



Purpose: For Noting

# Cabinet report

Date	<b>9 MARCH 2023</b>
Title	<b>EARLY YEARS CHILDCARE SUFFICIENCY ASSESSMENT</b>
Report of	<b>CABINET MEMBER FOR CHILDREN'S SERVICES, EDUCATION AND LIFELONG SKILLS</b>

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## EXECUTIVE SUMMARY

1. The purpose of this report is to provide an update to Cabinet Members 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. A Childcare Sufficiency Assessment (CSA) is completed annually. This report summarises the analysis and identifies actions required to maintain and improve childcare sufficiency across the Isle of Wight, based on data from December 2022.
3. Statutory guidance requires that the Council must, as far as is reasonably practicable, secure sufficient childcare for working parents and to undertake a sufficiency assessment to be brought to Executive Members on an annual basis.
4. Generally, the childcare market has continued to return from lower levels of attendance during the COVID pandemic. The cost of living and rising costs, difficulties with recruiting and retaining experience and qualified staff have become a challenge to some childcare settings.
5. The early years and childcare sector for under-fives continues to offer a good variety of childcare, with 98 per cent of provision receiving Good or Outstanding judgements from Ofsted.
6. The Extended Entitlement (30 hours) uptake in Spring 2022 was 883 children with an increase in Summer 2022 to 905 children. These are similar numbers to pre-Covid numbers.
7. The early years and childcare sector continue to work with the Local Authority in offering flexible childcare. The number of childminders has reduced to 33 from previously 38, a 13 per cent decrease in numbers since 2020. Although the number

of childminders has reduced, the number of places on offer have increased slightly by 1.4 per cent from 214 places to 217 places.

8. Since 2019, there has been an overall decrease of 111 childcare places on the Isle of Wight to 2,528 places in December 2022. Decreases in numbers were due to the one maintained nursery reducing their available places by 33 per cent (15 places) and the Private, Voluntary and Independent (PVI) settings reducing their places by 9 per cent (198 places). However, there was also a 1.4 per cent increase (3 places) offered by childminders, and a 36 per cent (84 places) increase offered by pre-schools registered within a school.
9. As in previous years, the market continues to cite challenges with financial sustainability due to increased rent, utilities, employers pension costs contributions and increases in national minimum/living wage. Whilst there was an Early Years Entitlement (EYE) funding uplift of funding in 2021, this did not fully respond to the increased costs seen by providers. There are national recruitment and retention concerns regarding the childcare workforce, and evidence suggests this is starting to impact on the island. Data from our survey of childcare providers suggests more experienced and trained practitioners are leaving the childcare workforce and less experienced and less trained practitioners are filling these gaps.
10. The findings of the 2021 census show that the resident population on the Island rose by 1.5 per cent from 138,300 to 140,400 between 2011 and 2021. These figures were below the official estimates for the Island between censuses and has revealed a significant shift in the age of population. During this period, the population of residents aged 0-15 decreased (down by 6.3 per cent) with a significant reduction of 13 per cent of children under 5 on the island.
11. The Isle of Wight Council Planning strategy (July 2021) has been put on hold. A consultation is taking place to review the National Planning Framework which will include a proposed range of housing targets. The planning team consult with the Early Years Advisory Team to ensure any proposed developments take into consideration early years places within that area.
12. Out of School childcare continues to be required by working parents who need care outside of school hours and this demand looks likely to increase. The parental survey carried out by the Early Years Advisory Team indicates 40 per cent of parents anticipate requiring more Out of School childcare over the next two years.
13. The Holiday Activity and Food Programme (HAF) which provide enriching activities and food for children meeting income related free school meal eligibility has seen a reduction in the number of providers from 14 in its first year to 12 in 2022. Although there has a been a reduction in providers, there has been an increase in the number of places provided from 3,678 places in 2020-2021 to 3,790 places in 2021-2022. The programme has seen an increase in the number of secondary aged children attending, while Primary aged children have remained at similar levels.
14. The Early Years Special Educational Needs Advisory Team provide advice and information to early years settings on how best to meet the needs of a child with a Special Educational Need or Disability (SEND). All Providers on the Island have an up to date offer of how they can meet needs on the Council Local Offer pages.

15. The CSA action plan outlines key areas of focus for the period 2022 to 2024, which will be reviewed annually.

## RECOMMENDATION

16. That the Cabinet having been presented with the statutory sufficiency assessment, the Cabinet is satisfied that the local authority has met its statutory obligations in respect of the Early Years Childcare Sufficiency Assessment.

## BACKGROUND

17. The Childcare Act 2006 requires local authorities to improve outcomes for all young children, reduce inequalities and ensure there is sufficient, high-quality EYE and childcare to meet forecast demand. The early years entitlement offers support two-year-olds of low income families and universal access for all three and four year olds to receive up to 15 hours per week across 38 weeks.
18. Section 6 of the Childcare Act 2006 places 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.
19. 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.
20. During the COVID pandemic, a report was presented to the Policy and Scrutiny Committee for Children's Services, Education and Lifelong Skills in March 2021 to summarise how the childcare market was affected during the pandemic.
21. On 27 October 2021, the Government announced a further investment of over £200 million per year over the next three financial years for the Holiday Activity and Food (HAF) programme, following a successful roll out of the programme across England in 2021.

## KEY FINDINGS

22. The mix, quality and availability of different types of provision, including children with special educational needs:
  - The Isle of Wight childcare market is predominantly provided from the Private, Voluntary and Independent (PVI) childcare sector. On the Island, this comprises 84 providers, 13 of which are school based, 37 are PVI providers and 34 are childminders.
  - The early years childcare market continues to offer variety of weeks of delivery and 82 per cent (69 out of 84) of all settings (PVI, school based and childminders) deliver beyond school term time.
  - The childcare market supports children with SEND with 101 children supported directly by the Early Years SEN Team. This represents growth from 81 children in 2022.

- 98 per cent of Isle of Wight childcare providers have Good and Outstanding Ofsted judgements, compared to All England levels of 96 per cent.

23. EYE including funded childcare entitlement for 2, 3 and 4-year-olds, both universal and extended (30 hours):

- Take up of funded 2-year-old childcare has improved from 67 per cent in 2021 to 77 per cent in 2022. This is above the south east average (69 per cent), and all England take up (72 per cent).
- Three and-four-year-old take up has increased to 93 per cent of children from 91 per cent in 2021.
- 51 per cent of children are claiming the extended entitlement (30 hours).

### OUT OF SCHOOL CHILDCARE

24. The Out of School childcare sector on the Isle of Wight is predominantly run by school-based providers, with only one dedicated provider solely offering out of school childcare.

25. Since 2020, the Council has been delivering the HAF Programme and now has a small team delivering this work. This is successfully supporting a greater understanding of the out of school childcare market. Work continues with schools to consider their approaches to out of school childcare.

26. There were 12 providers who delivered HAF schemes in 2022. The IOW and Hampshire framework agreement provides an opportunity for some of the mainland providers of HAF to deliver on the Island and three providers did so in 2022.

### FACTORS AFFECTING THE CHILDCARE MARKET

27. The issues affecting the childcare market are consistent with those highlighted previously and are further exacerbated by the wider cost of living, inflationary rises and changes to the workforce since the COVID pandemic.

- The sector has increasing concerns with regard to financial stability and sustainability, as a result of:
  - increased wages
  - increased percentage of employers' contributions for pensions
  - pay and condition competition from other sectors such as retail and schools.
  - 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 and continues to do so.
  - some providers experiencing difficulty in retaining qualified staff resulting in experienced staff being replaced by less experienced and qualified staff.
  - the increased cost of living affecting parents' ability to pay fees. or permitted voluntary consumable charges or permitted costs of food.
  - increased contact from parents seeking support to understand what charges are permitted within the free early years

entitlements. increases in food costs place additional pressure on HAF Programme providers with offering different food options.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

### Economic Recovery and Reducing Poverty

28. As a result of sufficient Early Years Childcare places parents and carers can join the workforce. Paid employment for parents and carers helps to significantly reduce the number of residents, including children who are living in poverty.
29. Creating a strong, sustainable diverse childcare market enables parents and carers to undertake education or training to assist them to obtain work ensuring people can develop their skills and fulfil their potential.

### IMPACT ON YOUNG PEOPLE AND FUTURE GENERATIONS

30. High quality childcare on the island offers young people the choice of entering the childcare workforce as an Early Years Practitioner, developing their skills in childcare as well as numeracy and literacy. Early Years Practitioners need to have the skills and confidence to communicate to a wide audience, including parents and other professionals. These skills are transferrable to any occupation and will benefit them in the long term.

### Corporate Aims

31. Consulting with parents and carers will ensure the childcare market meets the needs of the public and evolves as these needs change and develop. This supports the corporate aim of “listen to parents and students and work with them to develop ‘needs driven’ children’s service”.
32. The Early Years Advisory Team will continue to work with local communities to maintain and ensure there is an Early Years childcare places for all those children who require one.
33. The Early Years Advisory Team will continue to support and challenge where necessary to ensure all Early Years settings are judged by Ofsted as good or above.
34. The Early Years Advisory Team will continue to work with Early Years Providers to ensure their business model remains financial sustainable to ensure enough childcare settings remain open and offering childcare places.
35. Working collaboratively with the Early Years Special Educational Needs team and the Islands Parent Carer Network to ensure there are sufficient Early Years places for children with Special Educational Needs and or disability.

## RISK MANAGMENT

36. Through the CSA the childcare market is assessed by utilising data and surveys which informs the current amount of childcare available and the need for childcare in the future. Without this assessment there would be insufficient knowledge of the childcare market which could result in the Local Authority not meeting its statutory

duty of the Childcare Act 2006 which gives the Local Authority the duty of securing sufficient Early years childcare places.

## FINANCIAL BUDGET IMPLICATIONS

37. Childcare is supported by parental fees and through Early Year Education (EYE) funded hours for eligible two, three and four-year-olds. The EYE 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 their childcare offer will determine the balance of the parental fees to early years funding received by each setting.
38. Isle of Wight Schools Forum is the accountable body for confirming EYE funding rates and receives reports on the funding changes and subsequent consultations.
39. The Department for Education undertook a consultation in 2022 to change the way Local Authority funding will be allocated. The Isle of Wight saw an increase in the value of Early Years entitlements with 10 pence for 2-year-olds and 25 pence for 3- and 4-year-olds.
40. The indicative allocation for the HAF programme in 2023 is £432,230 which is an increase when compared to the previous year of £428,170. This will support the number of children eligible for free school meals which has increased from Christmas 2021 3276 children to Christmas 2022 3790 children.

## PERFORMANCE

41. The performance of the Isle of Wight childcare market in relation to sufficiency is measured by:
  - Isle of Wight take up of EYE for eligible funded twos. The DfE, in partnership with the Department for Work and Pensions (DWP), provides local authorities with the number of families who are most likely to meet the eligibility criteria for 2-year-old funding.
  - Isle of Wight take up of universal entitlement<sup>1</sup> of funded three and four-year-olds.
  - The number of families who contact the Council to make enquires regarding appropriate childcare solutions.
  - Locality level assessments to ensure sufficient childcare places.
  - Locality level assessments to attempt to increase the number of new childminders joining the sector where demand is required.
  - Locality level assessment to target areas to increase the number of HAF Programme providers that support secondary age children.

## CONSULTATION

42. There is no requirement to consult on the CSA. The CSA is informed by [Early Education and Childcare Statutory Guidance](#). The CSA will be published on the Council's website and will feature in briefings with childcare providers throughout the coming year.

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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.

43. A survey to parents was undertaken during Autumn 2022 to gather information on any changes to parental demand for childcare. It was assumed there would be less childcare required due to more home working, however the responses received suggested that childcare requirements have increased with particular emphasis on the out of school childcare market.
44. 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 (EYFS) requires all providers to be inclusive. The Local Authority monitors take up of ethnic groups through parental declaration at child's access to provision. Data for Spring 2022 suggests that 5.43 per cent of the total EYE funded 2-, 3- and 4-year-old children are from ethnic groups other than White British. A further 6.26 per cent are either; information not yet obtained / refused / blank, with the remaining 88.31 per cent White British. This is representative of the demographic of the Isle of Wight
45. The continued monitoring of EYE take up, and the implementation of action plans to monitor demand and supply helps to mitigate risks of childcare places not being available for parents.

## CONCLUSIONS

46. The CSA has identified a need for careful market management in the coming years as there is a population reduction. The 2021 census findings citing a 13 per cent reduction in children aged 0-5 on the island
47. The Isle of Wight continues to have a high-quality childcare market which is evident in Ofsted inspections with 98 per cent of Island Providers being judged Good or above. The market continues to support funded two-year-olds and has continued to respond well to extended entitlement for working parents (30 hours). The market has sustained its capacity for three- and four-year-olds with 93 per cent of all three- and four-year-olds accessing provision.
48. There is an ongoing need to develop the Out of School childcare market, particularly the before and after school sector as the number of places offered is not recorded. Further analysis of the market and its relationship to the extended 30 hours offer in Early Years is required to support schools with an approximate indicator of demand from new pupils. The Early Years Advisory Team will be undertaking a survey of schools to inform what Out of School and wraparound facilities are available. The HAF Programme has strengthened delivery and understanding regarding school holiday periods.
49. All Early Years Providers on the island are represented on the Councils Local Offer pages indicating they can support Early Years children with Special educational Needs.

## ACTION PLAN

50. It should be noted that childcare sufficiency is a dynamic process, taking account of childcare market changes, adapting to supply and demand and other environmental and regulatory factors. The Early Years Advisory Team will keep childcare providers, parents, and other key stakeholders informed of known changes through regular communications via emails, newsletters and termly provider briefings. To keep parents informed, the Council's Family Information Services platform is

currently being improved and in future will include childcare providers and providers' SEND Local offers, together with further childcare funding information and other information that supports families.

51. The CSA has outlined some areas where further action is needed to understand specific elements of the changing childcare market. The action plan has set out the key areas that will be addressed over the next two years.

<b>Theme</b>	<b>What we will</b>	<b>Lead Officer</b>	<b>By When</b>
Market Stability – population change and financial sustainability	Offer business support package to all Early Years Providers to help ensure their viability and sustainability in a challenging business environment.	Demand & Supply Childcare Development Officer	Throughout the year.
	Review wider financial and other support available to the sector and establish a database of other funding and grants available to the sector.	Demand & Supply Childcare Development Officer	Spring 2023
	Develop a market management risk register which expands on the Early Years business risk register enabling a market risk based approach to ensure the availability of sufficient childcare places.	Demand & Supply Childcare Development Officer	Summer 2023
	As part of establishing the market management risk register, develop a dashboard of data sources on all available aspects of the marketplace built around the existing Power BI interactive mapping tool, to better inform market management, future CSA reports and other IWC reporting requirements.	Demand & Supply Childcare Development Officer	Summer 2023
Market Stability – recruitment and retention	Develop a workforce strategy in partnership with local training providers, the DWP & Jobcentres to help employers in the sector recruit, train and retain more qualified staff.	Demand & Supply Childcare Development Officer	Autumn 2023
	Develop a strategy to support the recruitment and training of new childminders to provide choice where needed in the current market and with growth in the market areas where there is limited provision.	Demand & Supply Childcare Development Officer	Throughout the year



Market Stability – Early Years Education	Continue to support all early years providers to deliver flexible 2,3 and 4 year old nursery education funded places, as well as supporting the expansion and development of childcare places across the Island.	Demand & Supply Childcare Development Officer	Throughout the year
	Undertake further research into the size, demand and trend for under 2-year-old provision on the Island.	Demand & Supply Childcare Development Officer	Summer 2023
	Continue to monitor and promote 2-, 3- and 4-year-old funding to ensure sufficient places.	Demand & Supply Childcare Development Officer	Throughout the year
	Continue to monitor and promote entitlements for disadvantaged children: EYPP, DAF, SEND. <sup>2</sup>		Throughout the year
	Review and update a communication strategy which includes the Family Information Service website to enable parents and wider stakeholders to access accurate information on the supply and demand of the childcare market.	Demand & Supply Childcare Development Officer	Throughout the year
Market Stability – SEND	Work in Partnership with the Early years SEND Team to ensure childcare is inclusive and meets the needs of children with special educational needs and disabilities by ensuring the Local Offer is fit for purpose.	Early Years SEN Service manager  Early Years Advisors	Throughout the year
Market Change – Out of School	Develop the marketplace for out of school/ wraparound childcare.	Demand & Supply Childcare Development Officer	Summer 2023
Market Change – to support housing developments	Work with the IWC’s Planning team on new housing developments to ensure Early Years places are	Demand & Supply Childcare	Throughout the year

<sup>2</sup> EYPP – Early Years Pupil Premium – Funding for 3- and 4-year-olds when parents are in receipt of a benefit

DAF – Disability Access Fund – Funding for settings for children who are eligible for disability living allowance

SEND – Children who have a Special Educational Need or Disability

	prioritised in the initial planning stage to meet possible future childcare demands.	Development Officer	
Market Change – Holiday Activity and Food Programme	Enhance the HAF programme’s reach and effectiveness on the Island.	HAF Programme Manager	Easter 2023
Increase take-up – 2-year-olds funded children & Extended Offer	Promote the availability and monitor the level of take up of 2-year-old and the Extended Entitlement funding to parents.	Demand & Supply Childcare Development Officer	
	Work with DWP/Jobcentres to promote the available childcare options as part of their return to work agenda.	Demand & Supply Childcare Development Officer	

## CARBON EMISSIONS

52. Not applicable as strategic/administrative report. There could be climate implications within projects that are created from the childcare market assessment. These will be considered and assessed through a different report, specific for those projects as they are developed.

## EQUALITY AND DIVERSITY

53. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
53. The CSA report does not report negatively on equality and diversity. Childcare places across the island can be accessed by all.
54. The Council’s policies in relation to equal opportunities and eliminating discrimination will continue to apply.

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