

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date:</b>	25 May 2016
<b>Title:</b>	Childcare Sufficiency Assessment
<b>Reference:</b>	7460
<b>Report From:</b>	Director of Childrens Services

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### 1. Executive Summary

1.1 The purpose of this report is to provide an annual update to the Executive Lead Member for Children's Services 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 (September 2014).

1.2 In particular this paper aims to inform members about:

- the mix, quality and availability of different types of provision, including that for children with special educational needs
- current issues affecting the childcare market and the capacity of the market to meet population growth trends and;
- how the County Council is positioned to respond to impending changes resulting from the Childcare Bill 2016 extension of free childcare entitlement for 3 and 4 year olds to 30 hours.

### 2. Contextual Information

2.1 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.

- 2.2 From April 2008, Section 6 of the Childcare Act 2006 placed a duty on local authorities to secure sufficient childcare, so far as reasonably practicable, to enable parents/carers to access employment or training. Section 11 placed a duty on local authorities to assess the supply and demand for childcare and develop a strategy that meets identified needs.
- 2.3 Under statutory guidance (September 2013) local authorities are no longer required to present their sufficiency assessment to the Secretary of State for Education, but are required 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.
- 2.4 Hampshire County Council last published a Childcare Sufficiency Assessment in 2008 and has continued to meet the assessment duty by publishing updated quarterly childcare sufficiency reports on the County Council website for each of the 11 boroughs and districts in Hampshire.

### **3 Childcare Sufficiency**

- 3.1 The childcare sufficiency assessment report at appendix 1 was completed in the period September 2015 and January 2016.
- 3.2 Early Years Education and childcare is a key factor in improving outcomes for young children. The Early Years Foundation Stage outcomes for five year olds have significantly improved since 2013 and children's attainment in Hampshire now places the local authority in the top 10% of local authorities nationally. Having a high quality Early Years Education and Childcare market that meets families' needs has contributed to this upward trend in children's outcomes.
- 3.3 On the whole across Hampshire there is currently sufficient provision of childcare places. There are in the region of 32,000 places within the Private, Voluntary, Independent (PVI) sector available, with 22,000 two, three and four year old children taking up funded places and in the region of 9,000 non funded children accessing provision (Spring Census 2015). A further 10,000 funded children take up provision within schools in nursery and Reception class. (Please see Appendix 1 for a detailed analysis of the market). There are, however, some local pressures within the market where further capacity is required to support new homes, or the childcare offer does not meet the needs of working families. The following areas have been identified as priority growth areas for known place requirement or through close monitoring to confirm place development. Action is currently being taken to address these. (Please see appendix 2 for the Childcare Sufficiency Action Plan).

**Table 1: Local childcare needs**

<b>Childcare development by district</b>	<b>Locality</b>	<b>Estimate of potential future demand</b>
Basingstoke and Deane	South Ham, Buckskin, Brighton Hill North, Kemshott, Baughurst and Tadley North, Brookvale and Kings Furlong, Whitchurch, Beggarwood, Nordon, Popley, Sherborne St Johns, Merton Rise, Hatchwarren	436 further to be confirmed through close monitoring.
Eastleigh	Eastleigh Central, Eastleigh South, Netley Abbey, Bishopsoke, Hamble-le-ric and Buttlocks Heath, Hedge End	Minimum 80 further to be confirmed through close monitoring. Large number of places for new housing being assessed up to 1500 likely required by 2026.
East Hampshire	Headley, Holybourne and Froyle; Alton Westbrook; Alton Eastbrook; Liphook, Horndean; Clanfield, Bentley; Rowlands Castle; Petersfield, Whitehill	Minimum 360 further to be confirmed through close monitoring
Fareham	Fareham North; Fareham North West; Portchester West; Locks Heath, Titchfield Common; Sarisbury Green; Whiteley	Number to be confirmed by monitoring.
Gosport	Rowner; Grange; Forton; Town; Lee West; Leelsand	Minimum 80 further to be confirmed by close monitoring.
Hart	Hook, Fleet, Yateley, Hartley Witney; Odiham; Derby Green, Frogmore, Blackwater,	Minimum 100 further to be confirmed by close monitoring.

	Church Crookham,	
Havant	Barncroft; Battins; Bedhampton; Emsworth; Hart Plain; Hayling East; Hayling West; Purbrook, Warren Park	New provision opened in 2015/16, close monitoring to determine if further places required.
New Forest	Fordingbridge; Downland and Forest; Bashley; Ringwood East; Lymington, New Milton, Waterside area	Minimum 80 further places through close monitoring
Rushmoor	Mayfield, Fernhill, Aldershot, Cove and Southwood; Grange; Heronwood; Manor Park; North Town; St John's, St Mark's	Minimum 30 places further through close monitoring.  Childminder growth required.
Test Valley	St Mary's; Alamein;; Tadburn; Cupernham; North Baddesley	Minimum 324 further through close monitoring
Winchester	St John's and All Saints; St Luke's; North Winchester, Sparsholt; North Whitely	Minimum 446 further through close monitoring.

- 3.4 The take up of provision continues to rise and the Childcare Sufficiency Action Plan contains a number of initiatives to encourage all children to take up their funded places. At the moment there is headroom in the market to accommodate any increase in take up but the Childcare Sufficiency Action Plan ensures that take up is monitored, so that growth in provision can be developed in local areas if parental demand outstrips supply.
- 3.5 There are also a number of policy initiatives that will have an impact upon the childcare market. Nationally the cost of childcare is regarded as a barrier to many working parents, particularly to those on lower incomes. The cost of childcare in Hampshire is lower than national levels (Family and Childcare Trust 2015). The requirement for providers to submit fee levels is not mandatory, therefore the data capture is not complete. Changes to the Universal Credit system are intended to support families to access more affordable childcare, together with the introduction of Tax-Free Childcare for working parents (Autumn 2014). If these policy changes are successful then

it may lead to an increase in demand for childcare but this again needs to be understood within the context of the County's changing population.

- 3.6 The increase in the national minimum wage, changes to employer pension contributions and the living wage will have an impact upon childcare providers' business models with costs increasing by up to 30% or more. Support to help providers understand the implication of these are included in the Childcare Sufficiency Action Plan (see Appendix 2).
- 3.7 The Government's plan to extend the current free childcare offer for three and four year olds from 15 hours up to 30 hours from September 2017, will require the local authority to work with both the maintained sector and childcare sector to increase access to provision across the County. Providers will also need support to consider the impact of this policy upon their business plans. Scoping the impact and support needs for providers to offer the extended 30 hours entitlement is also included in the action plan.
- 3.8 In February 2016 Hampshire County Council was successfully selected through a competitive process by the Department for Education (DfE) to become an Early Implementer Innovator for the 30 hours development. During 2016 Hampshire will work with the DfE and 32 other local authorities, to develop learning in order to support the roll-out of the 30 hours offer. Focusing on areas such as outcomes to support flexibility, sufficiency, parental engagement, in particular meeting the needs of low income families, homeless working families, BME and those living in rural areas); work incentives and SEND. Hampshire main focus will be parental engagement as part of SEND and non standard hours.
- 3.9 Analysis of supply and demand of childcare is an ongoing process and childcare sufficiency will be reviewed quarterly with an annual report being presented to the Executive Lead Member for Children's Services each Spring. This will provide a refreshed understanding of the childcare market across Hampshire, and in particular will focus upon meeting childcare needs in priority areas and will address any barriers to extending early educational provision to 30 hours within the PVI sector.

#### **4 Finance**

- 4.1 Early Years Education and Childcare providers secure income through parental fees and early years education (EYE) funding from the local authority. The type of organisation and childcare offer will determine the balance of the parental fees to EYE funding. The estimated turnover for Hampshire childcare sector is in the region of £100m.

- 4.2 The EYE funding allocation for funded two, three and four year olds 2015/16 is £61 million, and 93% of the funding that is received by the local authority and placed within the early years block, is passed directly onto early years education providers. The 7% retained is much lower than the DfE 10% that is considered acceptable. It should also be noted that this funding is returned to the sector through provision of direct support for safeguarding and child protection and child inclusion with a small amount used to support quality improvement monitoring for providers rated as 'Requiring Improvement'.
- 4.3 The DfE announced in the November 2015 spending review, plans for the implementation in 2017/18 of a new national funding formula for Early Years Education. Consultation regarding this is anticipated during Spring 2016.
- 4.4 Schools Forum have agreed to defer any changes to the local early years single funding formula pending further guidance from the DfE on the National Formula.
- 4.5 Hampshire will receive £78,000 to support the 30 hours early implementer innovator project.
- 4.6 The Government has recognised that capital funding will be required to support to 30 hour offer and will be making capital grant available to early years settings (including schools who currently offer, or plan to offer, provision for 3 and 4-year olds) through a local authority bidding process. Local authorities are required to submit an Expression of Interest by 29 April 2016. At this time the Government has not indicated the level of funding that will be available.
- 4.7 Hampshire has submitted an Expression of Interest and, has undertaken a survey with the sector of to establish the type and level of capital developments that might be required to enable settings to offer additional hours of delivery to support working parents. Further detailed instruction from DfE regarding the application process and how any grant might be allocated is now awaited

## **5 Performance**

- 5.1 The Services for Young Children service plan monitors the progress of the childcare sufficiency through measures in the table below:

<b>Measure</b>	<b>Baseline</b>	<b>Sep-15</b>
Average weekly hourly take up for 2/3/4 year olds accessing EYE	2YO - 13.7 3YO - 14.0 4YO - 14.8	2YO - 13.5 3YO - 13.5 4YO - 14.7
Percentage of eligible children taking up two year old offer	63%	78%
Percentage of 3 and 4 year olds taking up EYE funding	3YO - 93% 4YO - 94%	3YO - 97% 4YO - 94%
Percentage of families contacting the council to find childcare which is successfully found.	New Measurement	100%

5.2 This confirms that there has been a slight decline in the FTE take up of Early Years Education since the baseline was taken. However, the percentage of eligible two year olds taking up provision has significantly increased and indicates that parents' childcare needs are successfully being met.

## **6 Consultation**

Consultation regarding the Childcare Sufficiency Assessment Action Plan will take place with providers through Nursery Advisory Group, Provider Advisory Group and with Schools Forum. A full Equality Impact Assessment has been undertaken and is attached at Appendix 3 at the end of this document.

## **7 Future direction**

7.1 Services for Young Children will continue to monitor the childcare market and work with providers to make the necessary changes to meet demand. The Childcare Sufficiency Action Plan for 2016/17 highlights the geographical areas where monitoring and development work is planned.

7.2 The DfE will provide further guidance regarding the 30 hours childcare offer and the national funding formula and this will have an influence upon the Hampshire Childcare Sufficiency Plan.

## **8 Recommendations**

8.1 It is recommended that the Executive Lead Member for Children's Services notes the content of the Childcare Sufficiency Assessment.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>OR</b>	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:</b>	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	
<a href="#">Early Years and Education Childcare statutory guidance for local authorities September 2014</a>	Sept 2014	

**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.)**

<u>Document</u>	<u>Location</u>
None	

## IMPACT ASSESSMENTS:

### 1. Equalities Impact Assessment:

A full Equalities Impact Assessment has been undertaken.



EIA - Childcare sufficiency May 2016.Gml

### 2. Impact on Crime and Disorder:

Low impact.

### 3. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption? Childcare and Early Years places provided to meet local demand and/or travel to work plans will help to limit additional travel requirements.

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

It is considered that the proposal will have no impact on the need to adapt to climate change and be resilient to its longer term impacts.