meet the current demand for places across Hackney and any projected increase over the next ten years.

Number of school age providers and places

Funded early education

Introduction to funded education

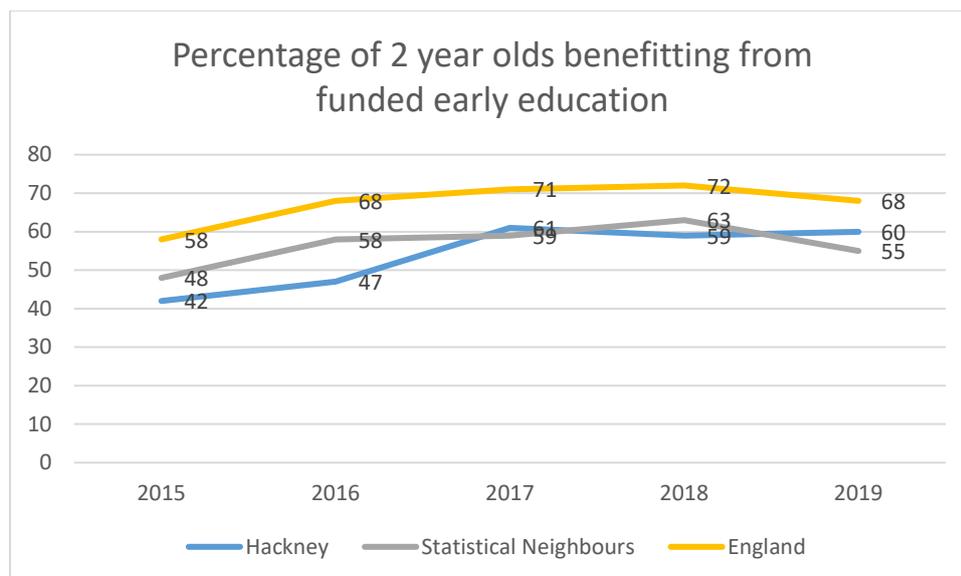
Some children are entitled to free childcare, funded by the government. These entitlements are for 38 weeks per year.

- All children aged 3 and 4 are entitled to 15 hours per week until they start reception class in school
- Children aged 3 and 4 where both parents are working, or for lone parent families where that parent is working, are entitled to 30 hours per week until they start reception class in school
- Children aged 2 whose families receive certain benefits (including low income families in receipt of in-work benefits), or those who meet additional non-economic criteria, are entitled to 15 hours per week. Nationally, about 40% of 2 year olds are entitled to this offer, but the proportion varies by area.

Parents do not have to use all the hours of their funded entitlement. They may choose to split them between providers. With the agreement of their provider, parents may also spread them across the year – for example, rather than taking 15 hours for 38 weeks a year they could take just under 12 hours for 48 weeks a year.

Proportion of 2 year old children entitled to funded early education

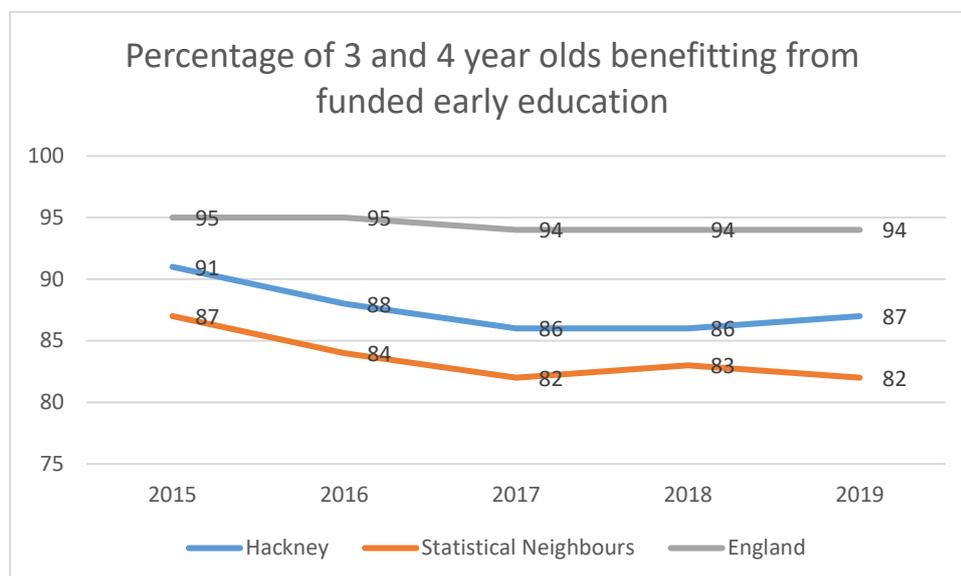
There has been a plateauing in the percentage of two year olds benefitting from funded early education over the previous three years however significantly, when compared with statistical neighbours and national outcomes in 2019, the percentage for Hackney held up as the percentage take-up fell in other local authorities. The total number of funded two year olds attending settings in 2019 was 1,239.



Source; DfE (2020) Local Authority Interactive Tool

Take up of 3 and 4 year old funded early education

In 2019, 87% of eligible 3 and 4 year olds accessed a funded place in a Hackney setting. This was a slight increase from 2018. The percentage uptake has been consistently higher than statistical neighbours although remains seven percent lower than national rates.



Source; DfE (2020) Local Authority Interactive Tool

Extended entitlement – 30 hours funding

Parents who think they are entitled to a 30 hour extended hours place apply for this online through the Government’s Childcare Choices website: www.childcarechoices.gov.uk. The same website is used to apply for tax free childcare and parents can apply for either or both. If a parent is eligible, the system creates a code which they can use with their chosen childcare provider. If they are ineligible, they remain entitled to the universal 15 hours of early education and childcare.

The table below shows the number of children accessing a 30 hours place in each term since the scheme began

Term and year	Children in a 30 hours place in Hackney
Autumn 2017	1,020
Spring 2018	1,476
Summer 2018	1,639
Autumn 2018	1,458
Spring 2019	1,915
Summer 2019	2,038
Autumn 2019	

Evaluating the extent to which the scheme is accessed by all those who may be eligible is hard to quantify as there are no figures available showing the total number who meet the eligibility criteria, however, it is possible to ascertain the number of places taken up as a percentage of codes issued. Nationally, children in a 30 hours place as a percentage of codes issued varies between 87% and 93%. In Hackney, only in Summer 2018 did the figure fall below 100% and only then to 98% of the total number of codes issued.

Providers offering funded early education places

Providers are not required to offer funded places for two, three or four year old children however if providers do not, parents may choose to use a different provider. In Hackney, both maintained nursery schools and all nursery classes in schools offer both the 15hrs and extended 30hrs entitlement to parents.⁴

In addition 22% of schools, offer places for eligible funded two year olds, whilst an additional 20% of schools take children from their third birthday and claim for any eligible children for the final term before becoming entitled to the universal 3 and 4 year old funding.

Type of provision	Number of providers	Percentage offering 2 Year old funded places	Percentage offering 3 and 4 year old universal 15 hours	Percentage offering 3 and 4 year old extended 30 hours
Childminders	176	11%		
Nursery classes in schools	53	42%	100%	100%
Maintained nursery schools	2	100%	100%	100%
Private, voluntary and independent nurseries	133	72%	100%	80%

⁴ <https://www.gov.uk/government/statistics/education-provision-children-under-5-years-of-age-january-2019>

In the private, voluntary and independent sector, all providers offer free places for the universal entitlement and the majority of providers also accept eligible two year olds and the extended entitlement. It should be noted however, that some providers offer a restricted number of funded places according to the capacity of the setting.

There has been a significant increase in the number of childminders who offer funded places both for families with two year olds and three and four year old children.

Quality of childcare

Ofsted inspection grades

All childcare providers must register with and be inspected by Ofsted, who give them an overall grade for the quality of their provision. Childminders and private and voluntary providers are on the Early Years Register, and schools and standalone maintained nursery schools are on the Schools register. The grades for both registers are equivalent. Schools with nurseries have an overall inspection grade for the whole school and most also have a separate early years grade. Some settings are registered with the Independent Schools Inspectorate; these schools are also inspected by Ofsted.

Both schools and early years providers have four possible Ofsted grades: ‘outstanding’, ‘good’, ‘requires improvement’, and ‘inadequate’.⁵ Some providers are still awaiting their first full inspection or have re-registered under new owners. These providers are excluded from our calculations

Type of provision	% achieving a judgement of ‘good’ or ‘outstanding’	
	2018	2019
Childminders	97%	95%
Nursery classes in schools*	95%	94%
Maintained nursery schools	100%	100%
Private and voluntary nurseries	91%	96%
Independent schools*	38%	35%

* Early years grade is recorded if available, otherwise overall school grade is used

There have been slight changes between 2018 and 2019. The percentage of ‘good’ or ‘outstanding’ provision with childminders and in nursery classes in schools has fallen while the percentage of private and voluntary nurseries either ‘good’ or ‘outstanding’ has improved.

National and regional comparisons

⁵ For more information see <https://reports.ofsted.gov.uk/about-our-inspection-reports>

Hackney continues to perform well alongside London and national comparators.⁶ Childminders and nursery classes in maintained schools have a greater percentage of good or outstanding provision while private and voluntary provision, despite improvements since 2018, remain slightly lower than national measures.

Type of provision	% achieving a judgement of 'good' or 'outstanding' (2019)		
	Hackney	London	England
Childminders	95%	92%	95%
Nursery classes in schools	94%	93%	87%
Maintained nursery schools	100%	97%	98%
Private and voluntary nurseries	96%	97%	98%

Cost of Childcare

Information about the cost of childcare, outside the funded entitlements, is reported to Hackney Learning Trust by providers.⁷ Information is collected on average prices per hour, per day and per week. It should be noted that providers often offer reductions for longer hours, or discounts for siblings however, parents may be expected to pay for additional items including meals, nappies and activities which are not included in these prices.

The table shows the average price per day, per week and for childminders only, per hour for the different types of Early Years provision

	Private, voluntary and independent nurseries	School and maintained nursery schools which make charges to parents	Childminders
Children aged 0 and 1 year old	£63 per day £297 per week	£59 per day £262 per week	£8.45 per hour £70 per day £352 per week
Children aged 2 years old	£59 per day £283 per week	£55 per day £267 per week	£8.30 per hour £69.14 per day £344 per week
Children aged 3 and 4 years old	£55 per day £267 per week	£52 per day £236 per week	£8.10 per hour £67.65 per day £337 per week

The average cost of childcare in Private, Voluntary and Independent settings has increased since the previous Childcare Sufficiency Assessment; since 2018 the average cost per day for a child under two

⁶ Ofsted childcare providers and inspections as at 31 March 2019: London & England

⁷ Figures obtained through FIS providers survey Sept – Oct 2019

Childcare Sufficiency Assessment

has increased from £59 to £63 while the average cost for three and four year olds has increased from £54 to £55. The average cost per day for a childminder has fallen slightly from £71 per day to £70 per day for a child under two and from £70 per day for a three and four year old to £67.

Comparisons with the national cost of childcare suggest prices in Hackney PVI settings remain, on average lower on all counts than the averages of our statistical neighbours while the cost of childcare with a childminder is higher than London averages.⁸

⁸ <https://www.familyandchildcaretrust.org/childcare-survey-2019>

Methodology: sources of data

- Number of children: based on GLA population projections from the London Data Store.
- Children with EHC plans: based on data from DfE SEN2 (2019)
- Supply of childcare: based on data provided by Ofsted, headcount returns from providers and EY census information
- Vacancy rates: obtained through providers survey, phone calls, internet searches and through regular local authority requests for vacancy information.
- Funded early education: data on take up of funded early education entitlements is based on the Early Years and Schools Censuses, which are taken every January and published by the Department for Education in the statistical collection Education provision: children under five years of age. Internal funding headcount data is also used. Data on entitlement to a funded early education place for 2 year olds is provided by the Department for Work and Pensions and published by the DfE on the Local Authority Interactive Tool
- Quality of childcare: data on childcare quality is provided by Ofsted.
www.gov.uk/government/collections/early-years-and-childcare-statistics
- Cost of childcare: Information is obtained from providers through an annual survey and comparisons made with data collated by the Family and Childcare Trust.