

Title of Report: Childcare Sufficiency Report 2023

Purpose of the report

- 1 To inform senior management and councillors of the availability and sufficiency of childcare in Gateshead to fulfil the LA duties as documented within the Childcare Act 2016 (amended by the Children and Families Act 2014).

Summary of Childcare Sufficiency Report

- 2 There are a number of limitations in the way data in the sufficiency assessment is collected and analysed.
 - Historical data (from July 2023) is used to predict future sufficiency. This may not be reliable during a period of change.
 - Despite our best endeavours, not all providers submit their data, which may cause a distortion of the analysis. Securing a return from childminders is particularly challenging.
 - The counting of places is key to the assessment. Places are counted in terms of “full-time places”. However, most children do not attend on a full-time basis. A single place could meet the childcare needs of one, two or even three children over the course of a week.
 - The measurement of vacancies has similar limitations to the measurement of places. One full-time vacancy is likely to be filled by more than one child.
 - Analysis of costs is a particularly complex area. We collect the daily cost for day nurseries and holiday clubs, the sessional cost for a pre-school, breakfast or after-school club and the hourly cost for a childminder. However various other factors determine the actual fees charged, e.g. Discounts for multiple days per week, sibling discounts, staff discounts, different rates for different ages, whether parents pay or don't pay for bank holidays, provider training days, child sickness or holiday days, cost of consumables, e.g., meals or nappies included in basic fee structure or charged additionally, level of flexibility provider gives family in using funded entitlements.

Providers and Places

- 3 Group early years providers and the number of early education and childcare places they offer have remained stable with only very small changes in number.

- 4 However, the rate of decline in the number of childminders continues. In 2016, there were 131 Ofsted-registered childminders in Gateshead but by 2023, the number had fallen to 66. (A reduction of 50% over the seven-year period). This trend is reflected nationally.
- 5 There is no current evidence that the loss of these places has had any impact on sufficiency in Gateshead.

Occupancy/Vacancies

- 6 The level of vacancies of each type of childcare provider is a key indicator of sufficiency.
- 7 Overall, 91% of providers reported having some vacancies, compared to 86% in 2022 and 71% in 2021. These high levels of vacancies could indicate an over-supply rather than an insufficient supply of places.
- 8 Although most providers reported at least some vacancies, this does not mean that the childcare needs of all parents/carers can be met, especially where these needs are outside of core hours or unusual attendance patterns.

Costs

- 9 Most types of childcare have increased over the last year by approximately 6%. As the rate of inflation continues to be high and the level of minimum wage has significantly increased, it seems likely that there will be high percentage increases reported in the next childcare sufficiency assessment to reflect the current economic circumstances.
- 10 Better rates than the ones quoted in the sufficiency report may be available. For example, the cost of five days is likely to be less than five times the daily rate, and some providers offer sibling discounts, although a wide range of factors will determine the overall fees charged. (See limitations)
- 11 There is a wide difference between the cheapest and most expensive providers across Gateshead. For example, the cheapest day nursery costs £37.50 a day and the most expensive costs £68.00. The cheapest rate for a childminder is £3.40 an hour and the most expensive is £7.00 an hour.

Quality

- 12 At their most recent inspection, 94% of all Gateshead providers were judged either good, outstanding, or met.
- 13 There are 13 providers not yet graded by Ofsted (2 After School Clubs and 11 Childminders).

- 14 There was one day nursery (Busy Bees in Blaydon) that was graded as Inadequate at the time of the assessment, but this has been re-inspected and is now graded as good.
- 15 There was also one pre-school (Lyndhurst) graded as Inadequate at the time of the assessment, but this has been re-inspected and is now graded as Requires Improvement.
- 16 First inspections are usually carried out within a provider's first 30 months of operation, but there have been some delays to this timescale due to the pandemic.

Views of the Sector

- 17 As part of the data collection process, private, voluntary and independent providers were asked three questions.

Q1: Do you agree that there is a crisis in the Early Years sector?

A1: 90% of providers agreed and 10% disagreed.

Q2: Have you experienced recruitment difficulties in the last twelve months?

A2: 77% of providers agreed and 23% disagreed.

Q3: Have you experienced retention difficulties in the last twelve months?

A3: 51% of providers agreed, 49% disagreed and 6% were unsure.

Funded Entitlements

- 18 In September 2017, the government introduced the extended entitlement for eligible three- and four-year-olds. There are now three funded Early Years entitlements: -

Age	Entitlement	Eligibility Criteria
2 years	15 hours per week for eligible children	Disadvantaged / low income
3 – 4 years	15 hours per week for all children	Universal
3 – 4 years	Additional 15 hours per week for eligible children	Working parent(s)

Two-Year-Old Funded Places

Two Year Take-Up	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gateshead (%)	58	75	78	82	82	86	77	81	77
North East (%)	65	78	81	84	82	83	75	85	85
National (%)	58	68	71	72	68	69	62	72	74

- 19 The above data is taken from the Statistical First Release issued by the Department of Education. The data is based on the annual Early Years census, which takes place in January each year.

- 20 The overall number of two-year-olds in Gateshead and the number eligible for two-year-old funding have both decreased over the last year. Analysis of children not accessing their entitlement shows relatively small numbers across all wards.

Three and Four Year Funded Places

- 21 All children are eligible for 15 hours per week of early education starting from the term after their third birthday and ending when move on to Reception. This is known as the Universal entitlement. Gateshead continues to enjoy a high level of take-up of the Universal entitlement.

Three & Four Year Take-Up	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gateshead (%)	97	99	100	100	96	98	99	99	101
North East (%)	97	98	98	99	99	98	95	97	99
National (%)	95	95	94	94	94	93	88	92	94

- 22 Data is taken from the Statistical First Release.
- 23 Since September 2017, children with working parents have been able to access an additional 15 hours per week, giving a total of 30 hours. This is the extended entitlement.
- 24 Although we know that 1,488 Gateshead children (and 131 out of borough children) accessed the extended entitlement in July 2023, it is not known how many children are eligible.
- 25 Although the overall percentage of children in school nurseries is the same as the percentage in the private, voluntary and independent sector, approximately two-thirds of children accessing the only the universal entitlement are in schools (one-third in PVI). These percentages are reversed for children accessing both entitlements. (One third in schools and two-thirds in PVI).

	No of Hours in Schools	No of Hours in PVI	Total no of Hours	% Of Hours In Schools	% Of Hours In PVI
Universal Entitlement Only	15,601	9,000	24,601	63%	37%
Universal + Extended Entitlement	15,725	31,350	47,075	33%	67%
Total Hours	31,326	40,350	71,676	44%	56%

Conclusion

- 26 There appears to be sufficient places in Gateshead. However, this does not mean that the childcare needs of all parents/carers can be met, especially where these needs are outside of core hours or unusual attendance patterns.

Issues for consideration

- Declining early years population. For example, between 2016 and 2022 the number of two-year-olds living in Gateshead fell from 2,289 to

1,897. A reduction of 17% over a six-year period. The wards most affected by the falling birth rate are Blaydon, Felling and Deckham.

- The number of two-year olds eligible for a funded place is reducing, partly due to the falling birth rate and partly because the government has not increased eligibility thresholds in line with inflation or increases in minimum wage. For example, most working parents are eligible because they claim Universal Credit. However, their annual net earned income must not exceed £15,400. There were 935 Gateshead children eligible for a funded two-year-old place in July 2018. There are now 706. (January 2023). A reduction of 24% over the last five years.
- Overall, 91% of providers report that they have vacancies and there is a direct correlation between low occupancy and the level of sustainability.
- The number of providers and the number of places on offer have generally remained stable with only relatively small changes. However, the number of childminders continues to decline. From July 2016 to July 2023, the number of childminders has reduced by 50%.
- Media articles frequently refer to a national crisis in the Early Years sector. In Gateshead, providers report that agencies are unable to provide supply staff, vacancies are not able to be filled and people with lower levels of skills and experience are being appointed into leadership roles. It seems likely that this will ultimately have a detrimental effect on quality. 90% of Gateshead's group childcare providers agreed that there was a crisis within Early Years, 77% agreed that there was a staff recruitment crisis and 51% agreed that there was a staff retention crisis.

Local Authority Response to Issues

- 27 There is little that a local authority can do to address the falling birth rate or increase the number of families eligible for a funded place as the eligibility criteria is set by government.
- 28 The current high levels of vacancies will provide some of the flexibility needed to cope with the expansion of the funded entitlements from April 2024 onwards. The increase in funded entitlements will help providers to become more sustainable, as long as the funding rates are comparable to the rates charged to parents.
- 29 The fall in the number of registered childminders continues to be a problem in Gateshead and nationally. We are trialling a Service Level Agreement for Childminders (similar to the SLA we already have for group providers) which we hope will lead to childminders feel more supported and hence improve retention. We are working with the Family Learning Service to develop a childminder training offer and Family Hubs to support Childminder Networks.
- 30 In recognition of the fall in the number of childminders nationally, the government have introduced grants for childminders registered since March

2023. £600 for childminders registering with Ofsted and £1,200 for childminders registering with a childminder agency.

Communications Implications

- 31 Once approved, the Childcare Sufficiency Report 2023 will be made available to the public on Gateshead Council's website.

Recommendations

- 32 OSC Families are recommended to note:

- (a) The contents of this report and the attached Childcare Sufficiency Report 2023.
- (b) Approve the publication of the Sufficiency Report on Gateshead Council's website.
- (c) Agree to bring the report to the attention of Councillors and Portfolio Holders.

Consultees:

The following officers have been consulted on the preparation of this report:

Michael Ramm (Office of the Chief Executive, Research and Intelligence) for population and economic data.

Primary schools, independent schools and private, voluntary and independent childcare providers.

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