



**City of London**

**Childcare Sufficiency Assessment  
Service: Termly Update**

**July 2023**

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## Key Update Findings

- 1 The City of London need to be mindful, moving in to 2024, of the government's March 2023 budget announcements<sup>1</sup> that:
  - From April 2024, working parents of two-year-olds will be able to access 15 hours of free childcare
  - From September 2024, 15 hours of free childcare will be extended to all children from the age of nine months
  - From September 2025, working parents of children under the age of five will be entitled to 30 hours free childcare per week,

and for forthcoming sufficiency projects, be prepared to determine the extent to which the local early years childcare providers are able to provide such an extended entitlement aligned to potential demand, and a requirement from City of London families. However, it can be noted that the DfE has analysed relevant data aligned to potential future demand from City of London and that analysis indicates that the number of additional children who would meet eligibility criteria is low.
- 2 In summer 2023, the majority of the early years childcare providers/settings located in the City of London outlined that their occupancy was experiencing an upward trend. For example, one setting provided a response that exemplified the type of feedback from two other settings when stating: *"we are at about 95% capacity"*.
- 3 50% of early years childcare settings/providers stated that - in their experience - the national cost of living crisis was impacting their business, with their being examples of certain parents/carers having to remove their child because of them struggling to meet the fees.
- 4 Recruitment and retention continues to be a challenge for the majority of early years childcare providers/settings located in the City of London - with a lack of high quality early years practitioners being highlighted as a particular continuing issue. The providers are, as would be expected, aware that from September 2023, one member of staff will be allowed to look after five children, up from four children. However, the providers/settings located in the City of London still evidently consider that the entwined issue of recruitment and retention will continue to present challenges.
- 5 In terms of the progressing best Start for Life policy and its implementation with the City of London, early years childcare providers/settings continue to be supportive of its initiation. The issue/subject which parents/carers most frequently request advice on, from them, is: challenging behaviour in the early years.

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<sup>1</sup> <https://educationhub.blog.gov.uk/2023/03/16/budget-2023-everything-you-need-to-know-about-childcare-support/>

6 An associated best Start for Life-themed on-line survey that was undertaken with City of London resident parents/carers in summer 2023 demonstrated that 71% of respondents said that they were currently paying for childcare, at an average of £422 a week. Of those parents and carers who were, at the time of the survey, using childcare, 33% said they found it 'fairly affordable'.

17% found it 'fairly **unaffordable**'.

42% found it 'very **unaffordable**'.

## 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 community.

To this effect, and aligned to a context of the challenges that the COVID-19 pandemic inherently presented to the national and inner-City London early years and childcare sector during 2020 and 2021: in autumn 2021, the City of London commissioned a two-year service whereby up to mid-2023, the ongoing sufficiency and sustainability of childcare provision in the locality would be monitored and subject to evolving strategic recommendations. The service would, as relevant, on that ongoing basis:

- Assess the existing childcare provision in the City of London, monitoring supply and demand and gaps (as they evolved) in the childcare market - as well as monitoring any ongoing legacy impact of the COVID-19 pandemic
- Review and continue to summarise evolving demographic data including 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
- Assess the ongoing awareness of the City of London Accessibility scheme
- Monitor the impact of the City of London Family Information Service regarding access to and sharing of relevant early years and childcare-themed information
- 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: summer 2023. Important context in summer 2023 aligned to the fact that in March 2023 the 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 will be able to access 15 hours of free childcare
- From September 2024, 15 hours of free childcare will be extended to all children from the age of nine months
- From September 2025, working parents of children under the age of five will be entitled to 30 hours free childcare per week

In summary, by September 2025, every child over the age of nine months (when parental leave ends) will receive 30 hours' free early education every week for 38 weeks of the year until they start school, unless a parent earns more than £100,000 a year.

The government has stated that *"a staggered approach will give childcare providers time to prepare for the changes, ensuring there are enough providers ready to meet demand"*.

The March 2023 budget also announced additional funding of £204 million from September 2023, rising to £288 million for the financial year 2024 to 2025, to increase the funding paid to nurseries for the existing free hours offers. The Department for Education outlined how *"this investment will allow the national average rate for local authorities for 2-year olds to increase by 30% from the current*

*national average rate of £6 per hour to around £8 per hour from September 2023. The national average 3 to 4 year old rate for local authorities will rise in line with inflation from the current national average rate of £5.29 per hour to over £5.50 per hour from September 2023”.*

## Summer 2023 Childcare Sufficiency Assessment Research Methodology

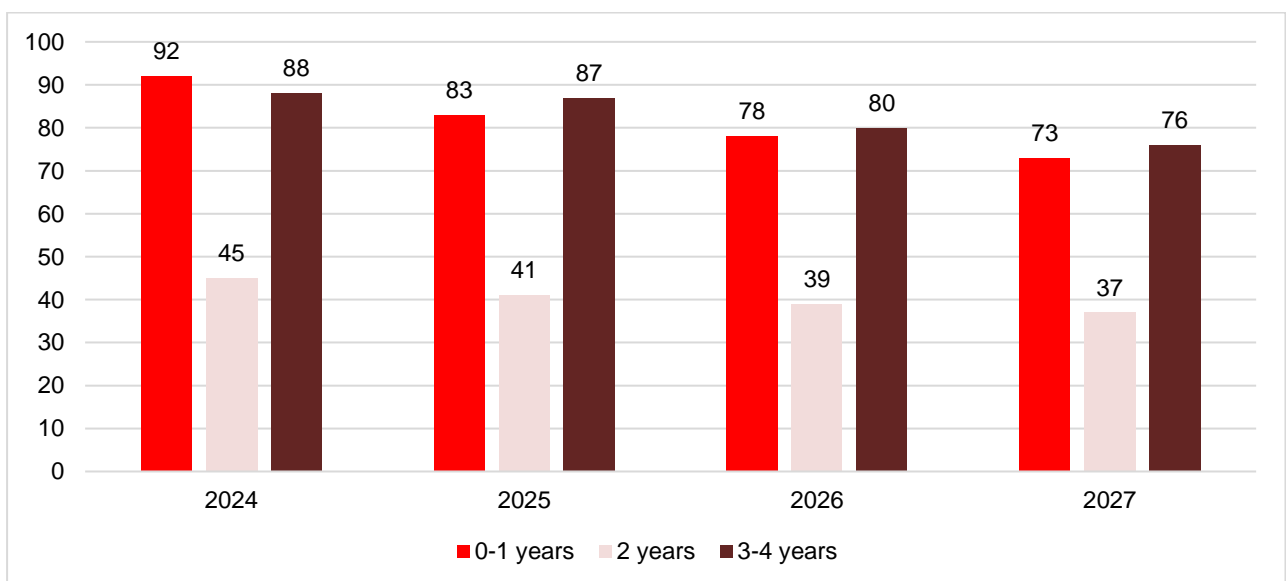
This specific Childcare Sufficiency update report has been researched and produced via:

1. Analysis of up-to-date GLA intelligence unit population forecasts
2. Analysis of the outcomes of structured interviews - that took place in April 2023 - with the early years childcare providers/settings situated in the City of London
3. Analysis of the outcomes of an online (best Start for Life-themed) survey which was promoted to City of London-resident parents with 0-5 year olds

### 1 Ongoing key updated demographic context

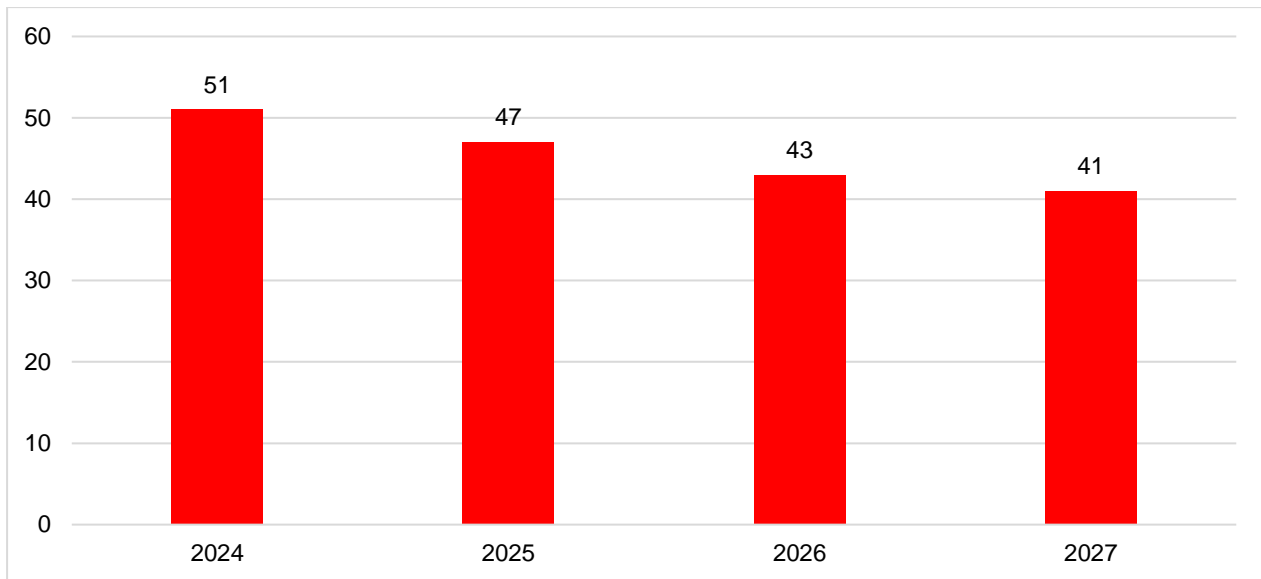
- 1.1 As with the previous termly City of London childcare sufficiency updates since summer 2021, it is important that emphasis is placed on an awareness of prevailing population forecasts. This is a standard section of the update monitoring reports which is attuned to the availability of demographic data, particularly by two sources: the Office of National Statistics (ONS) and the Greater London Authority (GLA), and their publication of London datasets. Diagram 1 below, provides such context aligned to the Greater London Authority’s (GLAs) 2020-based housing led population projections for the 0-1 years, 2 years and 3- 4 years age cohorts (see: <https://apps.london.gov.uk/population-projections/>), given the Best Start for Life programme<sup>2</sup> emphasis that subsequent sections of this report outlines.

Diagram 2 - GLA 2020-based housing led population projections for the 0-1 years, 2 years and 3-4 years age cohorts



<sup>2</sup> <https://www.gov.uk/government/publications/the-best-start-for-life-a-vision-for-the-1001-critical-days>

Diagram 2 - GLA 2020-based housing led birth rate projections for the 0-1 years, 2 years and 3-4 years age cohorts



Diagrams 1 and 2 both indicate the progression of a falling birth rate in the City of London locality – as is common and comparative in other inner-London boroughs, where emigration out of London is being observed. This does not mean, however, that the demand for funded childcare and fee paying early years childcare places within the City of London will also decrease to the same degree. Some early evidence suggests that the proposed expansions to the free entitlements will indeed bring a broader number of parents and families in to the relevant support mechanism (of the free entitlements).

Essentially, predicting the impact is a complex undertaking. The Office of Budget Responsibility estimates that the March 2023 announcements and relevant/associated changes to benefits could mean that circa 85,000 more parents will be in work by 2027, but there will be geographical disparities in uptake, including within locations with specific demographics - like the City of London.

## 2 Summer 2023 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 Summer 2023.

### 2.1 Occupancy in summer 2023

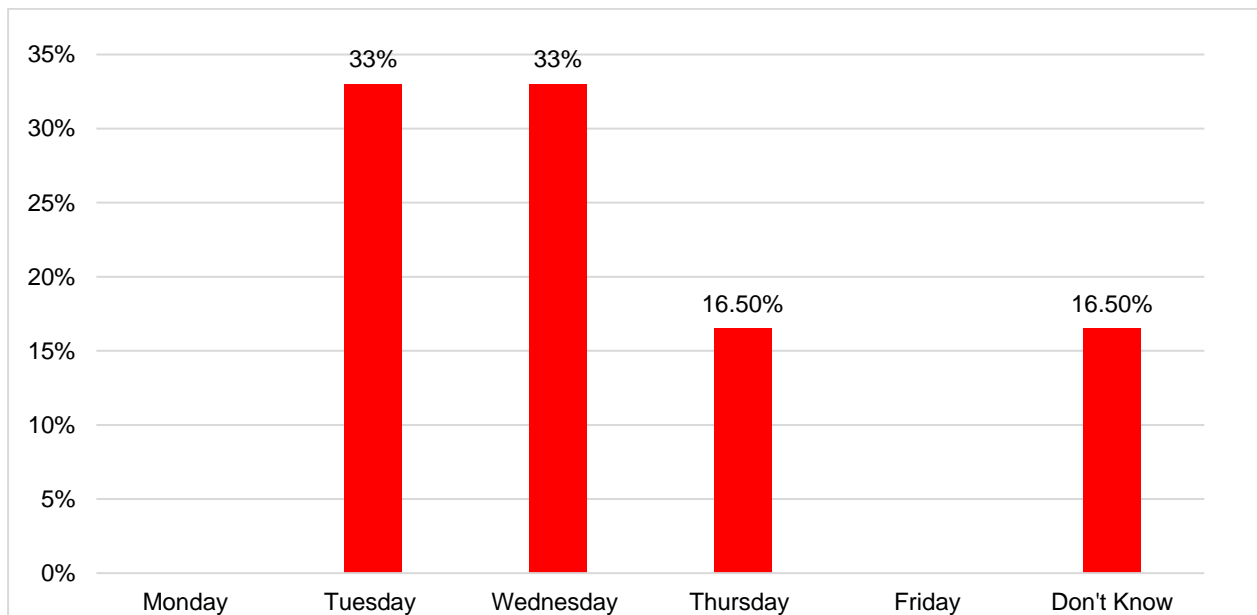
2.1.1 The general feedback about the theme of occupancy was that it was continuing to improve and that, in the majority of cases, it was buoyant. A number of settings highlighted how they had experienced an increase in the number of request for tours, both virtual and in-person. One setting provided a response that exemplified the type of feedback from two other settings when stating “we are at about 95% capacity”.

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

18 children → 52 children.

Diagram 3 below indicates the frequency with which responding early years childcare providers stated that a particular weekday was their busiest day.

Diagram 3 - Frequency with which a particular weekday was a setting’s busiest



2.1.1 50% of responding early years childcare providers/settings stated that they had a waiting list in early summer 2023. 33% stated that they did not and 15% stated that they did not know.



## 2.2 Fees

2.2.1 Table 1 below outlines the **average** hourly fees per age group outlined by the relevant (seven) responding early years childcare providers

Aged 0 –12 months	Aged 1 year	Aged 2 years	Aged 3 years	Aged 4 years
Av. Hourly rate: £9.35	Av. Hourly rate: £9.35	Av. Hourly rate: £9.40	Av. Hourly rate: £14.07	Av. Hourly rate: £14.07

Responding providers were also invited to state whether they make any additional charges, outside of their standard fees?

33% stated that they did and 67% that they did not – and those that did elaborated that this was for:

- Extended day provision – including a breakfast club and a tea club and;
- Return home service (if required) and a babysitting service
- Lunchtime food costs and the costs of snacks

2.2.2 Early years childcare settings/providers were invited to state whether - in their experience - the national cost of living crisis was impacting their business.

50% stated that it was, and 50% stated that it was not. Those 50% who stated that (in their opinion) it was, elaborated:

*“Some people who live in this City area are on a surprisingly low wage or zero contract hours... they rely more on extended family or juggling work hours. Job insecurity is growing from what we know here”.*

*“This cost of living crisis - across the board - is having a serious impact on my business. Business rates alone have increased by over 28%. The rise in utilities, food, and other agencies we rely on i.e. clinical waste removal, agency staff, consumables (PPE etc) is having a major impact on the company finances <sup>3</sup>”.*

*“I have already increased my fees to try to balance our income/outgoings, however, I am limited to how much I can increase fees before it becomes impossible for parents to meet their childcare costs. On top of this, child numbers have not increased greatly within the City of London due to companies finding alternative methods for their employees to work (work from home so many days per week) Therefore, the beginning and end of each working week there is a substantial drop in child numbers”.*

*“At the start of this academic year we had a number of families drop out, all of whom were taking up state school places, rather than paying for private schools”.*

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<sup>3</sup> It is feasible that a reduction in business rates could enhance the sustainability of certain private sector providers in the City of London.

## 2.3 Recruitment and Retention

2.3.1 71% of the early years childcare providers stated that they were *still* experiencing issues with recruitment and retention – and this was exemplified by feedback including:

*“There are far few practitioners available to recruit. The ones who are available have a very high expectation of earnings because they know the demand is there. Recruiting staff from agencies incurs high costs. To recruit a staff member directly from an agency can cost upwards of 15% of the candidate's annual income, and there is no guarantee that the staff member will stay. This then means you have lost the agency fee, and need to start the process all again. Calling upon agency staff to meet ratios when staff are either sick or on annual leave, costs around £22 per hour plus VAT per agency staff member, therefore we are potentially looking at a daily cost of £176 plus VAT per day for one agency staff member. Practitioners are realising that they can earn more roughly the same wage working with agency, without the pressures of having the commitments they need to maintain if they were employed on a fulltime basis”.*

*“In terms of retention... with the rise of travel costs, practitioners are now looking for employment nearer their home to combat the high cost of travelling to and from work. It is not cost affective for them to drive into the city. I have just recently had two staff members hand in their notice due to the recent rise in travel costs”.*

*“We don't get many responses to adverts at this time [early summer 2023]. Sometimes, when hours and pay are increased, we receive more applications, however, we also have had, recently, two new members of staff sign contracts, and then drop out at the last minute. However, we don't tend to struggle with retention”.*

Three early years childcare providers gave feedback on how they believe that the City of London could *further* support with the issue of recruitment and retention, aligned to varying parameters of feasibility:

*“Maybe, in terms of retention, continue with their great trainings offers”.*

*“Perhaps support by raising the profile of working in schools/with young children”.*

*“It would be amazing if the City of London could start up their own childcare childcare/supply agency, that would charge a more realistic fee to supply staff either on a permanent or daily basis (to maintain ratios)...”*

## 2.4 Best Start for Life

2.4.1 The following examples of priorities aligned to the national best Start for Life agenda and forthcoming policy direction for the City of London were stated by a number of responding providers:

- To enhance coverage of targeting new birth parents
- To enhance support for parents who wish to return to work or study
- To enhance opportunities and scope for parents and carers to further develop their parenting skills, including through methods to increase take-up with relevant workshops

2.4.2 In terms of what expectant parents or other parents with 0-4 year olds evidently continue to tell providers about in terms of their parental needs - including from an early maternal health perspective recurrent responses were:

- (Most frequently) Issues associated with challenging behaviour in the early years
- Problems associated with social isolation or a lack of extended family support
- Being able to afford childcare
- Feelings that they are in some way failing their child(ren)

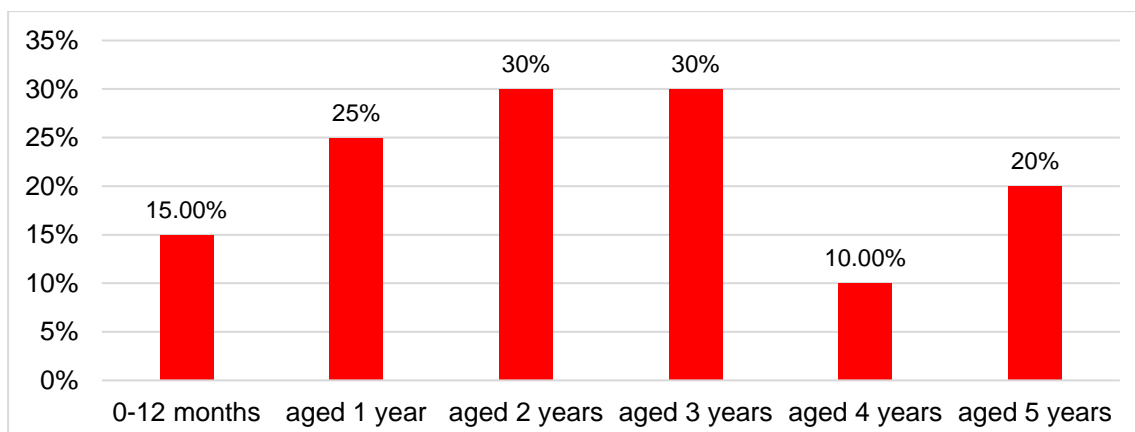
## 3 Summer 2023 consultation with parents and carers

In April 2023, the City of London launched an **online survey that invited feedback from City of London-resident parents, carers and guardians of 0-5 year olds.**

The survey focused particularly on the need to help inform the forthcoming best Start for Life priorities and policy direction for the City of London, which will naturally be delivered through the City Child and Family Centre (Children's Centre services) taking a lead - via a delivery model which in summer 2023 was also subject to a structured independent review - on instigating policy and provision for 0-5 year olds in order to address that government initiative.

3.1 92% of the responding 55 parents/carers had children already, only 2 parents/carers stated that they were expecting.

Diagram 4 - Ages of respondents' children (ages 0-5 years old)



3.2 Of responding parents and carers, 71% were currently paying for childcare - at an average outlay of £422 a week. Of those parents and carers who were at the time of the survey using childcare, 33% said they found it 'fairly affordable'.

17% found it 'fairly **un**affordable' and 42% found it 'very **un**affordable'.

None of the relevant parents or carers stated that they found it very affordable.

3.3 In order to identify how parents and carers can best be supported during pregnancy and their child's early years, the survey sought to understand parents and carers (feedback on their) emotional and mental wellbeing during these times.

Therefore, all parents and carers were asked to rate their mental and emotional wellbeing during their pregnancy. With 0 being 'very poor' and 10 being 'excellent', parents and carers on average rated their emotional and mental wellbeing during pregnancy at a 7.

An 8 was the most frequently stated rating.

In terms of what could have helped with their mental and emotional wellbeing during this time, the following answers were given:

*"More reassurance that my baby was fine".*

*"More information on what steps I could take myself to improve my mental wellbeing and who to reach out to if I needed more help".*

*"My last pregnancy was during the pandemic, and reduced face to face interaction with my obstetric team etc. made it more difficult".*

*"Meeting other mums to be".*

3.4 Again, all parents and carers were asked to rate their mental and emotional wellbeing during their **child's early years**. With 0 being 'very poor' and 10 being 'excellent' - parents and carers on average rated their emotional and mental wellbeing during their child's early years at a 5.

In terms of what could have helped with their mental and emotional wellbeing during this time the following 'support' themed answers were given:

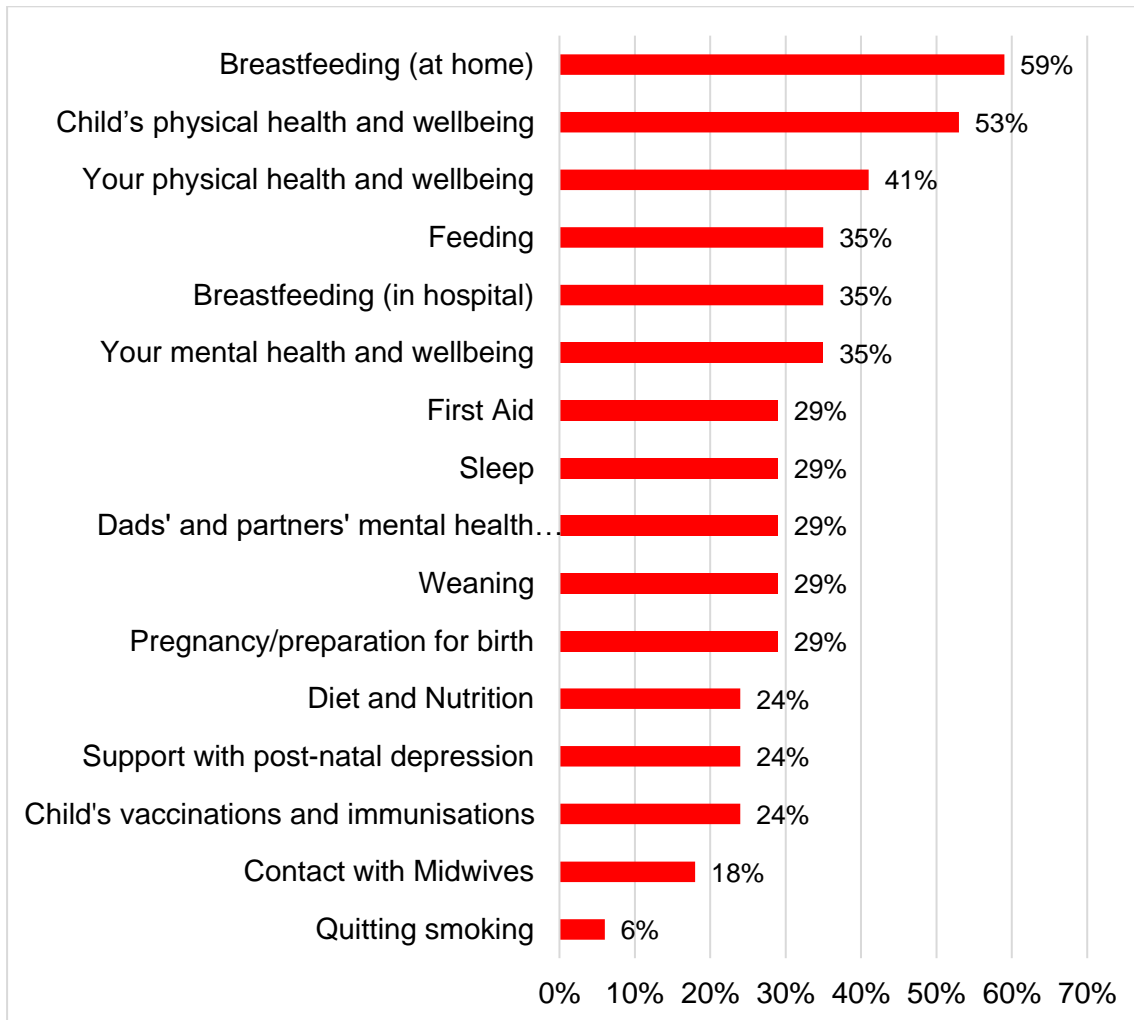
*"If community support was better".*

*"Social support, clear parenting and health advice".*

*"More support from partner, more social interaction with other mothers".*

3.5 Parents and carers were asked to think about their current and past circumstances - in terms of pregnancy and early years' health - and to state which types of support they wished to get more help or advice with.

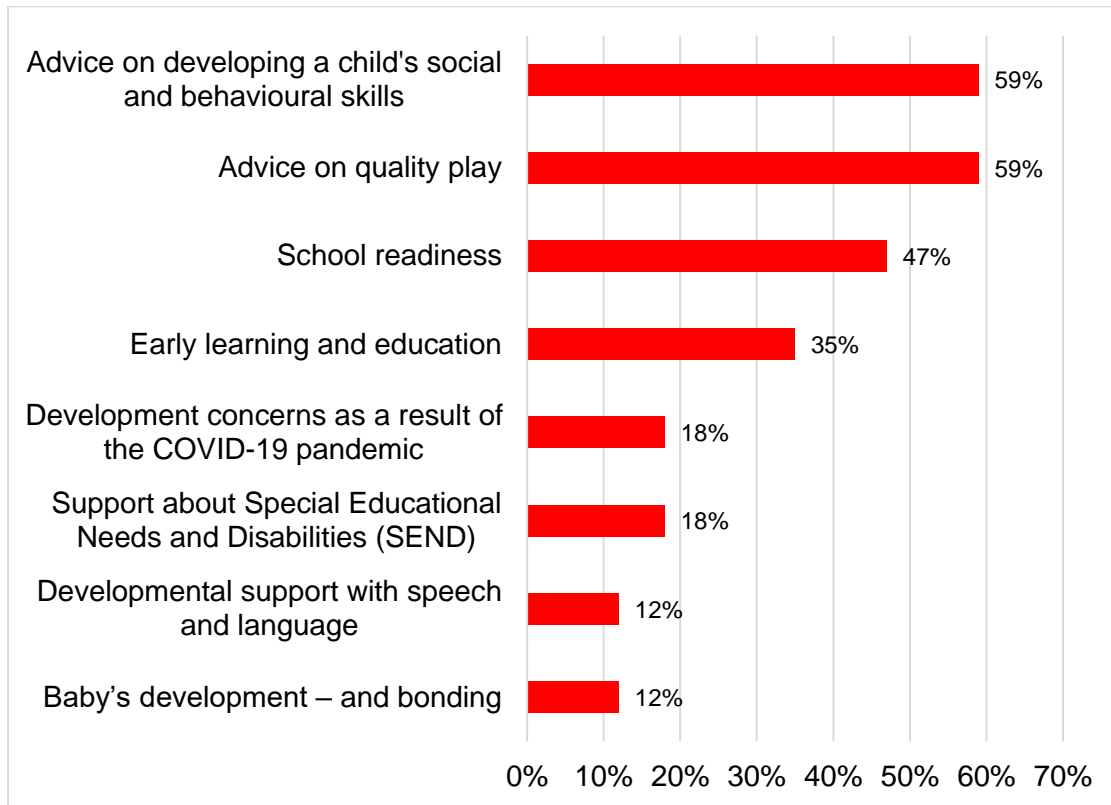
Diagram 5 – Types of 'pregnancy and early years' health' support responding parents and carers would like more help or advice with



Responding parents and carers most frequently stated that they would like more support with breastfeeding at home (59%), followed in frequency by more support and advice around their children's physical health and wellbeing (53%). Both of the responding expectant parents stated that they would like more support with 'pregnancy and preparation for birth.'

3.6 Parents and carers were invited to consider available support and advice that related specifically to their child's development - including to think about their current and past circumstances, and to state which types of support they wished to get more help or advice with.

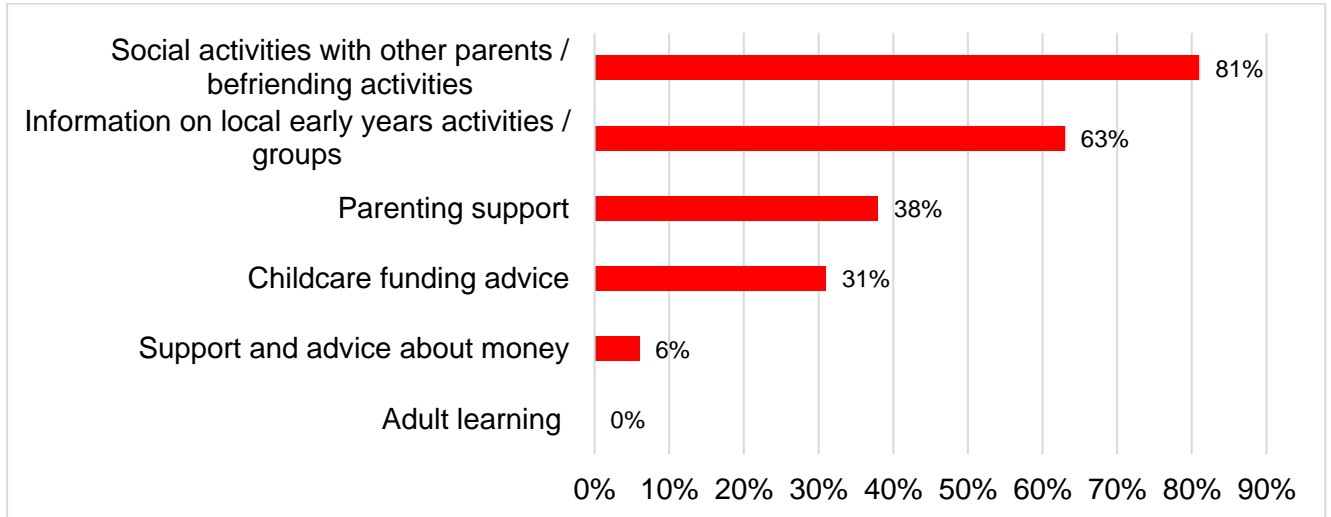
Diagram 6 - Types of 'early years child development' support responding parents and carers would like more help or advice with



Responding parents and carers most frequently stated that they would like more advice on developing a child's social and behavioural skills (59%) and in equal frequency more advice on quality play (59%). School readiness (47%) was the second most frequently stated type of developmental support parents and carers wished for more support with.

3.7 Parents and carers were asked to think about their current and past circumstances - in terms their family life – and to state which types of support they wished to get more help or advice with.

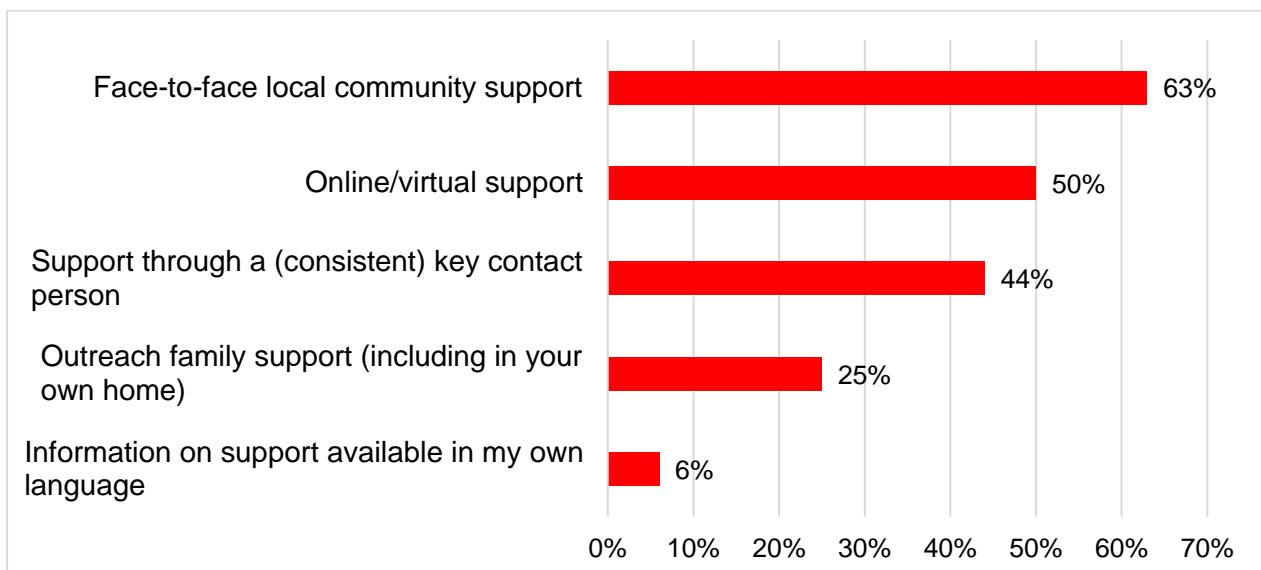
Diagram 7 -Types of 'family life' support responding parents and carers would like more help or advice with



Responding parents and carers most frequently stated that they would like more support with social activities they can attend with other parents, or befriending activities (81%), and the second most frequent response was for more information on local early years activities and groups (63%).

3.8 In terms of receiving more support and advice, parents and carers were asked what might help them to access it.

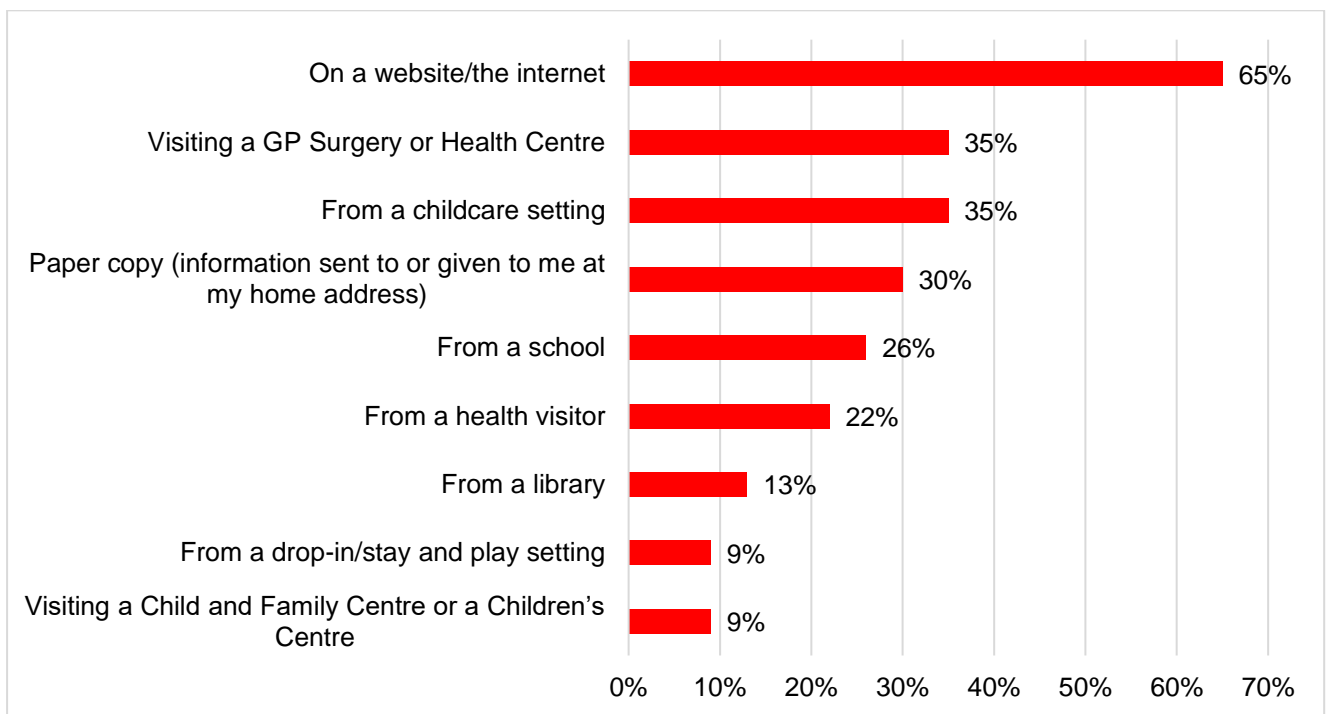
Diagram 8 - What responding parents and carers believe will help them to access available local services and support



Face-to-face local community support (stated by 63% of respondents), was how the majority of responding parents and carers felt they could be most effectively helped to access the advice and support available to them in the City of London. This was followed in frequency by online/virtual support (50% of responding parents/carers), and support through a consistent key contact person (44%).

3.9 All respondents were asked about how they like to be kept informed about local advice and services - particularly those that relate to a child’s/children’s (and their own) health, wellbeing and education.

Diagram 9 - How parents and carers like to be kept informed about local children’s health, wellbeing and education advice



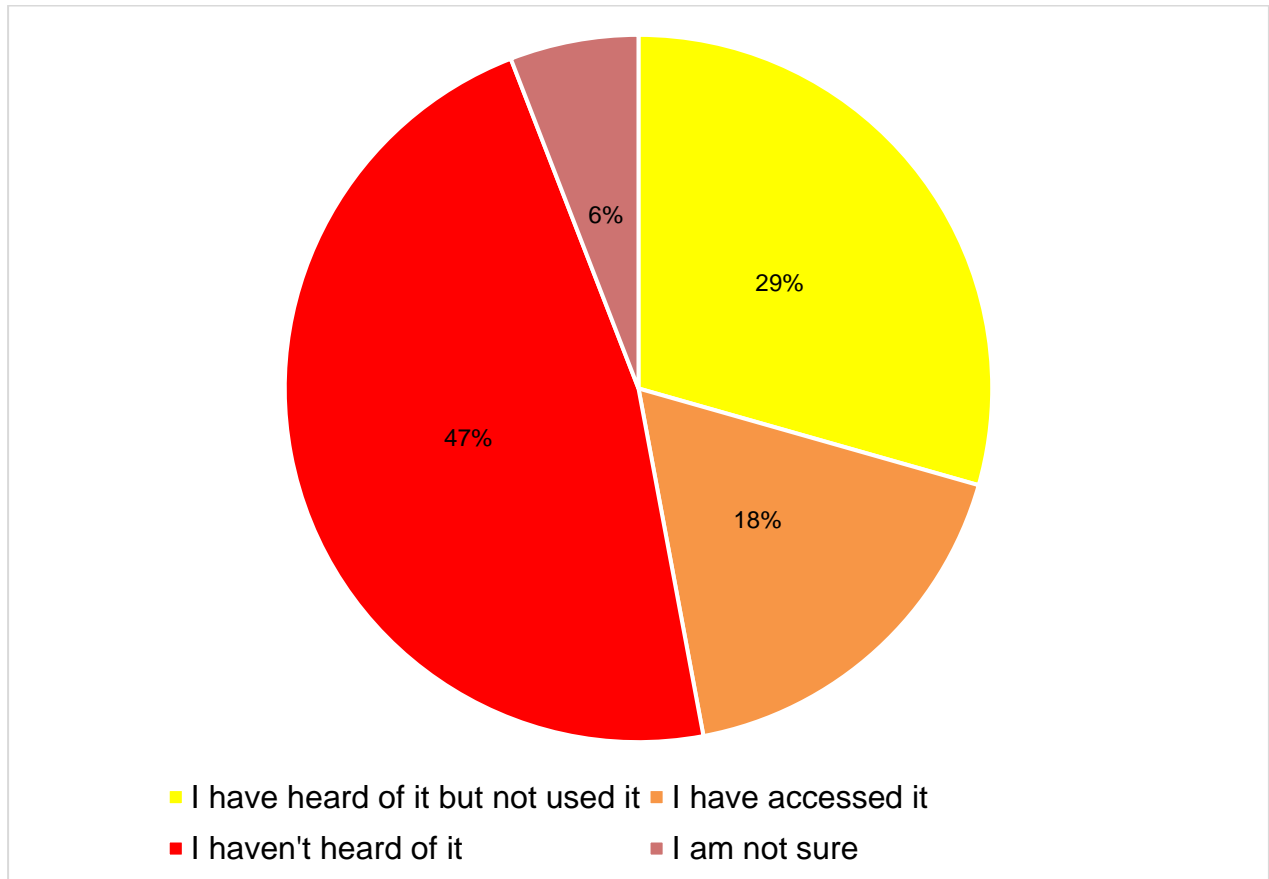
Parents and carers most frequently stated that they like to be kept informed through a website/the internet (65% of responding parents/carers) – a theme that the City of London will further explore in a 2024 Parental Needs Survey. The second most frequently stated information channel was through visiting a GP Surgery or health centre (35%) and in equal frequency, from a childcare setting (35%).

Those parents/carers who stated that they like to receive information, relating to local children’s health, wellbeing and education advice, through a library (13%) were asked whether they had a particular setting in mind. Parents/carers most frequently responded the Barbican Library and Artizan Street library.



3.10 Finally, parents and carers were asked if they had heard of, or accessed, the City Child and Family Centre at The Aldgate School.

Diagram 10 – Parents and carers awareness of the City and Child Family Centre at the Aldgate School



**Of those parents that responded to the relevant question, just under on-half half stated that they had not heard of the City and Child Family Centre at The Aldgate School.**

29% had heard of it but not used it, and 18% had actually accessed it.

When asked if there was a particular place or venue that parents and carers felt most comfortable accessing support and advice within the community, the three most frequently stated type of venue were a library, a community centre and a GP surgery.

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