



Cabinet Report

Purpose: For Noting

ISLE OF WIGHT COUNCIL

Date **9 MAY 2024**

Title **EARLY YEARS CHILDCARE SUFFICIENCY ASSESSMENT**

Report of **CABINET MEMBER FOR CHILDREN'S SERVICES, EDUCATION AND CORPORATE FUNCTIONS**

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 (IOW), based on data from January to December 2023.
3. Statutory guidance requires that the Isle of Wight 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.

Recommendation

That the Cabinet, having been presented with the statutory childcare sufficiency assessment in Appendix 1, notes the Local Authority has met its statutory duty to secure sufficient Early Years childcare for parents on the IOW.

Background

4. During 2023 the childcare market has remained stable; however, providers are under pressure from the impact of the cost of living increases on parental incomes, rising business costs, and ongoing difficulties with recruiting and retaining experienced and qualified staff for some childcare providers.
5. On the Island there is a strong mix of available provision which is of a high quality, including provision for children with special educational needs:

- The childcare market comprises 78 providers, of which 35 are Private, Voluntary and Independent (PVI) providers, 13 are school-based and 30 are childminders.
 - The Early Years childcare market continues to offer variety in delivery with 77 per cent (60 out of 78) of all providers (PVI, school-based and childminders) open beyond school term time.
 - 97 per cent of Island childcare providers have Good and Outstanding Ofsted judgements, which is in line with the all-England level of 97 per cent.
 - All PVI providers operate all year round, all school-based providers operate term time only.
 - The childcare market is committed to supporting children with SEND, 62 children in Early Years have EHCPs in place.
6. Early Years Education (EYE) includes funded childcare entitlement for 2, 3 and 4-year-olds, both universal (15 hours) and extended (30 hours):
- Take-up of funded 2-year-old childcare (15 hours) has improved from 77 per cent in 2022 to 85.6 per cent in 2023. This is above the national and South East average of 74 per cent.
 - 3- and 4-year-old take up of some form of Early Years Education has decreased to 89 per cent of children from 93 per cent in 2022.
 - A consistent 51 per cent of children accessing the universal entitlement are then claiming the extended entitlement (30 hours).
 - 100% of school-based and PVI providers and 83% of childminders take children with EYE funding.
7. During 2023, there has been an overall decrease of 159 childcare places on the Isle of Wight to 2,369 places. Decreases in numbers were due to the Private, Voluntary, and Independent (PVI) providers reducing their places by 5.4 per cent (106 places); school-based providers reducing their places by 6 per cent (21 places) and childminders by 15 per cent (32 places). 3 PVI providers closed permanently in 2023 and no new providers opened.
8. In line with national trends the number of childminders on the Island has reduced from 33 to 30, a 9 per cent decrease in numbers in 2023. As a result of this the number of places on offer from childminders has also decreased by 15 per cent from 217 places to 185 places.
9. As in previous years, the market continues to cite challenges with financial sustainability due to increasing costs associated with rent, utilities, employers pension costs contributions and increases in national minimum/living wage. To address the impact of these issues the Government announced in September 2023 a one-off increase, known as the Early Years Supplementary Grant (EYSG), in the funding rates paid to providers across each of the entitlements for 2-, 3- and 4-year-olds for 2023-24.
10. The 2021 Census had revealed an ongoing demographic shift towards residents aged 65 and over on the Island. The Island is in the top 20 local authority areas nationally that have seen a reduction of 5 per cent or more in this five-year age group (under 5) since the 2011 Census. The most recent (2022) actual live birth numbers were 10.4 per cent below the projected figure for the year confirming a long-term decline in the local birth rate.

11. The DfE funded Holiday Activity and Food Programme (HAF) delivered the second of three years of funding through the Council's partnership with Hampshire County Council. Throughout the school holidays the programme provides enriching activities and food for children meeting income related free school meal (FSM) eligibility. It has seen increases in the numbers of providers (14) and venues (23) on the Island to deliver an overall increase of 21% in the number of secondary-aged children attending and 10.7% increase in primary-aged. Summer 2023 was particularly successful, increasing the number of eligible children and young people participating in the programme by 61% on the previous summer. The numbers of FSM children on the Island have increased by 3.9% from 3790 to 3937 according to the Spring School Census 2023.
12. The Early Years Special Educational Needs Advisory Team provides advice and information to early Years providers 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's Local Family Information Hub site.
13. In the Spring 2023 Budget announcement the Government confirmed that funded Early Years childcare would expand to support its wider growth agenda for the UK economy and will be implemented in stages from April 2024:
 - Phase 1: From April 2024, working parents of 2-year-olds will be able to access 15 hours childcare support.
 - Phase 2: From September 2024, 15 hours childcare support will be extended to working parents of children from age of 9 months to 3-year-olds.
 - Phase 3: From September 2025, working parents of children aged 9 months to the age of 5 will be entitled to 30 hours of childcare support a week.
14. A further announcement in the Spring 2023 Budget will see an investment of £289 million to local authorities to help facilitate and support the expansion of wraparound childcare for primary school-aged pupils (5 to 11-years-old). The Government's ambition is for all working parents of primary school children who need it to access childcare in their local area from 8am – 6pm. This will help to ensure parents have enough childcare to be able to work full time, take on more hours and work more flexibly.
15. The Early Years Advisory Team began to undertake an initial mapping of the supply and demand for both areas of childcare during 2023 in preparation for the roll-out of these programmes from 2024 onwards.
16. In conclusion the sector has ongoing immediate concerns over its financial stability and sustainability, as highlighted in the previous CSA report, which have been further exacerbated in 2023 by the ongoing cost of living crisis, inflationary pressures on business costs and operating in a competitive local labour market. Looking forward, the marketplace is also having to deal with adjusting its capacity to deal with a declining birth rate on the Island.
17. The updated CSA action plan also outlines progress on key areas from the previous CSA action plan and represents the annual review.

Corporate Priorities and Strategic Context

Responding to climate change and enhancing the biosphere

18. Early Years Education is delivered on behalf of the Council by independent businesses and organisations, the EYAT will encourage these businesses to adopt net zero action plans to help deliver the Council's target of net zero emissions in its business and delivery of services by 2030.
19. The HAF programme includes a commitment to encouraging sustainable development practices in the day-to-day delivery of the programme by providers.
20. The following Climate and Sustainable Development Impact Assessment Tool has been completed for this CSA report:



Socio-economic Outer Ring	Scores
No Poverty	4
Zero Hunger	4
Good health and wellbeing	5
Quality Education	5
Gender Equality	5
Clean Water and Sanitation	3
Affordable and clean energy	3
Decent work and economic growth	5
Industry, Innovation and Infrastructure	3
Reduced inequalities	5
Sustainable cities and communities	4
Responsible consumption and production	4
Climate Action	4
Life below water	3
Life on land	3
Peace, justice and strong institutions	5
Partnerships for the Goals	3

Environment Inner Ring	Scores
Transport	3
Energy	3
Housing	3
Environment	3
Offset	3
Adaptation	4

21. Outer Wheel Social Economic Impact Areas:

- The activities reported in the CSA Report are unlikely to have an impact on the areas of clean water and sanitation; affordable and clean energy; industry, innovation, and infrastructure; life below water; life on land, and partnerships for the Goals.
- Good health and wellbeing – Score:5. The EYAT have been lifting awareness and providing information on appropriate NHS health services to EY providers and practitioners.
- Quality Education – Score:5. The EYAT continually work towards equal access to high quality early years education for all children under 5 years old on the IOW.
- Gender Equality – Score:5. Early Years can support the ending of gender discrimination from an early age, helping to shape positive gender identities, aspirations, and expectations. Funded childcare allows parents/ carers to participate more effectively in economic life.
- Decent work and economic growth – Score:5. Funded Early Years childcare through the Extended Entitlement and the new Expanded Entitlement helps underpin economic growth by allowing parents to return to work or training.
- Reduced Inequalities – Score:5. The Childcare Act 2006 places a statutory duty on the local authority to reduce inequality for young children through Early Years education.
- Peace, justice and strong institutions – Score:5. All providers are encouraged to participate and be represented in a public/private partnership that supports delivery of Early Years provision on the IOW.
- No poverty – Score:4. Funded Early Years childcare through the Universal (all 3- & 4-year-olds) and 2-Year-Old/ Disadvantaged entitlements ensure equal access to services.
- Zero hunger – Score:4. The delivery of the HAF programme on the IOW provides access to food in school holidays for children and young people from most vulnerable households.
- Sustainable cities and communities & Climate Action– Scores:4. Ensuring the sector adopts policies to enhance resilience in response to more extreme weather events.
- Responsible consumption and production – Score:4. Most EY providers are active in reducing waste and being more sustainable.

22. Inner Wheel Environmental Impact Areas

- The activities reported in the CSA Report are unlikely to have an impact on the areas of Transport, Energy, Housing, Environment and Offset.
- Adaptation – Score:4. The EYAT ensures the sector adopts policies to enhance resilience in response to more extreme weather events.

Economic Recovery and Reducing Poverty

23. 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.
24. 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

25. 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.
26. There is a positive impact on future generations of young children accessing early years childcare, who then grow up with the developmental benefits of improved communication, social and emotional skills into school and on into adulthood. Evidence nationally shows that children attending early years provision, of any kind, achieved better GCSE results than those that did not.

Corporate Aims

27. In line with the Corporate Plan 2021-2025 the Childcare Sufficiency Assessment supports corporate aspiration number 25 to “listen to parents and students and work with them to develop ‘needs driven’ children’s service”. This will be achieved by consulting with parents and carers will ensure the childcare market meets the needs of the public and evolve as these needs change and develop.
28. The Early Years Advisory Team will continue to work with local communities to maintain and ensure there is an Early Years childcare place for all those children who require one.
29. The Early Years Advisory Team will continue to support and challenge where necessary to ensure all Early Years providers are judged by Ofsted as Good or above.
30. The Early Years Advisory Team will continue to work with Early Years providers to ensure their business model remains financially sustainable to ensure enough childcare settings remain open and offering childcare places.
31. We will work collaboratively with the Early Years Special Educational Needs Team and the IOW’s Parent Carer Network to ensure there are sufficient Early Years places for children with Special Educational Needs and or disability.

Consultation and Engagement

32. 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.
33. Universal Early Years entitlements are 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.
34. The continued monitoring of EYE take-up, and the implementation of action plans to monitor demand and supply helps to mitigate the risks of childcare places not

being available for parents.

Financial / Budget Implications

35. Childcare is supported by parental fees and through Early Year Education (EYE) funded hours for eligible 2-, 3- and 4-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.
36. Isle of Wight Schools Forum is the accountable body for confirming EYE funding rates and receives reports on the funding changes and subsequent consultations.
37. As a response to the Cost of Living pressures faced by Early Years providers, the DfE announced in September 2023 a one-off increase, known as the Early Years Supplementary Grant (EYSG), in the funding rates across each of the entitlements for 2-, 3- and 4-year-olds for 2023-24.
38. The IWC's allocation for the HAF programme in 2023 is £432,230 which was an increase on the previous year of £428,170. The IWC was awarded multi-year funding to roll out of the new Expanded Entitlements for Early Years and the Wraparound Childcare programme.

Legal Implications

39. 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 (EYE) and childcare to meet forecast demand. The Early Years entitlement offers support to 2-year-olds of low-income families and universal access for all 3- and 4-year-olds to receive up to 15 hours per week across 38 weeks.
40. 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 the implementation of 30 hours childcare. The duty was also set out in Regulation 33 of the Childcare (early years provision free of charge) (extended entitlement) regulation 2016.
41. 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.

Equality and Diversity

42. 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.

43. The CSA report does not report negatively on equality and diversity. Childcare places across the island can be accessed by all.
44. The Council's policies in relation to equal opportunities and eliminating discrimination will continue to apply.

Property Implications

45. The CSA will have no property implications as it will not affect any Isle of Wight Council properties.

Options

46. That the Cabinet having been presented with the statutory childcare sufficiency assessment in Appendix 1, notes the Local Authority has met its statutory duty to secure sufficient Early Years childcare for parents on the IOW.

Risk Management

47. A key focus of this childcare sufficiency assessment is identifying potential risks to the childcare market and identifying any actions that can mitigate risks to ensure the Isle of Wight continues to ensure childcare sufficiency. The assessment identifies the mitigations for effective provision, these mitigations are highlighted and monitored through the CSA Report's action plan. The Isle of Wight Council uses the information from the assessment to inform the work of the Early Years service and the subsequent actions to facilitate and shape a diverse and sustainable local childcare offer that 'is sufficient to meet the requirements of parents in their area.

Evaluation

48. The Childcare Sufficiency Assessment 2024 fulfils the Council's legal responsibilities to understand and provide for sufficient childcare places. Not having an assessment in place is not an option for the Council, as it would be failing in its responsibilities under the Childcare Act 2006.

Appendices Attached

49. Appendix 1- Early Years Childcare Sufficiency Assessment 2024

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