

CHILDCARE SUFFICIENCY ASSESSMENT

2022 – 2023

This document provides a review of the sufficiency of early years education in Derbyshire.

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Childcare Sufficiency Assessment 2022-2023

1. INTRODUCTION

- 1.1 Following the pandemic and the current cost of living crisis the childcare market is in a dynamic state of flux, and will continue to change in various ways, creating new challenges for local authorities in meeting their childcare sufficiency duty. These challenges are significant due to uncertainty and change across the market's supply and demand.
- 1.2 The purpose of this report is to evaluate the current childcare market in Derbyshire, taking into consideration the impact of the pandemic and the current cost of living crisis, to identify where there may be issues and what can be done to mitigate these.
- 1.3 The childcare sufficiency duties outlined in the government's statutory guidance remain the same, but the childcare market is likely to have changed and adapted to the changing situation.

2. THE CHILDCARE DUTY

- 2.1 The statutory duty under sections 6, and 7 of the Childcare Act 2006 requires the local authority to secure sufficient childcare, so far as is reasonably practicable, for working parents or parents who are studying or training for employment, for children aged 0 – 14 (or up to 18 years for disabled children).
- 2.2 The local authority must report annually to elected members and make this report available and accessible to parents. The report should include specific information about:
 - How the local authority is ensuring there is sufficient childcare to meet the needs of parents
 - Supply and demand of childcare, affordability, accessibility and quality of childcare provision
 - Details of how any gaps in childcare provision will be addressed.

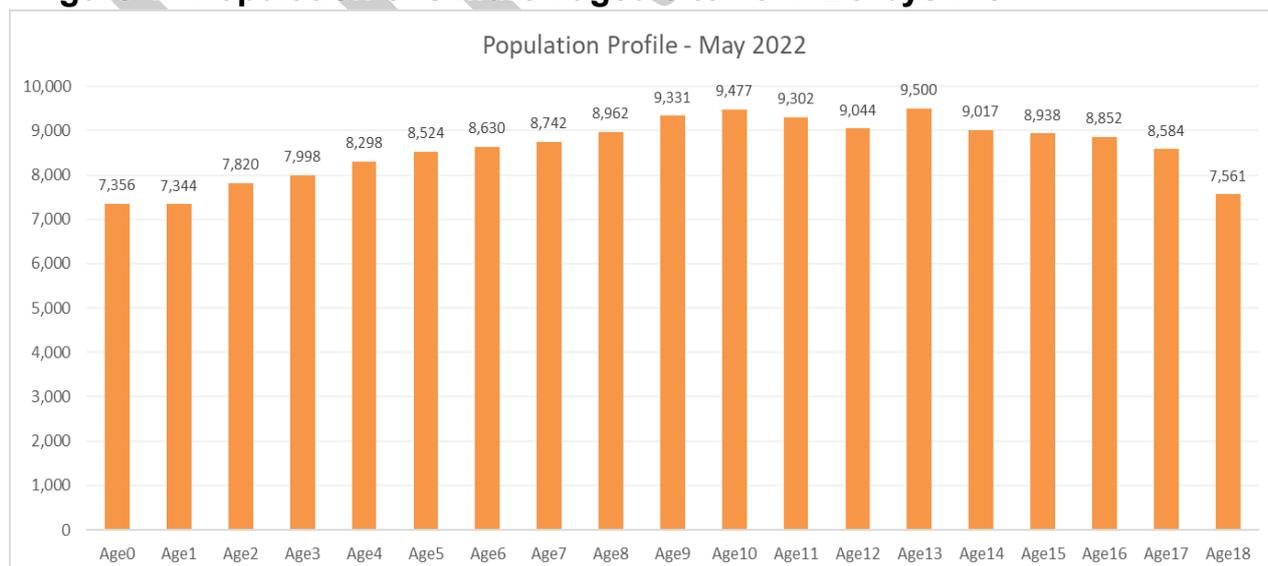
- 2.3 Whilst the publication of the report remains a statutory duty, local authorities are responsible for determining the appropriate level of detail in their report, therefore this report focusses primarily on the early years' free entitlements for two, three-and-four-year olds.
- 2.4 As this is a changing market, the data in this report can only provide a snapshot and can change daily. While Derbyshire County Council believes this information to be correct, it does not guarantee its accuracy nor does the Council accept any liability for any direct or indirect loss or damage or other consequences arising from the use of such information supplied.

3. DEMAND FOR CHILDCARE

Population of children in Derbyshire

- 3.1 Understanding the population of children in Derbyshire is a key tool in estimating the potential demand for childcare to ensure there are sufficient childcare places, where reasonably practicable, for children aged 0 – 14 and disabled children/young adults up to the age of 18 as required by the legislation.
- 3.2 Population data provided by NHS Digital based on the number of children on GP registers suggests a decline in the birth rate in recent years which could have implications for the demand for childcare now and in the foreseeable future (figure 1).

Figure 1. Population of children aged 0 to 18 in Derbyshire.



Source: NHS Digital, May 2022

- 3.3 The demand and type of childcare will differ for each age group, and as a child gets older the need for childcare will change or reduce. There are several age groups that will require differing types of childcare. This can be found in figure 3 which shows the population of Derbyshire by district and age group.

Types of childcare

Early Years childcare for 0 to four-year-olds

- 3.4 Children aged 0 to two-years may require day care which is usually provided by day nurseries and childminders (although some pre-schools and schools are registered to care for two-year-old children) and is paid for by parents/carers.

Funded childcare entitlements

- 3.5 There are a number of government funded schemes that provide free childcare to parents of early years children aged two, three and four. These entitlements can be provided by day nurseries, childminders, pre-schools, and school nurseries. The funded childcare schemes are listed below but further details can be found at childcarechoices.gov.uk

Two-year-old-entitlement

- 3.6 Approximately, 40% of all two-year-olds are eligible for 570 hours per year of free funded childcare. Eligibility is determined by the Department for Work and Pensions (DWP). Parents/carers must meet certain financial criteria which includes receiving income base Job Seekers allowance, Working Tax Credit or Universal Credit; but there are also some non-economic criteria. The full list of criteria can be found at www.gov.uk/help-with-childcare-costs/free-childcare-2-year-olds.
- 3.7 The entitlement is often taken as 15 hours per week over 38 weeks (term time) but can be taken as fewer hours over more weeks and parents can pay for additional hours if required.

Universal entitlement for three-and-four-year-olds

- 3.8 *All* three-and-four-year-olds are entitled to 570 hours of funded early education or childcare per year which again can be taken as 15 hours a week for 38 weeks of the year (term time) or fewer hours over more weeks.

30 hours or extended entitlement

- 3.9 In addition to the universal entitlement, working families may be entitled to a *further* 570 hours per year which takes their total entitlement to 1,140 hours annually. This is known as the 30 hours (or the extended entitlement) as it can be taken as 30 hours per week 38 weeks of the year or, as with the other funded entitlements, can be taken as fewer hours over more weeks. To access this scheme parents must apply for a code from HMRC to prove their eligibility.
- 3.10 These hours alone are often enough to meet the childcare needs of many families although the option to pay for additional hours is available if needed.

School Age Childcare

- 3.11 As children aged five to 11 will be in full-time education, this group may require wrap around childcare before or after school or in the holidays, again this can be provided by the childcare providers listed above or by stand-alone out of school provision either on or off school sites.
- 3.12 As a child reaches secondary school age the need for childcare diminishes as they become more independent. Population figures show there are around 27,561 children aged 12 – 14 years in Derbyshire but the demand here is significantly less than other age groups.

Demand for childcare by age group

- 3.13 Official consultation results released by the Department of Education (DfE) suggest that the current percentage of take up of formal childcare per age group is as follows.

Figure 2. Estimated percentage of take up per age group

Age of Child	0	1	2	3	4	5 - 7	8 - 11	12 - 14
Use of Formal Childcare Providers in 2021	7%	32%	57%	81%	86%	50%	40%	25%

[Childcare and early years survey of parents, Reporting Year 2021 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics/service.gov.uk) table 1.6

- 3.14 Young people in the 15 -18 age group who require childcare are generally those with additional needs or disabilities. It is difficult to estimate the number of children and young people in Derbyshire with a disability or additional need but the Families Resource Survey: Financial year 2020 to 2021 estimates that 9% of children are disabled¹. Using these figures, it is estimated that there are currently 3054 young people in Derbyshire aged 15 to 18 with an additional need or disability who may require childcare.
- 3.15 Using this estimation and the data in figure 2 as a guide we can calculate the demand for childcare for the three-and-four-year-old age range in Derbyshire based on the population. However, as all local authorities must report their own take up of funded places for three-and-four-year-olds to the DfE, we can use Derbyshire’s own figures which are significantly higher than the average figures provided by the consultation, specifically 91% of three-year-olds and 93% of four-year-olds².

Figure 3. Potential population requiring childcare by age group

District	Age 0	Age 1	Age 2	Age 3	Age 4	Age 5 - 7	Age 8 - 11	Age 12 -14	Age 15-18	Total
Amber Valley	82	355	723	1116	1256	2020	2344	1400	459	9754
Bolsover	55	275	490	756	823	1337	1537	943	309	6524
Chesterfield	65	313	602	930	1054	1657	1945	1164	380	8110
Derbyshire Dales	35	156	297	458	579	985	1168	786	282	4746
Erewash	71	327	668	1031	1139	1933	2173	1282	442	9067
High Peak	57	260	506	781	946	1429	1635	1069	349	7032
NE Derbyshire	68	286	560	864	1046	1630	1817	1093	372	7736
South Derbyshire	1167	378	713	1101	1207	1958	2209	1391	461	19664
TOTAL	1600	2350	4559	7038	8049	12948	14829	9125	3054	72632

Source: NHS Digital, May 2022

Childcare Provision for children/young people with SEND

- 3.16 Childcare provision for children/young people with special educational needs and disabilities (SEND) is provided by mainstream childcare settings and several specialist services in both the maintained and the Private Voluntary and Independent (PVI) sectors.

¹ [Family Resources Survey: financial year 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2020-to-2021)

² [Education provision: children under 5 years of age, Reporting Year 2022 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/government/statistics/education-provision-children-under-5-years-of-age-reporting-year-2022)

- 3.17 *All* childcare provision must be inclusive and not treat children less favourably because of a disability or additional need and is required by law to make 'reasonable adjustments'.
- 3.18 Specialist teachers from the Early Years Special Educational Needs Service (EYSEN) support children with SEND attending PVI early years settings throughout Derbyshire. Children with SEND who attend maintained early years settings are supported by specialist teachers from the Specialist Service for Special Educational Needs (SSSEN). These specialist teachers also provide advice and training for setting staff.
- 3.19 Both services promote and support the authentic and effective inclusion of children with SEND in their local early years settings and work to increase the knowledge, understanding and confidence of sector staff to enable that inclusive ethos and approach.
- 3.20 Regardless of setting, the local authority supports childcare providers with children with SEND through funding streams such as Early Years Inclusion Funding and Disability Access Funding (DAF).
- 3.21 DAF was introduced by the Department for Education (DfE) in 2017 for providers of early years education. Providers will be entitled to claim DAF for any child who is three or four-years olds in free early years education who is also in receipt of child Disability Living Allowance (DLA) (not two-year-olds or children in reception class).
- 3.22 The implementation of an Early Year's Inclusion Fund (EYIF) is a statutory duty of all local authorities. Derbyshire's EYIF is available for children from the term after they are two until the end of Autumn 1 in reception. The funding is available for children who have significant barriers to learning and attend either a non-maintained or maintained early years setting. EYIF enables settings to have enhanced staffing ratios to support children with SEND.
- 3.23 In the Summer term 2022, a total of 374 children were supported through EYIF. Around half of these children had been previously supported by EYIF and the others were new applications as part of settings' graduated response to the children's needs. Included in this total were 92 children with SEND starting in reception class who continued to receive funding for Autumn 1 term to support their transition to school.

- 3.24 Some children with special needs or disabilities may be given an education, health and care plan (EHCP), to help provide additional support. EHCPs set out the additional support needed to meet the educational, health and social needs of the child or young person. In the summer term 2022 a total of 60 early years children had an EHCP within 46 different childcare providers, and DAF funding was accessed by 40 early years providers to help support the needs of 43 children.
- 3.25 The Derbyshire Local Offer brings together information about the services and support available for children/young people with SEND, and their families; <https://localoffer.derbyshire.gov.uk/> Specific information relating to children in the Early Years with SEND can be found on this website at: <https://www.localoffer.derbyshire.gov.uk/early-years/early-years-sen.aspx>

Enquiries

- 3.26 The number of childcare-related enquiries from parents or carers is a good indicator of demand and can highlight issues with accessing provision or gaps in the market, particularly where there is a high percentage of unmet demand in a specific area.
- 3.27 15,536 hits were made on the Derbyshire County Council's Families Information Service (FIS) website between September 2021 and August 2022. In addition to this, 607 enquiries regarding childcare funding application processes, availability and brokerage issues were made via email.
- 3.28 The Early Years' Service (EYS) provides a brokerage service between providers and parents/carers to meet childcare needs. Brokerage referrals are monitored to ensure they do not indicate a childcare sufficiency issue in a particular area.
- 3.29 Legislation places a duty on the local authority to secure sufficient childcare taking into account what is '**reasonably practicable**'. Where the EYS is made aware of any unmet childcare need, an attempt to brokerage a practical solution will always be sought however any solution has to be viable in terms of sustainability.

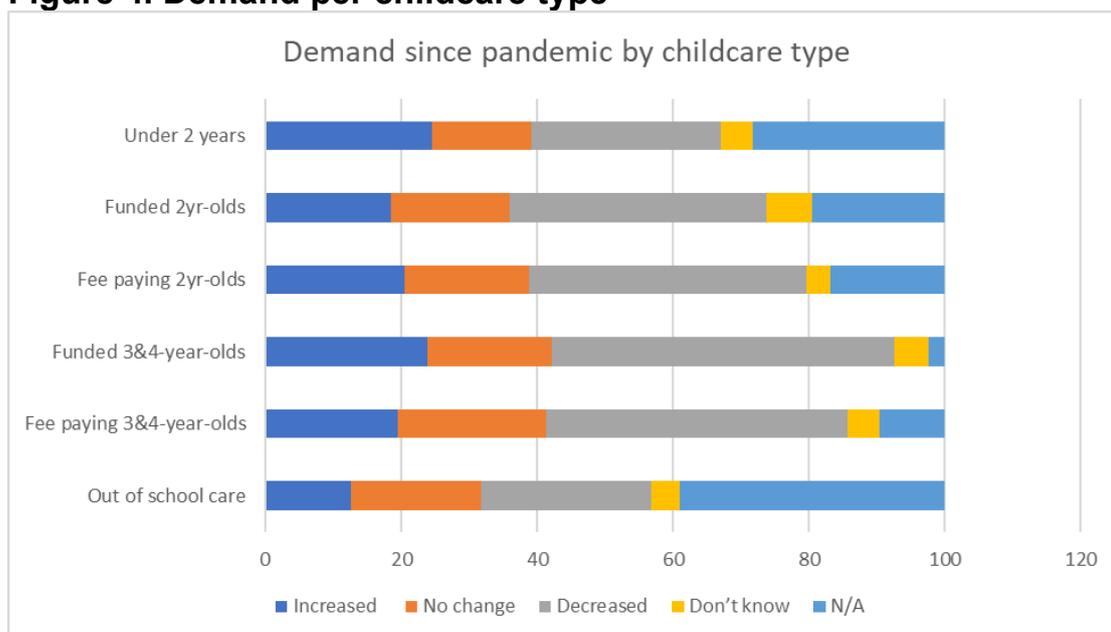
Potential impact of COVID-19 on demand for childcare

- 3.30 The gov.uk Childcare and Early Years Survey of Parents 2021³ found that the proportion of families with children aged 0 – 14 using formal childcare fell from 62% in 2018 to 55% in 2021. There has been a decline in the use of childcare since 2018, which could potentially be attributed to the impact of the COVID-19 pandemic on the data.
- 3.31 The decline in demand for childcare may be a longer-term consequence of the pandemic and the impact it has had on working practices.
- 3.32 Many employers and employees have continued with flexible working practices that started during the pandemic. This type of change can impact on the demand for childcare. A parent who now works from home may no longer require wrap-around childcare as they have the flexibility to manage both their work and family commitments from the home. The Office for National Statistics found 85%⁴ of working adults currently homeworking wanted to continue to use a "hybrid" approach of both home and office working in future.
- 3.33 The Childcare and Early Years Survey of Parents 2021 also found that 26% of parents of 0 - 14-year-olds said that they did not use formal childcare because they rarely needed to be away from their child, this is a marked increase from 11% in 2018.
- 3.34 A further consequence of the pandemic was that a significant number of over 50's left the workplace sooner than planned during the pandemic, with many taking early retirement. This could mean that more grandparents are now available to help with informal childcare reducing the need for formal childcare.
- 3.35 Research undertaken by the Early Years' Service asked funded providers how they felt demand had changed since the start of the pandemic. The results of this are shown in figure 4 below.
- 3.36 Whilst some settings reported that demand had increased, the largest number in each type of childcare reported a decrease in demand. However, in every provider type this was offset by the number of providers that reported that demand had increased or remained the same.

³ [Childcare and early years survey of parents, Reporting Year 2021 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://www.gov.uk/explore-education-statistics/service.gov.uk)

⁴ [Business and individual attitudes towards the future of homeworking, UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

Figure 4. Demand per childcare type



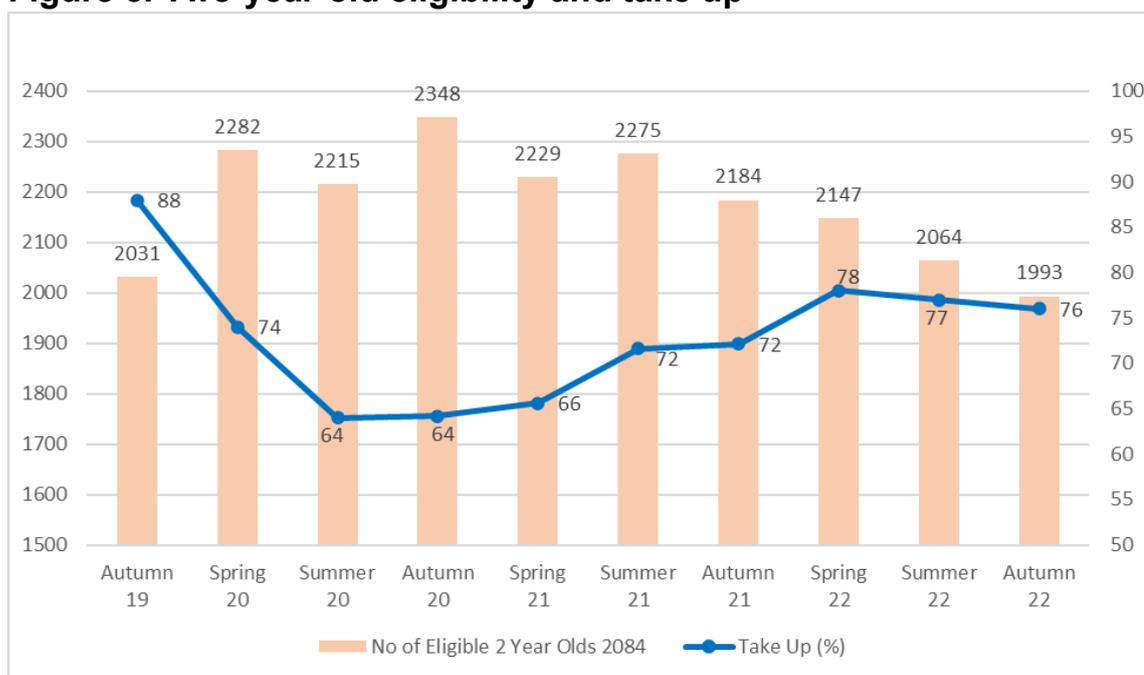
Source: Early Years' Service Provider Survey, May 2022

- 3.37 Whilst data shows there has been a fall in demand since the pandemic started there has also been a drop in the number of providers, this is explored further in section 4.
- 3.38 The impact of the pandemic specifically on the take up of the early years funded entitlements is addressed in more detail in the following sections.

Two-year-old entitlement

- 3.39 The number of eligible two-year-olds identified by the Department for Work and Pensions (DWP) spiked during the height of the pandemic in autumn 2020 (which is based on spring 2020 data). This peak may have been due to more families becoming eligible due to pandemic related job losses. Since this period the eligible numbers have been steadily reducing again.
- 3.40 The following graph compares the number of eligible children against the take up over the last three academic years. The pandemic created a situation where numbers of eligible children were at a record high but take up was at its lowest due to lockdown. The take up figure has started to recover towards pre-pandemic levels however overall, the number of eligible children is on a downward trajectory.

Figure 5. Two-year-old eligibility and take up



Source: Derbyshire County Council, Information and ICT, Children’s Services, Nov 2022

3.41 The take up figures above may differ from official DfE figures as data on take up is submitted to the DfE within the first 3 weeks of the term, however as two-year-olds can take up a place at any point throughout the term the data above shows the end of term position with the exception of the Autumn 22/23 term which is the latest data available at the time of producing this report, and as a result this figure could potentially increase further.

Universal and extended entitlements for three-and-four-year-olds

3.42 Prior to the pandemic (2019) in Derbyshire the number of parents who chose to take up some or all their universal entitlement for three-and-four-year-olds was 98%, this compared favourably to the pre-pandemic national average of 93% in England and 95% in the East Midlands region.

3.43 Data has shown that nationally the number of children accessing their entitlement has reduced since 2019⁵. The following table shows the comparison in take up figures.

Figure 6. Take up of universal entitlement

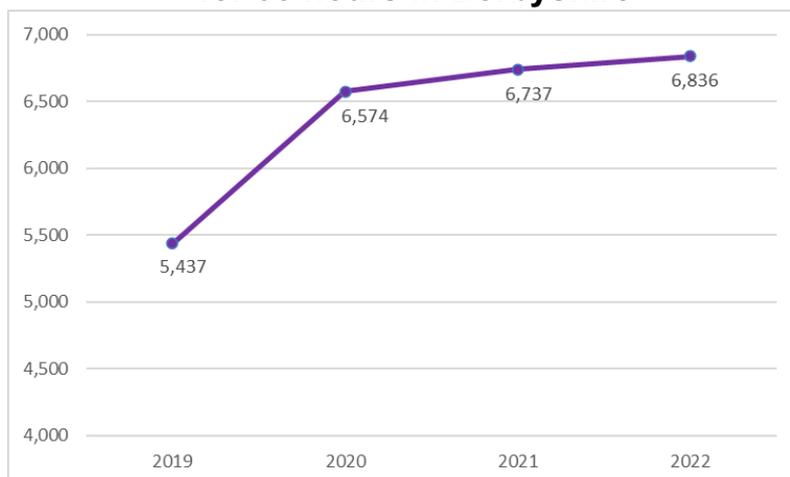
	Three-and-four-year-olds			
	2019	2020	2021	2022
Derbyshire	98%	96%	92%	93%
East Midlands	95%	94%	92%	92%
England	93%	93%	90%	92%

Source: [Education provision: children under 5 years of age, Reporting Year 2022 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://explore-education-statistics.service.gov.uk) Table 1b

- 3.44 This highlights a 5% downturn in the take up figures for Derbyshire since the start of the pandemic and may reflect the impact of COVID has had on working patterns and practices but further investigation into the reasons for this will be undertaken with parent/carers.
- 3.45 Any downturn in take up of early years education is a cause for concern as it can have an impact upon the numbers of children going into reception classes without having had any form of early years education. This may have consequences for the ‘school readiness’ of children in future years.
- 3.46 The government is providing an Early Years Recovery Programme of up to £180 million of workforce training, qualifications, support, and guidance for the early years sector to help address the impact of the pandemic on the youngest and most disadvantaged children.
- 3.47 The programmes include child development, communication and language, early mathematics and personal, social and emotional development, Nuffield Early Language Intervention and leadership of settings. These are designed for early years practitioners, leaders, and settings, including private, voluntary, independent organisations, childminders, school-based nurseries and maintained nursery schools
- 3.48 Derbyshire’s early years settings and schools are engaged with the DfE Early Years Recovery Programme. 174 Derbyshire schools have registered for the Nuffield Early Language Intervention (NELI) programme since September 2021, 38 Derbyshire schools and early years providers successfully completed the Early Years Professional Development Programme achieving the Communication Friendly Setting (CFSe) Early Years award in June 2022, and 11 early years settings and schools are receiving peer support as part of the Experts and Mentors Programme.

3.49 To be eligible for the 30 hours entitlement working parents must apply for a code from HMRC (His Majesty's Revenue and Customs). The Early Years Team maintain an ongoing twitter and media campaign and regular communications with providers to ensure parents are aware of their entitlement, this was continued throughout the pandemic and may have helped retain high number of parents applying for a code from HMRC.

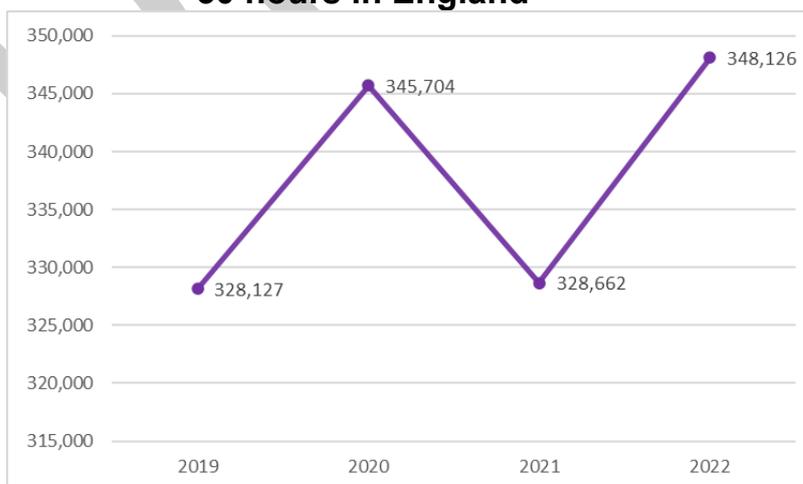
Figure 7. No. of three-and-four-year-olds registered for 30 hours in Derbyshire



Source: Derbyshire County Council, Information and ICT, Children's Services, Oct 2022

3.50 Unlike the national figures for England (shown in the figure below) the number of children in receipt of a code in Derbyshire has increased each year despite the pandemic, the chart below shows the drop in national figures in 2021, however the figures have returned to pre-pandemic numbers.

Figure 8. No. of three-and-four-year-olds registered for 30 hours in England



Source: <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5#explore-data-and-files>

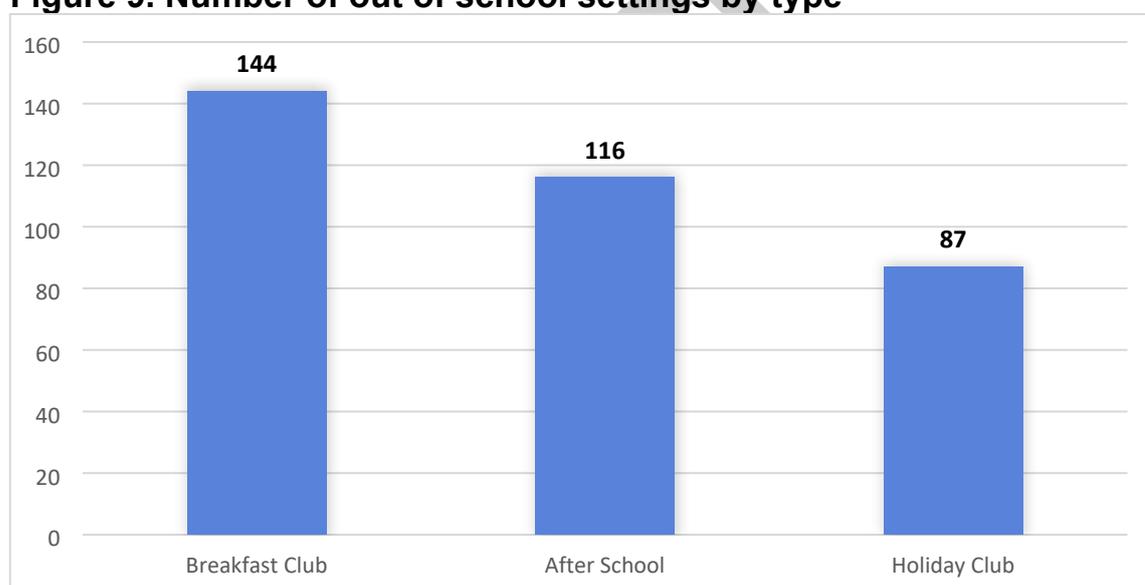
3.51 Not all families who are eligible will need to use the extended entitlement due to working patterns or use of informal childcare. The government's

latest take up figures for eligible children is estimated to be 80%,⁶ in comparison Derbyshire's current take up figures are estimated to be around 82%.

Wraparound childcare

3.52 In May 2022 Derbyshire's Early Years' Service undertook a provider survey which included questions on out of school provision. Of the 294 providers that responded, 156 (53%) offered some form of out of school childcare, figure 9 below shows the numbers of each type of out of school provision amongst the respondents. It should be noted that some providers may offer more than one type of out of school provision.

Figure 9. Number of out of school settings by type

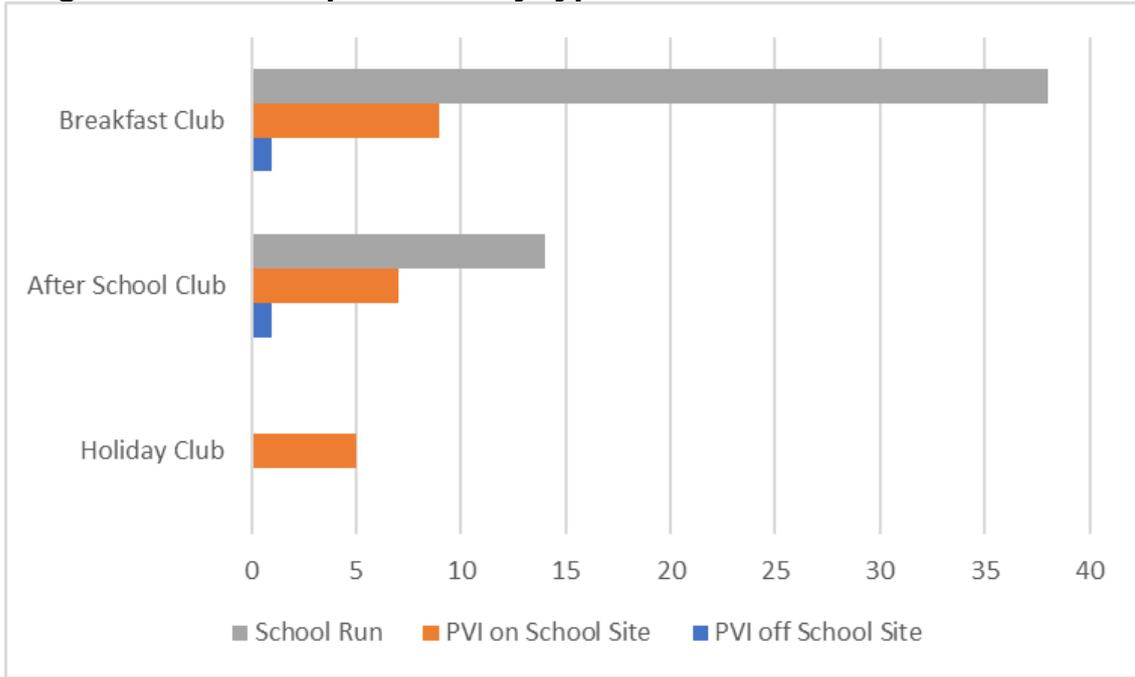


Source: Early Years' Service Provider Survey, May 2022

3.53 The survey also provided a breakdown of the type of out of school provision offered in both the school and PVI sector, which is shown in the charts on the following page.

⁶ [Education provision: children under 5 years of age, Reporting Year 2022 – Explore education statistics – GOV.UK \(explore-education-statistics.service.gov.uk\)](https://explore-education-statistics.service.gov.uk)

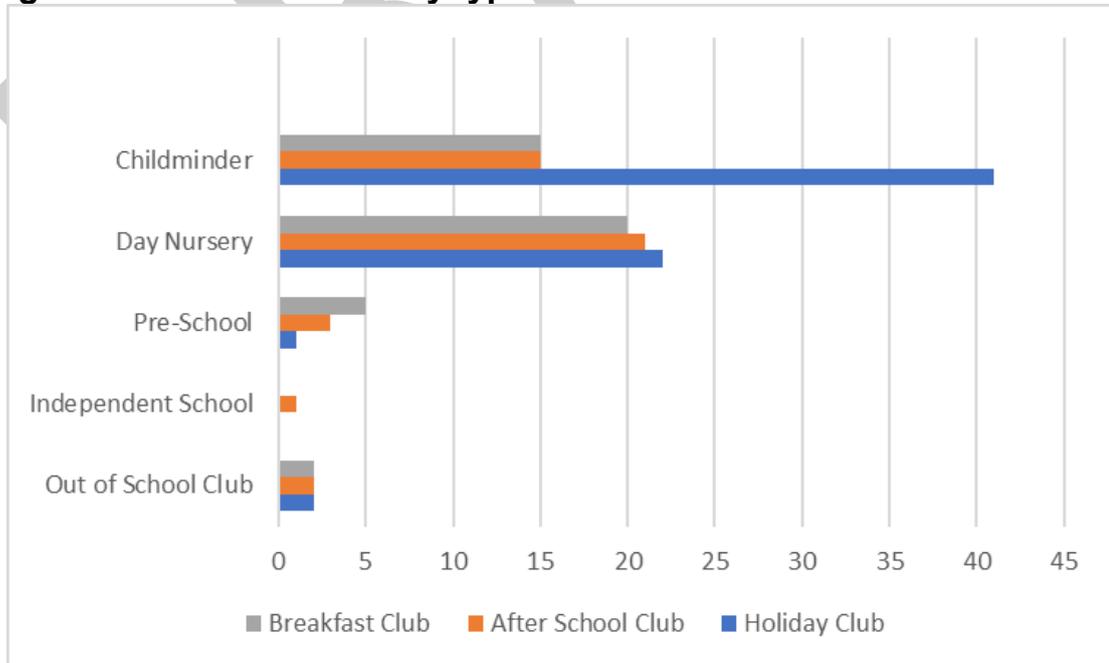
Figure 10. School provision by type



Source: Early Years' Service Provider Survey, May 2022

3.54 The data gathered from the survey respondents showed that in the school sector the most breakfast clubs and after school clubs were school run (on school site). There were fewer being run by PVI providers on school site and fewer still were PVI providers run for the schools but off the school site.

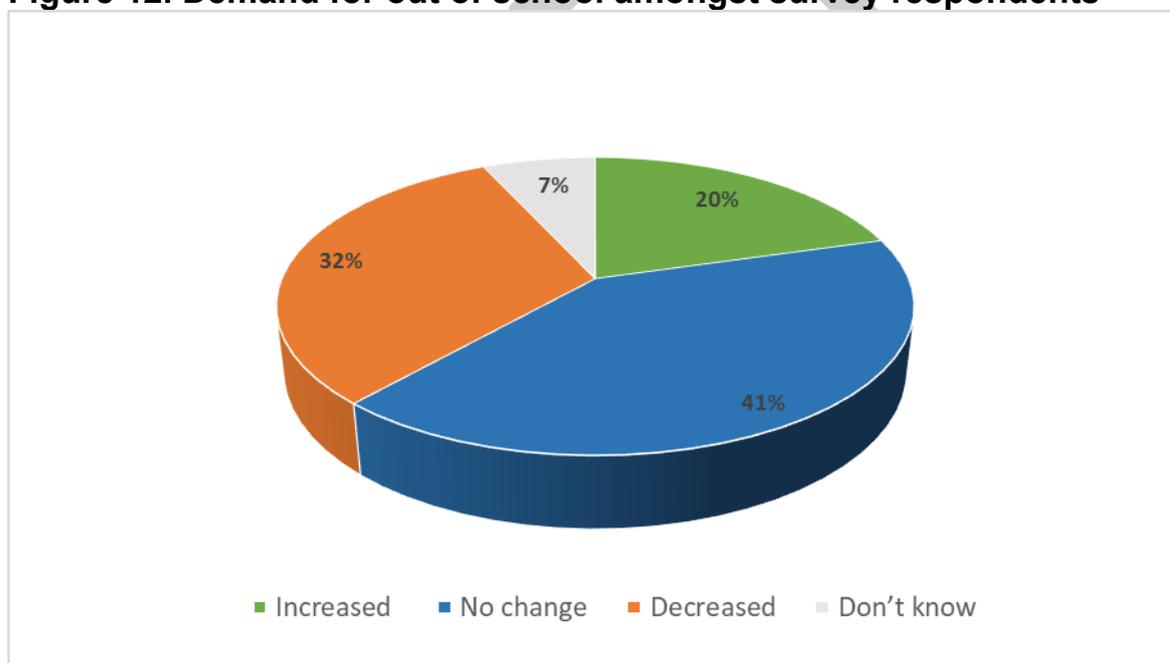
Figure 11. PVI Provision by type



Source: Early Years' Service Provider Survey, May 2022

- 3.55 In the PVI sector, childminders and day nurseries provide the majority of the out of school care available. Fewer out of school clubs responded to the survey therefore this figure is likely to be under-represented. Notably, it is the childminding sector that deliver the highest proportion of holiday care.
- 3.56 The demand for wrap around childcare may be reduced if more parents/carers are working from home as they will be at home when children return from schools and during school holidays.
- 3.57 Whilst data from the Derbyshire Early Years Provider Survey found that just over a quarter of funded providers reported that demand for out of school childcare had fallen since the pandemic, overall, the majority of providers felt that the demand had either increased or remained the same. as shown in figure 12.

Figure 12. Demand for out of school amongst survey respondents



Source: Early Years' Service Provider Survey, Derbyshire County Council, May 2022

Irregular hours

Most childcare providers typically provide care sometime between the hours of 8am to 6pm, but some parents/carers may require care outside of these hours (such as shift workers). Generally, the providers that offer irregular hours are childminders who may offer late nights and weekend care. If a request for irregular hours childcare is received by the Early Years Team a brokerage service will be undertaken to meet the needs of the parent/carer.

4. SUPPLY OF EARLY YEARS PLACES

Number of early years funded providers in Derbyshire

- 4.1 The number of early years childcare providers in the county registered to deliver early years funded places for two, three-and four-year-olds has reduced from 712 in September 2019 (pre-pandemic) to 627 in September 2022 see figure 13.

Figure 13. No. of providers delivering early years funded places

	Sep-19	Sep-20	Sep-21	Sep-22	Change 48 month	Change 12 month
Day Nurseries	143	141	141	139	-4	-2
Pre-Schools	110	107	103	91	-19	-12
Childminders	328	319	300	251	-77	-49
School run provision	121	127	133	138	17	5
Independent schools	10	11	9	8	-2	-1
TOTAL	712	705	686	627	-85	-59

Source: Derbyshire County Council, Information and ICT, Children's Services, Sep 2022

- 4.2 This is due to a reduction of 85 providers over the last 48 months and a reduction of 59 in the last 12 months. This follows the national trend as between 1 April 2021 and 31 March 2022, there was a net overall decrease of around 4,000 childcare providers, representing the largest decline since 2015-16⁷.
- 4.3 The childminder sector has seen the largest reduction in numbers and again this is in line with national figures. The number of childminders has fallen nationally over an extended period and have reduced by 16,600 (35%) since 31 August 2015.⁸ Whilst the childminder sector has seen the largest reduction these closures have a smaller impact on the number of overall places than the closure of group care settings as they generally care for fewer children.
- 4.4 The school run sector has seen an area of growth over the last 4 years, which is mainly due to schools creating new early years provision using the governor run model.

⁷ <https://www.gov.uk/government/statistics/childcare-providers-and-inspections-as-at-31-march-2022/main-findings-childcare-providers-and-inspections-as-at-31-march-2022>

⁸ <https://www.gov.uk/government/statistics/childcare-providers-and-inspections-as-at-31-march-2022/main-findings-childcare-providers-and-inspections-as-at-31-march-2022>

- 4.5 Ofsted reported in June 2022 that nationally between 1 April 2020 and 31 March 2022, the least deprived areas had more of a decrease in the proportion of providers compared with the most deprived areas. Between 1 April 2021 and 31 March 2022, there was a net overall decrease of around 6% in the number registered on 1 April 2021. This was not consistent in all areas of deprivation. Providers in the less deprived areas saw more of a decrease (7%) than those in the most deprived areas (3%).
- 4.6 In Derbyshire, a total of 73 providers closed between 1 September 2021 and 31 August 2022. 56% of these closures were in more affluent areas, while 44% were in the more deprived areas, in line with the national picture.
- 4.7 The impact of higher number of closures in more affluent areas could have an adverse impact on working parents/carers and this will need to be monitored.
- 4.8 Although the data indicates an increase in the number of closures of childcare providers, this may not have a significant impact upon the sufficiency of childcare in Derbyshire, as the birth rate has continued to fall and research has indicated that the use of formal childcare amongst families has also fallen. As with any market, demand will impact upon supply and the closures could be an indication that the market is adjusting itself naturally.

Childcare provider closures and openings

- 4.9 A recent and significant increase in the number of closures in the PVI (non-schools) funded providers could be an indication of the negative impact COVID-19 has had on the childcare market.
- 4.10 To measure this, the number of closures and openings between September 2021 and August 2022 has been recorded in figure 15. It is imperative to compare the number of closures against the number of openings to get a balanced view.
- 4.11 Whilst the overall number of providers has reduced since the start of the pandemic there has been new provision opening to offset the closures. In addition to the above PVI information, during the same period (September 2021 and August 2022), three new nurseries opened in the school sector and a further three will be opening in the autumn 2022 term.

Figure 14. PVI closures and openings in last academic year

	Closures				Totals	Openings				Totals
	CM	DN	PS	IND		CM	DN	PS	IND	
Amber Valley	8	0	0	0	8	8	1	0	0	9
Bolsover	4	0	0	0	4	3	0	0	0	3
Chesterfield	9	1	1	0	11	4	1	0	0	5
Derbyshire Dales	2	0	0	0	2	2	0	0	0	2
Erewash	13	0	4	0	17	4	0	0	0	4
High Peak	11	2	1	0	14	0	1	0	0	1
North East Derbyshir	7	0	2	0	9	1	1	0	0	2
South Derbyshire	10	1	4	1	16	3	0	0	0	3
TOTAL	64	4	12	1	81	25	4	0	0	29
Difference	-39	0	-12	-1	-52					

Source: Derbyshire County Council, Finance and ICT Division, Oct 2022

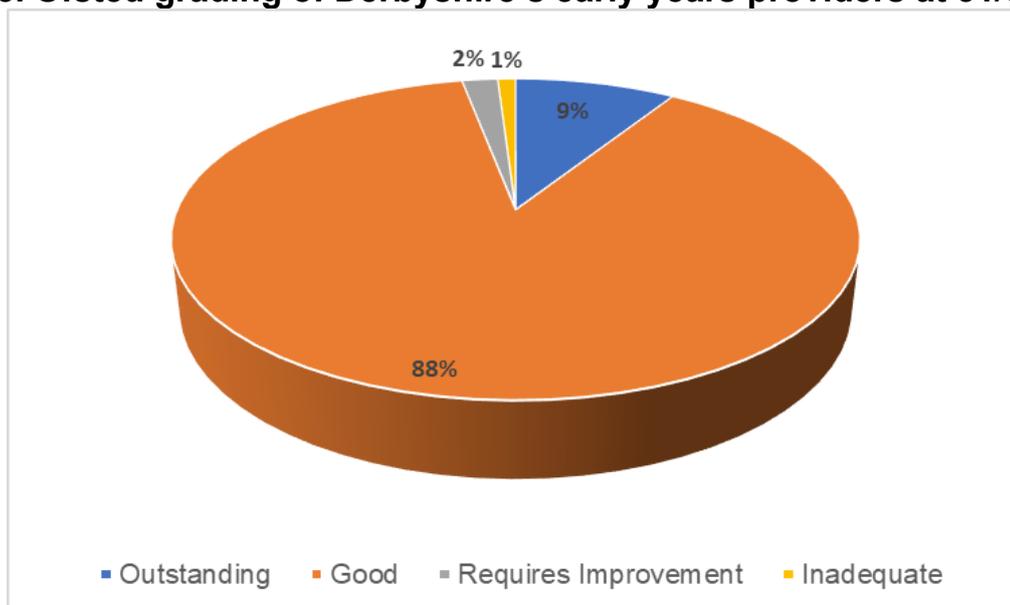
- 4.12 The table above illustrates that in the PVI group care sector there has been a decrease of 52 providers overall, with childminders making up the largest number of closures. The childminding sector sees a greater number of both opening and closures over the course of a typical year as the personal circumstances of childminders can change relatively frequently and can impact on their ability to provide childcare. As childminders generally care for fewer children than group care settings this will have a limited impact on the number of overall places.
- 4.13 Where possible the reason for the closures will be monitored to identify if reduced numbers of children attending and higher running costs are a factor in light of the cost of living crisis.

Quality of provision

- 4.14 In fulfilling the requirements of the local authority's statutory duties, Derbyshire Early Years' Service aims to ensure that not only are there sufficient places for children, but also that early years' provision is of a high quality.
- 4.15 The quality of early years provision is measured through inspections undertaken by Ofsted (Office for Standards in Education). Ofsted is the sole arbiter of quality and through the inspection process each setting will receive one of four grades (outstanding, good, requires improvement or inadequate) depending on the inspection findings.
- 4.16 Ofsted routine inspections for early years providers between 1st September 2021 and 31st March 2022 show that 88% were judged to be "good". Overall, this equates to 97% of Derbyshire early years providers having a good or better Ofsted inspection outcome at 31 March 2022. This compares to 96% nationally and 97% across the East Midlands⁹.

⁹ <https://www.gov.uk/government/statistics/childcare-providers-and-inspections-as-at-31-march-2022>

Figure 15. Ofsted grading of Derbyshire’s early years providers at 31/03/22



4.17 In September 2021, a revised Early Years Foundation Stage Statutory Framework¹⁰ came into effect. The Early Years Foundation Stage (EYFS) sets the standards that all early year’s providers must meet to ensure that children learn and develop well and are kept healthy and safe.

4.18 The EYFS seeks to provide:

- quality and consistency in all early years’ settings, so that every child makes good progress, and no child gets left behind
- a secure foundation through planning for the learning and development of each individual child, and assessing and reviewing what they have learned regularly
- partnership working between practitioners and with parents and/or carers
- equality of opportunity and anti-discriminatory practice, ensuring that every child is included and supported

4.19 To ensure providers achieve high quality of provision and meet the requirements within the EYFS, Derbyshire early years settings and schools can access a range of universal and targeted support offered by the Derbyshire Early Years Improvement Team.

¹⁰ [Early years foundation stage \(EYFS\) statutory framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97222/early-years-foundation-stage-statutory-framework-2021.pdf)

- 4.20 From September 2022, to support Derbyshire schools and settings to improve outcomes in communication and language significant funding has been made available from Derbyshire County Councils Levelling Up Fund to enable schools and settings to take part in Confident Communicators.
- 4.21 This programme gives practitioners the knowledge to plan intervention support within everyday interactions. Building on the strong legacies of Derbyshire Every Child a Talker (ECaT) and Early Years Professional Development Programme (EYPDP)

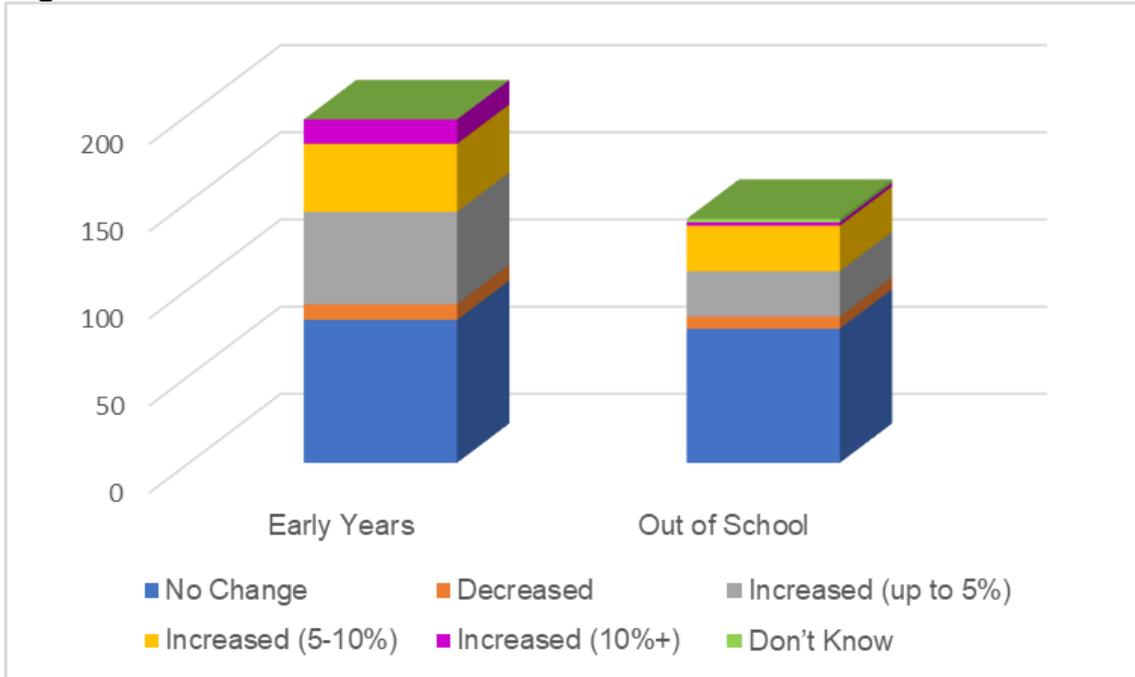
Affordability

- 4.22 In addition to the quality of childcare, affordability is an equally important factor as this can be the biggest barrier to accessing childcare and may result in parents/families being unable to access work.
- 4.23 The Childcare Survey 2022 published by the Coram Family and Childcare Trust¹¹ in July 2022 reported that the cost of childcare continues to rise. The survey found that since 2021 the average costs of a part time (25 hours) place in a nursery had increased by 2.5% for under twos, 2% for two-year-olds and 3.5% for three-to-four-year-olds using the free entitlement.
- 4.24 The survey also found that the average weekly price for families using an after-school club for five days per week, in Great Britain in 2022 has increased by around 7%.
- 4.25 To measure this at a county level the Early Years' Service Provider Survey (EYSPS) 2022 asked Derbyshire settings how their fees/charges for both early years and out of school childcare had been affected by events in the last 12 months such as the pandemic and the cost of living crisis.
- 4.26 Figure 16 shows that whilst many providers did not increase their prices over this period, but a significant number of providers did. The survey found 28% of out of school provision increased their fees compared to 48% of early years provision.

¹¹

https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Final%20Version%20Coram%20Childcare%20Survey%202022_0.pdf

Figure 16. Provider fees in last 12 months



Source: Early Years' Service Provider Survey, Derbyshire County Council, May 2022

- 4.27 This is concerning for parents/carers juggling the cost of childcare with other cost of living increases. It is therefore imperative that parents/carers receive information on all the support with childcare costs that is available to them including Tax Free Childcare.
- 4.28 Despite this data, the local authority has not received any feedback through the Families Information Service from parents concerned about the affordability of childcare.

Top up

- 4.29 It is for the provider themselves to determine their fee structure and delivery model. The early education and childcare statutory guidance for local authorities - June 2018¹² states that local authorities should: *'A1.27 Not intervene where parents choose to purchase additional hours of provision or additional services providing that this does not affect the parent's ability to take up their child's free place.'*
- 4.30 However, it is a legal duty for local authorities to ensure providers do not charge "top up" fees on the free entitlements and to work with providers to ensure all parents/carers, including disadvantaged families, have fair access to a free place, which must be delivered completely free of charge

¹² [Early education and childcare \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

4.31 “Top up” fees are defined in the Early Education and Childcare Statutory Guidance for Local Authorities’ June 2018 as:

- any difference between a provider’s normal charge to parents and the funding they receive from the local authority to deliver free places.
- parents to pay a registration fee as a condition of taking up their child’s free place.

4.32 This is particularly relevant in the current economic climate to ensure providers are not introducing ‘top up’ charges to offset any increases in their running costs resulting from the cost of living crisis. The local authority will continue to monitor this through regular provider audits and will follow up any concerns raised directly by parents.

Support with childcare costs for parents/carers

4.33 Government assistance to help families meet the cost of childcare is available. As well as the government’s early years entitlement funding for two, three-and-four-year-olds there are further schemes available to parents and carers, such as Tax-Free Childcare and Universal Credit Childcare.

4.34 Families can find further information on these schemes through the Derbyshire Families Information Service (FIS) and the local authority’s website at [Help paying for childcare](#).

4.35 The [Childcare Choices Website](#) and the [Childcare Choices Communications Toolkit](#) are regularly circulated to providers through several mediums including email, Twitter and the Early Years Business Bulletin to encourage them to promote the childcare offers available to their families.

4.36 The Families Information Service (FIS) is provided by the local authority to support any family caring for children aged 0 - 19 or up to 25 years for children or young people with SEND. It provides free, impartial information and guidance for parents, carers, practitioners, children and young people on a wide range of services activities and events available in Derbyshire.

4.37 FIS have undertaken a number of steps to support parents/carers through the cost of living crisis, these include:

- Re-design of the two-year-old funding postcard to include a QR code to make application quicker and easier.
- Communications sent to parents have been amended to include additional information, ensuring that they are aware of all forms of support available to pay for childcare.
- Providers asked to promote the Families Information Service to parents/carers.
- Marketing materials for the early years' entitlements have been redesigned and distributed to settings to display.
- A 'Help Paying for Childcare' page on Derbyshire's website has been revised and included in the local authority's recent cost of living campaign.
- Promotion of the FIS service and the support available for childcare cost at networking events

4.38 In July 2022, a government drive to reduce the cost of childcare for parents¹³ was announced which included plans to:

- increase the number of children that can be looked after by each staff member in early years settings
- increase choice and affordability for parents by taking action to open up the childminder market
- increase the number of childminders by allowing greater flexibility on number of issues and encourage the growth of childminder agencies.

4.39 The local authority has been actively promoting money saving schemes during this challenging economical time through Derbyshire's own Cost of Living campaign. This includes information on help with childcare costs and support for families to help ensure all Derbyshire residents and employees are aware of what support with childcare is available to them in these economically challenging times. Further details can be found on the Derbyshire website under the Cost of Living section.

¹³ [Drive to reduce the cost of childcare for parents - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/drive-to-reduce-the-cost-of-childcare-for-parents)

5. SUFFICIENCY ASSESSMENT OF EARLY YEARS PLACES

- 5.1 The Early Years' Service undertakes ongoing monitoring at both a district and ward level to identify any areas of concern or any specific geographical areas that may have pockets of undersupply.
- 5.2 This monitoring compares the estimated number of early years childcare places required based on the population of two, three-and-four-year-olds in each individual ward and compares it to the number of early year's places offered by the providers located in the ward.
- 5.3 Not every ward will have a childcare setting located within it but will have population data, therefore some wards will show a deficit of places.
- 5.4 Generally where one ward shows a deficit this is offset by the number of places available in neighbouring wards where there may be one or several childcare providers offering sufficient places to meet the needs of the population. This means that not all parents will access childcare within the ward in which they live and may be using childcare in neighbouring wards, districts or even other local authorities.
- 5.5 The formula for calculating the number of available places was reviewed and updated in 2022 to make it more accurate. The figures below are calculated assuming every eligible child requires a place (as legally required by the statutory duty) but as discussed in paragraph 3.39, in reality, take up figures are slightly lower than 100%.
- 5.6 Analysis of the two-year-old entitlement has shown that there are sufficient places across Derbyshire resulting in an oversupply of around 300 places currently. This data will change termly as a new cohort of eligible children is released by the DWP.
- 5.7 Further analysis regarding three-and-four-year-olds funded entitlements also shows that Derbyshire has an estimated oversupply of 1119 places. There are, however, differences in the individual districts, the results of which have been indicated in the following RAG (red, amber, green) rating in Figure 17.

Figure 17. Sufficiency of places per district

District	Surplus/Deficit	RAG Rating
Amber Valley	6	Sufficient
Bolsover	169	Oversupply
Chesterfield	-72	Undersupply
Derbyshire Dales	175	Oversupply
Erewash	365	Oversupply
High Peak	388	Oversupply
North East Derbyshire	310	Oversupply
South Derbyshire	-172	Undersupply
TOTALS	1119	Oversupply

Source: Derbyshire County Council, Early Years' Service, Nov 2022

- 5.8 The data analysis can only provide a snapshot and it should be noted that this data may change daily because of changes in population or providers opening, closing or expanding their provision. While Derbyshire County Council believes this information to be correct, it does not guarantee its accuracy nor does the Council accept any liability for any direct or indirect loss or damage or other consequences, however rising from the use of such information supplied.
- 5.9 Two districts indicate a shortfall in places, but there are sufficient early years places in the whole of Derbyshire based on the population figures. Any deficit may also be met through the surplus of two-year-old places.
- 5.10 A number of group care closures in the South Derbyshire District is the main factor behind the current deficit. However, it is also important to note that South Derbyshire borders other areas with a significant surplus and other local authorities that could be providing childcare for children in this district. Further investigation at a more localised level within the district is being undertaken to identify the areas of most concern and potential accommodation is being considered.
- 5.11 The Chesterfield district is also showing a relatively small deficit, again further investigations will take place to identify any localised areas that may be significantly affected, and stimulation strategies implemented if required.
- 5.12 There are several points to consider in the interpretation of this data:
- The oversupply of places has reduced since October 2021 from 1709 to 1119, this is likely due to the number of providers that have closed over the last 12 months and fluctuations in population.

- Derbyshire has received no communications from parents/carers stating they are unable to find a suitable funded early years place for their child which is an indicator that there are sufficient places.
- Parents do not always access childcare within the boundaries of the districts and may use a setting from outside the area in which they live for a variety of reasons including work.
- Whilst the figure of 1119 surplus places may seem significant, if averaged out across all providers this would result in only 1.7 surplus places per provider.

District sufficiency snapshots

- 5.13 A snapshot of the childcare sufficiency picture in each of the eight districts of Derbyshire has been created and can be found in the Appendices.

6. SUSTAINABILITY

6.1 Sustainability is key to ensuring the ongoing sufficiency of early education and childcare places. Some of the largest risk factors for providers include:

- Increased operation costs (rent, energy, food, staffing)
- Recruitment and retention
- Changes in demand

6.2 The local authority no longer has access to sustainability funding to support providers struggling financially, however the Early Years' Service provides free business support for providers.

6.3 The local authority also regularly promotes the additional funding available to providers such as Early Years Pupil Premium, deprivation funding or Disability Access Fund to ensure settings are claiming all the funding available to help with sustainability. The Early Years Provider Survey found that 52% of settings stated they inform and encourage parents/carers to give consent to apply for the additional funding where applicable.

Changes in demand

6.4 Falling birth rates since 2012, the knock-on effects of the pandemic and the cost of living crisis have impacted on the sustainability of providers nationally and locally.

6.5 It is likely that where families can, they will use informal childcare to cut their childcare costs, which has an adverse financial impact on childcare providers.

6.6 Changes in working patterns to allow parents/carers more flexibility in terms of time and location may also impact on demand.

Energy support for childcare settings

6.7 The Energy Bill Relief Scheme has supported early year's settings, schools and colleges, providing a discount on wholesale gas and electricity prices for all non-domestic customers. This applies to energy usage from Saturday 1 October 2022 to Friday 31 March 2023.

- 6.8 The scheme sets a Support Wholesale Price for the wholesale cost of energy, limiting the amount customers can be charged for gas and electricity.
- 6.9 After three months, there will be a review into the operation of the scheme, to inform decisions on further support after March 2023. This will focus on identifying the most vulnerable non-domestic customers and how the government will continue assisting them with energy costs.
- 6.10 In the EYSPS rising business costs was cited as the main concern for 42% of funded providers and 55% of schools offering out of school care.

Recruitment and retention

- 6.11 Recruitment and retention of early years and childcare staff will impact on the sustainability of settings. Issues with recruitment can result in providers having to reduce the number of places they can offer.
- 6.12 A national survey of 1395 childcare providers reported that more than eight in 10 settings are finding it difficult to recruit staff.¹⁴ In Derbyshire, the Early Years Provider Survey found that 55% of schools offering out of school provision and 37% of funded providers cited recruitment and retention of staff as their main business concern. Amongst funded providers, 42% stated they were currently finding it very difficult or somewhat difficult to recruit, with fewer applicants, lack of qualified applicants and salary being cited as the main problems.
- 6.13 Despite these issues, the Early Years Provider Survey reported that 81% of respondents indicated that they were confident or reasonably confident that they could continue to run for the next 12 months.

Future planning

- 6.14 As reported, in Derbyshire there has been an increase in closures over the last 12 months with pre-schools seeing the highest number of closures. Providers have/are looking to remodel their delivery to meet parental demand and increase occupancy whilst taking long term sustainability into consideration. This is often difficult for pre-schools as they can be restricted with access to their accommodation.

¹⁴

https://www.eyalliance.org.uk/sites/default/files/breaking_point_report_early_years_alliance_2_december_2021.pdf

- 6.15 Despite the operating difficulties and uncertain parental demand caused by the COVID-19 pandemic and the cost of living crisis, recent data indicates that the Local Authority is currently able to meet its statutory duties in ensuring it has sufficient childcare. However, as we continue to live in a permacrisis which is impacting heavily on the early years sector, predicting future sufficiency and sustainability in Derbyshire will be challenging.
- 6.16 Ongoing monitoring will continue to take place throughout the year to establish whether there are sufficiency or sustainability issues in any of Derbyshire's localities.

7. CONCLUSIONS

- 7.1 As the country is continuing to face a cost of living crisis, it is too early to tell how this will impact on the childcare market and how the demand for and supply of childcare will change. The last 12 months has seen a higher-than-average number of childcare settings close, particularly pre-schools, and the impact of this will need to be carefully monitored

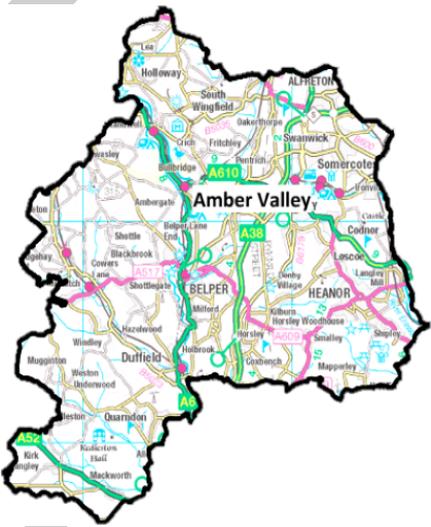
Actions

- 7.2 Further research and analysis on the longer-term effects of the pandemic and the cost of living crisis on the sector will be required over the next year including the following:
- Continued monitoring of the supply of places to identify any trends or areas that have been more adversely affected.
 - Further investigation into the districts showing a deficit of early years funded places and implementation of market stimulation strategies where this is required to increase supply of places.
 - Establish if demand from parents has changed and the reasons behind this.
 - Continue to develop and enhance the Families Information Service including the website and social media to improve parental and provider engagement.

Appendices

Amber Valley District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>2563</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>318</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>69%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>50 Childminders 15 Day Nurseries 15 Pre-Schools 1 Independent School 20 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>The district indicates an estimated surplus of approximately 6 early years funded places</p>	
	<p>Need to create any childcare places?</p>	<p>NO Estimated marginal oversupply of 6 funded childcare places in district currently but this will be closely monitored</p>	

Bolsover District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>1707</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>264</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>76%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>12 Childminders 11 Day Nurseries 4 Pre-Schools 1 Independent School 19 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>There are no potential local risk factors specific to the Bolsover district identified at present</p>	
	<p>Need to create any childcare places?</p>	<p>NO Estimated oversupply of 169 funded childcare places in district currently</p>	

Chesterfield District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>2144</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>300</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>70%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>31 Childminders 18 Day Nurseries 4 Pre-Schools 1 Independent Schools 25 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>The district indicates an estimated deficit of approximately -72 early years funded places.</p>	
	<p>Need to create any childcare places?</p>	<p>TBC Further investigations will be undertaken to identify any localised areas of concern and consider if places need to be created</p>	

Derbyshire Dales District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>1118</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>91</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>91%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>12 Childminders 8 Day Nurseries 20 Pre-Schools 2 Independent Schools 9 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>There are no potential local risk factors specific to the Derbyshire Dales district identified at present</p>	
	<p>Need to create any childcare places?</p>	<p>NO Estimated oversupply of 175 funded childcare places in district currently</p>	

Erewash District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>2346</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>308</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>72%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>45 Childminders 17 Day Nurseries 10 Pre-Schools 1 Independent Schools 17 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>There are no potential local risk factors specific to the Erewash district identified at present</p>	
	<p>Need to create any childcare places?</p>	<p>NO Estimated oversupply of 365 funded childcare places in district currently</p>	

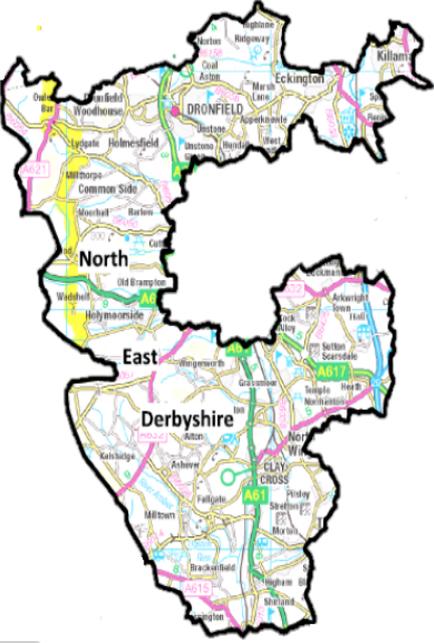
High Peak District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>1863</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>199</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>81%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>31 Childminders 26 Day Nurseries 12 Pre-Schools 0 Independent Schools 16 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>There are no potential local risk factors specific to the High Peak district identified at present</p>	
	<p>Need to create any childcare places?</p>	<p>NO Estimated oversupply of 338 funded childcare places in district currently</p>	

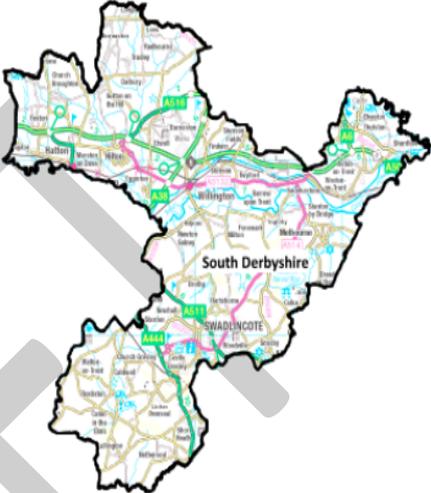
North East Derbyshire District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>2060</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>246</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>73%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>24 Childminders 17 Day Nurseries 11 Pre-Schools 0 Independent Schools 22 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>There are no potential local risk factors specific to the North East Derbyshire district identified at present</p>	
	<p>Need to create any childcare places?</p>	<p>NO Estimated oversupply of 310 funded childcare places in district currently</p>	

South Derbyshire District Childcare Sufficiency Snapshot

November 2022

	<p>Population of 3- & 4-year-olds</p>	<p>2495</p>	
<p>2</p>	<p>No. of eligible 2-year-olds</p>	<p>272</p>	
<p>%</p>	<p>% of 2-year-olds taking up a free place</p>	<p>58%</p>	
	<p>No. of Ofsted registered childcare providers</p>	<p>51 Childminders 25 Day Nurseries 16 Pre-Schools 2 Independent Schools 12 Maintained Schools and Academies</p>	
	<p>Potential risk factors</p>	<p>The district indicates an estimated deficit of approximately -172 early years funded places.</p>	
	<p>Need to create any childcare places?</p>	<p>Yes Investigations are currently taking place to determine appropriate accommodation.</p>	