

Report to: **Lead Member for Education and Inclusion, Special Educational Needs and Disability**

Date: **23 November 2020**

By: **Director of Children's Services**

Title of report: **East Sussex Childcare Sufficiency Assessment 2020**

Purpose of report: **To approve an extension to the period covered by the 2019/20 East Sussex Childcare Sufficiency Assessment (CSA) to include the 2020/21 academic year.**

RECOMMENDATIONS

The Lead Member is recommended to approve an extension to the period covered by the 2019/20 Childcare Sufficiency Assessment to include the 2020/21 academic year.

1 Background

1.1 East Sussex County Council published a Childcare Sufficiency Assessment (CSA) in November 2019. The report can be found by following the link below: <https://www.eastsussex.gov.uk/media/14230/childcare-sufficiency-assessment.pdf>

1.2 The Childcare Act 2006 requires the local authority to secure sufficient childcare provision for children aged 0-14 years old (up to 17 years for children with Special Educational Needs and Disabilities), to report annually to members on how this is being done and make that report available and accessible to parents. However, local authorities and childcare providers find themselves in a very different place compared with twelve months ago. Due to Covid-19 it is difficult to predict at this time how the childcare market could change. The local authority and childcare providers will need to look at the short- and long-term sustainability of provision. As time goes on and the impact of Covid-19 restrictions remain in place, concerns within the sector grow as challenges and changes impact socially and economically on the families of East Sussex.

1.3 Due to the current Covid-19 situation, and for the reasons set out in section 4 below, the local authority is proposing that the period covered by the 2019/20 CSA is extended to include the 2020/21 academic year, with a new Childcare Sufficiency Assessment for the academic year 2021/22 to be published in autumn 2021. The extended publication period of the 2019/20 CSA will provide the local authority with a robust record of the childcare market at a point in time prior to the Covid-19 pandemic against which changes in the market can be monitored to provide an account of how the market and take-up of childcare provision by families in East Sussex is changing.

2. Supply and demand

2.1 Providers across the whole sector are working hard to sustain their businesses. The local authority recognises this and has fully supported providers to remain viable since the country went into the initial lockdown in March 2020.

2.2 The impact on the demand for childcare places for all providers has been highly dynamic. In the period March to August 2020 the focus was on providing childcare provision for the children of key workers and identified vulnerable children. In April 2020 only 40% of early years providers in East Sussex were open, reflecting the national situation.

2.3 As the initial lockdown period began it became apparent that the demand on all early years funding entitlements would change moving forwards. This includes funding entitlements relating to the least advantaged two-year olds, universal three- and four-year olds, and 30 hours free childcare support. Future demand for paid-for childcare, and/or the ability of families to access additional services and pay additional charges were unknown.

2.4 Since June 2020, as the country came out of lockdown childcare providers which had been closed due to Covid-19, began to re-open and the number of providers steadily increased to 90%+ by September 2020. However, not all providers are fully open, with some only offering a partial service to families in their care. The local authority has recently seen the closure of some early years provision in the county. However, these closures were not directly due to the impact of Covid-19 and these providers had been identified as potentially at risk prior to the pandemic.

2.5 Over the course of the last few months a change in demand for funded Early Years childcare places has become evident. Due to the economic impact of Covid-19 we have seen a rise in the number of funded places for two-year olds in East Sussex, whilst the number of 30-hour places appears to be declining. This change is likely to reflect the number of parents who may have lost their jobs or are on reduced hours of employment and the increased number of families now applying for Universal Credit. As demand from families drops the sector may also have to deal with the impact of a surplus of places.

2.6 Due to Covid-19 it is difficult to predict at this time how the childcare market might change. At a time when childcare providers are struggling to sustain their businesses it has not been possible to engage and consult with the sector as planned in order to audit future capacity. Current economic uncertainty also makes gauging future parental demand difficult. Sustainability of the childcare sector as a whole remains a challenge as new central government financial support is announced, and levels of parental demand are lower than pre Covid-19 levels.

3. Actions to date

3.1 The table below lists the key actions taken by the local authority since March 2020 to support childcare providers to remain sustainable in a very challenging environment and for families to ensure that vulnerable and key worker children had access to a childcare place if needed.

Date	Communication/Action
6 March 2020	Email to all eligible Early Years (EY) providers confirming the local authority would continue to pay EYEE (Early Years Education Entitlement) grant to all providers in the summer 2020 funding period whether they were open or closed due to Covid-19.
20 March 2020	Local authority officers invited to join Department for Education (DfE) project group to feed into policy reflecting Covid-19 situation (ongoing).
w/c 23 March 2020	Local authority contacted all providers to offer support and identify open provision (ongoing).
w/c 23 March 2020	Local authority began a brokerage service to support families of vulnerable/keyworker children who needed childcare provision, this included care over holiday periods and is ongoing. Local authority staff work collectively to ensure identified vulnerable children are supported in their childcare place (ongoing). Communication to families via Parental Information published by the EY Funding Team, social media postings, Local Authority external communications (ongoing).
25 March 2020	Introduction of a daily EY message board providing information on DfE, Ofsted, LA and Public Health updates to providers (ongoing).
30 March 2020	Commencement of regular and targeted communication with all open

	childcare provision contacted regularly by local authority EY Improvement Team to offer advice and support (ongoing).
1 April 2020	Introduction of Daily Google Form – sent to all childcare providers to submit information on whether open or closed and the number of children accessing provision. Data shared with the DfE twice weekly. Since August the Google Form is submitted by childcare providers on a weekly basis and data shared with DfE weekly.
April/May 2020	Additional financial support offered to all open eligible EY providers of an additional £250 per vulnerable / key worker child accessing a childcare place during April and May. The local authority also funded children outside of advertised funding periods for parents who had access to a childcare place through holiday periods. This additional financial support provided by the local authority incentivised settings to remain open. The local authority also signposted the sector to other financial support provided by central government e.g. Job Retention Furlough Scheme, grant applications etc.
September – December 2020	The local authority is providing financial support to eligible EY providers where the expected level of funding for 2, 3- and 4-year olds is lower than it was for the autumn 2019 return. This includes paying grants to providers to address the deficit in funding caused by the difference between the 2019 and 2020 numbers of children accessing non-funded hours. The additional financial support around non-funded hours will only be in place for the autumn 2020 funding period. It will enable eligible EY providers to remain viable at a time of challenge in the sector and will be paid to providers who remain open for the full 2020/21 academic year. The local authority will re-claim grant monies given for non-funded hours to childcare providers who close prior to 26 July 2021.

3.2 The above actions form part of the local authority's statutory duty to support the sector in providing enough childcare places to meet parental demand as far as is reasonably practicable.

4. How to measure future likely impact

4.1 Moving forward and as Covid-19 remains a threat in the immediate and medium term, an assessment of employment levels and the job market will need to be undertaken because of the significant impact this has on families' childcare requirements. The local authority's engagement with childcare providers has remained consistently strong. Links with other services such as Job Centre Plus and the District and Borough Councils will provide the local intelligence needed to determine the impact of higher unemployment, more people working from home and any changes in planned housing development on future childcare supply and demand. Understanding the numbers of families becoming eligible for two-year funding or no longer being eligible for 30 hours funding will help to inform how the local authority needs to manage the childcare market.

4.2 In order to publish a fully refreshed CSA in 2020/21, the local authority would need to undertake a full update of its EY forecasts. Due to Covid-19 there are some challenges to this:

- Uncertainty around future capacity. Risk of childcare businesses closing in the spring 2021 term.
- The major impact Covid-19 has had on demand for childcare places, recognising the changing patterns of take-up by families and the impact this will have on the sector moving forward.
- Difficulty in knowing whether identified changes will be temporary, or more typical of the position going forward into 2021 and beyond.
- The impact Covid-19 will have on future births and the housing market.
- The low uptake numbers in 2019/20 related to Covid-19 have created technical challenges for the EY forecasting model because it calculates

uptake factors on the basis of the most recent years' data. This means that future uptake forecasts could potentially be artificially low.

4.3 Due to the challenges outlined above, it is proposed to extend the period covered by the 2019/20 CSA to include 2020/21 and to support it with a statistical report which only uses current and historic data. This report would gauge the sufficiency of current childcare provision in each of the 80 or so EY areas, should one or more settings close for financial or other reasons. For each area, the report would:

- List the settings in each area and their capacity.
- Set out the current levels of spare full-time equivalent capacity. The report template will include a tool showing surplus/shortfall of places in EY areas across the county (**see Appendix 1**).
- Look at current and recent patterns of demand to help identify new patterns as they emerge.
- Use GP data and housing data to indicate whether short term demographic pressures are likely to be upward or downward.

5. Conclusion and reasons for recommendations

5.1 Assessing childcare sufficiency is a continuing process. The sector is in a state of flux and an approach of analysing statistical reports to identify and target emerging areas of concern will provide a solid foundation for this work. The current published CSA will provide the local authority with a benchmark against which to monitor the market and provide a basis for decisions by providers and the local authority with regard to childcare provision in the future. It is proposed that a fully updated CSA covering the period 2021/22 is published in the autumn of 2021.

5.2 In the meantime, the local authority will:

- Continue dialogue with all childcare providers via the weekly message board.
- Provide support from the local authorities EY Funding and Improvement Teams.
- Continue to support families to find/access a funded childcare place.
- Collate autumn 2020 Headcount Data to feed into updating current capacity/demand reporting – October 2020.
- Collate weekly data from providers to identify potential areas of concern, using the current published CSA report as a benchmark of provision prior to March 2020.
- Re-assess financial support required for the EY Sector – November 2020.
- Assess the impact of changes to East Sussex EY workforce – Spring 2020.
- Manage provider consultation (covering – current/future parental demands, barriers to meeting future demand, flexibility of offer to families, any other concerns impacting on future business delivery)– February 2021.
- Manage parental consultation (covering- ages of children currently accessing a childcare place, current/future needs, perceived barriers to accessing a funded place) - February 2021.

5.3 Accordingly, the Lead Member is recommended to approve an extension to the period covered by the 2019/20 Childcare Sufficiency Assessment to include the 2020/21 academic year.

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APPENDICES

Appendix 1 – Template for Early Years Statistical Reports