



City of London

**Childcare Sufficiency Assessment
Service: Termly Update**

Autumn Term 2024

December 2024

Contents

	Pages
Key Findings	3
Introduction	4
Childcare Sufficiency Update Monitoring Research Methodology	5
Emerging research aligned to the extended funded entitlements	5
Outcomes – late 2024 feedback from City of London Early Years Childcare Providers/settings	7

Key Findings – Autumn 2024

- 1 The City of London should retain an awareness that there is spare capacity at its existing portfolio of early years childcare providers - particularly in consideration to the advent of the extended free entitlements, which commenced in April 2024. Therefore, there will not (in all likelihood) be a pronounced pressure for early years childcare places – comparable to what is experienced by other London Boroughs.

It continues to be very reasonable to conclude that the City's current provisions will be able to meet the statistical demand for the new funded entitlements - including aligned to the fact that the population of 0-4 year olds, in the City of London, continues to be forecast to decrease.

- 2 In late 2024, the majority of the early years childcare providers/settings located in the City of London outlined that their occupancy was “*steady*” and/or experiencing an upward trend. Responses - aligned to capacity - ranged from: “*at [an outlier of at] 30%*” to “*at 100%*”.
- 3 It was noted that, *collectively*, the City of London's early years childcare sector were experiencing what could be qualified as a: *steady though not spectacular* demand for extended free entitlement places, including with regard to early enquiries for the 30 hours funded places for 9 month year olds – 3 year olds, that is due to be rolled out in September 2025.
- 4 33% of early years childcare providers stated that recruitment and retention continues to be a challenge, which was a lower percentage than had been observed in late 2023 (i.e. then 50%), about the same subject.
- 5 There was an interesting and polarised range in the number of enquiries that the early years childcare providers were evidently receiving on an annual basis from carers of children with SEND. Two settings stated that they had received 0 enquiries in 2023 and 2024, with two other (private sector) settings stating that this number had been in double-figures for both years.
- 6 The occupancy at Barbican Playgroup has been in decline throughout 2024 - and 2025 may be a pivotal period for occupancy to improve. However, given the level of occupancy at other City of London early years childcare settings (and the finding in 3. above), it can be considered that there would remain sufficient childcare within the locality.

Introduction

The City of London Education and Early Years' Service (EEYS) continues to ensure that every child living or educated in the City of London has the opportunity to achieve their maximum potential and thrive in their unique 'square mile' community.

To this effect, in summer 2024, the City of London commissioned an extended three-year service whereby up to mid-2027, the ongoing sufficiency and sustainability of childcare provision in the locality would be monitored and subject to evolving (twice yearly) strategic recommendations.

The service will:

- Assess the existing childcare provision in the City of London, monitoring supply and demand and gaps (as they evolved) in the childcare market
- Review and continue to summarise evolving demographic data including (as they become new and available) child population projections by age group
- Undertake periodic surveys and consultation exercises with local parents and carers
- Monitor prevailing vacancies/occupancy being experienced by the City of London's childcare providers
- (At relevant intervals) Assess the ongoing awareness of the City of London Accessibility scheme
- (At relevant intervals) Monitor the impact of the City of London Family Information Service regarding access to and sharing of relevant early years and childcare-themed information
- (At relevant intervals) Monitor the ongoing reach, accessibility and use of the City of London Coltale programme by local families.

The role of that service therefore informed this report, at the period: winter 2024-2025.

Important context in autumn 2024 aligned to the fact that in March 2023 the (then Conservative Party) UK government announced a number of forthcoming expansions to funded childcare in England - i.e. the intentions that:

- From April 2024, working parents of two-year-olds were able to start accessing 15 hours of free childcare
- From September 2024, 15 hours of free childcare was extended to all children from the age of nine months
- From September 2025, 30 hours of free childcare will be extended to all children from the age of nine months.

Autumn 2024 Childcare Sufficiency Assessment Research Methodology

This Childcare Sufficiency update report has been researched and produced via:

1. Analysis of contemporary (late 2024) research into the considered (early) impact(s) of the extended funded entitlements
2. Analysis of the outcomes of structured interviews - that took place in November 2024 - with the early years childcare providers/settings situated in the City of London.

1 Emerging research aligned to the extended funded entitlements

- 1.1 Contemporary research, published in late 2024, is indicating that numerous local authorities across England (including inner-London Boroughs) still have concerns about having sufficient funded childcare places to meet demand.

For example, research published by the Institute for Fiscal Studies in September 2024¹ reiterated that childcare costs are highest for younger children – and that the extended childcare entitlements could benefit London-based families by £3,600 per child a year. A key conclusion for the City of London to retain an awareness of was that: *by lowering the price that parents pay for childcare, the new entitlements will also boost demand for formal care*. The report considered that this would be the case as *“Some of this [demand] will come from families already using formal childcare who want to increase their hours; some will come from families who are already working switching from informal to formal care; and some will come from families newly incentivised to take on paid work. By increasing the amount of formal childcare being provided, the new entitlements will have a more direct impact on children’s development, and potentially on parents’ employment outcomes”*.

- 1.2 Moreover, research funded by the Nuffield Foundation and undertaken by the Centre for Evidence and Implementation, UCL Centre for Education Policy and Equalising Opportunities, Coram Family and Childcare in summer 2024 concluded that (from both a demand and supply perspective)²:
- Parents find the different extended entitlements confusing and difficult to navigate. Councils say lengthy application processes and complex systems make accessing funded childcare difficult for parents, particularly those with English as an additional language or with low literacy or digital skills. **This complexity for families is mirrored by the experiences of childcare providers, who speak of significant time spent administering the entitlements.**
 - The additional childcare entitlements for working families (which are being expanded in a phased roll-out) have complicated the picture further, with conflicting and confusing messages to parents about eligibility and the purpose of different entitlements, as well as adding to the administrative burden for providers.
 - **There is ongoing concern from childcare providers about the adequacy of funding for the 3-4-year-old entitlement, and inadequate funding to support disadvantaged children, particularly those with special education needs and disabilities (SEND).**
 - Weak regulation of the delivery of funded hours has triggered responses from providers

¹ <https://ifs.org.uk/articles/free-childcare-under-2s-will-mean-big-savings-some-parents-wider-impacts-are-anyones-guess>

² <https://www.coram.org.uk/news/barriers-to-take-up-of-early-education-entitlements/>

which create further barriers to take-up, such as constraining the number and structure of funded places offered, and asking parents to pay additional charges. **A two-tier system of provision is emerging in some cases, which, at its most extreme, is inferior and stigmatising for parents using the disadvantaged two-year-old entitlement.**

1.3 Research published and undertaken by the Family and Childcare Trust in late summer 2024 focused on the theme of recruitment of staff - and the resourcing of the traditional and extended funded entitlements³. This relevant research (including for the City of London early years childcare sector) promoted its key findings - as an outcome of structured consultation with local authorities - as follows:

- 41% of LAs said they were 'confident' or 'very confident' that they would have enough places to meet demand for the September 2024 expansion (15 free hours from nine months for eligible working parents). However, 59% of LAs were not
- LAs and London Boroughs' confidence in the final phase of the roll-out in September 2025 (30 hours from nine months for eligible working parents) was much lower, with just 11% reporting that they are 'confident' or 'very confident' that there will be enough places to meet demand
- The vast majority of LAs (75%) reported that their biggest concern in delivery of the childcare expansion is the local workforce, reflecting the significant ongoing challenges to recruit and retain staff. This was three times higher than any other concern
- Over half (53%) of LAs identified the local workforce as having been a 'barrier' or 'significant barrier' to the successful delivery of the first phase of the extended roll-out (for two year olds, in April 2024) - while 36% of LAs identified local buildings and space and 21% reported sufficiency of childcare places for children with SEND, as 'barriers' or 'significant barriers' to delivery.

1.4 A final element of contemporary context for this sufficiency update can focus on the initiation in late October 2024 of the Department for Education's: School Based Nursery Capital Grant programme. This programme will enable eligible state maintained schools and academy trust primary schools to apply to establish a new on-site day nursery (in effect nursery class) or extend an existing one, in terms of capacity. This programme has created an element of controversy, with PVI sector establishments, including those located in inner-London, being concerned that any such new provision - unless it aligns to demonstrable need - may saturate localised markets with too many places and effect the sustainability of existing (PVI sector) early years childcare providers. Therefore, for the spring 2025 sufficiency report, the City of London sufficiency projects team will analyse any successful school-based applications that will be located where the City of London has immediate borders with: (a) City of Westminster; (b) London Borough of Camden; (c) particularly the London Borough of Islington; (d) London Borough of Hackney and; (d) particularly, the London Borough of Tower Hamlets.

³ <https://www.familyandchildcaretrust.org/councils-concerned-about-shortages-places-ahead-next-phase-childcare-expansion>

2 Late 2024 Feedback from City of London Early Years Childcare Providers

The narrative below summarises feedback, aligned to specific themes, received (as an outcome of structured interviews undertaken through virtual/web e-interviews or visits) from representatives of seven of the City’s early years childcare providers during the period late 2024.

2.1 Occupancy in late 2024

For context, Table 1 below outlines the number of children that are reported to attend in late 2024, the six main early years childcare providers situated in the City of London, on a typical weekday.

Table 1 - Early years *childcare* settings located in the City of London and the numbers of children stated to attend on a typical weekday, in autumn 2024

Provider	Number of children who attend on a typical weekday
The Aldgate School Nursery	14
Hatching Dragons Nursery	27
Smithfield House Nursery	33
City Newpark Childcare	24
Barbican Playgroup	5
City Child Bright Horizons	32

2.1.1 The general feedback about the theme of occupancy was that it was continuing to rise - at a steady trajectory, or that it was not reducing.

Responses to the question: how many children attend your setting on a typical day? ranged from:

5 children ➔ 33 children, with the average number being: 20 ⁴.

⁴ It should be noted that Barbican Playgroup – as sessional provider – delivers childcare for fewer children than the City’s other settings.

Image 1 below indicates the frequency with which responding early years childcare providers stated that two particular weekdays were their busiest day.

Image 1 - Frequency with which particular weekdays was a setting's busiest

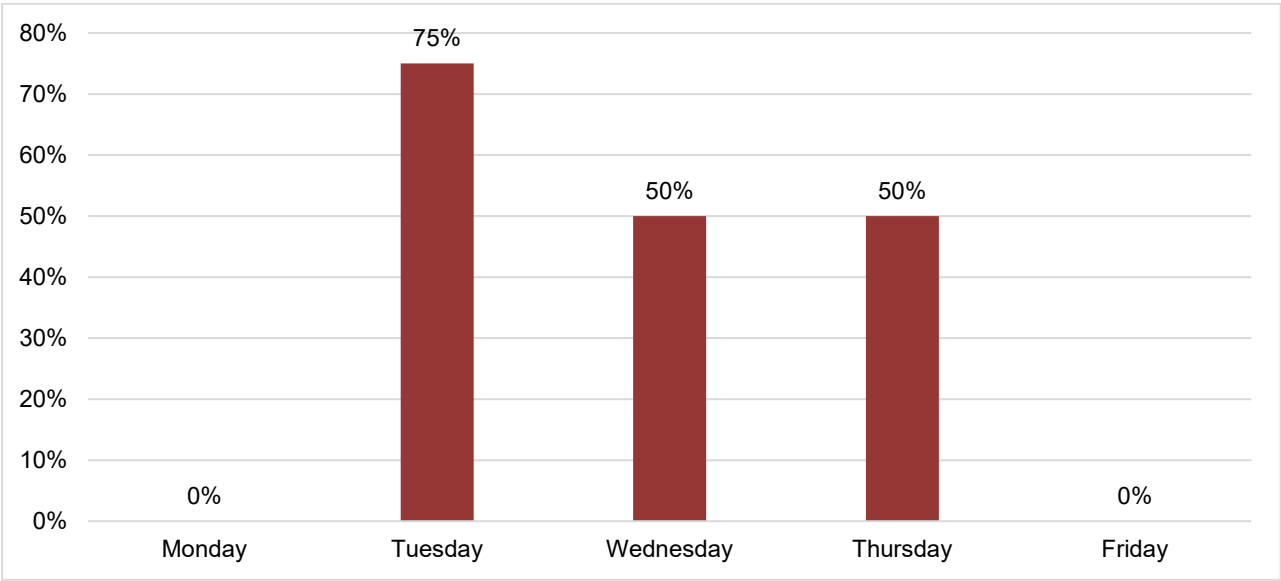


Image 1 indicates that a Tuesday was most frequently named as being a ‘the busiest’ weekday.

2.1.2 50% of responding early years childcare providers/settings stated that they had a waiting list in autumn 2024. 50% stated that they did not (which was the same proportion that was noted in 2023, though by differing responding representatives of providers). The numbers of children on a waiting list ranged from:

3 children ➔ 28 children, with the average number, per setting.

Certain representatives elaborated on their occupancy situations in late 2023 – for example:

“We have 40 children on roll. There are new children coming on board over the coming months”.

“Our current occupancy is around 90%... from beginning of the next year it will be reaching 100%”.

“We are well occupied and from January will be full”.

2.2 Childcare places which have a fee

2.2.1 Table 2 below outlines the **average** hourly fees per age group outlined by the relevant responding early years childcare providers

Aged 0 –12 months	Aged 1 year	Aged 2 years	Aged 3 years	Aged 4 years
Late 2024 metrics				
Av. Hourly rate: £11.68	Av. Hourly rate: £11.68	Av. Hourly rate: £11.20	Av. Hourly rate: £11.48	Av. Hourly rate: £11.39
...In comparison with Autumn 2023 metrics				
Av. Hourly rate: £11.30	Av. Hourly rate: £11.30	Av. Hourly rate: £11.10	Av. Hourly rate: £10.41	Av. Hourly rate: £10.41

Table 2 therefore indicates that the average fee level had increased as 2024 had progressed from 2023.

The fee levels for 0-12 months – 2 years ranged from – £7.75 the lowest: - £15.00 the highest. The levels for fee paying 3 – 4 year olds ranged from – £8.50 the lowest: - £15.00 the highest.

2.3 Recruitment and retention of staff

2.3.1 A lower proportion of the early years childcare providers stated that they were *still* experiencing issues with recruitment and retention than had been the case in 2023 - 33% stated that they were doing so, compared to 50% in 2024. The (three) settings that were experiencing challenges stated that:

“We are having problems with candidates attending more than one interview – they only want to attend just the once”.

“We don’t really need to recruit at the moment, but it still is a problem finding good candidates – more so than it used to be”.

“We are seeing more viable candidates dictating to us what they would like, salary wise – and these demands are not generally affordable”.

2.3.2 None of the responding representatives of early years childcare settings stated that their provision reserved specific places for children with SEND. Early years childcare settings/providers were invited to state whether any of their existing team members had SEND-specific qualifications or thematic experience.

50% of the early years providers confirmed that they did have such team members, with examples of such qualifications being explained as follows:

“Two staff hold Level 3 ‘SENDCo’ qualifications”.

“One staff member has started the Early Years SENCO qualification... and I, as the manager, provide ‘SaLT’ [speech and language therapy] training in house”.

It was also noted that there was a range in the number of enquiries that the early years childcare providers were evidently receiving on an annual basis from carers of children and young people with SEND. Two settings stated that they had received 0 enquiries in 2023 and 2024, with two other (private sector) settings stating that this number had been in double-figures for both years.

Finally, on the theme of SEND, all of the representatives of the early years childcare settings were asked to rate on a scale of 1 – 10, how confident they think they are as a (whole) setting in supporting children/young people with SEND, with:

1 being – Not Confident that we can meet the needs of all SEND children

10 being – Very Confident that we have the environment and expertise to meet the needs of all SEND children

The average score provided was 9 / 10, which is a relatively high average score (compared to other London Boroughs which the City of London’s sufficiency project’s team have worked with), and which can naturally be viewed as an encouraging metric.

2.4 Extended entitlements

2.4.1 All representatives of early years childcare providers were requested to respond to the question: *Thinking about the September 2025 extended offer for working parents of 9 months-3 years old who can now receive up to 30 hours a week free education and childcare: what type of demand are you experiencing from relevant parents, in terms of enquiries/confirmed places?*

50% of representatives of early years childcare providers stated that this demand had been: *nothing major* and;

50% of representatives of early years childcare providers stated that this demand had been: *fairly high*.

2.4.2 It was also observed that there was a variable demand for all three types of extended funded childcare places in terms of the proportion of enquiries that were made by: (a) City of London resident families compared to (b) non-City of London resident families.

One setting (as would be expected for that particular setting) was experiencing a demand from families who were all resident in the City of London. However, the PVI sector settings all reported that more than 50% of their enquiries came from families/parents who are resident outside of the City of London - most frequently working parents.