



Childcare Sufficiency Assessment Annual update: 2016

EXECUTIVE SUMMARY

April 2016

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1. Introduction

Section 6 of the Childcare Act 2006 requires local authorities in England and Wales to secure as far as is 'reasonably practical' sufficient childcare for the needs of all parents in their local area who are working or in work-related training. Local authorities are also required to make sure there are enough free early education places for 2, 3 and 4 year olds.

As part of this duty, local authorities must conduct regular assessments of childcare sufficiency and analyse the various factors that can affect it. They should then publish these findings in an annual report that sets out any sufficiency gaps that have been identified. These annual childcare sufficiency update reports should then be made available to elected members and the public.

This document is the executive summary of an annual childcare sufficiency update conducted in the early months of 2016 and published in April.

2. Legislative context

2.1 The Childcare Act 2016

Receiving Royal Assent on 16 March 2016, this new act builds on the previous Childcare Act (2006). It comprises only two duties:

- **To make available 30 hours of free childcare a week to working parents**

From September 2017, working parents of 3 and 4 year olds will be entitled to a total of 30 hours of free childcare per week. To be eligible a family must earn at least the equivalent of 16 hours per week at the national minimum wage. Families where at least one parent earns £100,000 per year or more will not be eligible.

Local authorities must ensure that there are sufficient places available locally for eligible parents to access their 30-hour entitlement. Just as they currently do for the 15 hours available to all 3 and 4 year olds and some 2 year olds. There are already some pilot 'early implementer' authorities who will begin to roll out the new entitlement from September 2016.

- **To publish information about childcare**

Section 12 of the Childcare Act (2006) already requires local authorities to provide parents with information, advice and assistance about childcare and other services that they require. This updated duty provides more structure to the frequency of publishing and updating this information.

2.2 Other legislative changes

Other recent developments from Government that could have an impact on childcare sufficiency are:

- **Early Years Funding Formula:** Government has committed to investing just under £300 million per year from 2017-18 to increase the rate paid for the 2, 3 and 4 year old entitlements by at least 30p per hour, and introduce a new national funding formula for early years.
- **Children's Centres:** A review of the future of children's centres was announced in summer 2015 and is now expected to report in September 2016. This will include a new Ofsted inspection framework.
- **National Living Wage:** The introduction of the living wage, and the automatic enrolment of workers into a workplace pension scheme are both likely to impact on the costs of running a childcare business.

3. Local context

An in-depth Childcare Sufficiency Assessment (CSA) was carried out in 2014. It found that the City did have sufficient early years childcare, but that most provision was running more or less at capacity. It also identified a possible insufficiency of holiday childcare for school-age children.

A total of 104 parents were surveyed for the CSA, including 45 parents from the Bangladeshi community. Their testimony confirmed the anecdotal view that Bangladeshi families generally do not use formal childcare for under fives.

Since the 2104 CSA a new nursery has opened in the north of the City. The number of nurseries offering the City's Childcare Affordability Scheme subsidy has grown by two and a review of Children's centre services in the City has been undertaken.

4. Research methods

Childcare sufficiency data for the 2016 update was collected through:

- Desk analysis of childcare data held by the FYi service and Ofsted.
- A telephone survey of childcare providers, using a standardised questionnaire, to gather their views on planned changes to childcare, trends in demand, levels of demand, occupancy levels and sustainability.
- Informal discussions with mothers, fathers and other carers and nannies as part of a wider review of City of London children's centre services.
- Telephone discussions with parents who have benefited from the City's Childcare Affordability Scheme.
- Analysis of all data to identify gaps and key issues for both providers and parents/carers.

It was agreed that, as the 2014 CSA had involved a significant consultation with parents this would not be required for the 2016 update.

5. Childcare supply in the City of London

5.1 Registered early years childcare

Setting name	Ofsted	Postcode	Type	Sector	Places
Barbican Playgroup	Good	EC2Y 8AX	Sessional pre-school	Private	28
Cass Child & Family Centre	Good	EC3A 3DE	Day nursery	Maintained	30
City Child Bright Horizons Nursery	Good	EC2Y 8AH	Day nursery	Private	54
Charterhouse Square School nursery class	Outstanding	EC1M 6EA	Nursery class (8.30 – 3.30)	Independent school	52
Eden Mobile Crèche	No inspection	EC1A 9ET	Mobile crèche	Private	-
Hatching Dragons Nursery	No inspection	EC1Y 0AA	Day nursery	Private	34
Newpark Childcare Centre	Outstanding	EC2Y 8DU	Day nursery	Private	26
Smithfield House Nursery	Good	EC1Y 9HA	Day nursery	Private	100
St Pauls Cathedral School pre-prep class	Good	EC1 8JN	Nursery class (7am to 7pm)	Independent school	One class
The Children's Centre Nursery at Goldman Sachs	Outstanding	EC4A 2BE	Workplace nursery	Private	36
Total					360

5.2 Registered out of school childcare

Setting name	Ofsted	Postcode	Type	Sector	Places
Fit For Sport At City Of London	No inspection	EC1Y 0SH	Holiday activity club	Private	Varies
London Fablab	No inspection	EC2R 8AE	Holiday activity club	Private	Varies

In addition to the provision shown above there is also out of school childcare provided by Sir John Cass's Foundation Primary School.

- After school
- Holiday playscheme

Currently the City of London has no registered childminders. There are however three home childcarers who have joined the Voluntary Ofsted Register. Two of these are nannies, whose registration is an outcome of their membership of the City’s Nanny Network – a professional network set up to encourage nannies to develop their childcare practice and become registered home childcarers. It is believed that use of nannies is significant in the City, and the network is an attempt to bring as many as possible into contact with the Education and Early Years service to help ensure the safety and quality of their childcare practice.

6. Key findings

6.1 Sufficiency of early years childcare

The table in 5.1 shows a maximum potential number of 360 early years places in the City. Even taking out the 36 places that are only available to Goldman Sachs employees this still leaves 308. In addition there are 12 places available to City families at the Golden Lane Children’s Centre nursery in Islington. Estimates of the population of under-fives in the City differ but are usually in the region of 300 children. Mathematically therefore, it can be said that there are sufficient places to accommodate all of the children in the City who might need one.

A truer picture of sufficiency is more complicated. We know from previous CSAs that some City families access childcare outside of the City due to factors such as proximity and cost. There are also parents using childcare in the City who travel here to work. Most providers estimate a 50:50 split of City and non-City families using their settings.

Most early years providers report that they are usually full. Some have waiting lists – particularly for two year olds, and those who do have vacancies fill them quickly. Since 2014 the FYi service has noted a general increase in providers reporting vacancies, and rarely has any difficulty finding places in nurseries for parents who request them.

6.2 Sufficiency of free childcare places for 2, 3 and 4 year olds

6.2.2 15 hours entitlement for 3 and 4 year olds

DfE data¹ for the year 2014-15, states that 82% of 3 and 4 year olds resident in the City of London benefited from free nursery education. This compares with 87% across inner London.

The entitlement is not provided uniformly across the City however. Many of the private sector providers in the City state that they limit the numbers of places they provide free, due to what was described as the ‘funding gap’ between their fees and the rate of funding they receive from the Government (via the City Corporation).

“We have some funded 3 and 4 year olds. We could take more but would be concerned about funding shortfall.”

Childcare provider

¹ <https://www.gov.uk/government/statistics/provision-for-children-under-5-years-of-age-january-2015>

Offering the free places is optional for private and independent childcare providers, and it is not clear that this kind of approach is resulting in parents being unable to take up their entitlement. No parent has ever reported this to the City. It does however suggest that when the extended entitlement to 30 hours begins in September 2017, it is unlikely that these providers will be willing to offer it. Some actually stated this when consulted for the update.

Potentially therefore there could be a future sufficiency gap for 3 and 4 year olds places, but this will depend on demand. The Education and Early Years Service will therefore be conducting further research into the likely demand for 30 hours, in order to ensure that the City is ready for the extended entitlement.

6.23 15 hours entitlement for eligible 2 year olds

Since the launch of the 15 hours free childcare offer for 2 year olds, the City of London has managed to find a place for every eligible family that has wanted one. This has consistently placed the City of London at the top of the table of London local authorities for take up of the offer.

Since 2014 the number of private nurseries in the City willing to offer free places to 2 year olds has increased. Parents no longer have to access the offer in the local authority area where they live, and so some City families have placed their two year olds in nurseries outside of our border.

6.3 Sufficiency of affordable childcare

Childcare in London is the most expensive in England, and childcare in the City is some of the most expensive in London. Nurseries in the Square Mile charge an average £470 per week for a full time place, making it unaffordable for low-income families.

A number of means-tested affordable places are available at the nurseries in Cass Child and Family Centre and Golden Lane Children's Centre. The City's Childcare Affordability Scheme also makes places in participating private sector nurseries more affordable to low and middle income families by subsidising part of the cost. Since 2014 two additional nurseries have joined the scheme, but take up has remained fairly low. A renewed marketing campaign by FYI is currently underway in order to boost take up

6.4 Sufficiency of out of school childcare

Both the 2014 CSA and 2106 update found an apparent insufficiency of out of school childcare for 5-14s in the City. This is largely based on feedback from providers, one of whom reported that demand for their provision far outstrips supply:

"More parents are looking for holiday activities but (this) setting can't take more than 40 children. It could probably double its numbers if it had more space."

Childcare provider

The biggest barrier to any new provider offering out of school childcare is a lack of suitable premises in the City. Nonetheless it remains an action for the Education and Early Years service to investigate ways of expanding the availability of this kind of childcare.

6.5 Sustainability of childcare provision

Provider consulted for the 2016 update reported some concerns about the rising costs of running their business. In particular:

- Recruitment: providers in the City reported that they have difficulty recruiting high quality staff and that this was largely due to the cost of travelling into the City.
- High business rates.
- Increased staffing costs following the introduction of the National Living Wage.

Despite this, no provider stated that they had either plans or expectations to change their provision in the near future.