

## REPORT TITLE: Gloucestershire Childcare Sufficiency Duty report 2023

<b>Cabinet Date</b>	20 September 2023
<b>Cabinet Member</b>	Councillor Stephen Davies, Cabinet Member for Children’s Safeguarding and Early Years
<b>Key Decision</b>	Yes
<b>Purpose of Report</b>	To seek Cabinet approval for Gloucestershire’s Childcare Sufficiency Duty report (2023)
<b>Recommendations</b>	That Cabinet approves the Childcare Sufficiency Duty report 2023 and delegates authority to the Executive Director of Children’s Services, in consultation with the Cabinet Member for Children’s Safeguarding and Early Years to make any final changes prior to publication.
<b>Reasons for Recommendations</b>	There is a requirement that local authorities undertake an annual assessment of the capacity and quality of childcare in their area and bring this to the attention of elected members, prior to it being made available to the public.
<b>Resource Implications</b>	<p>Any funding required to enhance sustainability and to secure sufficient childcare provision has previously been met from the Dedicated Schools Grant, Early Years block.</p> <p>Potentially, there will be a need for additional resources to plan and implement the extended local authority (LA) responsibilities in relation to the childcare reforms. These are set out in the report, it is not currently possible to fully calculate or estimate the resource/financial implications until further data and eligibility criteria is provided by DfE.</p> <p>The expanded childcare offer will present some challenges for both the Early Years (EY) sector and the LA EY Service that supports the sector. Delivering the expanded offer, while maintaining the good quality of local provision is likely to require additional resource, both to secure additional staff capacity in the EY service and funding to support the increased number of children with additional needs/SEN eligible under new criteria, for funded childcare.</p>

<b>Background Documents</b>	<a href="#">Early Education and Childcare – Statutory guidance for local authorities</a>
<b>Statutory Authority</b>	Childcare Act 2006 Early Education and Childcare statutory guidance for local authorities (2018)
<b>Divisional Councillor(s)</b>	All
<b>Officer</b>	Sarah Hylton Head of Early Years E-mail: sarah.hylton@gloucestershire.gov.uk Telephone: 01452 583655
<b>Timeline</b>	The Childcare Sufficiency Duty report must be completed and published on an annual basis. There is no prescribed timeline and publication of the 2023 assessment report will follow Cabinet approval.

## Background

1. The Childcare Act 2006, and Early Education and Childcare statutory guidance, gives local authorities a duty to secure, so far as is reasonably practicable, childcare provision for children aged 0-14 and up to 18 for children with disabilities. The provision should be sufficient to meet the requirements of parents/carers to enable them to work or undertake education or training leading to work, and for their child to access their free entitlement childcare place.
2. A key element within the range of duties placed on local authorities is to carry out an annual assessment of the childcare available in their area and produce an annual report for Council members on how the duty is being met before making it available to the public. The local authority also has a strategic role in working with local partners and childcare providers to shape provision to ensure it is well placed to meet the needs of local families.
3. The aim of the Childcare Sufficiency Duty report 2023 is to provide an analysis of childcare supply and demand for childcare in Gloucestershire. This encompasses information about the quality, accessibility, and affordability of local childcare provision, any current or emerging gaps and how these will be addressed. It should be noted that due to the impact of Covid on the EY Sector, an interim analysis of the childcare market position was undertaken in January 2023 to ensure that emerging risks to sufficiency were identified and addressed.
4. There is a considerable body of research which shows that accessing early education and childcare provision is associated with improvement in children's cognitive and socio-

emotional development as they progress through primary and secondary school. For disadvantaged children, the opportunity to attend good quality provision is particularly important in enabling them to access resources and experiences they might not have at home.

5. Children's entitlement to 15 hours a week (30 hours for some) of early education makes an important contribution towards ensuring children are ready for full-time education. The 'school readiness' of children, which describes their general level of development at the end of Foundation Stage as they enter full-time education, can have a significant effect on children as they progress through school and later life.
6. The first education attainment marker for young children is taken at the end of the Early Years Foundation Stage (EYFS), reception class when the child is aged 5. The EYFS profile data for 2023 is due to be released in November. In Gloucestershire, in 2022 67.4% of children attained a good level of development (GLD) compared to the national average of 65.2%. This is a lower % than in 2019 (there was no EYFS data 2020/21 due to Covid). Changes to the EYFS means that we cannot compare 2022 data with previous years, but we will still measure our performance (% attaining a 'Good Level of Development') against national and statistical neighbour averages.
7. Gloucestershire has a higher than national average percentage of children aged 5 attaining the marker for GLD overall. However, we have significantly lower percentages, of children eligible for free school meals, children with SEN and children from some ethnic groups attaining GLD. The Best in Life multi agency group are working together to understand and address the factors influencing these disparities.
8. A copy of the Childcare Sufficiency Duty report (2023) is attached at Appendix 1. Key headlines from the assessment include:
  - There are currently 638 childcare settings, comprising 274 childminders, 156 day nurseries, 193 pre-school, 14 nursery units in independent schools.
  - There are 15,654 childcare places available for children aged 0-5 years in Gloucestershire.
  - The quality of childcare in Gloucestershire is high: 88.9%% of child minders and day care providers are graded 'good' or 'outstanding.' 4% (21) are currently rated as Requires Improvement and 2.3% (12) as Inadequate. This shows an increase in the number rated less than good across the county's providers. This is explored in the Sufficiency Duty report and our response included in the action plan.
  - The take-up of funded early education for 2-year-olds in Gloucestershire was 3% lower than the national percentage in the January census 2023 (73% National compared with 70% in Gloucestershire). National average take up has increased by 2% and this has not been reflected in Gloucestershire's take up. Take up continues to be a priority for the Early Years' Service. The take up of universal funded early education for 3- and 4-year-olds in Gloucestershire at 95.7% was higher than the National percentage of 93.7%.

9. Despite the challenges faced by the sector, our current assessment of Early Years and childcare provision evidence sufficient provision in most areas of the county, with some gaps and emerging concerns in specific place planning areas. These are set out in the attached report along with actions to mitigate any further risk to sufficiency. There is a predicted potential shortfall in the following areas:
- Forest of Dean – Brook’s Dean, Lydney & Newent
  - Cotswolds – Chipping Campden & Tetbury
  - Stroud – Dursley, Painswick & Stroud town
  - Cheltenham – Hester’s way
  - Gloucester – Abbey, Matson & Upton, Quedgeley SE & Tuffley

There are likely to be other planning areas with a shortfall of childcare places once the extended childcare offer is introduced in April 2024.

10. Since the data in the previous annual sufficiency report (end May 2022) to end May 2023, there has been a 5.7% decrease in the number of early years’ providers and a 2.9% increase in the overall number of places. The increase in places, despite the reduction in number of providers, reflects the closure of small settings and childminder provisions and the new registration of larger nurseries. Whilst it is positive that the number of places has increased across the whole county, in some localities there is an identified risk of a shortfall in childcare places in some specific communities, these are set out in the report.
11. The Childcare Sufficiency Duty report has been completed by the Early Years’ Service, located within the Education Directorate of Children’s Services. Comprising 25 full-time equivalent staff, based in three Quality and Inclusion locality teams (Gloucester and the Forest, Cheltenham and Tewkesbury, Stroud and Cotswolds). They play a key role in developing the quality and capacity of the childcare market in Gloucestershire. These teams are supported by a Market Management and Business and Funding team; an Early Years’ Foundation Stage (EYFS) Quality and Improvement Adviser who supports schools with EYFS quality and moderation; and a Development Officer promoting and supporting a universal offer for 0–3-year-olds and managing the various EY development projects. Key functions include the administration and processing of payments; engaging potential new providers; ongoing guidance and support; statutory data returns to the Department for Education; and the local implementation of national initiatives and priorities for childcare.
12. Most of the provision (88.9%) is of good or outstanding quality. In the past 12 months there has been an increase in the number of Early Years settings that have received an Ofsted judgement of less than good, from 23 to 33 settings. Safeguarding knowledge and practice have been a common theme leading to judgements of ‘Inadequate.’ In acknowledgement of this, an audit of safeguarding knowledge, practice and processes within the EY sector was undertaken last year by GCC’s Early Years Team. In response to the findings, an Early Years’ specific module of safeguarding training has been developed and all EY settings/staff are encouraged to attend.
13. Take up of the 2-year-old targeted offer and the risks to provider sustainability due to a combination of underlying cost and funding pressures, which pre-date Covid, also remain as key areas of focus for the Early Years’ Team.

14. The most significant challenge for the EY sector and the supporting LA services will be their capacity to respond to the expansion of the EY and childcare offer, and reform of some elements of the Early Years Foundation Stage statutory guidance, set out in the Chancellor's Spring Budget announcement. In England, the measures include:
- Expansion of 30 hour offer to children from nine months of age for working parents. (Currently 15 hours only for disadvantaged 2-year-olds)
  - A change in adult-to-child ratios – from 1:4 to 1:5
  - A requirement for the provision of wraparound childcare in all schools or communities
15. While the expansion of funded childcare is welcome and will enable more parents to return to employment, this does present challenges for the sector. The quality of early education that the child receives in the childcare setting impacts on their development and ultimately their readiness for learning as they enter school, and beyond. The Early Years Team will continue to work closely with the provider sector to ensure that quality is maintained through this period of change.
16. The considerations and challenges for the EY sector and the LA are set out in full in the Sufficiency Duty report but can be summarised as follows:
- **Increased demand for childcare places potentially poses a challenge to the LA Childcare Sufficiency Duty.**  
Initial analysis from Gloucestershire County Council and the Department for Education indicates that once the new Early Years funding entitlement is fully implemented there will be a **need for 5444 places** for children aged 9 months to 2 years. This is an **increase of 1812 places**. It is currently difficult to predict or estimate how many existing EY settings will be able and willing to increase their place numbers to accommodate the increase in eligible children.
- Ability and sustainability of the EY sector to provide extended offer.**  
Most providers report that the funding rate and escalating delivery costs will influence their decision as to whether or not to provide the extended offer. Providers continue to be clear that the funding attached to childcare entitlements does not meet actual delivery costs. Unless funding rates are significantly increased, income will be lost through DSG funding replacing the payment of private fees but at a lower hourly rate. The EY sector, both national and locally, are already reporting significant staff recruitment and retention challenges, largely due to the low funding rate resulting in low wages, forcing many to close some of their rooms and in some cases the whole provision.
- The government have just announced a substantial uplift to the hourly rate paid to providers to deliver existing funded hour offers. The funding rate for the new entitlement is expected to be announced in the Autumn. The rate will need to be at least equivalent to the fees currently charged to parents that pay privately. A lower

rate could result in potential loss in income to providers when children, previously funded privately, become eligible for funded hours under the new offer.

- **Quality of Early Education provision, particularly for the most vulnerable children and increased demand for LA support**

The reforms include an agreed change to the statutory adult:child ratios for 2-year-olds in EY settings, From September this will change from 1:4 to 1:5. Providers and those supporting EY children have expressed concern about the impact this may have on the quality of EY provision, especially for more vulnerable children and children with additional needs.

Locally, and nationally, settings report an increase in number of children with additional needs/SEN in EY settings. Whilst the increase in the number of children accessing EY settings provides an opportunity for early identification, and provision of support for, of children with additional needs, this is likely to impact on an increased number in need of additional LA support, especially if staffing levels have been reduced, and increased demand for LA resources – including an increase in SEN Inclusion funding requests and potentially more requests for EHCNA for younger children

The current 2-year-old offer is targeted and promoted to the eligible cohort of disadvantaged children to ensure they do not miss out. When the free entitlements offer is expanded to all 2-year-olds, it is possible that the focus on the disadvantaged cohort will be lost. Some providers have already expressed that they may be more likely to consider offering their 2-year-old places to working parents that will become eligible, rather than to disadvantaged 2-year-olds. This may increase inequalities and add to our concerns about school readiness for those children facing the greatest levels of disadvantage.

- **An increase in the number of funded childcare claims to be processed by GCC Early Years team –**

Currently the criteria for 2-year-old funded childcare is based primarily on parental income support, there are 977 2-year-olds in the county claiming this funding. In addition, 2,855 2-year-olds are accessing early education/childcare that are not eligible for funding and therefore parents are paying fees, at a higher rate. From April 2024, all 2-year-olds of working parents will be eligible for funded childcare. Most, if not all, of the 2-year-olds currently paying privately in a setting will move to the new funding entitlement, plus an estimated additional 710 eligible children who do not currently access provision. In total, there is the potential for 4,542 (2855 + 710 + 977) 2-year-olds to be claiming the new entitlement. This increase presents a significant impact on the LA Early Years team that process and administer funding claims. It is estimated that an additional 1,000+ children may become eligible for childcare funding in September 2024 when the offer extends to children aged over 9 months.

17. The action plan attached as part of the sufficiency duty assessment, sets out a range of measures to continue to address these issues over the coming year.

## Options

18. Option 1: To approve the Gloucestershire Childcare Sufficiency Duty report 2023 and associated action plan.

OR

Option 2: To not approve the Childcare Sufficiency Assessment 2023. This would mean that the local authority would be in breach of its statutory obligations and would not have a strategic plan to ensure delivery of high-quality childcare for all.

## Risks

19. There are a range of risks associated with the delivery of the Childcare Sufficiency Duty:

**Risk:** There is insufficient accessible childcare capacity in Gloucestershire.

**Mitigation:** The action plan attached to the Childcare Sufficiency Duty report includes the completion of a Business Risk Analysis to identify areas of vulnerability and enhance the sustainability of provision. This will take place alongside the ongoing programme of work to recruit and sustain the local childcare provider market. The extended childcare offer will escalate this risk, close monitoring of the local childcare market alongside parental consultation to determine demand.

**Risk:** The LA is unable to deliver the expanded childcare offer for working parents and/or the provision of wraparound childcare in all schools/communities.

**Mitigation:** The risks are clearly set out in the Sufficiency Duty report, along with actions being implemented by the EY service including an ongoing assessment of childcare supply and demand. As further information is provided by the DfE, Children's Services Senior Leadership team will be advised of any identified risk and details of additional resources required to plan for and to deliver the expanded childcare offer.

**Risk:** The quality of childcare is less than good or outstanding.

**Mitigation:** The Early Years team will continue to work with providers and their workforce to ensure the children and families are able to access good or outstanding provision.

## Financial implications

20. The enduring impact of Covid and the cost-of-living crisis has undoubtedly impacted on the financial viability of some providers. Ongoing business risk analysis processes are in place to identify areas of vulnerability and enhance the sustainability of the sector. This will continue to be a key part of the work of the early years team over the coming year. Any funding required to enhance sustainability and to secure sufficient childcare

provision has previously been met from the Dedicated Schools Grant, Early Years Block.

21. The introduction of the expanded childcare offer is likely to require additional LA resources. The Early Years will have to administer a significantly increased number of funding claims, provide business support in relation to the financial challenges experienced by providers, support an increased number of children identified with additional needs and plan for and implement the new LA duties to ensure all schools/communities offer wraparound childcare. Additional funding will be allocated to the LA to support the delivery of the expanded offer; however, the detail of funding is yet to be announced by the DfE. Before commencing any internal resource requirements and/or externally commissioned activity, the service will undertake governance processes as appropriate.

### **Climate change implications**

22. There are no direct climate change implications arising from the completion or publishing of the Childcare Sufficiency Duty report. A climate impact assessment has been completed to explore the potential impact in the coming years from an increased number of vehicles on the county roads once more parents are able to access work and childcare under the expanded childcare offer. This assessment evidences a neutral environmental impact and a positive social impact. [It will remain important to](#) map provision to demand or potential demand and to ensure that provision is in the right places to minimise the need for travel.

### **Ecological implications**

23. An Ecological Impact Assessment (EclA) has not been produced, this report does not include any plans to build or develop area that will impact on eco-systems, species or habitats. An EclA will be completed should it be required to build or develop additional provision that may have ecological impact

### **Equality implications**

24. An Equalities Impact Assessment (EqIA) has been completed in support of this decision. The Childcare Act gives local authorities a duty to secure, as far as is reasonably practicable, childcare provision for children aged 0-14 (or up to 18 for disabled children). This is underpinned by a funded entitlement for all 3- and 4-year-olds of up to 570 hours per academic year of free early education or childcare and a targeted offer, for eligible families, of 570 hours for 2-year-olds.
25. A key part of the work of the Early Years' Team is to ensure that local provision is inclusive, non-discriminatory, and able to meet the needs of children and families, including children with disabilities, special educational needs, BME and those from disadvantaged families. The Sufficiency Duty report and resulting action plan outline how the Early Years' Team will work with local providers to ensure the market continues to develop to meet the diverse needs of children in Gloucestershire.



26. Cabinet Members should read and consider the Equalities Impact Assessment in order to satisfy themselves as decision makers that due regard has been given.

### **Data Protection Impact Assessment (DPIA) implications**

27. There are no direct Data Protection Impact Assessment implications arising from the completion of the Childcare Sufficiency Duty report.

### **Social value implications**

28. There is a considerable body of research evidence that accessing good quality early education and childcare provision is an important component in children's subsequent development and progress through the education system. Having a Sufficiency of Childcare provision that is accessible and of good quality has significant social value for the wider community of Gloucestershire.

### **Consultation feedback**

29. The Early Years Team is involved in a dialogue with childcare providers on an ongoing basis to ensure that local provision continues to meet the needs of children and families in Gloucestershire. Alongside demographic and birth data, the sufficiency report also draws upon the views of childcare providers in order to develop a rich picture of the quality and distribution of childcare provision across the county.
30. Consultation with parents has been through an online survey, this included consultation about the childcare needs and gaps in relation to children with SEND, the outcome of the survey is set out in the sufficiency report.
31. The report, when published, will also be a resource for parents to understand the types and distribution of childcare in their area, and how the Early Years' Team is working to ensure this is sustained and developed.

### **Officer recommendations**

32. That Cabinet approves the Childcare Sufficiency Duty report 2023 as set out in Option 1 above, and delegates authority to the Executive Director of Children's Services, in consultation with the Cabinet Member for Children's Safeguarding and Early Years to make any final changes prior to publication.

### **Performance management/follow-up**

33. The Childcare Sufficiency Duty report will be kept under regular review by the Early Years' Team, Education and Disabilities and Children's Services Senior Leadership Team to ensure it remains fit for purpose. It will be refreshed on an annual basis. This will include performance metrics that highlight take up of the funded childcare offer and the quality and availability of provision, acknowledging their importance as key

contributors to the readiness of children to commence full-time education. An interim analysis of sufficiency will be completed again, as in January 2024, should further concerns be raised about sufficiency prior to the full annual report later in 2024.