

TRAFFORD COUNCIL

Report to: Children and Young People's Scrutiny Committee
Date: February 2023
Report for: Information
Report of: Karen Samples: Director of Education

Report Title

Early Education Sufficiency and Cost of Living

Summary

This report provides an update on early education sufficiency and impact of cost of living

Recommendation(s)

That the contents of the report are noted.

Contact person for access to background papers and further information:

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1. Impact of rising cost of living on children and families

According to a report of the APPG Children in the North (January 2023), child poverty, including fuel poverty and food insecurity, is higher in the North than the rest of England. Poverty is the principal driver of inequalities between children, which leads to worse physical and mental health, poorer educational attainment and life chances.

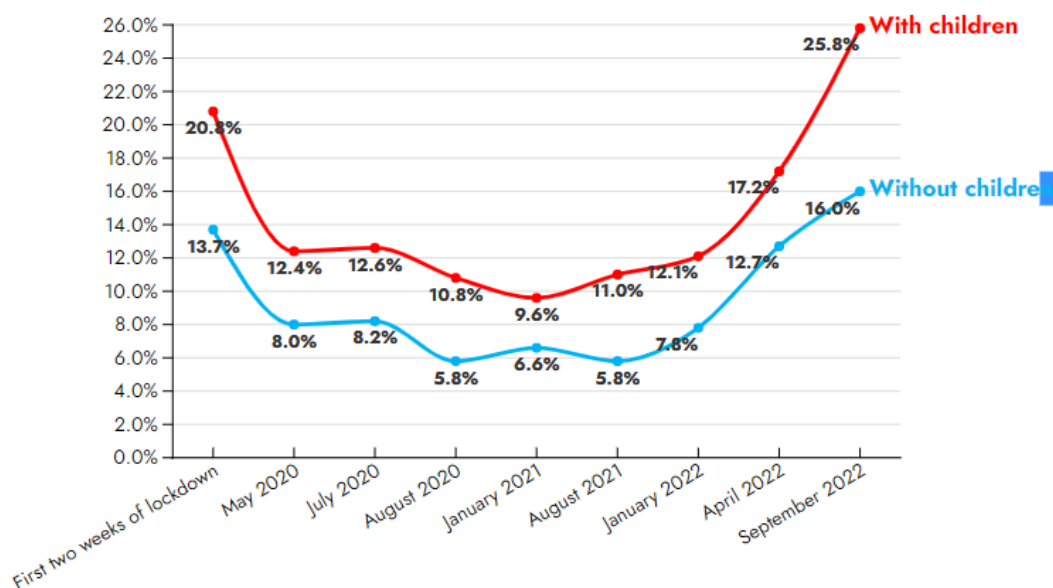
With the rising cost of living and the aftermath of the pandemic, more families are struggling than ever. The crisis is affecting households in most income brackets but is most acute for the least affluent, who typically spend a higher proportion of their income on food and housing. In 2020–21, households in the lowest income decile spent roughly 48% of their weekly expenditure on food and housing, compared with 27% for those in the top income decile.

On top of the 1.9 million children eligible for FSM, mainly because they live in households receiving benefits and with an annual income below £7,400, the Child Poverty Action Group estimates that there are 800,000 children in families below the poverty line, on universal credit or other benefits but missing out on FSM.

The Food Foundation conducted a survey of over 4000 adults in the United Kingdom in September 2022 and found households with children are at greater risk of food insecurity than those without and that gap has been increasing, as shown in the graph below.

Food insecurity has increased more in households with children

Percentage of households experiencing food insecurity*:



This picture is reflected at Greater Manchester. The GM Residents' Survey showed that food insecurity continues to impact disproportionately upon households with children with 59% now reporting food insecurity at some point in the last year. This has increased since September (56%), and since original benchmarking in the spring (a merged sampled of February and April data, at 51%).

The Food Standards Agency's recent study shows that food affordability and food insecurity is currently the most important aspect in consumer decision making and the way that people think and feel about food. When asked, 76% of people reported the price of food as a major concern for the future.

The cost of formula has also increased over the past year, with the price of the cheapest brand increasing by 22% (British Pregnancy Advisory Service (BPAS)). The BPAS is seeing that the £8.50 Healthy Start benefit is now no longer enough to pay for the amount of infant formula needed to safely feed a baby in the first six months of their life.

In Trafford, as of 11th November 2022 there were 5627 children eligible for Free School Meals in Trafford, but 789 (14%) of these were not taking up this benefit.

There has been no uptake data published on Healthy Start nationally since March 2022, and this is being raised at a national and local level. However, we know that uptake at that time was only 72%, meaning that up to £3000 per week (£156k per year) was going unclaimed.

Greater Manchester respondents to the Residents' Survey are more likely than the national average to have increased borrowing or used more credit in the past month compared to the same time last year (35% vs. 22%).

Ease of affording energy costs

Greater Manchester average: 56%

- Parents of children in early years (68%)
- Parents of children aged 19-25 (67%)
- Parents of children in primary school (66%)
- Those whose children are entitled to FSM (66%)

the same time last year (35% vs. 22%). For parents of children in early years the proportion is 67%, compared with 54% amongst parents of children in primary school, 50% amongst parents of

children in secondary school, and 63% amongst those whose children are entitled to free school meals.

Over half of respondents said they are having difficulty being able to afford their energy costs (56%), significantly higher than the national average (48%).

Trafford’s long term Poverty Strategy is based around a ‘cash-first’ response that provides independence and dignity to people. There is agreement to provide an additional payment in January 2023 to directly employed staff to uplift to the Real Living Wage rate of £10.90 – this includes council staff (primarily on low pay bands) and eligible school staff as well.

2. Early education

Trafford has historically had a strong early education and childcare market with a good mix of early years providers across all neighbourhoods offering parents and carers a range of options to suit their needs.

Sufficiency of early education places

The number of early education providers in the private voluntary and independent (PVI) sector has decreased as highlighted in the table below.

Type of Provider	Pre Covid	October 2020	September 2021	January 2023
Group Based Early Education Provider	98	93	92	90
Childminder	239	234	205	163 119 (offering funded early education places to either 2, 3 & 4 Year olds)

The overall number of childminders is also not a true reflection of those providing early education places as we are aware that a number may be ‘working outside the home’ and not currently childminding or offering ‘wrap around’ childcare. This means that whilst they have retained their ‘Registration’ with Ofsted they are choosing not to provide early education at this time. Of the 163 childminders, 119 are offering the funded early education places (either the 2 or 3- & 4-Year-Old entitlement or both) administered via the Trafford Early Years Team.

The numbers of Childminders have been steadily declining over a few years mainly due to the fact that this group have traditionally been in an older demographic with a number retiring from the profession. Covid accelerated this decline with many choosing to leave the profession and work outside of the home. Trafford has seen a 30% reduction in the number of childminders from pre covid to date. Whilst this represents a ‘loss’ in terms of places, this is offset in terms of quality of provision with a very high percentage of childminders achieving a Good or Outstanding Ofsted grade.

There has been greater stability in the number of early education group based settings over the course of this time. Reasons for business failure were varied and included:

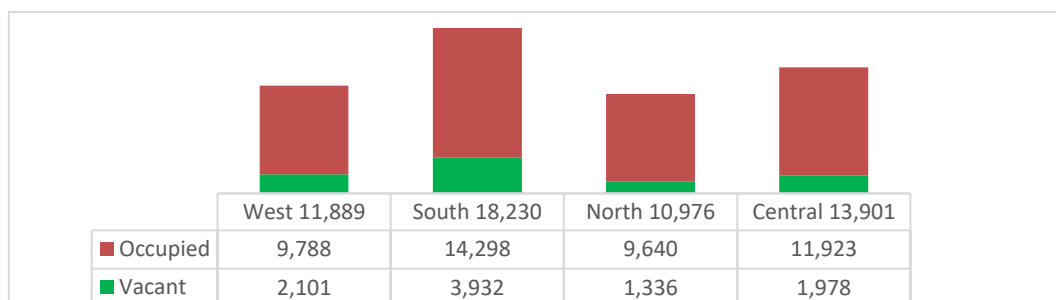
- low numbers of children pre-covid,
- loss of community premises,
- low parental demand due to changes in behaviour (commuter route)
- poor Ofsted outcome affecting business sustainability

Sufficiency Assessment

The Trafford 2021-2022 Early Education and Childcare Sufficiency Assessment (Appendix 1) highlights that at Spring 2022 Trafford was meeting sufficiency with 84% of early education places occupied across the early education sector.

There are no known sufficiency issues resulting in children being unable to access an early education place. All children who are being supported by the Special Educational Needs Advisory Service (SENAS) can access their early education entitlement in private, voluntary and independent settings. This is being carefully monitored.

North and West neighbourhoods have the least number of early education places across Trafford with South having the highest number of early education places. Two-year places in the North of the Borough were in short supply by the end of the summer term however this did not translate into a sufficiency issue as all children could be accommodated. The school holiday period and children transitioning to school created further capacity in the system in readiness for the September term. It does indicate that there is pressure on the system and sufficiency of places in some pockets of Trafford as the academic year progresses, the North of Trafford being a key neighbourhood. A loss of provision or a group early education setting could present risk.



The most pressing issue for sufficiency of early education places relates to the recruitment and retention of staff. The Sufficiency Assessment highlighted that one third of all group based early education providers (nurseries, pre-schools) were capping numbers of children due to a lack of qualified staff. Many left the sector to work in retail or office roles. The following table highlights the decline in early years practitioners working in the early education sector with a staggering 51% reduction in the number of graduates.

Take Up

Take up of early education of 3 and 4 year olds in Trafford is high at 97% (2022) This is above national 92% and is an increase of 2ppts from the previous year. Work is currently underway to develop an information sharing agreement which would enable Trafford to identify the very small cohort of families not taking up this offer.

(a) Academic Year 2021/22

Information to date for the current academic year

Term	Universal Part Time Equivalent (PTE) Places					Extended Part Time Equivalent (PTE) Places					Total Part Time Equivalent (PTE) Places					% children taking up 30 hours
	PVI		School		Total	PVI		School		Total	PVI		School		Total	
	PTE	%	PTE	%	PTE	PTE	%	PTE	%	PTE	PTE	%	PTE	%	PTE	
Aut 21	1,330	45%	1,612	55%	2,942	823	55%	673	45%	1,496	2,153	49%	2,285	51%	4,438	51%
Spr 22	1,989	54%	1,698	46%	3,687	1,276	62%	795	38%	2,071	3,265	57%	2,493	43%	5,758	56%
Sum 22	2,802	61%	1,770	39%	4,572	1,843	69%	830	31%	2,673	4,645	64%	2,600	36%	7,245	58%

In the school year 2021/22, there was a slight decrease of 203 part time equivalent (PTE) places. Of these 175 PTE were universal places. A potential reason for this could be the declining birth rate.

Where families are accessing places (either a school or PVI) has remained stable and consistent.

Take up of 2-year-old education places for families who meet the economic eligibility criteria remains exceptionally high at 108% (2022) with Trafford ranked 1st nationally out of 151 areas. This is significantly higher than statistical neighbours (79%) and significantly higher than national (72%). Trafford continues to be a net importer of 2-year-old education places with 17% of children accessing a place in Trafford despite living in another area. Exports are low with approximately between 2-3% of children accessing a 2-year-old early education place outside of Trafford. This is a contributory factor as to why take up is so high.

The numbers of families eligible for the 2-year-old offer has decreased in Trafford which is a trend that is replicated nationally. In Autumn 2020, 662 families were eligible for this entitlement. This has been steadily decreasing term on term with the lowest number eligible to date being 463 in Summer 2022.

2-year-old take up is now a key school readiness indicator across Greater Manchester (GM). Each GM locality has identified a neighbourhood where there will be a target or increased focus on increasing the two year uptake. In Trafford, the North neighbourhood was identified for this project as take up was considerably lower than other neighbourhoods across Trafford. The target was to reduce the take up gap between the North of Trafford and the rest of Trafford neighbourhoods (West, Central, South combined) by 10ppts to 15% by 2025. As can be evidenced by the table below this target has almost been achieved in the short time that the project has been in operation with Summer 2022 demonstrating the gap is at just over 16% having been at over 25% in Autumn 2021.

Period	Take Up % In North Trafford 3 term rolling average	Take Up % In Rest of Locality 3 term rolling average	Gap In Take Up Rate
Baseline	67.90%	93.30%	-25.40%
Autumn 2021	71.80%	96.70%	-24.90%
Spring 2022	78.9%	97.4%	-18.5%
Summer 2022	83.6%	99.9%	-16.3%

Cost of Living pressures in the Early Years Sector

The fragility of the early years sector and concerns about the costs of early education and childcare have been well-documented in the media and press.

National policy and funding for early education places means that only two-year-olds who meet the economic criteria will be eligible for 15 hours of early education, whilst the remaining population does not become eligible for either the 15 hours of early education entitlement or 30 hours for working parents who meet the economic criteria, until the term after a child turns aged three. This means that any working parent with a child would be required to pay private fees until their child becomes eligible to receive any entitlement. This is a national, not local policy decision.

It is worth highlighting that the recent Sutton Trust report, 'A Fair Start?' highlights that the extended 30-hour entitlement is in fact widening the attainment gap for children from disadvantaged backgrounds, by doubly advantaging wealthier families with additional hours of funded early education.

In terms of pay, almost a **fifth** (18%) of group based PVI staff aged 23 and over received **less** than the National Living Wage (NLW). Just over one in ten (12%) school-based staff received less than the NLW. (DfE and NCSRFE)

In a survey conducted by the GMCA Early Years Team with all 10 Greater Manchester Local Authorities, 4 out of 10 Local Authorities reported that it was **common or very common for early educators to have more than one job to supplement their income.**

Cost of Living Survey

The Early Years Service conducted a survey in November 2022 with early education providers. 57 responses were received. Of these 31 were Childminders and 26 were group-based settings (which represents over a quarter of all group settings). The survey highlighted the following:

- 70% of setting managers were *very* concerned about the cost of living challenge with 26% *quite* concerned. The remaining respondents did not have a concern
- 70% of settings reported that the cost of living had had a significant impact on their business with 28% reporting a slight impact. 2% reported no impact.
- With regards to parent demand 40% reported that demand had remained the same with 37% reporting a decrease and 23% reporting an increase.
- 53% had reported having to increase fees more than usual due to the cost of living increases.
- Energy Bills (42%) followed by food/consumables (32%) were cited as the biggest concerns. Staff costs was ranked third followed by reduced parental demand and premises costs in order.
- 79% reported a decrease in profit with the 21% reporting that profit would remain the same.
- Of those reporting a decrease in profit, 47% estimated this to be a 30-40% loss of profit, 23% reported a 10-20% loss of profit and 11% more than 40% loss of profit. 19% chose not to answer.
- In terms of business sustainability in the next 12 months 63% reported business stability, 11% reported stability as Good with 26% deeming their business to be at 'risk'.
- 54% of respondents reported financial impact as their biggest challenge, followed by staff recruitment and retention 21%, customer demand 19% and finally maintaining quality 5%.

The majority of group based early education settings reported that recruitment and retention was an issue for them. They also reported having to increase wages as a way of securing staff.

Cost of Living Support for Early Education settings at national level

The Department for Education have provided a package of business support for early education settings as follows:

- Increased the Employment Allowance from 4k to 5k
- Announced a freeze to business rates multiplier in 22/23 supporting all ratepayers ahead of re-evaluation in 2023.
- Applied the Energy Bill Relief Scheme (EBRS) for private early education businesses not on domestic premises until April 2023
- Applied the £400 Energy Bill Support Scheme for Childminders working on domestic premises in addition with the Energy Price Guarantee (EPG) until April 2023
- From April 1st, 2023, to 31st March 2022 the EBRS will be replaced by the Energy Bills Discount Scheme providing a discount on wholesale energy costs.
- Childminders have not been included in any other scheme to date other than applying the EPG which is being adjusted to cap typical household bills to £3,000 until the end of March 2024 save the average household £500.

New funding rates at local level

In December 2022, following consultation, government announced an increase in income which Local Authorities will receive to fund early education entitlements in 2023/24. For Trafford the income rates will increase as follows:

- 2-year-old places – increased income of 10p per hour from £5.67 to £5.77
- 3-year-old places – increased income of 26p per hour from £4.61 to £4.87.

Despite this increase it is worth noting that the Institute for Fiscal Studies in their report 'Early years spending update: the impact of inflation' (Nov 2022) predict that any increase will most likely be negated in real terms by a fall of 10p by 2024-25.

Impacts and risks

Recruitment and retention: The biggest risk to the sector and sufficiency is staffing. Two early education settings have closed at exceptionally short notice since December because they simply were not able to secure and retain staff. Rising living costs, low wages, pressure on the sector and poor staff well-being have resulted in qualified early educators leaving the sector to find higher paid work with less stress and responsibility.

Rising costs and fees: As reported in the survey early education settings are having to increase costs in response to inflation and rising costs. This will create additional financial burdens for families who have children whose children are not yet eligible for early education funding or need to purchase additional hours privately to work.

Areas of disadvantage: The issues facing early education settings and families in areas of disadvantage are compounded as covid and the cost of living has resulted in children and families having much higher levels of need which has placed extra pressure on resources and staff well-being. The number of early education places are lower in areas of economic disadvantage and business fragility more of a risk as recruitment becomes more challenging.

Sufficiency: If the crises continue more early education businesses *could* fail which *may* potentially result in sufficiency issues, where Local Authorities may struggle to meet statutory duties.

Trafford's Response

It needs to be acknowledged that the problems are difficult to resolve at local level as the issues are significant and evident nationally at scale. Trafford is therefore supporting early education providers in the following ways:

- Working collaboratively with the GMCA Early Years Team to share information and concerns to lobby early education policy at a GM level in recognition of the scale of the issue.
- Trafford early education providers who expressed an interest were invited to attend a GMCA Led recruitment and retention focus group.
- Provide on-going feedback to the DfE Early Years Advisor about the issues in the sector linked to the national context
- Continue to provide a high level of Deprivation funding as part of the Trafford early education funding rate to work to redress inequalities providing additional supplements in recognition of disparities that exist across the Borough
- Piloted a leadership and supervision program with a focus on well-being to mirror the Headteacher offer.
- Provide support and advice for settings who are worried about business viability
- Explore on going opportunities to 'grow the workforce'.
- There is a multi-agency Healthy Start task force for Trafford, with key actions being carried out across the public and VCFSE sector to ensure professionals are able to promote Healthy Start benefit and support residents to make a successful application.

3. Impact of rising energy costs on schools

Schools have experienced significant increases in energy prices during 22/23. The Government have announced additional support to assist with the additional cost pressures schools are facing (including the increased energy costs, higher than anticipated pay awards and increase in general inflation)

- **Energy Price Cap – For 6 months to be reviewed in January 2023**
- **Additional school capital funding for the 2022 to 2023 financial year**

Eligible schools and sixth-form colleges will receive an allocation for capital funding to improve energy efficiency in 2022 to 2023. Funding must be spent on capital projects, prioritising projects that improve energy efficiency.

The formula allocation will give each institution at least £10,000 and an additional amount based on weighted pupil numbers.

2023/24 Mainstream School Additional Grant update

The Autumn Statement provided details of additional funds for schools, to be distributed in 2023/24 on the basis below:

- a basic per-pupil rate of £119 for primary pupils, including pupils in reception
- a basic per-pupil rate of £168 for key stage 3 pupils
- a basic per-pupil rate of £190 for key stage 4 pupils
- a lump sum of £4,510
- an FSM6 per-pupil rate of £104 per eligible primary pupil
- an FSM6 per-pupil rate of £152 per eligible secondary pupil

Funding is to be received in two tranches, in May and October 2023, so we will not have individual school figures confirmed until May 2023.

There is also analysis of FSM uptake and eligibility by school taking place, identifying schools where uptake is lower than eligibility and working with those schools to increase uptake and reduce stigma of receiving FSMs.

Special Schools additional Funding 23/24

A 3.4% increase to place and top-up Funding on 22/23 values. Indicative figures indicate this will allocate an additional £0.5m to the 7 Special schools and PRU.

4. The Household Support Fund (HSF) [Household support fund extended to March 2023](https://trafford.gov.uk) (trafford.gov.uk)

The Household Support Fund (HSF) has been extended to allow Local Authorities to support those most in need to help with global inflationary challenges and the significant rising cost of living. The funding covers the period 1 October 2022 to 31 March 2023 and for Trafford is **£1.458m.**

The DWP HSF guidance clearly states that the expectation is that local authorities will use the HSF to support households in the most need – particularly those who may not be available for the other support government has recently made available. There is no longer a requirement to spend a pre-determined portion of the fund on specified cohorts as there was in previous schemes

The decision was made to mirror the scheme in place for the same period last year, with the addition of proactive targeting of the cohort defined as follows Household support fund extended to March 2023 (trafford.gov.uk):

Free School Meals Holiday Awards (c£1m)

- Award £15 per week per child for the October half term and Easter Trafford school holidays
- Award £30 per week per child for the Christmas and February Trafford school holidays, the increase due to help with Fuel costs over the Winter months

Community Hubs Funding (£60k)

- Retain the community hubs funding to ensure wider support in Trafford communities continues, which is being used to fund the Trafford Living Rooms project [Response | Trafford Community Hubs \(traffordhubs.org\)](https://traffordhubs.org)

Over 50 'living rooms' have been established across the borough to provide warm spaces, with free hot drinks, for people to take part in activities, socialise, and get advice and support. The Living Rooms are listed and mapped on the Community Hubs website. Communication and Engagement work is underway to improve reach to the working poor- who either don't know the services the hubs offer or feel it's not for them.

Retain the Increased Number of Trafford Assist Applications (c£400k)

- Retain the increased number of applications allowed to the Trafford Assist scheme (food and fuel awards) in a rolling 12 month period from 2 to 4
- Proactive Take-Up Campaign to those who have not received other government support (Costs inc. in recommendation 3)
- Undertake an invite to claim Trafford Assist uptake program based on our Housing Benefit and Council Tax Support data, identifying residents who have yet to receive any of the support offered.

Summary

With involvement from Trafford's voluntary, community, faith and social enterprise (VCFSE) sector, public services, health services, and housing associations, Trafford has produced a strategy in recognition of the cost-of-living crisis. This strategy sets out the commitments we have made in partnership to tackle poverty in our communities. This report highlights partnership work in action, particularly in supporting our most vulnerable children and their families.