



Scrutiny Committee

5 April 2016

Report from the Strategic Director, Children and Young People

Update on Access to Affordable Childcare

1.0 Summary

This is a requested update on the paper brought to Scrutiny in June 2015. It considers the challenge of providing access to affordable, quality childcare in Brent.

Currently childcare for 0 – 4 year olds is delivered through a strong Private, Voluntary and Independent (PVI) sector as well as through schools in the borough, with an almost 50/50 split between the two sectors for delivery of the free entitlement for 3 and 4 year olds. An increasing number of childminders too are offering the free entitlement for 2, 3 and 4 year olds.

Much work has been done to stimulate growth of childcare places through capital and new place funding, most recently for implementation of the free entitlement for eligible two year olds. There is good availability of places across the sectors and across most wards in the borough.

The quality of childcare provision has been evidenced to be key in ensuring that children thrive and develop at or exceed age related expectations. The local authority's Early Years quality improvement team have also worked very closely with the PVI sector in particular to raise the quality of provision and this has resulted in the highest number of Good or Outstanding Ofsted gradings the sector has had to date.

Increasing the take-up of free early education places is a priority. There has been a reduction from 92% to 86% of all children aged 3 and 4 years taking up their entitlement since 2013. This is considerably lower than the England average of 96%. As at March 2016, 66% of all eligible children aged 2 years for the early education entitlement are taking this up. This represents substantial growth throughout 2015 and into 2016.

Affordability remains a key priority for Brent, with 1 in 2 parents reporting that they do not find childcare costs affordable. There has been some improvement in parents' perceptions of affordability with 50% agreeing/ strongly agreeing childcare is affordable as compared with 44% in 2013. Brent families pay on average 2.5% less than the London average for nursery places. Families pay 6.5% more than the London average for childminder places. Out of school clubs,

on the available data, have also become more expensive in Brent than the London and England averages¹.

The proposed expansion by the Government of the free entitlement for 3 and 4 year olds from 15 hours per week to 30 hours per week where the parent/s are working will provide the sector with new challenges and opportunities. There is concern around delivering additional hours without a significant increase in the rate of funding and for some, lack of suitable accommodation or adequate staffing also pose problems. The local authority will be working closely with childcare providers in the borough to support both the maintained and PVI sectors to prepare for the expansion.

2.0 National context

Parents currently have access to help with childcare through 15 hours of free early education for 38 weeks of the year for all three and four year-olds. The 40% most disadvantaged two year-olds can also access 15 hours of free early education. The government's commitment to extending this free entitlement to 30 hours a week from September 2017 for children of working parents will provide significant help to many families and will undoubtedly influence decisions around return to work for many parents.

Additionally, help with the costs of childcare is also available through the childcare element of Working Tax Credits, soon to be replaced by Universal Credit; and through employer-supported childcare vouchers, soon to be replaced by the tax-free childcare scheme.

Clearly, adequate funding is a factor in enabling quality, as are adequate training and support in order to ensure that the quality of provision is raised in weaker settings, whether these are schools or in the PVI sector, and quality is maintained where settings are already Ofsted Good or Outstanding. This is in the context of reduced funding and therefore targeting of resources at areas of highest need such as weaker settings and pooling of existent funding streams through partnerships to maximise value and return, particularly between schools and the PVI sector, will be the way to achieve the best results under constrained circumstances.

3.0 Brent context

3.1 Childcare provision

The borough currently has 113 PVI providers, 186 childminders, 4 nursery schools and nursery classes in 53 primary schools through which families can access childcare, either at no cost for 15 hours a week or through a combination of free hours and fee paying hours.

In the last few years, we have seen a steady increase in the number of both childminders and PVI providers in the borough being graded Good or Outstanding by Ofsted. This is due to a combination of higher levels of qualifications in the sector, more targeted support at different levels of need from Brent Council's Early Years Quality Improvement Team and other support from the Central Early Years team in terms of business support, early years

¹ Primary schools will often provide out of school clubs for their own pupils. This data is not reported to, or comprehensively collected by the Council.

public health support and training and wider continuing professional development.

Full-time funded nursery places (25 hours a week) are being offered in some maintained schools and nursery schools for children meeting Free Schools Meals criteria. This will be of help to those low-income families who are able to access this, but as not all schools are offering 25 hours places, an element of postcode lottery and in-equity exists. Furthermore, there are no funded full time places in the PVI sector, and families can only access a maximum of 15 hours a week of funded early education in this sector.

Table 1. Number of Brent childcare places by type of provider.

Source: Brent Early Years and Family Support Childcare Sufficiency Assessment 2016

Type of Childcare	Number of Places 2013	% of total places 2013	Number of Places 2015	% of total places 2015
Out of School Club	1,042	10.8%	1,081	10.3%
Holiday Scheme	590	6.1%	790	7.5%
School Nursery Class	2,485	25.7%	2,555	24.2%
Childminder	1,020	10.6%	1,540	14.6%
Day Nursery	3,703	38.3%	3,822	36.3%
Playgroup/ Pre-School	211	2.2%	282	2.7%
Children's Centre with Childcare	355	3.7%	259	2.5%
Independent School with Under 5s Nursery	257	2.7%	223	2%
Total	9,663	100%	10,552	100%

Whilst there has been a push from Ofsted encouraging the development of two year places in schools, in practice, this has proved challenging. Few schools in the country are currently offering provision for two year olds and issues have included capacity and space for expansion. Brent is no exception, the main focus over the last few years has been to address the acute shortage of school age places rather than use existing space to develop more childcare provision in schools.

3.2 Cost of childcare

Table 2. Average hourly childcare costs in Brent

Average hourly fees

	Average rate for under 2s	Average rate for over 2s
PVIs	£5.45 (from 47 respondents)	£5.25 (from 58 respondents)
Childminder	Average hourly rate £6.02	

The average cost of childcare in the PVI sector is set out in the table above and the range for PVI settings is from £5 an hour to £15 an hour. The picture of affordability is variable. Whilst parents frequently cite the cost as the reason for not using childcare, a parental survey carried out for Brent's Childcare Sufficiency Assessment (CSA) in 2016 to which we had 900 responses, revealed that 50% of respondents agree/strongly agree that childcare is affordable compared to 44% in the 2014 CSA.

Notwithstanding this, affordability is likely to remain a key issue for many parents in Brent. Brent residents have lower incomes and experience significantly higher levels of deprivation and poverty than the national or London averages. Over a third of children live in poverty within Brent. This is also higher than both the London and national averages. For some parents therefore, even with help with childcare costs through the free entitlements and Tax Credits, childcare could still be unaffordable.

A further contributing factor to the take up of childcare in Brent has been cultural perceptions and traditions. There are communities who historically are more reluctant to use formal childcare as they prefer to use relatives or indeed feel that children are too young and would be better off at home. For these families, the high cost of childcare is an added reason to justify their children not being in formal childcare. We now have community Parent Champions who are promoting the benefits of childcare as free early education, but it is likely to take time for the message to be accepted and mind-sets changed.

3.3 Take up of the free entitlement for 2, 3 and 4 year olds

The Government expanded eligibility for 2-year olds for a 15-hour funded early education entitlement. Between 2013/14 and 2014/15, the number of eligible 2 year olds rose from 749 children to 2,342 children in Brent.

As at end March, there were 1,292 two year olds accessing the offer of free early education and childcare. This represents an uptake of 66% among two year olds who are eligible for the offer in Brent.

Table 3. NEG 2 take up

Year	Count	% of eligible children	England Average
As at January 2015	990	45%	58%
Apr-Jun 2015	1076	54%	
Jul-Sep 2015	1096	55%	
Oct- Dec 2015	1430	70%	
Jan-Mar 2016	1292	66%	

As at January 2016, 86% of the three and four year olds resident in Brent are claiming their free entitlement to early education and childcare. This is down from last year when it was 92% and much less than the England average of 96%.

Reasons for this low take up include:

- A rate of net migration means families recently arrived to Brent who may have English as an additional language and may be unaware of their entitlement to free early education. This influx is also reflected in the ongoing pressure on school places.
- Feedback from our Childcare Sufficiency Assessment parental focus groups suggests reluctance on the part of some communities/ groups to use formal childcare because they wish to care for their children full time or in some instances a preference for childcare that meets cultural / religious expectations.

Table 4. NEG 3 and 4 take up

Year	Count	% of eligible children	England Average
2010	6,690	84%	96%
2011	7,060	84%	95%
2012	7,390	85%	96%
2013	7,730	89%	96%
2014	8,070	92%	97%
2015	7,860	86%	96%

Table 5. Take up of the free entitlement for 2, 3 and 4 year olds (Nursery Education Grant (NEG) 2 and NEG 3 and 4)

	NEG2 in PVI settings/ childminders (January 2016 Spring Headcount)	NEG3 and 4 in PVI settings /Childminders (January 2016 (Spring Headcount)	3 and 4 years olds in school nurseries.(October 2015 Schools Census)
Wembley	325	1124	601
Kingsbury	183	663	493
Harlesden	316	499	482
Willesden	106	170	418
Kilburn	159	415	438
Total	1089	2871	2432

3.4 Quality of provision

The Ofsted gradings of Brent childcare providers are at the highest levels to date. We currently have 15 PVI settings in Brent judged as outstanding by Ofsted, 8 of which were inspected under the new framework. We have 13 childminders across Brent with a judgment of outstanding by Ofsted, and just under 90 with a Good judgement. Over 85% of childminders, who have children on roll, are providing a good, or better, level of care and learning to children. Quality inspections of childminders since the start of 2016 have all resulted in good or outstanding judgments

3.5 Early Years Pupil Premium (EYPP)

The objective of the Early Years Pupil Premium (EYPP) is to provide nurseries, schools and other providers with additional support for disadvantaged three and four year olds. Three and four year olds are eligible for the EYPP if they are accessing the early education entitlement and if they meet the following eligibility criteria:

They are in a low income family. Their parents are in receipt of one or more of the following benefits:

- Income Support
- Income-based Jobseekers Allowance

- Income-related Employment and Support Allowance
- Support under Part VI of the Immigration and Asylum Act 1999
- the guaranteed element of State Pension Credit
- Child Tax Credit (provided they are not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)
- Working Tax Credit run-on –paid for 4 weeks after they stop qualifying for Working Tax Credit

Or they have been:

- looked after by the local authority for at least one day
- have been adopted from care
- have left care through special guardianship; or
- are children subject to a child arrangement order

The EYPP has been widely promoted across PVI settings and schools and take-up is increasing. To date, approximately £90,000 has been paid to settings in the borough for the EYPP.

3.6 30 hours of free childcare for working parents

From September 2017, the government proposes to extend the free entitlement for 3 and 4 year olds to 30 hours per week for working parents. The new entitlement to 30 hours free childcare is intended to support working parents with the cost of childcare and enable them, where they wish, to return to work or to work additional hours.

The additional 15 hours will be available to families where both parents are working (or the sole parent is working in a lone parent family), and each parent earns, on average, a weekly minimum equivalent to 16 hours at national minimum wage (NMW) or national living wage (NLW), and less than £100,000 per year. Working parents will include employed and self-employed persons. Parents do not necessarily need to actually work 16 hours a week, but rather their earnings must reflect at least 16 hours of work at NMW or NLW, which is £107 a week at the current NMW rate. This includes those parents on zero hours contracts who meet the criteria.

It is estimated that 6,470 3 and 4 year olds in the borough are in working households (calculation based on a GLA projection of 9,500 3 and 4 year olds in 2017 and an employment rate of 68.1% in the borough) and will be eligible for the new entitlement.

3.6 Provision for children with special educational needs or a disability (SEND) and Children in Need (CIN) (September 2015)

Locality	0	1	2	3	4	Grand Total
Harlesden	2	2	19	48	49	120
Kilburn	1	12	18	33	46	110
Kingsbury		7	18	34	27	86
Wembley	4	11	29	60	77	181
Willesden	3	11	30	31	50	125
Out of Area	1	2	12	12	27	54
Grand Total	11	45	126	218	276	676

Due to the level of the support they often require, affordable childcare can be a particular challenge for families who have children with SEND. Some families have reported that they are charged increased fees by PVI providers in order to offer an increased ratio or other support. This increased cost often places affordable childcare out of reach of these families and results in one or more of the parents having to stay at home in order to look after their child.

Brent has a multi agency panel that provides the funding equivalent to an additional 15 hours childcare to nurseries in order to meet the additional costs. This covers costs such as increased staffing, specific training so that staff can meet their needs or specialist resources that enable the child to access the learning opportunities within the nursery. As of March 2016, there are 125 children being supported through this funding, making childcare for children with SEND more affordable. Due to increasing numbers of children with SEND, the threshold is set at a high level and only the most complex cases receive this support.

6.0 Conclusions

This report has outlined the current context with regard to childcare provision in the borough. Data suggests there is currently no shortfall in place availability but that there will be a need to revisit this analysis in the medium / longer term to take into consideration factors such as the increase in birth rate mentioned earlier in the document, the impact of raised awareness of childcare options or new government initiatives. Key areas for consideration will be:

- While new birth figures give an indication of approximate numbers of families who will require childcare, these figures do not take into consideration parental demand for places. Demand for nursery places can be localised depending on parental demand for a particular type of nursery (e.g. Montessori) or provision with an outstanding Ofsted judgement. Quality improvement work across childcare settings must be on going to ensure that quality provision is available across the borough, providing choice and minimising the risk of very localised demand that may be challenging to meet.
- Welfare reforms and other legislative changes relating to benefits could mean more families, including those with children under five, returning to work and increasing the demand for flexible and affordable childcare. Pilot schemes such as our DHP childcare subsidy were successful and achieved their objectives of supporting parents to remain in work during the first 6 months of their new employment.
- The government's plan to extend the free entitlement for 3 and 4 year olds to 30 hours per week for working parents from September 2017 is likely to impact the sector both in terms of sufficiency and sustainability. Providers have made it very clear that without adequate funding for this, they will not be able to offer 30 hour places. For some providers, suitable premises and shortages of qualified staff all pose barriers to delivering this entitlement. A consultation is currently taking place with early education providers in the borough to understand their plans (if any) for expansion to offer 30 hours per week and any challenges that they are

anticipating with regard to this. The results from the consultation will be used to inform the roll-out of the extension in the borough.

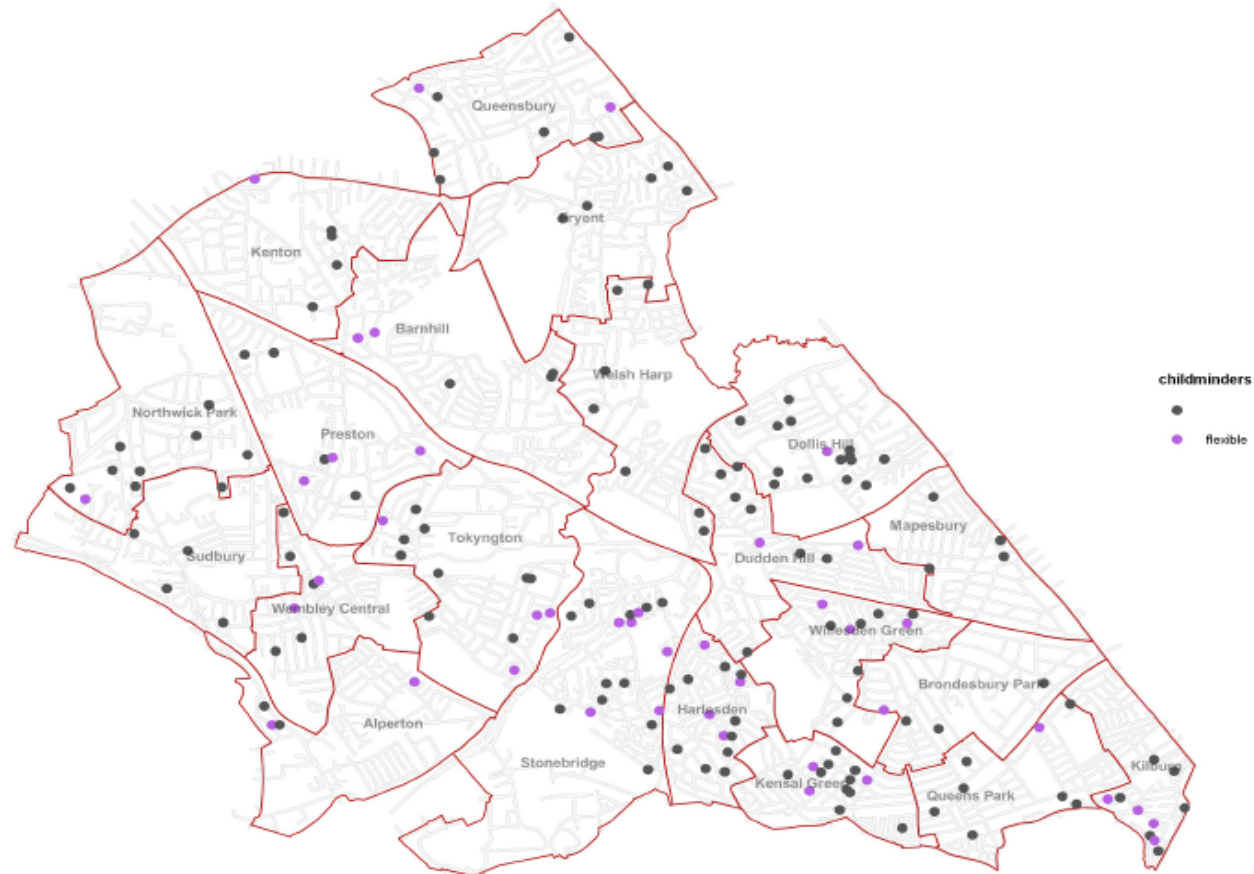
Whilst some significant challenges lie ahead, these also provide opportunities for reviewing existing practices and exploring new ways of working. This will include exploring flexible networks of childcare provision in the borough and providing business support workshops to PVI providers and schools to not only help them plan for the expansion of the free entitlement to 30 hours, but to help with the overall sustainability of the setting.

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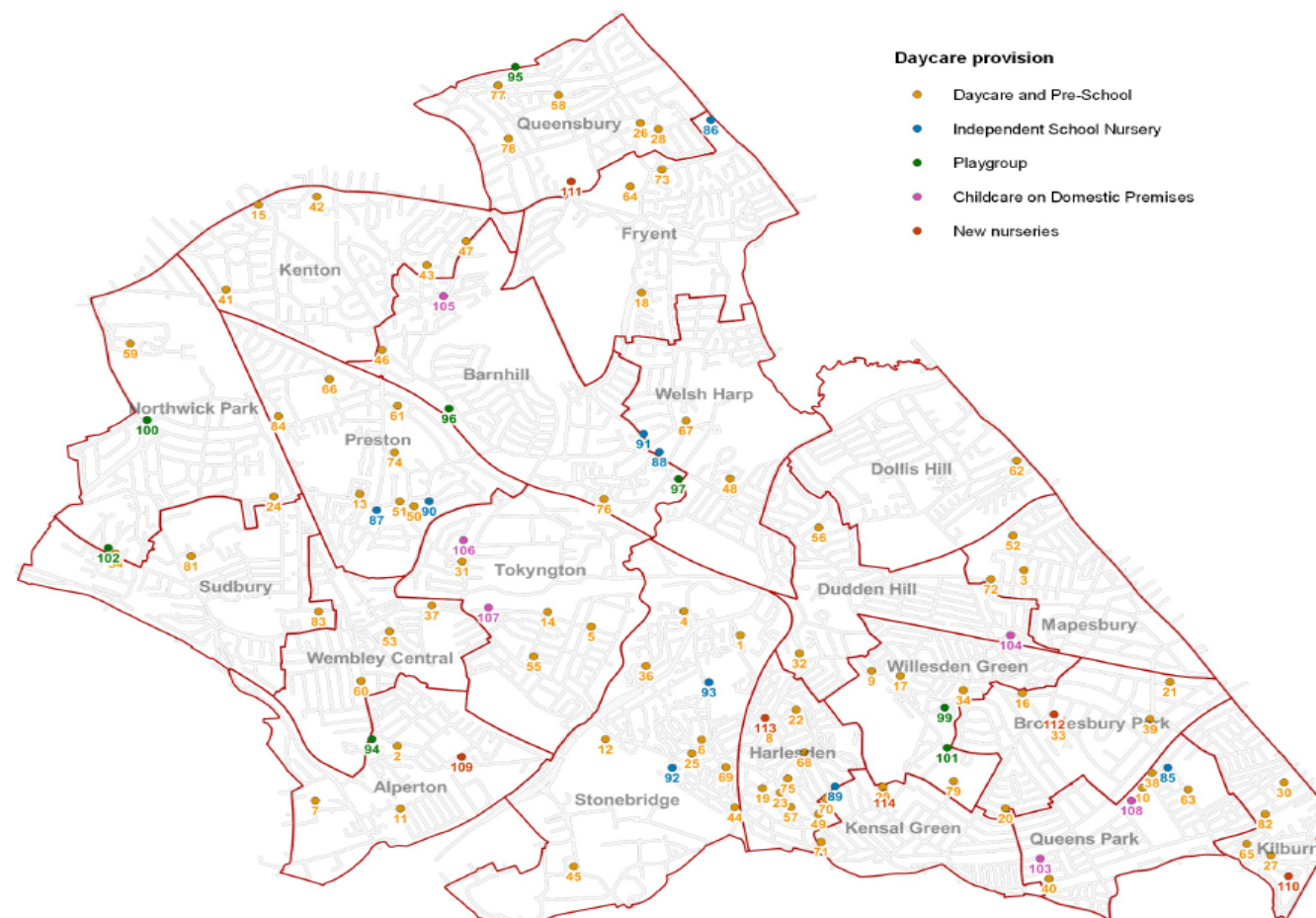
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Appendix 1: Childminder provision in Brent



Source: Brent Childcare Sufficiency Assessment 2016

Appendix 2: Day-care provision, by type, across Brent



Source: Brent Childcare Sufficiency Assessment 2016