

# SCRUTINY REPORT

**MEETING:** Children & Young People Scrutiny Committee

**DATE:** January 25<sup>th</sup> 2025

**SUBJECT:** Early Years Sufficiency & Entitlements & Wraparound Primary School age childcare

**REPORT FROM:** Cllr Lucy Smith, Lead Member for Children's Services

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## 1.0 BACKGROUND

- 1.1 The Childcare Act 2006 requires local authorities to ensure that there is enough childcare for parents who are working, studying, or training. This is known as the local authority's childcare sufficiency duty.
- 1.2 Under the duty local authorities are expected to assess the demand for childcare in their area, audit the supply of childcare, identify any gaps in childcare provision and then take steps to address the gaps, as far as is reasonably practicable. The duty is intended to ensure that parents have access to the childcare they need to work, study, or train. It also helps to reduce inequalities and improve outcomes for young children
- 1.3 The early years entitlement to free childcare were previously as follows: a 15 hours entitlement for disadvantaged 2-year-olds; a universal 15 hours entitlement for all 3 and 4-year-olds, with an additional 15 hours entitlement for eligible working parents of 3 and 4-year-olds.
- 1.4 From 2024 these arrangements have been extended to cover a larger group of children and families. Since 1 April 2024, eligible working families of two-year-olds have been able to access 15 hours a week. Since September 2024, eligible working families of children aged nine months to two years have been able to access 15 hours a week. Finally, from September 2025, all eligible working families with children aged nine months to four years will be able to access 30 hours free childcare a week. These changes to the entitlements are a significant expansion in free childcare, with the increase envisaged in September 2025 being particularly substantial: effectively a doubling of hours for all eligible families.
- 1.5 In addition to the extension of early years, pre-school entitlement to free childcare there is also a Government commitment to extending the term-time childcare available to primary school-age children. The intention here is for childcare to wraparound the school day from 8am up to 6pm and be based around the primary school, thereby enabling more parents to work a full day including travel time. This enhanced provision is expected to be in place by 2026.

## 2.0 ISSUES

### **Childcare sufficiency and enhanced entitlement**

In Bury, in aggregate there are currently sufficient childcare places, pending the September 2025 change. During the Autumn 2024 term up until Christmas, there were no reports of un-met demand through our brokerage service (which works to match up childcare requests with available provision). However, this positive overall picture masks underlying challenges, with available childcare places not sufficiently concentrated in the areas of the borough where they are most needed to meet parental demand, or particular needs such

as Jewish faith childcare and early education places that are not well met within Bury (leading to a number of Bury children accessing places in Salford instead).

Our recent survey of childcare providers shows that, for the providers that have responded to date, only 40% are operating at full capacity, meaning that 60% of these providers have additional space capacity. However, again this conclusion needs to be treated with some caution, as we are also aware from informal discussions with providers that they may be operating beneath their registered capacity because of difficulties in recruitment and retention of staff, or they are based in an area with lower presenting demand.

In Bury, in total we currently have 169 childcare providers delivering the funded entitlements, as below;

- 73 Childminders
- 44 Day Nurseries
- 18 Maintained School Nurseries
- 1 Maintained Nursery School
- 27 Nursery units within an Academy
- 2 Nursery units within an Independent School
- 2 Pre-School Playgroups;
- 1 Creche; and
- 1 Domestic premise with childcare provided

93% of working parent entitlement codes that have been issued by HMRC for children that live in Bury have been validated (the national average is 88%), which gives a good indication of how many places were accessed by the end of Autumn Term 2024. A high proportion of our most disadvantaged 2-year-old children accessed a childcare place in Bury. By the end of Autumn Term 2024, we had 77% accessing a place (the national average is 75%). Increasing this proportion still further continues to be a key priority.

In the Autumn Term 2024 (September to December) 4,628 children accessed a funded place in Bury, broken down by entitlement category as follows:

- 1,101 children under 2 year olds from working families
- 447 disadvantaged 2 year olds
- 955 2 year olds from working families
- 2,125 children accessing a 3 or 4-year-old funded place

The current hourly funding rates for the early years entitlements are shown below.

- Under 2s – £9.83
- year olds – £7.35
- 3&4 year olds - £5.11

The rates will be reviewed and updated from 1<sup>st</sup> April 2025, in-line with the National Funding Formula. From April 2025, the pass through rate (the minimum proportion of the funding that local authorities receive from central government for the childcare entitlements that must be passed through to providers) will be 97%, having been 95% since 2018/19.

Bury is as flexible as possible in payments to childcare providers to ensure that they both feel supported and can remain also financially viable, given the financial strain in the sector in recent times.

As noted earlier in the background section, from September 2025, the final stage of the expanded childcare entitlement will be rolled out, with children from 9 months old up to the age of 4, with eligible (working) parents becoming eligible for 30 hours of funded childcare (up from the current entitlement of 15 hours).

The DfE estimate that additional places will be required in Bury to meet parental demand. Using DfE demand projection data and our local supply data, we estimate that we will need 218 additional 0-2 year old places across Bury.

The government has announced two principal means of support for local areas to increase the size of childcare sector. In October 2024, the government announced a School-Based Nursery Capital Grant from which primary schools can bid for up to £150,000 of capital funding. The funding is for capital expenditure to repurpose spare space within the school building to create or expand nursery provision. This new funding stream sits alongside previous Childcare Expansion Capital Grant funding announced in November 2023 to support local authorities in increasing both childcare provision for pre-school age children and for wraparound childcare provided by primary schools (see section below).

Bury is supporting 4 applications from primary schools for the School-Based Nursery Grant, which are designed to create an additional 25 places for children aged 2 by September 2025, along with a further 58 places for 3 and 4 year old children. Should these applications be approved by the DfE, we will need a further 193 0 to 2 year old places, based on our projection.

To support the development of these additional additional places we continue to work with our childcare providers and will do throughout 2025. There has already been interest in expansion using the Capital Grant funding provided by central government to the Local Authority , but again many of those expressing interest are in areas with sufficient places already. During the coming year, we will seek to focus our Capital Grant Funding on the areas of where additional places are likely to be most needed: East, West and North and East Radcliffe. We will complete our revised Childcare Sufficiency Assessment by the end of January 2025, which will give us a mor granular understanding of the supply and demand of childcare places across Bury.

To kickstart growth in the sector and develop new childcare places, we are offering support for new and proposed provision including childminders, including delivering childminder briefing sessions for those interested in becoming a childminder. We have 6 prospective childminders booked to attend to date.

### **Wraparound Childcare Programme for primary school age children**

As noted earlier, running in tandem with the increase in the entitlement and uptake of pre-school childcare places, there is the related ambition that by 2026 all parents and carers of primary school-aged children who need it will be able to access term-time childcare in their local area from 8am-6pm, again so that parents can more readily access employment and improve overall labour market participation.

Schools and childcare providers are engaging and so far, we have awarded Capital funding of £43,835 and programme funding of £261,904 to support 12 schools to create, expand or sustain before and after school clubs to help meet our DfE target of creating an additional 650 places by September 2026. 180 additional wraparound places have been created to date and the phase 3 application window for schools will open during the Spring term 2025 for further applications to create new places.

## **3.0 CONCLUSION**

The aims of this policy were widely welcomed in the contemporary commentary when the policy was launched in the Spring of 2023, The cost, availability and quality of childcare has long been seen as a national issue and one of the key areas of difference between the UK and other countries in mainland Europe and around the world. It is also often viewed as one of the key impediments to greater labour market participation and a potential means of increasing national productivity and growth.

However, the same commentary also often stressed the challenges that faced the sector in terms of funding and viability and questioned whether extended entitlement addressed these issues sufficiently and, in short, if we move to a position whereby central government is funding most pre-school childcare, if the level of funding per place sufficient to attract sufficient expansion within existing providers within the marker and/or the entry of other

providers into the market to enable the amount of childcare places provided to match up to the free entitlement being offered.

To date, Bury has seen some actual and projected growth in the amount of local childcare provision, however this growth does not yet come close to the figure of additional places estimated using the DfE methodology. A similar situation exists for wraparound childcare in primary schools. The current situation will be clarified further by the sufficiency analysis currently being completed, but it is clear that strenuous efforts to increase the number of childcare places will need to be made through 2025.

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**List of Background Papers:- None**

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Executive Director sign off Date: \_\_\_\_\_