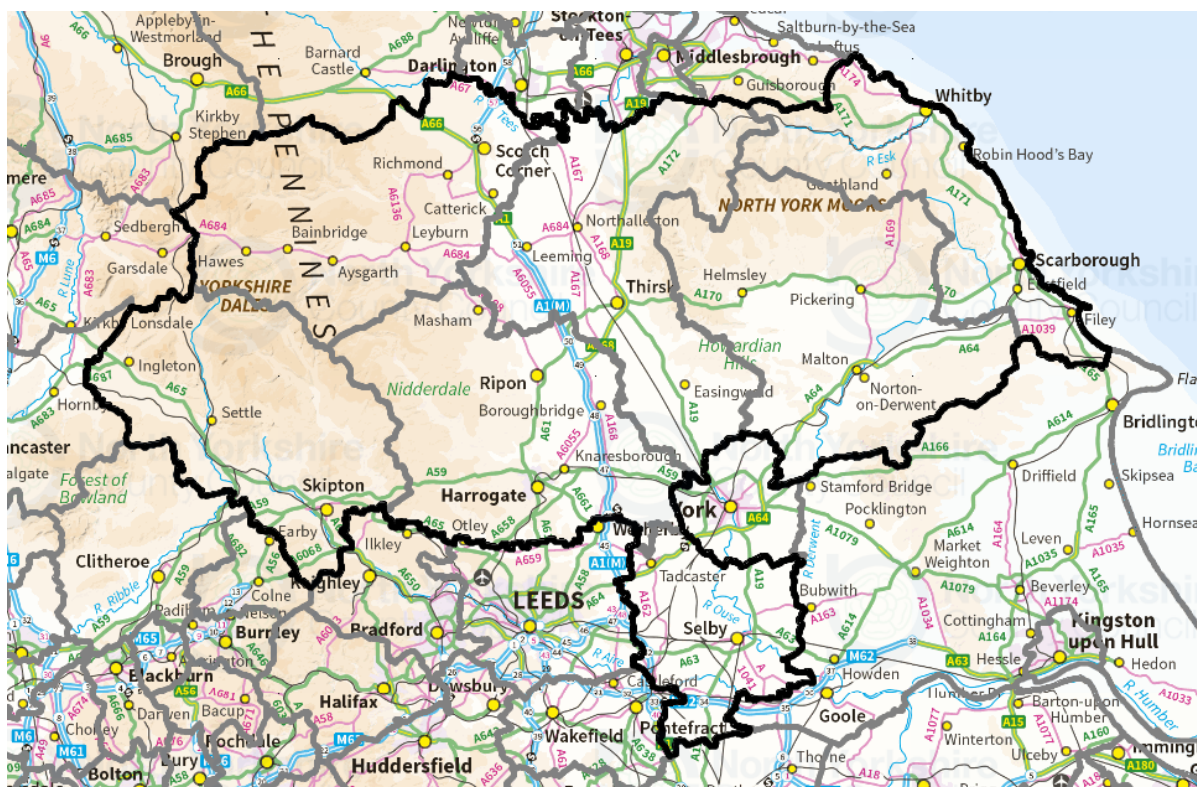


# Childcare Sufficiency Report 2022

## A report on the Early Years and Childcare sector in North Yorkshire County Council



Based on Spring, Summer and Autumn Terms 2022  
Report by Helen Smith, Early Years Strategy Manager

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## 1. Introduction and completed actions

North Yorkshire County Council (NYCC) is a large rural county in the north of England. It is divided into seven districts: Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby.

This annual report updates elected members on how North Yorkshire County Council is meeting its statutory duty to secure sufficient early years and childcare provision for children aged 0 – 14 (and up to 18 for disabled children) and make this report available and accessible to parents.

Childcare is defined in Section 18 of the Childcare Act 2006 as any form of care for a child and includes education for a child and any other supervised activity. In North Yorkshire, we refer to Early Years and Childcare as the full range of provision on offer for 0 – 14 year olds (up to 18 years old for children with Special Educational Needs or a disability) across the Private, Voluntary, Independent (PVI) and Maintained sectors.

Section 6 of the Childcare Act (2006) requires local authorities to ensure there is sufficient childcare “as 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 for disabled children).”

The local authority’s role is to:-

- Ensure that the childcare is available, accessible and affordable so that parents have the opportunity to use childcare in their area
- Ensure the childcare is of good quality so it benefits the child
- Provide parents with a choice of childcare so they can choose suitable childcare that meets their needs.

The report shows take up of two, three and four-year-old funded places, 30 hours funded places and gives an update on previous recommendations from the 2021-2022 report.

Pressures on the local childcare market continued throughout 2022 with the sector facing a number of challenges including the retention and recruitment of staff, increases in operational costs such as fuel bills and increase as staff wages, proposed changes to child:staff ratios and Ofsted’s move to a six year inspection window. Historical underfunding of the sector and lack of financial support to address the impact of covid costs means that the early years and childcare market remains fragile both nationally and locally. The local authority has been made aware of childcare providers altering their offer to parents, capping numbers of places offered and revising their business models in order to remain viable.

Government funded places in North Yorkshire from April 2022 were paid at the following base rates:-

- Eligible two-year-olds in all settings £5.51 per hour
- Eligible three and four-year-olds in all settings £4.31 per hour

Two-year-old government funding is paid to providers for children who meet the eligibility criteria set by the DfE. This starts the term following their second birthday and is up to 15 hours per week for 38 weeks per year. All three and four-year-old children in England are eligible for 570 hours of funded childcare per year the term after their third birthday. Working parents of three and four-year-old children may be eligible for a further 15 hours per week for 38 weeks per year (1,140 hours per year). National criteria for eligibility of all government funding can be found on the Childcare Choices website <https://www.childcarechoices.gov.uk/>

Additional Inclusion Funding is available for children with emerging, targeted and higher level of Special Educational Needs and Disabilities (SEND). Additional Disability Access Funding (DAF) is payable to settings for children in receipt of Disability Living Allowance (DLA).

Additional deprivation funding and Early Years Pupil Premium payments are made to supplement the hourly funding rate for children from disadvantaged backgrounds.

## The Council's Strategic Priorities: January 2021 – December 2022

The following priorities have been actioned:-

1. To continue to monitor the supply of childcare across the county, especially where there has been housing development, to ensure there is sufficient childcare particularly for vulnerable children and government funded three and four-year-old children. **The childcare market is monitored closely to ensure that the local authority is able to meet its statutory duty.**
2. To work with NESTA and the Behavioural Insights Team during Spring 2022 to undertake a Randomised Control Trial (RCT) to compare letters sent to parents and the impact on take up rates of two year old funding. **This work was completed with NESTA and the Behavioural Insights Team. The outcome showed that the NYCC issues (based on previous work with the BI team) to prospective parents was as effective as the letter used in the RCT. Therefore no changes were made to the NYCC existing letter.**
3. Within Childhood Futures, to develop and Early Years and Childcare Strategy to provide an overarching framework of services working together to achieve the best start for every child and their family across the county. **An early years strategy has been developed and work continues on this.**
4. To review the feedback and impact of the Integrated Review pilot in Easter 2022 with a view to possible roll out across the county from September 2022. **The pilot concluded at Easter and feedback provided the next steps for work with Healthy Child Team, Public Health and Early Years.**
5. Through the Early Years and Childcare Strategy, to explore the possibility of an annual comms strategy to communicate with parent. **Discussions have taken place with the Comms Team and early years will be a priority post LGR in April 2023.**

Despite the shockwaves sent through the early years and childcare market caused by the Covid-19 pandemic and the disruption to the labour market, the Local Authority continues to meet its statutory duties to ensure it has sufficient childcare.

### 2. Demand for childcare

NYCC had an overall population of 618,847 (ONS mid-2021 population estimate) a drop from 620,000 the previous year.

For the fifth consecutive year, the number of live births in 2020 for England and Wales decreased to the lowest since 2002 (-15.9%) [Births in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk). The Total Fertility Rate (TRF) fell to 1.58 children per woman is the lowest since records began in 1938. However, the number of live births in North Yorkshire increased in 2021 from 2020 by approximately 3%.

#### Live Births 2019 - 2021

District	Number of births 2019	Number of births 2020	Number of births 2021	+/- from previous year
Craven	419	411	389	-22
Hambleton	645	625	655	+30
Harrogate	1,284	1,257	1,296	+39
Richmondshire	417	410	433	+23
Ryedale	460	412	416	+4
Scarborough	924	894	887	0
Selby	900	885	943	+58
<b>Total</b>	<b>5,049</b>	<b>4,894</b>	<b>5,019</b>	<b>+125</b>

(Source: NYCC Strategic Planning Dept.)

Children registered with a GP as at 31 August 2022 provided by DfE

Children registered with a GP as at 31 August 2022								
DFE	North Yorks	Craven	Hambleton	Harrogate	Richmond	Ryedale	Scarborough	Selby
Age 0	5014	413	655	1275	437	422	878	934
Age 1	5244	395	723	1409	423	424	897	973
Age 2	5443	461	747	1465	410	452	934	974
Age 3	5695	476	788	1509	459	494	957	1012
Age 4	6039	533	824	1609	519	490	984	1080
Aged 0-4	27435	2278	3737	7267	2248	2282	4650	4973

Projected births for North Yorkshire 2023 – 2025

2023	5085
2024	5077
2025	5075

From data supplied by Strategic Planning, it is predicted that the child yield for 2022/2023 for early years children will be 162. This is an increase from 146 from 2021/2022

[www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing](http://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing)

**Population of early years children**

There are 27,741 children aged 0 – 4 years living in North Yorkshire (January census 2022) compared to 29,248 in December 2021; a decrease of 1,507 children. All districts saw a decrease in the number of children.

	Number of children							
	North Yorks	Craven	Hambleton	Harrogate	Richmond	Ryedale	Scarborough	Selby
Age 0	5019	389	655	1296	433	416	887	943
Age 1	5247	450	725	1344	402	464	939	923
Age 2	5680	500	793	1484	516	466	909	1012
Age 3	5748	554	787	1495	483	450	945	1034
Age 4	6047	456	858	1668	491	500	1033	1041
Aged 0-4	27741	2349	3818	7287	2325	2296	4713	4953

**Population of school age children**

The population of school age children for 2022 is 63,215 an increase of 2,503 children from the previous year (School Census, January 2022). There are 6,343 children who are Black, Minority and Ethnic pupils (10%), the highest number of pupils live in the Harrogate District; 1,227 (13%) aged 5 – 10 years and 885 (12%) aged 11 – 14 with the highest % of children aged 11 – 14 living in the Craven District 558 (17%).

	Number of children							
	North Yorks	Craven	Hambleton	Harrogate	Richmond	Ryedale	Scarborough	Selby
Age 5	6120	533	886	1571	559	465	1052	1054
Age 6	6005	539	870	1567	489	505	1002	1033
Age 7	6069	560	856	1536	537	495	1059	1026
Age 8	6007	574	860	1532	522	473	1020	1026
Age 9	6267	570	915	1616	520	496	1142	1008
Age 10	6376	630	909	1633	532	574	1112	986
Aged 5-10	36844	3406	5296	9455	3159	3008	6387	6133
Age 11	6458	728	803	1775	551	552	1025	1024
Age 12	6700	866	853	1808	521	633	1034	985
Age 13	6784	829	808	1899	524	631	1064	1029
Age 14	6429	835	817	1763	533	604	973	904
Aged 11-14	26371	3258	3281	7245	2129	2420	4096	3942
Total 5-14	63215	6664	8577	16700	5288	5428	10483	10075

### **Population of children by school years**

	Number of children							
	North Yorks	Craven	Hambleton	Harrogate	Richmond	Ryedale	Scarborough	Selby
Birth to school age (0-4)	27724	2322	3819	7294	2317	2257	4737	4978
Primary school (R-6)	42575	3975	6061	11110	3486	3541	7353	7049
Secondary school (7-13)	37471	4931	4386	11659	2761	3443	5246	5045

### **Early Years Children with Special Educational Needs and Disabilities (SEND)**

#### **Number of children in receipt of Element 2 Inclusion Funding for 2022**

Age	Spring Term 2022	Summer term 2022	Autumn Term 2022
2	23	28	27
3 & 4	178	214	139
Total	201	242	166

Data supplied by the Inclusion Team indicated that not all children claimed for full terms' funding as a minority children only claimed for either the first or second half term only.

#### **Number of 3 and 4 year-old children in receipt of Disability Access Funding (DAF) for 2022**

Term	Number children in receipt of DAF
Spring 2022	32
Summer 2022	54
Autumn 2022	35

#### **Two year-old funded children in receipt of Disability Living Allowance (DLA)**

Term	Number of 2 Y O children in receipt of DLA
Spring 2022	9
Summer 2022	22



Autumn 2022	25
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### Number and percentage of pupils with SEND (EHCP and SEN Support

There are 6,111 children (17%) aged 5 – 10 and 4,423 (17%) children aged 11 – 14 with SEND, an increase of 1,084 from 2021 (Schools Census, January 2022). The highest number and % of children aged 5 – 10 with SEND live in the Harrogate District 1,543 (19%). The highest number of children with SEND aged 11 – 14 live in the Harrogate District 1,068 (15%) yet the highest % of children with SEND live in the Hambleton District 684 (21%).

### 3. Supply of childcare

NYCC has a variety of childcare providers offering flexibility and a range of childcare provision. The childcare market includes Ofsted registered PVI providers (i.e. private day nurseries, preschools/playgroups, childminders, childcare on domestic premises), maintained schools and academies with nursery provision, maintained nursery schools and independent schools with nursery provision.

The net total figure of early years settings across the county has decreased during 2022 by 28 providers from 681 to 653 (4%). Childminders saw the largest number of closures across the sector. The number of out of school club provision fell by 6%.

Type of provision	18/1/2022	22/12/2022	Loss/Increase
Childminders	298	265	-33
Private Day Nurseries	143	149	+6
Preschools	81	77	-4
Independent School	13	13	0
School based provision	147	149	+2
Out of School Clubs	142	134	-8
<b>Total</b>	<b>823</b>	<b>787</b>	<b>-37</b>

### Open and Closed Providers during 2022

Type of provision	Number Opened	Number Closed	Net loss/gain
Academy Nursery Class	12	5	+7
Childcare on Domestic Premises	1	1	0
Childminders Agency	3	1	+2
Childminders Ofsted	16	51	-35
Day Nursery	15	13	+2
Maintained Nursery Class	3	9	-6
Out of School Clubs	5	8	-3
Preschools/Playgroups	4	9	-5
State funded Governor Run	3	2	+1
<b>Total</b>	<b>62</b>	<b>99</b>	<b>-37</b>

As of December 2022 there were 653 early years providers offering 13,808 under five childcare places.

As of December 2022 there were 134 registered out of school club providers (a decrease of 8 providers) and 41 holiday clubs offering 691 registered under five places. The local authority will monitor supply and demand of childcare in out of school club provision.

The PVI sector is reporting both nationally and within NYCC that they are facing a recruitment and retention crisis.

The national concerns in the PVI sector regarding recruitment and retention of staff are shared across North Yorkshire with settings anecdotally advising that they are struggling to recruit Level 3 qualified staff. Data collected within NYCC from the sector for the annual Coram Family and Childcare Survey during Autumn 2021 re-iterated the concerns within the sector that rising staff costs were causing difficulties to financial sustainability and workforce retention and recruitment difficulties. Other rising costs such as business rates, energy costs and parents ability to afford childcare, as well we historic government funding, continue to provide a challenging operating environment for providers.

### Provider availability across NYCC

There is a wide range of different types of childcare provider offering a breadth of experience and expertise across the early years sector. The variety and diversity of settings offers parents a range of flexible childcare options with many local providers working together in partnership to enable parents to meet their work commitments. This reflects that there is no homogeneity in early years and childcare provision. Harrogate and Selby offer the most funded childcare places.

There are 389 providers open before 8am offering 7307 places and 69 providers open after 6pm offering 1462 places, 29 providers indicated that they are open weekends and 16 childminders stated they offered overnight provision.

All year childcare continues to be predominantly offered by childminders and day nurseries.

## 4. Early years government funding

Eligible two-year-old children and all three and four year-old children are eligible for 570 hours of government funded childcare and education. Three and four year-old children of working parents may be eligible for an additional 15 hours per week totalling 1,140 hours per year (30 hours or Extended Entitlement).

### Take up of funded two-year-old provision

The tables show the percentage take up measured against those families who were matched from the DWP list. The tables show the numbers of two-year-old children who were eligible for funding and were registered to take up a place. The tables do not reflect how many children actually attended provision.

Spring 21/22 - by District						
1.District	2. Parents on Lis	3. Number matche	4. % Match	5. Number Eligib	6. Funding take	7. % take up (of matches)
Craven	80	34	43%	34	25	74%
Harrogate	215	90	42%	88	64	73%
Hambleton	157	76	48%	74	55	74%
Richmondshire	81	46	57%	45	37	82%
Ryedale	105	44	42%	43	36	84%
Scarborough	324	139	43%	135	118	87%
Selby	218	96	44%	93	73	78%
<b>Total</b>	<b>1180</b>	<b>525</b>	<b>44%</b>	<b>512</b>	<b>408</b>	<b>80%</b>

Summer 22/23 by District						
1.District	2. Parents on Lis	3. Number matche	4. % Matc	5. Number Eligib	6. Funding take	7. % take up (of matches)
Craven	84	43	51%	43	33	77%
Harrogate	156	100	64%	99	79	80%
Hambleton	201	120	60%	115	91	79%
Richmondshire	71	46	65%	44	38	86%
Ryedale	72	45	63%	45	39	87%
Scarborough	342	220	64%	218	199	91%
Selby	192	121	63%	120	91	76%
Out of County	57	40	70%	38	28	74%
<b>Total</b>	<b>1175</b>	<b>735</b>	<b>63%</b>	<b>722</b>	<b>598</b>	<b>83%</b>



Autumn 22/23 by District						
1. District	2. Parents on Lis	3. Number matched	4. % Match	5. Number Eligible	6. Funding take	7. % take up (of matches)
Craven	80	60	75%	58	49	84%
Harrogate	134	100	75%	96	80	83%
Hambleton	234	187	80%	175	144	82%
Richmondshire	83	59	71%	55	49	89%
Ryedale	109	84	77%	82	72	88%
Scarborough	332	273	82%	266	243	91%
Selby	229	171	75%	163	135	83%
Out of County	1	1	100%	1		0%
<b>Total</b>	<b>1202</b>	<b>935</b>	<b>78%</b>	<b>896</b>	<b>772</b>	<b>86%</b>

As predicted, the take up figure fell in Spring 2022 due to automated decisions (Golden Ticket letters) no longer being used and eligibility verified before funding is provided. The average take up for two year old funded places in NYCC is 83% which is higher than the national average of 72%. NYCC is 41<sup>st</sup> out of 151 local authorities, joint 3<sup>rd</sup> out of 11 statistical neighbours and joint 4<sup>th</sup> out of 15 for Yorkshire and Humberside region.

#### Number of two year-old children funded each term

Term	Number of 2-year-old Funded Children on headcount	Term	Number of 2-year-old Funded Children on headcount
Spring 2021	1,103	Spring 2022	1,069
Summer 2021	1,140	Summer 2022	1,033
Autumn 2021	1,218	Autumn 2022	997

(NYCC, EYFT)

Following the completion of a new data sharing agreement with the DfE, all local authorities were able to have access to parents' email addresses and/or telephone numbers for contacting purposes. This is for a limited time and the information must be used and deleted after eight weeks of receipt.

In November 2022, for the first time, the local authority sent emails to parents on the DWP list as well as letters through the post. In total, 456 emails and letters were sent out for January 2023 take up. Following the email sent, there was a surge of applications overnight with over 10% new applications being submitted.

#### Take up of 3 and 4 year-old children 2022

Due to unforeseen technical issues, the October census data could not be loaded into Synergy and Unique Pupil Numbers could not be matched. Manual work by Technology and Change shows that take up by eligible three and four-year old children is 90.36% for 2022.

#### Take up of Extended Entitlement Funding (30 hours)

The number of children taking Extended Entitlement hours increased throughout 2022 compared to 2021. There were 76% of children taking their full 30 hours (or more) entitlement each term which was mostly (64%) taken in PVI provision.

		2021	2022
<b>Spring</b>	Number of children	4,436	4,581
	Number hours taken	711,954	712,01
<b>Summer</b>	Number of children	4,996	5,224
	Number hours taken	874,426	857,716
<b>Autumn</b>	Number of children	3,224	3,305
	Number hours taken	565,215	623,187

## **Number of children with SEND taking up Extended Entitlement**

Year	Spring		Summer		Autumn	
2019	19	0.46%	49	1.02%	21	0.66%
2020	17	0.40%	31	0.63%	5	0.16%
2021	15	0.36%	30	0.60%	13	0.40%
2022	20	0.45%	41	0.78%	21	0.64%

## **Number of children in receipt of Early Years Pupil Premium (EYPP)**

The cumulative figures below show the number of three and four year old children who were in receipt of early years pupil premium. The number drops in Autumn due to transitions to Reception.

Spring 2022	Summer 2022	Autumn 2022
923	1136	608

(NYCC EYFT)

## **Providers offering funded early education places**

Providers are paid directly by the Government for delivering funded early education. One maintained nursery school offers two-year-old funded provision as part of their day nursery registration (0 – 2 years) rather than their school registration offer.

The total number of providers offering funded early education places to two year-old children increased to 539 providers (61%) in 2022 from 527 (57%) in 2021. The number of providers offering 3 and 4 year-old funding dropped to 585 in 2022 from 595 in 2021 yet this actually reflects a 2% increase in the % of providers across the county offering government funded provision compared to the previous year.

## **5. Cost of childcare**

### **Cost of early years childcare nationally and regionally**

The Coram Family and Childcare Costs Survey 2022 [Coram Family and Childcare Survey 2022 | Coram](#) showed that childcare costs have increased again; up 2.5% for those aged under two years old, 2% for two year olds and 3.5% for three and four year old.

In England, the average weekly cost of an after school club for children aged 5 – 11 years was £66.75 in an out of school club and £71.21 with a childminder. In Yorkshire and Humberside, these costs were approximately £82.50. The average weekly price for a place in an after school club for 15 hours per week in NYCC was £76.50.

The Government-funding rate paid in NYCC for three and four year olds from April 2022 was £4.31. Government funding for disadvantaged two-year-old children paid in NYCC from April 2022 was £5.51 per hour. .

### **Average cost per hour of childcare in North Yorkshire**

Providers who completed the Sufficiency dashboard provided their hourly price to provide childcare. From this data, the average cost for early years provision was £4.95 per hour in 2022 compared to £4.28 in 2021.

The average cost for breakfast clubs and out of school clubs remained the same at approximately £3.77 per hour.

### **Average costs per hour in North Yorkshire 2019 - 2022**

	Childminder	Day Nursery	Preschool	Maintained Nursery School	Maintained school with nursery	Academy school with nursery
Average cost per hour 2019	£4.24	£5.23	£4.40	£5.25	£4.17	£4.51
Average cost per hour 2020	£5.06	£6.28	£5.24	£5.25	£4.87	£5.04
Average costs per hour 2021	£4.75	£6.87	£4.76	£5.25	£4.35	£4.36
Average costs per hour 2022	£5.32	£6.98	£5.75	£5.25	£4.40	£4.42

The price of childcare is based only on data provided by settings who completed the information.

### Average costs per hour across North Yorkshire for wraparound provision

Provider Type	Average cost per hour 2019	Average cost per hour 2020	Average cost per hour 2021	Average cost per hour 2022
<b>Before school/breakfast club</b>	£3.25	£4.50	£3.25	£3.25
<b>After school/out of school club</b>	£4.03	£4.50	£4.29	£4.34
<b>Holiday club per hour</b>	£4.25	£4.30	£9.50	£4.92

## **6. Quality of childcare**

In group PVI settings, the manager must hold at least a full and relevant level 3 qualification and at least half of all other staff must hold at least a full and relevant level 2 qualification in Childcare settings. Childminders must have completed training that helps them to understand and implement the EYFS.

### **Ofsted Inspections**

Ofsted carried out 111 inspections across the PVI early years sector and 15 in out of school club settings.

### **Ofsted Inspection Judgements – 1<sup>st</sup> January 2022 – 31<sup>st</sup> December 2022**

Type of provision	Outstanding	Good	Requires Improvement	Inadequate	Met	Not Met
<b>Day Nursery</b>	3	33	5	5	0	0
<b>Preschool</b>	5	8	1	0	0	0
<b>Childminder</b>	5	29	1	4	11	1
<b>OOSC/holiday club</b>	0	0	0	0	12	3
<b>Total</b>	<b>13</b>	<b>70</b>	<b>7</b>	<b>9</b>	<b>23</b>	<b>4</b>

Due to sufficiency concerns, five day nurseries who received Requires Improvement judgements were able to continue offering newly eligible two-year-old funded children places.

During this period, Ofsted suspended one childminder and four day nurseries, two of which also had out of school clubs which were suspended.

As of December 2022, there were 491 PVI providers registered with Ofsted or a Childminder Agency. The number of Inadequate or RI providers was 15 (3%), a slight increase from 2% in 2021. The number of PVI providers judged as being “Good” or “Outstanding” in North Yorkshire is 97.3% which is in line with the national average.

### **Good or Outstanding Ofsted Grades 2020 - 2022**

% Good or Outstanding (inc Met)	North Yorks		
	Jan 2021	Jan 2022	Jan 2023
Childcare in Domestic Premises	100.0%	100.0%	100.0%
Childminders	96.9%	90.0%	97.7%
Creche	100.0%	100.0%	100.0%
Day Nursery	98.2%	95.2%	92.9%
Governor Run Early Years Provisions	100.0%	100.0%	100.0%
Holiday Club	93.1%	100.0%	92.9%
Home Childcarer	96.0%	100.0%	100.0%
Out of School Provision	96.8%	98.8%	93.4%
Pre School Playgroup	96.0%	100.0%	98.6%
Total	96.8%	98.2%	97.3%

## **7. Summary and recommendations**

Although there has been change in the childcare market over the past year, the local authority has not seen a significant reduction in the supply of childcare which has impacted on sufficiency of places. There are some pressure points across the county, i.e. the Easingwold and Harrogate areas, as well as the decrease in the number of registered childminders. This will be monitored closely. Some providers are reporting an increase in the demand for childcare places, especially for baby places and for funded places which is reflected in an increase in the amount of providers registering to offer government funded places. Demand for childcare by families appears to have returned following the pandemic.

Schools continue to look at offering early years provision, either as direct school model or as governor run provision, and the local authority provides information, advice and support to schools when they are considering early years provision. Overall, in North Yorkshire we are seeing stability in the early years and childcare market with regards to the number of providers across the county although we are aware that providers and families continue to face many challenges.

### **Children with SEND or additional needs**

Based on the current data, there are sufficient childcare places across all age groups but parents may not necessarily be able to have their first choice of provider in some areas of the county. However, both nationally and locally there is ongoing concern about childcare issues for a small number of children with SEND or additional needs. The local authority is aware of this concern and is offering all early years family facing professionals, including local authority staff, the opportunity to upskill their knowledge and skills through a free online inclusion training project led by Dingley’s Promise.

### **Cost of living crisis (inflationary pressures)**

The cost of living crisis is causing concern for families and childcare providers alike with increases to energy bills, fuel costs and household costs. Families are facing increased costs in childcare which may force parents to reconsider household budgets and re-prioritise their spending. Childcare paid for by parents may be a cost which is deemed by families to be no longer affordable. Although the Chancellor announced in the November 2022 budget that benefits would rise in line with September’s rate of inflation of 10.1%, there has been no announcement that the eligibility threshold for two year-old-funding will increase accordingly.

For childcare businesses and staff, they are experiencing the same pressures with the addition of business rates increases and increased staffing costs. In the November 2022 budget, the Chancellor

announced additional funding for schools but did not announce any additional funding for early years settings. He also announced that the national minimum wage would raise by approximately 9.7% from April 2023. This, in addition to the increase in business rates for nurseries, is likely to impact on the sustainability for some providers for 2023.

### Sustainability

Government underfunding of the sector and lack of the equivalent financial support to the sector that schools received during the pandemic means that the early years and childcare market continue to remain fragile. This is reflected in the sector nationally as well as locally. Childcare providers remain concerned about their viability and face the prospect of making larger than usual increases to their fees and costs to parents for 2023. Some providers have adapted their business models to meet changing demand or lack of staff by reducing the number of sessions open or changing opening hours which may impact on sufficiency in the coming year.

### Staffing

One of the main challenges facing early years providers and out of school club providers continues to be the retention, recruitment and remuneration of staff. This is reflected at a national level as well as at a regional level with some providers indicating that they will have to start capping the number of places they offer due to the lack of qualified staff. Wage rises in other sectors of industry is resulting in a movement of early years workers to better paid, less stressful jobs.

In the recent Level 3 qualification review, undertaken by NCFE and published by DfE in November 2022, the report acknowledged the key challenges facing the sector were poor pay, burnout, workload and the difficulty recruiting staff [Early years recovery programme: level 3 early years educator qualification review \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/early-years-recovery-programme-level-3-early-years-educator-qualification-review.pdf)

### Chains and Childminder Agencies

Larger chains such as Kids Planet continue to take over previously independently owned businesses in the childcare market and there are now two owned by them North Yorkshire. Over the year, some childminders and childcare on domestic premises have chosen to change their registration from Ofsted to a childminding agency. There are currently 15 childminders and one day nursery registered with Rutland Early Years Agency Ltd rather than with Ofsted. Whilst larger chains provide opportunity for greater investment and expansion, there is a risk to the statutory childcare sufficiency duty if a chain were to experience issues that impact on its sustainability or receive a poor Ofsted judgement which would impact on the business model across the chain.

### Next Steps and Recommendations

The continuing drop in the birth rate will impact on demand for places as will changing family needs and working patterns.

Increased costs to providers and the challenges of retention and recruitment of staff remain the greatest impact on the childcare market which could affect the supply of childcare places to meet parental demand and affordability. Wage rises in other sectors of industry attract childcare staff away from the early years sector to better paid jobs.

A clear and cohesive government strategy and improved funding rates to invest in the sector would help relieve some of the tension in the market and have impact on opportunities to improve outcomes for children and families.

Overall, the childcare market in North Yorkshire appears to be resilient for the time being.

The supply and demand of childcare places must continue to be monitored to ensure there is sufficient quality early years provision in North Yorkshire.

## Recommendations

To ensure the local authority meets the statutory duty to secure sufficient childcare, *as far as is reasonably practicable*, the following are recommended:

1. To continue the work through the Early Years Strategy to provide an overarching framework of services working together to achieve the best start for every child and their family across the county.
2. Look at opportunities created by Local Government Reorganisation in 2023 to have closer links with Housing and possible use of any available Section 106 funding for additional places.
3. Continue to promote the understanding and take up of early years education and childcare places with families and develop relationships with different services such as Job Centre Plus especially around the two year old entitlement offer.
4. Develop the use of text service and emailing to contact families on DWP list to promote and follow up on two year old funding applications and possible take up.
5. Continue to monitor and risk assess sufficiency of places across the sector including schools considering early years provision, quality of provision, out of school provision and the potential growth of larger chains.
6. Promote the registration of Tax-Free Childcare with childcare providers and schools and to promote to families to ensure possible government support with childcare costs is being accessed.

## Useful Resources

The Coram Family and Childcare Survey 2022 [Coram Childcare Survey - 2022.pdf](#)

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