



5 February 2024

Agenda item: 6

REPORT OF THE CABINET MEMBER, CHILDREN AND FAMILIES

THE EARLY YEARS AND CHILDCARE SECTOR IN NOTTINGHAMSHIRE

Purpose of the Report

1. The report invites the Children and Families Select Committee to consider the new Childcare Reforms and the plans for roll out across Nottinghamshire with reference to the findings and recommendations of the 2023 Nottinghamshire Childcare Sufficiency Assessment.

Information

Statutory Childcare Duties placed on top tier Local Authorities

2. The Childcare Act (2006) currently states that the local authority must make arrangements to secure sufficient high quality early childhood services in their area that are provided in such a way that facilitates access to those services, and maximise the benefit of those services to parents, prospective parents and young children.
3. The Act currently states that local authorities must secure free places offering 570 hours of early education and childcare a year over no fewer than 38 weeks of the year and up to 52 weeks of the year for every eligible child in their area, and for all 3- and 4-year-olds until the beginning of the term following their fifth birthday.
4. The Childcare Act 2016 amendment currently states that the local authority must also secure an additional 570 free hours of early education and childcare a year over no fewer than 38 weeks of the year and up to 52 weeks of the year, for qualifying children of working parents. [15 hours funded childcare places for three- and four-year-olds | Nottinghamshire County Council](#)
5. In summary, the following childcare funding must be made available for families:
 - a) 15 hours funding for eligible 2-year-olds - Eligible children include children looked after by the local authority and children from low income families [Funded childcare places for two-year-olds | Nottinghamshire County Council](#)
 - b) 15 hours funding for all 3- and 4-year-olds is a universal offer for all 3- and 4-year-olds regardless of family income.

- c) Additional 15 hours funding for 3- and 4-year-olds from working households (also known as 30 hours) [15 hours funded childcare places for three and four year olds | Nottinghamshire County Council](#)
6. Under section 6 of the Act there is a requirement on local authorities to produce an annual sufficiency report on the availability and sufficiency of childcare in their area. This information should be made available to parents and Elected Members and has been recently approved and published on the Council's website (see list of Background Papers).
7. The Local Authority also has a duty to provide information, advice and assistance to parents or prospective parents which relates to any of the following:
- a) the provision of childcare in the area of the local authority
 - b) any other services or facilities, or any publications, which may be of benefit to parents or prospective parents in their area
 - c) any other services or facilities, or any publications, which may be of benefit to children or young persons in their area.

New Childcare Duties Placed on Local Authorities

8. Expansion of Early Years Entitlements: In March 2023, the Government announced reforms to childcare support as part of the Spring Budget announcements. This increased the duty to provide funded childcare places for working families rolling out over the next three years, extending childcare to support more parents returning to work after their parental leave ends. Central Government has committed that by September 2025, working parents in England will be able to access 30 hours of funded childcare per week, for 38 weeks of the year, from (the term after the term) when their child is 9 months old to when they start school.
- by September 2025, working parents of all children over the age of nine months will be entitled to 30 hours of funded childcare.
9. The changes to Early Years funded hours are being rolled out in phases, beginning in April 2024. The phases are summarised in the table below:

	September 2023 (current offer)	April 2024	September 2024	September 2025
Eligible 2-year-olds*	15 hours	15 hours	15 hours	15 hours
All 3- and 4-year-olds	15 hours	15 hours	15 hours	15 hours
3- and 4-year-olds of working parents	30 hours	30 hours	30 hours	30 hours
2-year-olds of working parents		15 hours	15 hours	30 hours
All working parents of children aged 9 months to 5 years			15 hours	30 hours

10. Wrap Around Childcare Provision – the childcare reforms include the requirement for primary schools to offer wrap around childcare in their communities for all children to start from 8am and end at 6pm. There is an expectation that this will be paid for by

parents/carers rather than central government or local authorities as is the case for funded early years childcare.

- by September 2026, all primary schools will have an offer in their community of before and after school care from 8.00am to 6.00pm. The offer can be fulfilled by the school, or by a separate provider in the community, such as Childminders or a Private, Voluntary or Independent provider. The Local Authority has the duty to ensure there are sufficient places to meet demand.
11. The National Wraparound Programme has been launched and Nottinghamshire County Council was involved in the co-design process with DfE which resulted in new guidance published on 27 October 2023 [Wraparound childcare: guidance for local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/wraparound-childcare-guidance-for-local-authorities).
 12. This year's Childcare Sufficiency Assessment began to consider how these new reforms can be implemented locally and this will be further analysed in the 2024 Childcare Sufficiency Assessment.

Key Findings of the 2023 Childcare Sufficiency Assessment

13. The key findings of the 2023 Childcare Sufficiency Assessment are as follows:
 - a) There has been a 4.5% decrease in the population of children aged 0-4 resident in Nottinghamshire since 2021.
 - b) There are 975 Ofsted registered childcare providers (June 2023) delivering early years childcare and education across Nottinghamshire. This represents a drop of 5% on last year. This is mainly attributed to the decrease in the numbers of registered childminders and mirrors the national picture.
 - c) Nottinghamshire continues to report sufficient childcare places for eligible 2-year-olds, and all 3- and 4-year-olds. According to the assessment this Spring, there were approximately 6,400 vacant x 15-hour funded places for eligible 2-, 3- and 4-year-olds across the County, of which, there were 1,125 vacancies for children under the age of two years.
 - d) There are eight wards where there are less than 10% vacancy rates, due to a number of setting closures and childminder resignations. However, a further six areas are reporting that over 40% of their places remain unfilled.
 - e) The numbers of 2-year-old children taking up their funded entitlements has decreased since the last Childcare Sufficiency Assessment and is at an average of 81% for the academic year.
 - f) 95% of resident 3-year-olds and 97% of 4-year-olds are taking up their funded childcare place, this rises to 105% and 105% respectively when including out of county residents accessing an Early Years Place in Nottinghamshire.
 - g) There continues to be an increase in the number of settings accessing supplementary funding for children with emerging additional needs and in the summer term, the

number of children accessing Inclusion Funding had risen by 28% compared with last year.

- h) 86% of the inspected early years provision in Nottinghamshire is classed as 'Good' or 'Outstanding' by Ofsted, which reflects national figures.

Progress made in the implementation of new Childcare Reforms

Early Years Entitlements expansion

14. Early Childhood Services have used the Childcare Sufficiency Assessment to consider whether there will be sufficient childcare to meet the anticipated demands of working parents. So far, we are confident that there will be sufficient places. In order to estimate current future demand, we have at this early stage, made some assumptions based on the percentage of current take up of the 30-hour entitlements for 3- and 4-year-olds of working parents.

Funding for 2-year-olds from working households

15. From early consultation, it is anticipated that in April 2024, the majority of working parents with 2-year-olds wanting to access their funded hours will already be using childcare. It is not anticipated that there will be an influx of "new" parents who are requesting a place, but that existing working parents will use their funded hours to offset existing costs to themselves. Providers are reporting that some parents have asked for additional hours to enable them to increase their hours of work with no additional childcare costs.

Funding for Children under the age of two from Working Households

16. Early Childhood Services launched a parent's consultation on Citizen Space¹ to better understand the childcare needs of working households with children under the age of 3. The service is also currently attending several baby groups and activities to talk to parents about the new childcare entitlements and their future needs when the September entitlement for children under 2 years is rolled out.
17. In addition, in areas where there are reported to be less than 10% vacancy rates, Early Childhood Services is working closely with Early Years providers to identify in real terms, how many of their families will be eligible for the entitlements, as these are accessible only to working families.
18. In early 2024, Early Childhood Services will be launching a consultation exercise with childcare providers to assess the supply of places and capacity to meet anticipated demand.

Wraparound Childcare Programme

19. Nottinghamshire was chosen to be part of the initial co-design group with the Department for Education. This was beneficial as Early Childhood Services have been able to begin

¹ [Expansion of Childcare Support Survey 2023 - Nottinghamshire County Council - Citizen Space](#),

early work on delivery plans and identify areas where we need to increase capacity in order to fulfil the ambition by 2026.

20. As the wraparound programme does not launch until September 2024, we have additional time to consider how to assess supply and demand, as this will be critical to ensuring that all provision meets the needs of the community, and any new provision does not displace existing provision.
21. It is important to note that many schools have a mixed model of delivery according to parental demand, and some offer a full wraparound offer already.

Key Risks in the implementation of the Childcare Reforms

22. Early Years providers and local authority Early Years teams have already identified several risks that need to be mitigated against for the effective implementation of new childcare duties. These have been escalated to the Department for Education and can be summarised as follows:

- a) Support for children with SEND

The numbers of funded children in Early Years settings who are in receipt of supplementary funding for their additional needs continues to increase. With an increase in children accessing a funded place, this is naturally assumed to have an increased demand for supplementary funding.

- b) Places for funded 2-year-olds

Currently, only the most vulnerable 2-year-olds are eligible for a funded place. As more children will be entitled to funded hours, there is a need to ensure access for the most vulnerable does not reduce, as places are offered to working parents. It is hoped that Early Year providers therefore continue to prioritise places for vulnerable 2-year-olds alongside the new reforms.

Furthermore, only 26% of 2-year-olds are currently eligible for a funded place, with a further 47% being eligible through the new working entitlement. This means that an estimated 27% of children aged two will not be eligible for any funded childcare, potentially impacting on their development compared to their peers.

- c) Sustainability of wraparound provision

There have been some misconceptions that wrap around childcare places will be funded by Local Authorities, however Government expects parents to pay for this as they do currently. Programme funding will be made available to support providers in the set-up period, but this is not intended to subsidise income, and provision should be self-sustaining by 2026.

- d) Financial viability for Early Years providers

Some Early Years providers have raised concerns about funding levels as they say they fall short of what they need, for example the increase in the minimum wage and increases in business rates can create challenges for some. They also state the loss of income from fee paying parents who will now access funded places adds additional financial pressure on early years providers.

Nottinghamshire has witnessed some closures in the last year as detailed in the Childcare Sufficiency Assessment, however this is in line with national trends, and this has largely been driven by a decrease in childminders.

e) Flexibility of wrap around provision

We know from our Families Information Service, that there are several ways that current provision is delivered and how it is described. We know that most schools have some form of Breakfast Club, some offer After School Clubs, but these are not every day and not from 8am and until 6pm. Some providers offer a school pick-up service, but these are not always for children up to the age of 11 years. Many of our Early Years Providers offer childcare for children aged 5-8 out of school hours and during holidays. Ensuring some consistency and availability of childcare for working parents outside of the school day, is therefore a priority.

f) Capacity

There are no functions within Nottinghamshire County Council which support schools with wrap around childcare. Funding attached to the pathfinder is temporary so any activity that is progressed may need to be sustained in the longer term if ongoing support for schools is required.

g) Continued quality improvement.

The support for Early Years providers to offer high quality childcare and improve outcomes for children will continue to be offered through the Early Childhood Services Quality and Attainment team. However, there is currently no identified support for providers of wraparound childcare. It is anticipated that this will be offered in the short term by the proposals for 3 new advisors, however, consideration needs to be made for sustaining this after the life of the programme funding.

Next Steps

23. As noted, there is no concern about the current overall supply of funded childcare places across the County, and there are no areas where demand outweighs supply. However, in eight of the ward clusters there has been a decrease in vacancy rates, and District early years meetings will be used to further interrogate supply and demand levels.
24. Early Childhood Services will continue their campaigns to increase the number of parents taking up a childcare place in those areas where providers are reporting high vacancy levels and threats to future sustainability.
25. Early Childhood Services will embark on an exercise to publicise the extension to Early Years Entitlements for children over the age of two for next Spring and for those over the age of nine months from September 2024. At the same time, Early Childhood Services will interrogate demand for the extended entitlements in consultation with providers and families. In early 2024, we will be launching a consultation exercise with providers to assess the supply of places and capacity to meet anticipated demand.
26. Early Childhood Services recognises that business sustainability is currently the biggest challenge in the Early Years Sector. Early Childhood Services will continue to work with partners to support recruitment to the sector and offer support to providers to maintain sustainable business models.

27. Early Childhood Services will ensure that the funded hourly rates paid to childcare providers are the maximum amount possible based on the National Funding Formula (Nottinghamshire attracts the lowest possible base rate). Nottinghamshire continues to retain less than the permitted amount for centralised services.
28. Early Childhood Services will begin an exercise to review funding for children with Special Educational Needs and Disabilities (SEND) who are taking up both Early Years entitlements and accessing Wraparound Childcare. The purpose of the review is to assess demand for children under the age of two accessing the extended entitlements and those who attend wraparound provision outside of the school day. As more parents become eligible for funded places in Early Years the demand for supplementary funding for children with SEND is also expected to increase.
29. Early Childhood Services will develop capacity to carry out detailed assessment of supply and demand for Wraparound Childcare.
30. A cross departmental steering group will be convened in early 2024 to begin a partnership to develop and deliver the wraparound programme.

Key Recommendations

31. It is recommended that Early Childhood Services continue to work with families, internal colleagues, schools and early years providers to prepare for the launch of the new childcare reforms ensuring there is sufficient childcare to meet the needs of working parents but also to ensure that 2 year olds from low income and vulnerable groups are prioritised to enable children to achieve their developmental milestones.

Other Options Considered

32. No other options have been considered.

Reasons for Recommendations

33. As set out in The Childcare Act 2006 and statutory guidance, local authorities in England are required to secure, so far as is reasonably practicable, the provision of sufficient childcare (including early years provision) for working parents in their area and parents making the transition to work. Changes to childcare means that additional duties are now placed on local authorities which are detailed in this report.
34. The duties in the Act require local authorities to shape and support the development of childcare in their area to make it flexible, sustainable and responsive to the needs of the community. Following the Covid-19 pandemic there are concerns about balancing the supply of provision to ensure access for the most vulnerable children. Covid had an impact on supply and demand which is still being felt by the sector. There has been a reduction in the number of settings being able to operate because some parents made alternative arrangements during the pandemic (including family childcare or working patterns and behaviours changing).

Statutory and Policy Implications

35. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

36. Funding for Early Years childcare places is provided from the Early Years block of the Dedicated Schools Grant which uses the national Early Years Funding Formula to allocate funds to top tier local authorities. All councils can top slice 5% of the Early Years Block to pay for administration, create an early years Inclusion Fund and Deprivation Fund. Nottinghamshire has historically retained less than 5% and in 2023/2024, 2.71% of the Early Years block is currently being retained. This means that the Council provides as much funding to Early Years providers as possible, including being one of only six Local Authorities across England to pass back any underspend on a yearly basis.
37. The Council has traditionally retained less than 3% of the budget which pays for the Early Years team, Families Information Service, Early Years SEND service, Early Years Inclusion Fund, Early Years Deprivation Fund and project costs. This is approved each year by the Early Years and Schools Forum² who review the breakdown of the centrally retained budget.
38. Subject to the outcome of the funding rates consultation with providers (which closed in January 2024) in 2024/25, Nottinghamshire will pass on at least 98% of allocated budgets directly on to providers.
39. The national Early Years Funding Formula is used to calculate the hourly rate given to early years providers to enable them to provide funded places to eligible children. The hourly rate in Nottinghamshire has been increasing each year as follows:

	2022-23 Hourly Rate	2023-24 Hourly Rate	2024-25 Hourly Rate <i>(proposed rates – subject to consultation)</i>
Early Years Base Rate			
Eligible 2-year-olds	£5.60	£5.66	£7.58 - £7.63
Eligible 3- and 4-year-olds	£4.53	£4.70 (increased to £5.03 in Sept 2023)	£5.31 - £5.34
Eligible under 2s (new)	NA	NA	£10.20 - £10.38

² 'Early Years DSG Funding Central Expenditure 2023/24' Paper to the Early Years and Schools Forum 23 February 2023 [23 February 2023 | Nottinghamshire County Council](#)

40. Local Authorities have been allocated short term funding under four headings to support the delivery of the expanded childcare offers both for Early Years and Wraparound. The funding period runs from September 2023 until April 2026.
- a) Early Years Entitlements Delivery Support Funding: To support programme and delivery costs associated with rolling out the expanded Early Years entitlements.
 - b) Wraparound Capacity Funding: To increase capacity within the Local Authority team to deliver the Wraparound programme.
 - c) Wraparound Programme Funding: To support with set up / initial costs for new provision, and to allocate supplementary funding where needed to ensure access for children with SEND.
 - d) Childcare Expansion Capital Funding: To develop, enhance or extend provision for both places for Early Years and Wraparound.
41. The provision of the Families Information Service is a statutory duty for top tier local authorities and supports the promotion of childcare entitlements, guides parents to find childcare and helps the Council to secure data for the sufficiency assessment using social media and the Notts Help Yourself website. This service is also funded by the Dedicated Schools Grant totalling £100,000, with additional Council funding allocated to maintain the Notts Help Yourself website (£9,000 per annum).

Consultation

42. The 2023 Childcare Sufficiency Assessment included findings from consultation with parents and carers which was led by the Families Information Service. It also included consultation with the Nottinghamshire Early Years Consultation Group.
43. Consultation is currently taking place with families which will help inform the needs of working families to ensure that their childcare needs are met as practicable as possible.
44. In addition, a new consultation exercise will take place in the new year with childcare providers to further assess the needs and demand for places in the coming years.

Human Resources Implications

45. Extra capacity is required within Early Childhood Services and an additional Early Years Project Officer has already been appointed to the team on a fixed term basis to support with the Childcare Sufficiency Assessment actions and further assessment of supply and demand across the County.
46. A staffing report has been approved with proposals to create the following temporary posts which will be funded through the new funding allocations listed in **paragraph 40**.
- a) 1 FTE additional Technical Specialist to support the existing team with managing payments, payments, and eligibility code data for additional children.
 - b) 1 FTE Families Information Service Assistant to support with promotion of new and existing funded childcare entitlements, managing queries from parents/carers, and

proactive communications and campaigns using websites and social media platforms.

- c) 3 FTE new Wraparound Childcare Advisors to work with school and early years providers to help establish wrap around childcare, support the needs of SEND children and work to help ensure quality and review.

Safeguarding of Children and Adults at Risk Implications

- 47. Safeguarding is a central focus for childcare providers. The increase in numbers of children accessing childcare will inevitably identify safeguarding concerns in greater numbers of children. Nottinghamshire County Council has facilitated a number of 'safer settings' and training events to ensure all Early Years providers have the skills and knowledge to tackle safeguarding.

Implications for Residents

- 48. The supply of sufficient, high quality, affordable, sustainable, and accessible childcare and early education has benefits for both parent and child, including:
 - a) childcare that is flexible and accessible ensures parents can take up their entitlement at times that best support their child's learning and development, and at times which fit with the needs of parents to enable them to work or increase their hours of work if they wish to do so.
 - b) a good quality pre-school experience supports children's cognitive and emotional development, aiding transition between home and school and improving school readiness.
 - c) the Government's plan to improve social mobility through education [Unlocking Talent, Releasing Potential](#) states that good early years education is the cornerstone of social mobility and children with strong foundations will start school in a position to progress.

RECOMMENDATIONS

That the Children and Families Select Committee:

- 1) acknowledges the current sufficiency of childcare places across Nottinghamshire and reviews the plans for the delivery of new Childcare Reforms.
- 2) considers how they would like to be kept updated on the progress of the implementation of childcare reforms and status of the childcare sector in Nottinghamshire.

Councillor Tracey Taylor
Cabinet Member, Children and Families

For any enquiries about this report please contact:

Irene Kakoullis
Group Manager, Early Childhood Services

T: 0115 9774431
E: Irene.kakoullis@nottsgov.uk

Mandy Stratford
Strategic Early Years Manager
T: 0115 9773110
E: mandy.stratford2@nottsgov.uk

Constitutional Comments (LW 29/12/23)

49. The Children & Families Select Committee is the appropriate body to consider the content of the report.

Financial Comments (CDS 03/01/24)

50. The financial arrangements relating to the reforms are described in **paragraphs 36-41**, however, there are no financial implications arising directly from this report and its recommendations.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

[Childcare Sufficiency Assessment 2023: The Early Years and Childcare Sector in Nottinghamshire - decision of the Cabinet Member, Children and Families, on 11 December 2023](#)

[Childcare Sufficiency Assessment 2023 Appx1](#)

'Early Years Funding 2024-2025 Consultation' Paper to Early Years and Schools Forum 6 December 2023 [6 December 2023 | Nottinghamshire County Council](#)

Department for Education (March 2023) 'Early Education entitlements and funding update March 2023' [Early education entitlements and funding update: March 2023 - GOV.UK \(www.gov.uk\)](#)

'Early Years DSG Funding Central Expenditure 2023/24' Paper to the Early Years and Schools Forum 23 February 2023 [23 February 2023 | Nottinghamshire County Council](#)

Establishment of fixed term posts to support the expansion of childcare entitlements – decision of the Corporate Director, Children and Families, on 4 January 2024

Electoral Divisions and Members Affected

All.

CFS0016