

Item No. 6	Classification: Open	Date: 22 February 2024	Meeting Name: Education and Local Economy Scrutiny Commission
Report title:		Nursery Schools and Early Years Provision	
Ward(s) or groups affected:		All	
From:		Neil Gordon-Orr, Assistant Director, Education Access	

PURPOSE OF REPORT

1. The purpose of this report is to inform the Education and Local Economy Scrutiny Commission about early years provision in the borough particularly that of local authority maintained nursery schools and the following data relating to them:
 - Number of children by age
 - Number of SEND children educated (categorised by need)
2. The report will also comment in general on the financial challenges of local authority maintained nursery schools.

RECOMMENDATION(S)

3. Education and Local Economy Scrutiny Commission note this report.

BACKGROUND

Childcare sufficiency duties

4. As set out in the [Early education and childcare - Statutory guidance for local authorities](#) (Department for Education, 2023), local authority duties include:
 - to secure free early education for all three and four year olds and specified two-year-olds, delivered through early years providers who deliver the full early years foundation stage (EYFS)
 - 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 for disabled children).

5. To secure sufficient childcare places, LAs should take into account:
 - what is 'reasonably practicable' when assessing what sufficient childcare means in their area;
 - the state of the local childcare market, including the demand for specific types of providers in a particular locality and the amount and type of supply that currently exists;
 - the state of the local labour market including the sufficiency of the local childcare workforce;
 - the quality and capacity of childcare providers and childminders registered with a childminder agency, including their funding, staff, premises, experience and expertise;
 - should encourage schools in their area to offer childcare from 8.00am until 6.00pm and in school holidays;
 - should encourage existing providers to expand their provision and new providers to enter the local childcare market if needed.
 - should encourage providers to take a sustainable business approach to planning and signpost providers to resources to support them.
6. Local authorities are required 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 for disabled children.
7. Local authorities are also required to report annually to members on how they are meeting their duty to secure sufficient childcare and make this report available and accessible to parents.

The national early years offer

8. The **current free early education and childcare offer** in England includes:
 - 15 hours of funded free provision with a nursery or a childminder for all children aged 3 and 4;
 - 30 hours for children aged 3 and 4 where parents are working;
 - 15 hours for disadvantaged 2 year olds who meet national criteria, chiefly based on claiming specified benefits.

9. The Government is extending this offer as follows:
- **from April 2024**, working parents of 2-year-olds will be able to access 15 hours of free childcare per week for 38 weeks of the year from the term after their child's 2nd birthday;
 - **from September 2024** this will be extended to working parents of children from 9 months upwards;
 - **from September 2025**, all working parents of children aged 9 months up to 3 years will be able to access 30 hours of free childcare per week.
9. As with the current offer, local authorities will be responsible for distributing funding to providers and ensuring that there is sufficient local supply so that all parents who wish to take up this offer are able to access provision. How this works has been set out in detail in the report to this commission of Kate Bingham, Schools Finance Consultant Children's and Adults' Services.

KEY ISSUES FOR CONSIDERATION

Early years' provision in the borough

10. The Department for Education has undertaken a detailed analysis of demand and supply of childcare places for each local authority area including Southwark to help assess whether there is sufficient provision to deliver the extended early years offer. Their conclusion is that *'In Southwark we estimate that 0 places will need to be created by September 2025. This relates to a 0% increase in supply of childcare hours'* -i.e. that there are no concerns about sufficiency at a local authority level¹.
11. Our local data suggests that there is currently significant surplus capacity in early years' provision that will be able to respond to any increase in demand. The number of 2, 3 and 4 year olds taking up free early education in Southwark has declined by more than 2000 children since 2016, showing a similar trend to the fall in demand for primary school places as a result of falling births and changes in migration, housing and benefits.

¹ Local Authority Readiness Self-Assessment Data for the Expanded EY Entitlements and Wraparound Childcare Pathfinder Scheme, November 2023

Number of 2, 3 and 4 year old children in free early education provision in Southwark, 2011-23 (source Department for Education)

Year	Two year olds in free provision	Three year olds in free provision	Four year olds in free provision	Total 2, 3 and 4 year olds in free provision
2016	1140	3540	3620	8300
2017	1079	3400	3640	8119
2018	1050	3330	3420	7800
2019	869	3307	3300	7476
2020	833	3243	3271	7347
2021	604	2923	3114	6641
2022	766	2754	3001	6521
2023	593	2635	2898	6126

12. There has also been an increase in supply over the same period in the Private, Voluntary and Independent Sector, with the number of early years places available at providers on Ofsted's Early Years Register rising from 5,191 in 2016, to 5,852 in 2023.
13. There remains uncertainty about the levels of demand and supply as the early years offer expands, with national criticism of the scheme focusing on whether the funding provided by the Government will be sufficient to incentivise providers to join the expanded scheme and increase provision where there is a local need.
14. The council will be closely monitoring this position and is in the process of developing a new Childcare Sufficiency Assessment looking in detail at trends across local areas.

Providers of early education and childcare

15. Free early education and childcare places are delivered by several categories of providers:

- a. **Childminders:** self-employed childcare professionals operating from the home.
- b. **Private, voluntary and independent sector (PVI) nurseries:** these typically provide full day care (e.g. 8 am to 6 pm) all year round from babies up to four years old. They range from small private businesses, to large commercial chains and not-for-profit providers (e.g. 1st Place, London Early Years Foundation).
- c. **Primary school nursery classes:** mainly for three and four year olds, though a small number also provide for two year olds. Usually only open during school hours and term times
- d. **Local authority maintained nursery schools:** schools dedicated to provision of early years places only (2, 3 and 4 year olds).

16. The following table shows the number and percentage of free early education places in the borough provided by different categories of provider (Source: DfE Spring Census 2023).

Type of provider	No.of providers	No.of free places provided (2,3 & 4)	% of total places provided
PVI providers	92	2053	47%
Primary Schools with nursery classes	58	1686*	39%
Nursery Schools	5	509	12%
Childminders	32	75	2%
Total	187	4323	

*figures include places in nursery and childminding provision only, children in school reception classes not included.

Nursery Schools

17. Southwark has five maintained nursery schools, with the numbers of children attending as follows:

Name	Ward	2 year olds	3 & 4 year olds	Reception age	Total
Ann Bernadt	Peckham	24	42	0	66
Dulwich Wood	Dulwich Wood	14	74	0	88
Grove	St Giles	26	39	7	82
Kintore Way	South Bermondsey	77	130	0	207
Nell Gwynn	Peckham	40	56	0	96
Total		181	351	7	539

Source: local census data Jan 2023

18. The number of children with identified SEND in these schools is set out below:

Name	EHCP	SEN Support	No Identified SEND
Ann Bernadt	1	40	25
Dulwich Wood	0	25	63
Grove	12*	18	52
Kintore Way	3	72	132
Nell Gwynn	0	36	60
Total	16	191	332

*The Grove provides a small Reception group linked to the nearby Spa special school

Financial challenges for local authority maintained Nursery Schools

19. Since 2017, early years funding to local authorities has been distributed through an Early Years National Funding Formula. Local authorities in turn must set a local early years formula after consultation with providers (details are set out in [Early years entitlements: local authority funding operational guide](#)). Elements of local formulae must include:
- A universal hourly base rate for 3 and 4-year-olds that is the same for all providers, whether schools, PVI or childminders.
 - A supplement to recognise deprivation in their areas and support children in those areas in taking up the early years entitlements.
20. Details of the Southwark formula are set out in detail in the report of Kate Bingham, Schools Finance Consultant Children's and Adults' Services.
21. The principle of the funding formula is that settings are all funded on the same basis for the same service, based on hourly rates that are multiplied by the numbers of children attending and the hours they attend. However different settings will have different operational costs.
22. Maintained nursery schools are typically more expensive to run than other kinds of early years' settings. They usually have higher staffing costs than PVI settings due to having more qualified teachers in post and unlike primary schools they cannot spread their fixed overheads, such as cost of a headteacher, over a larger number of pupils across the nursery and primary age range.
23. There has been some recognition of the increased costs of maintained nursery schools with the provision of DfE supplementary funding for this sector. However the amount is viewed as insufficient by the sector and its long term position is uncertain. Professional bodies in the early years have argued that this amounts to a 'continuing financial crisis' with more than half of maintained nursery schools having an in year deficit in 2021-22².
24. Maintained nursery school balances in Southwark have consistently declined since the introduction of the Early Years National Funding Formula (EYNFF) in 2017-18, with three out of five in deficit.

² [MNS-survey-June-2022-report.pdf \(early-education.org.uk\)](#)