

The Hackney Commission into Affordable Childcare



November
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Report Overview

This Commission was tasked with exploring how Hackney could help children and parents better access affordable, high quality Early Years provision in the borough.

The report is written within the wider context of the Early Years in London and England and references the planned childcare expansion to be instigated next April 2024. The Commission collected evidence from parents, providers and council officers to inform the report using an appreciative enquiry approach. This involved identifying activities that were working well and ways services could work better and be more cost effective.

The report has 29 recommendations focussed on how the Council can make a range of improvements to the EYEC sector by integrating EYEC more effectively throughout the wider Council strategic targets for housing, employment and training in Hackney, which could in turn support providers to offer affordable and accessible childcare which could be beneficial for parents and carers. The Commission asks Hackney Council to carefully consider the recommendations which are collated under the following four themes:

- 1 Manage the Hackney Childcare Market
- 2 Think Sustainably: Support EYEC Services
- 3 Build a Pipeline of Early Years Staff in Hackney
- 4 Connect, Collaborate and Champion

The recommendations can shape an action plan which can be addressed over the next year and the plan should be monitored by the Mayor and the Cabinet Member for Children. Officers must provide regular update reports which can be shaped into an effective communication plan to inform Hackney parents and EYEC providers in the spirit of co-production and mutual partnership.



Introduction

The Commission, launched by the previous Mayor of Hackney, Philip Glanville and Councillor Caroline Woodley, Cabinet Member for Families, Parks and Leisure, in January 2023 was tasked with exploring how Hackney could help children and parents better access affordable, high quality Early Years Education and Care (EYEC) provision in the borough.

The Commission also reflected the Cabinet's manifesto commitments to investigate opportunities for:



...affordable childcare, to map provision and access in the borough, support the growth of more public and private affordable childcare options, including more social enterprise, third sector and Co-op provision as well as continued to invest in our network of local childminders".

The basis of the Commission was that children benefit both developmentally and educationally from high quality education and care with positive long-term impact. Parents also benefit from being able to access affordable childcare to seek or remain in employment. When quality for children and access for parents are interwoven to create more opportunities the result leads to more equitable child outcomes especially for children from more disadvantaged backgrounds, a reduction in poverty and increased social mobility (Nuffield Foundation in 2021).

However the ambition of affordable childcare is hampered by the increasing childcare delivery costs and the challenges of recruiting and retaining sufficient staff which together are threatening the sustainability of childcare provision. For example the cost of childcare rose above inflation and staff turnover remained above 30%. Local authorities reported an

increase in the number of childcare settings closing permanently which is challenging their duty to provide sufficient places for children requesting them. Currently, Hackney remains one of the 60% of councils which say they have sufficient places to meet their child population. However, it is worth noting that sufficiency does not include affordability or quality, nor does it focus on future provision.

The cost of childcare rose above inflation and staff turnover remained above

30%

Given this wider context, Hackney Council responded by establishing the Commission to review opportunities in the borough that could make childcare more accessible and affordable. However, just as the Commission had begun its work, the Chancellor of the Exchequer,

Jeremy Hunt MP, announced a major expansion of funded places for children from the age of 9 months. Phase one will expand places for 2 year old children in April 2024, followed by children aged 9 months in 2025. This announcement accentuated the Commission's task.



Engaging in early childhood education helps to build a child's confidence and curiosity before attending school, and provides children with opportunities to learn, play and make new friends. In Hackney, we know we are fortunate to have a wide range of maintained, private, voluntary and independent childcare settings available for children to attend, as well as a strong network of childminders. We also know that childcare providers have been operating under enormous pressure in recent years, putting some provision at risk of closure, and that a lack of access to affordable childcare can for some parents and carers be a driver into disadvantage and poverty.

We want every child in Hackney to have access to high quality early education, and in our 2022 manifesto committed to setting up an independent commission into affordable childcare with a focus on understanding the challenges families and providers are currently facing and how we might work in partnership to establish a more sustainable approach.

This report draws on experiences from parents and carers across the borough, as well as expert evidence and advice on how we might improve both access to and sustainability of early education and childcare services.

Early years educators are incredibly dedicated and hard-working, and we need to recognise their importance by implementing measures that help them to help Hackney children. I'd like to thank them for all their service.

Thank you to the Commission and to everyone who has contributed to this report and supported our efforts to improve childcare in Hackney."



Councillor Woodley,
Lead Cabinet Member for Families, Parks & Leisure

About the report

I was very honoured to be invited to Chair this Commission, supporting Hackney to investigate what can be done in the borough to help parents access more affordable childcare. I was delighted to have the input of Commission members who contributed their lived experience and provided fulsome feedback. I hope that the report reflects our many conversations and provides a set of sensible recommendations

that are achievable and build on the progress Hackney has already made to support local parents.

Author: June O'Sullivan OBE, Independent Chair of the Commission .

Commission Support: Silvi Shrestha, Strategic Delivery Officer, Strategic Delivery Team in the Council's Policy and Strategic Delivery Team.

Commission Members

Member	Name	Role
Childminder	Denise Dyer	Childminder
PVI	Ade Labinjo	Manager, St Michaels Nursery
Playgroup	Lesley Miller	Manager, Lilliput Playgroup
School and Children's Centre	Jenna Clark	Headteacher, Gainsborough School and Children Centre
Community/Children's Centre	Afulenu Nwabuzo	Executive Headteacher, Oldhill Children's Centre, Hillside Children's Centre, and Woodberry Down Children's Centre
Parent	Feyzi Ismail	
Parent	Grace R Kamara	
Parent	Rosie Bacon	
Parent	Samira Quashie-Lee	
Parent	Zulifah Nalubega	





Introduction

- The Current National Early Years Childcare and Education Picture
- Supporting Children in Settings Post COVID
- The Hackney Early Years Education and Childcare Context
- Mapping Hackney
- How we defined Affordability for the Commission Report

Every society should take great care of its children, including educating its youngest members, because generally what is good for child is good for society and that extends even further when applied to the most vulnerable and disadvantaged children.

Our first five years profoundly shape our future life outcomes and high quality Early Years Education and Childcare (EYEC) has the potential to transform children's lives, especially those from disadvantaged backgrounds.

High-quality Early Years Education and Care (EYEC) has a positive impact on children's attainment up to the end of secondary school. More specifically, access to first rate EYEC is associated with better academic results at Key Stage 1, and children in lower income families (measured as the bottom 40 per cent of household incomes) who access formal childcare report better outcomes at Key Stage 1 than their peers who miss out (Heckman, 2015; Department for Education 2021). It is a key influence on children's learning potential and educational success. This is unsurprising as in the first 3 years of life, a child's brain develops faster than at any other time. During these years, children's language development and their social and emotional development are particularly sensitive to their experiences and interactions with other people and the world.



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Attendance at high quality early years provision offers a vital opportunity to narrow a gap that will only widen as the school years advance and is an important mechanism for social mobility (Hirsch, 2007; Taggart et al., 2015; Sutton Trust 2021; Brewer et al., 2022). For example, the most disadvantaged children will start school already 11 months behind their more affluent peers.

The National Early Years and Care Picture

This report includes a short summary of the wider Early Years Education and Care (EYEC) context to understand how political and economic issues impact on the affordability of childcare issues and create many of the challenges faced by the EYEC sector nationally and more specifically in Hackney.

In the UK, EYEC is shaped by the mixed market model which means childcare is delivered through a selection of providers including private, charitable, social enterprise, community, cooperative and state provision. Private providers have many business structures ranging from family-run single-site nurseries, childminders providing EYEC in their own homes right up to large nursery chains funded by private equity and while some of these businesses are able to generate large profits, contentiously channelled to shareholders, many are financially precarious and struggle to make ends meet year on year. This has resulted in a fragmented sector and the mixed market has led to many difficulties from financial instability to a weak uncoordinated voice.

The current situation for parents is also complicated. The Government funded Early Years Education and Childcare offer for 3 and 4 year olds and some disadvantaged 2 year olds was introduced in 2017 and has contributed to financial instability of many providers because the funding rate has never matched the cost of the service delivery. Children aged two years who are eligible for the scheme can access 570 hours of Government funded EYEC 15 hours a week. 3 and 4 year olds with working parents who meet the minimum income thresholds are eligible for 1,140 funded hours over school term-time, typically taken as 30 hours per week and participation has remained voluntary. According to the Department for Education

(2022b) by 2022, 72% of 2 year olds with a 15-hour funded EYEC entitlement were registered at a provider – a considerable increase and 92% of 3 and 4 year olds accessed the 15-hour funded EYEC entitlement. However the figures appear to suggest that children aged 3 to 4 with SEND were almost half as likely to be registered for a 30-hour entitlement than the 15-hour entitlement (3.3% vs. 7.7%) and Black and children of other ethnicities were less likely to be registered for the 30 hour entitlement than the 15 hour entitlement (17% vs. 27%) (Department for Education, 2022b).

72%

of 2 year olds with a 15-hour funded EYEC entitlement were registered at a provider.

In reality, providers delivering the fifteen hours entitlement are doing so using an underfunded Government subsidy. It means, settings have to create a fee structure for children under 2 and an hourly rate for parents wanting to increase their hours which results in parents paying a higher proportion of the cost. Providers in areas of poverty and disadvantage are most vulnerable to market forces and

cannot charge parents extra to meet the cost gap from the underfunded rate which means places for children are less available and often of lower quality, despite the benefit those children would gain from high quality EYEC. This highlights the crucial importance of adequate government funding to allow genuinely affordable childcare for parents, and for certain providers to avoid being in a constant state of financial insecurity.

A recent Early Years Alliance survey (2022) found that 25% of private nurseries in the UK live 'hand to mouth' and Ofsted (2022) confirmed a decline in the numbers of settings especially in areas of disadvantage.

25%

of private nurseries in the UK live 'hand to mouth' (Early Years Alliance, 2022)

The Early Years sector has continually complained to the Government that the funding rate is insufficient and threatens the sector's ability to deliver high quality sustainable services. The spending on childcare subsidies through the working-age benefit system fell from £1.8 billion in 2009–10 to £640 million in 2021–22. This was partly due to a sharp fall in spending during the pandemic, with spending falling from £900 million in 2019–20 to £620 million the following year as childcare use declined. A 2021 Freedom of Information request by the Early Years Alliance found that the Department for Education (DfE) acknowledged that hourly funding for childcare places would need to be increased by at least one-third in order to meet the costs of provision (Early Years Alliance 2022). The result is that parents continue to make up the shortfall and childcare has become very expensive.

Children under 2 cannot access any support so parents have to pay the full costs which are highest in London. This has resulted in the UK being the third most expensive country for childcare, according to the most recent OECD figures. Over the past year childcare costs have risen by nearly 6 percent, taking the average price of a full-time nursery place for a child aged under two to £14,836 per year. Fees reach up to two thirds of the median wage and one in four parents say the cost of their childcare is now more than 75% of their take-home pay.

For many parents, especially mothers, a lack of affordable childcare can push them out of paid work, or limit choices around employment. If it is not available, and parents are not able to make up gaps by relying on informal care from friends and family, their working patterns are limited by childcare arrangements. As the recent report from IPPR (2023) noted, parents' access to the labour market is particularly acute for parents on a low income and many single parents, for whom childcare costs more often outstrip take-home pay (Statham et al 2022). They also found that the cost of childcare restricted parents further up the income distribution including second earners with relatively high-earning partners.

The main purpose of the Chancellor's Spring Budget announcement in March 2023 was to have affordable childcare in order to remove 'barriers to work' and allow parents to participate in the workforce. The IPPR (2023) has estimated this could enable the Treasury to recoup an extra £8 billion a year from increased tax and national insurance revenues and from lower social security payments. If affordable childcare is the goal to allow more parents into work, then it is essential that providers have the necessary funds to deliver the entitlement and not need to pass the costs onto parents.

The response from Early Years providers and parents has been mixed. Early Years providers worried about their ability to deliver this offer, particularly addressing the levels of flexibility needed from providers to offer the choice of

places. Providers have the flexibility to use the funding to provide places for the disadvantaged pupils and many choose not to as it is financially unsustainable for them. Parents also pushed for flexibility to enable them to adjust their work patterns as the 30 hours does not help everyone to meet their family requirements and allow for flexibility or working from home (Chen and Bradbury, 2020).

Providers also raised concerns that the Government could effectively become the 'sole-purchaser' of Early Years Education and Childcare and therefore further compromise an already underfunded sector dealing with the post Covid business sustainability, including significant staff shortages (Summers, 2022). Without a substantial boost of funding to the EYEC sector, providers are concerned the sector will continue to struggle, and the expansion could drive even more nurseries to close. This will affect both children and parents and especially impact the most disadvantaged children and could see a continuation of the attainment gap in early years (Summers, 2022; Savage, 2023).

50%

increase in nursery closures according to the National Day Nurseries Association (NDNA).

The current situation facing nurseries also affects childminders. According to the National Day Nurseries Association (2023) there was a 50% increase in nursery closures and a significant drop in childminding numbers. This is because the combination of 20% higher costs, inflation, recruitment crisis and low funding proved to be too much for providers.

The general agreement was that the average increase of 3.4% to hourly rates would not cover

the costs. 47% of settings and childminders reported that their income was insufficient to cover their costs, up from 35% in winter 2021. A further 37% of group settings had used their business contingency reserves to manage the increasing costs. The LGA (2023) suggested that providers' costs will grow by 16% between 2021-22 and 2024-25.

In addition, nurseries' wage bills rose by 14% with the increase in the minimum and living wages from April and business rates bills soared. The research showed that 68% of providers were experiencing staffing issues in the past year and of those settings which had staff leave, 65% said that "better pay" was a reason. Sadly, closures are most likely to take place in areas of deprivation, for example in 2022-23, 37% of the nursery closures were in the 30% most deprived areas of England. Councils warned of a continual decline in nurseries. Ofsted data also revealed a net loss of 302 nurseries and preschools between August 2021 and August 2022. In essence, the system was struggling to cope before COVID but now it is creaking and ripe for ong-promised reform.

Hackney will need to consider its response to the expansion plan within the context of a very fragile EYEC sector. It will also need to consider what that means in terms of growth of places, sufficient buildings in the right areas and travel cost implications for parents and staff. It must develop a thorough local assessment of sufficiency as well as using its powers to withhold funding in areas where there are enough places and direct resources into areas of greater need, and improve the scope for varying funding between providers. This will also include developing local early year's workforce strategies.

Consequently, the Council will require more sophisticated market managers and commissioners with a clearer understanding and ability to navigate the demand and supply given up to 80% of places will be implicated in the expansion plan.

Hackney may benefit from an integrated and specific Early Years strategy connecting employment, housing, property, planning across the borough using a partnership model of codesign and co-invest to co-deliver flexible, responsive services. This could help drive change and shape procurement and pricing into a much more effective plan of action to balance accessibility with sustainability. This will need to happen while also evaluating the outcomes to ensure an advantageous impact for children and families resident in the borough. The approach will rely on senior leadership teams to provide clear direction both outwardly and internally tailoring services to be more relevant and accessible while embracing best social value. It could open up a more symbiotic way of working between the local authority and local charities and social enterprises. Although a mixed market provides choice and flexibility, according to the LGA (2023) some councils have been worried by the growth of big chains in their areas and their limited ability to manage and control them from either undercutting local, well-established provision or growing at an unsustainable rate.

Hackney needs to be assured in its ability to measure and manage sufficiency of diverse provision and funding criteria, individualised patterns of attendance and the different challenges of disadvantaged and more affluent families. Hackney may consider there are sufficient places at the moment but they would do well to pay attention to the recent research from the LGA (2022) which highlighted that nine out of ten Councils feared closure of settings would put Government childcare expansion plans at risk and were worried about whether the extra funding for Councils announced in July to deliver the rollout of 15 hours of funded childcare to all 2 year olds from April 2024 and 30 hours of for all children aged nine months and above from 2025 would be enough to prevent the situation worsening.

This could also mean that Hackney will need to provide bespoke financial advice for small providers. The ability to harness support from schools and family hubs across the borough

will be needed to build better outreach to families needing information about the expansion and directing them to available services especially if they have to deal with setting closures. Currently, just 14% of councils collect data on the proportion of parents and carers in the area that can access EYEC provision at the specific times and dates they want. So Hackney might need to review how it does this to better align how they manage sufficiency locally.



14%

of councils collect data on the proportion of parents and carers in the area that can access EYEC provision at the specific dates and times they want.

Supporting Children in Settings Post COVID

The delivery of EYEC has also changed since COVID. The Coram Childcare Survey (2022) suggested that COVID has highlighted the importance of childcare to enable parents – especially mothers – to work and the importance of early years provision to children's development. The report reminded us that it is a false binary to present childcare as either supporting maternal employment rates or children's development because it is both.

The importance of child development is hugely significant given the number of children who missed out on many vital early experiences and interactions because of the disruption to family life. They were not able to socialise widely with other children and adults, and could not as easily benefit from high-quality learning experiences in Early Years settings. Children's speech and language was delayed and slowed their social development. Children often took longer to settle at nursery and arrived at school

with a wider range of starting points than normal. Providers also reflected on the higher numbers of children with poor oral health, poor nutrition and more overweight attending their settings.

Research from the Education Endowment Foundation (2022) confirmed that 1.7 million preschoolers are behind in talking and understanding words, not helped by lack of speech and language therapists who are operating with a vacancy rate of 25%. This was confirmed by Speech and Language UK, which found by 2022 there was an increase of 200,000 children struggling with speech and language recognition, with one in five school aged children now estimated to be falling behind and children from disadvantaged backgrounds hardest hit.

1.7m

preschoolers are behind in talking and understanding words (Education Endowment Foundation, 2022).

Data from the DfE showed that 278,000 of 1.18 million children with SEND support had their primary need identified as speech, language and communication difficulties. Before the pandemic, disadvantaged children were starting school having met fewer developmental milestones compared to their more affluent peers and operating with an average attainment gap of 4.5 months (Hutchinson et al 2019).

The pandemic has increased these inequalities and further widened this gap with evidence showing that more children are starting school further behind, especially children from lower income households. Many 2-year-olds started government-funded childcare with lower levels of communication, language and social skills than they would have had in the past. Seventy-two per cent of eligible 2-year-olds were registered for a funded childcare place in 2022. This take-up rate is now back to where it was in 2018, after a decrease between 2019 and 2021. Nevertheless, some of the most disadvantaged children do not access the free education to which they are entitled. Providers say families are not always aware of funded places because of the disruption to routine contact and support from health and education services.

Children with SEND found that services such as speech and language therapy and mental health support were not always available. There were also delays in assessments for education, health and care plans. The overall consequence is that more children need more support in a world where there is less available. Providers are trying to balance the needs of the children with the ability of staff to cope while waiting for additional health and SEND support. Hackney support services aligns with that of many other London boroughs but that does not preclude the Council from building a more effective coordinated service for all children to benefit through a combination of up to date trauma informed training, speedy assessment of children, direct support for the PVI not just the Children's Centres and a Home Learning Engagement plan to take the support all the way into the home.

The Hackney Early Years Education and Care Context

The borough of Hackney has seen a period of exponential growth over the last twenty years which has brought many positive changes to the community including improved infrastructure, investment in housing and businesses, rise in employment, and better educational settings.

Despite these positive developments, Hackney still has high levels of poverty and inequality. This has been further compounded by the recent cost of the living crisis. Hackney is a relatively young borough with a quarter of its population under 20. The proportion of residents between 20–29 years has grown in the last ten years and now stands at just under 25%. People aged over 55 make-up only 15% of the population. Hackney is a culturally diverse area, with significant Black and Turkish/Kurdish communities. A large Charedi Jewish community is concentrated in the North East of the borough and is growing.

The March 2023 ONS data shows that the rate of unemployment in Hackney was 5.2% of the local population, which is slightly higher than London which was 4.3%. The proportion of households who rent from a private landlord in Hackney has more than doubled in the past 10 years. Nearly a third of all households are now private renters and 45% of all households in Hackney rent from a social landlord. Those residents tend to have higher unemployment and lower average incomes than people living in other tenures. Over 13,000 additional new homes are expected to be built in the borough in the next 10 years.



Development will be most heavily concentrated around Manor House and Dalston in the West, Hoxton and Shoreditch in the South and Hackney Central and Hackney Wick in the East.

Hackney's Children's Population

London is experiencing a drop in the birth rate, a trend that is reflected across the UK and is evident across Hackney. There were 3,482 live births in Hackney in 2022 – a fall from 3,971 the year before, and the fewest of any year since 2013. Children under the age of 4 make up 6.2% of the population. In addition to the low birth rates Hackney has seen a decline in the children population because families have moved out of the borough due to Covid, increased living costs and high cost of housing in Hackney. Retaining children in the area would require an intervention from the central Government to provide meaningful investment in social housing, match welfare support with real cost of housing and place controls on rocketing rents.

3,482

live births in Hackney in 2022 – a fall from 3,971 the year before, and the fewest of any years since at least 2013.

The issue of keeping families with children living in the borough has wider implications not just for Hackney but also for London. For example, the presence of children in the neighbourhood shapes the public and private provision of local facilities and the demand for improvement in school quality is positively correlated with the number of families with children in an area. Children's presence in the city may benefit all adults, not just parents. The urbanist Gil Penalosa who founded the charity 880 cities suggests

that designing cities to work for children means that they work for everyone else, too, especially with the emphasis on safety and walking.

The impact of low birth rates and families moving out has been felt strongly by schools with a stark decline in children starting Reception. The October 2022 schools census showed that the number of pupils starting Reception has decreased by more than 20%. The Council has had the difficult task of responding to the trend and supporting schools to manage the situation, by formally reducing and capping admission numbers, and providing more budget certainty for Headteachers. London Councils, which represents the 32 boroughs, and City of London Corporation, predict a 7.6% decrease in reception pupils across the city. Hackney Council is currently considering proposals for closing 2 schools and merging 4 primary schools (impacting 6 schools), as a direct result of the significant decrease in pupil numbers which has caused some schools to face serious and irreversible financial pressure. The decision to carry will not be made until September 2024.

Sufficiency of Childcare

Hackney Council has a duty to ensure that there are sufficient places for eligible 2, 3 and 4 year olds to take up the funded 15 and 30 hours early years education entitlement. Sufficiency is assessed for different age groups, rather than for all children in the local authority. The Council is also required to ensure that there is sufficient Early Years Education and Childcare (EYEC) to enable parents to take up or remain in work, or to undertake training to assist them in obtaining work. Having sufficient EYEC means that families are able to find a service that meets their child's learning needs and enables parents to make a choice about work and training.

Hackney is unusual in that it has continued to fund 20 Children Centres, 11 of which provide subsidised childcare. These 11 Children Centres are based across the borough and provide places for 605 children.

Children's Centre	Total Number of FT places	Average occupancy 22/23
Woodberry Down Children's Centre	46	75%
Sebright Children's Centre	45	82%
Lubavitch Children's Centre	37	100%
Mapledene & Queensbridge Children's Centre	60	98%
Linden Children's Centre	48	87%
Hillside Children's Centre	41	81%
Fernbank Children's Centre	62	82%
Comberton Children's Centre	69	95%
Ann Tayler Children's Centre	74	102%
OldHill Children's Centre	52	54%
Clapton Park Children's Centre	68	95%

They operate an eligibility system for parents wishing to use their childcare. Currently, the Children's Centres collectively have a 13% vacancies rate. They also offer a range of free support groups for parents living in the borough.

The recent Government policy on Family Hubs may be a good news story for Hackney as it provides additional funding to build capacity within the borough. However, the funding is not part of the core service and is only available until 2025 and the services cannot be developed beyond that time frame. It does however, provide the borough with a short term funding opportunity to invest in strengthening services for parents. Consequently, Hackney plans to develop 4 hubs providing a coordinated offer of parent services.

The Family Hubs will provide five funded services:

- 1 Parenting Support (0 to 2nd birthday)
- 2 Infant Feeding Support (0 – 2nd birthday)
- 3 Parent-Infant Relationships and Perinatal Mental Health Support (0 – 2nd birthday)
- 4 Early Language and the Home Learning Environment (3 – 4 year old)
- 5 Comms/published Start for Life Offer (0–19 yrs)

Hackney Current Early Years Strategy

The Council is committed to a holistic service for young children and their families through a new model of joined-up Health Visiting and Early Years, on the basis that these services are best interconnected because they serve the same children. This approach can be reinforced by judicial use of the Family Hub funding. There is a plan to allocate a health visitor to each setting and to return to the integrated review meetings in every setting. This is an ambitious plan which has many benefits especially through the route to early intervention but the State of Health Visiting UK Survey Report (2023) confirmed the continuing challenge to recruit sufficient health visitors.

The overall intention is that the service provides an opportunity to improve pathways and information for families. They also want to strengthen collaboration, knowledge, skills and communication and plan together to reduce duplication and make best use of resources. In addition, the plan is to work with partners to broaden the role of the 6 multi-agency Children's Centres into children and family hubs, with particular attention to:

- Vulnerable and disadvantaged children, and children with SEND, from conception to 5 years
- Universal services, such as stay and play activities, to support language, communication, physical, emotional and social development
- Early Help to support families pre-birth to 19 years.

Hackney Current Early Years Education and Care Provision

Like the wider Early Years sector, Hackney also operates within the mixed market model of provision and has a range of services some of which are statutory services such as Maintained Schools and others are subsidised like the Children's Centres. Hackney is unusual in the number of Children Centre it has, exceeding all other London boroughs. Hackney has a range of nurseries both private and voluntary which includes social enterprise nurseries, community nurseries and co-operative parent-led nurseries.

Type of Provision in Hackney	Number of Providers
All providers	337
Childminders	152
Nurseries in Schools	52
Maintained Nursery Schools	2
Private and Voluntary Providers including: <ul style="list-style-type: none"> • Social Enterprise Nurseries, • Community Nurseries • Children Centres 	99
Independent Schools	21
Playgroups	11

Mapping Hackney

The ability to map provision to help make effective decisions was included in the original brief. I discovered the Hackney Data and Insight team, a team with a mission to promote and facilitate the use of data in decision-making across Hackney services.

The Hackney Data & Insight (D&I) team provided the Commission with access, training and ongoing support to 2 tools which supplement each other and allows us to view and analyse the relevant data internally.

Earthlight (Geographic Information System)

was used to explore the data, overlay additional information, spot spatial trends and generate static map outputs for reports.

Qlik (Business intelligence tool)

provided deeper insight through numeric indicators and interactive graphs. For instance, the Commission could in a few clicks get the total number of vacancies across all settings (or across nurseries only) in a ward, in a census area or across the whole borough. It could also see how many settings of each category are running with a high vacancy rate.

As Chair, I worked with the team to create a selection of specific data that allowed me to explore location and capacity of the Early Year settings. This included:

- current use of the Hackney EYEC services
- vacancy rates
- where families travel from in the borough
- number of families using funded childcare
- using the 2021 census data to identify areas with higher potential demand
- indicators such as large households, monoparental households, deprivation etc.

The Hackney Education team had already mapped all Early Years provision (excluding childminders). The D&I team attached this pre-existing information, the indicators provided by the Early Years sufficiency audit, and some statistics gathered from the Early Year census.

A common identifier was not available across all datasets, and the settings names were not consistent either. The D&I team manually enriched the data with UPRNs (Unique Property Reference Numbers) and URN (School Unique Reference Number) and used these fields as a pivot to merge the various sources. The D&I team also mapped at postcode level all the children from the school census, with their characteristics and the setting they attend. The D&I team loaded data from the 2021 census onto Qlik and Earthlight including:

- population by age
- household composition
- household social characteristics (in particular deprivation).

A finalised Qlik dashboard was delivered to the Commission. It combines all the information sources into 3 screens providing insights on different dimensions and the team will provide training and an access link to officers in the Early Years team.

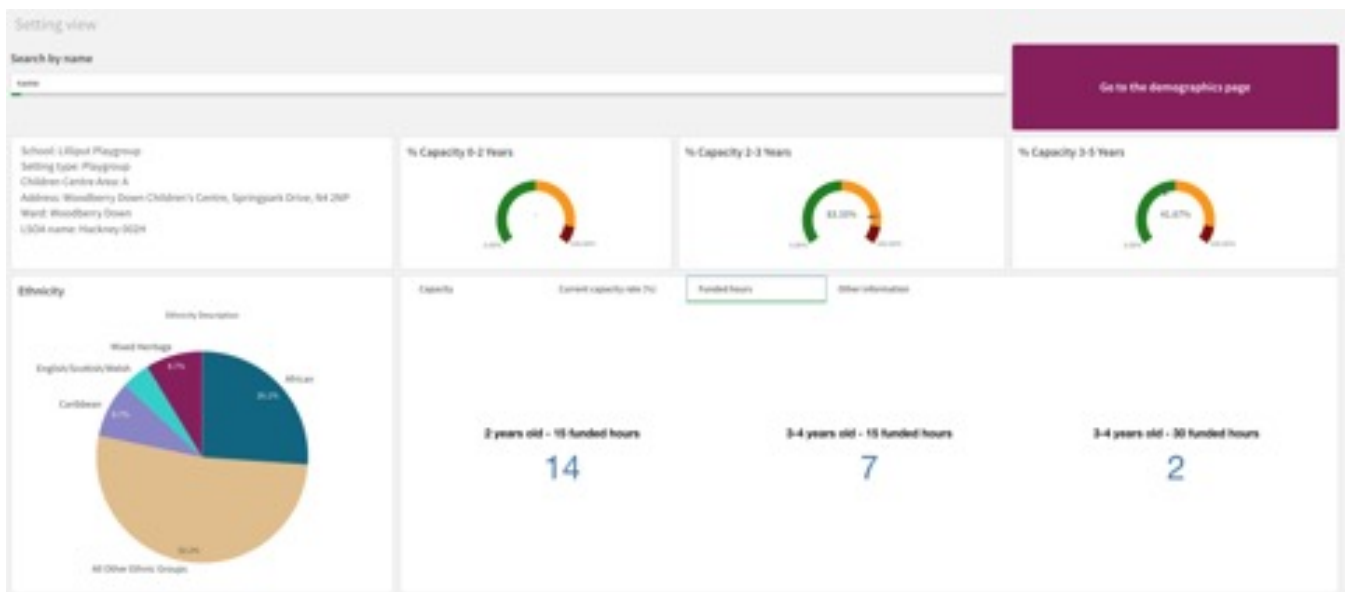
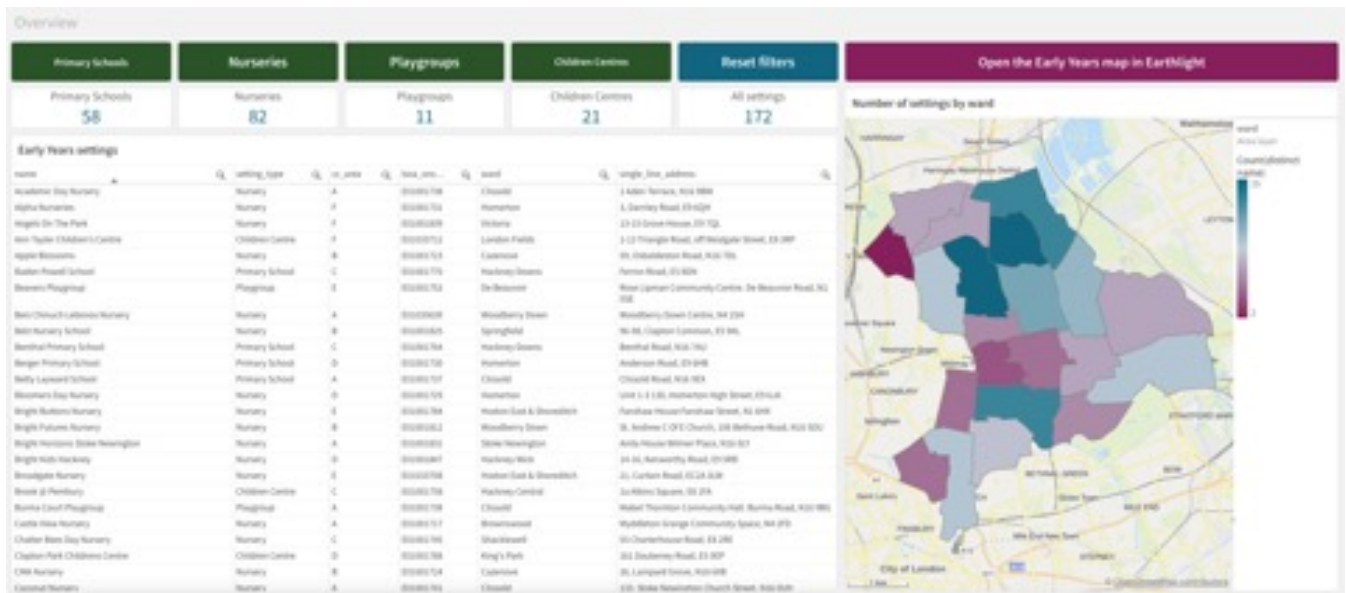
The first screen gives an overview of the total number of settings of each category with their information. The map shows the numbers of settings by ward and provides a link to the Earthlight map.

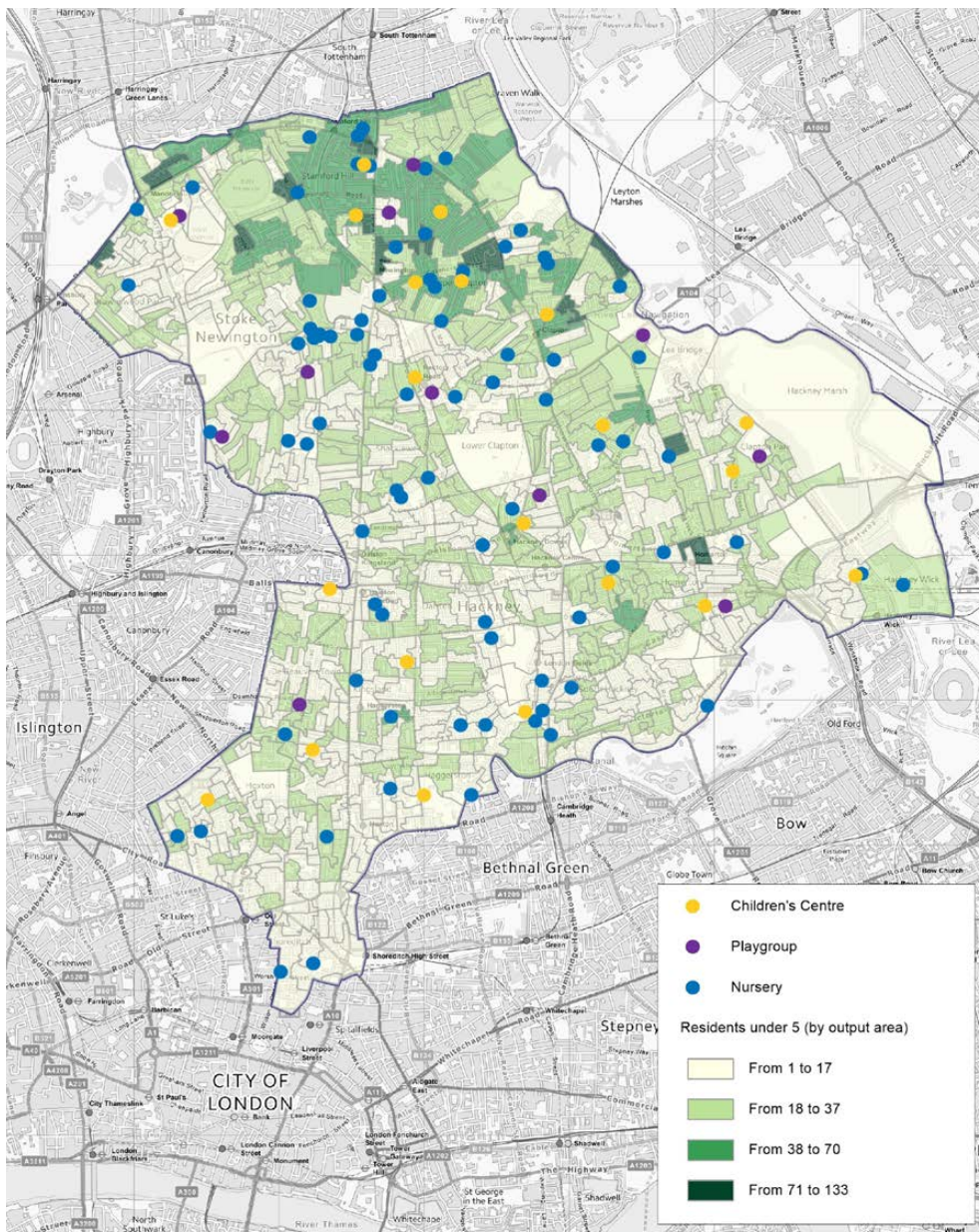
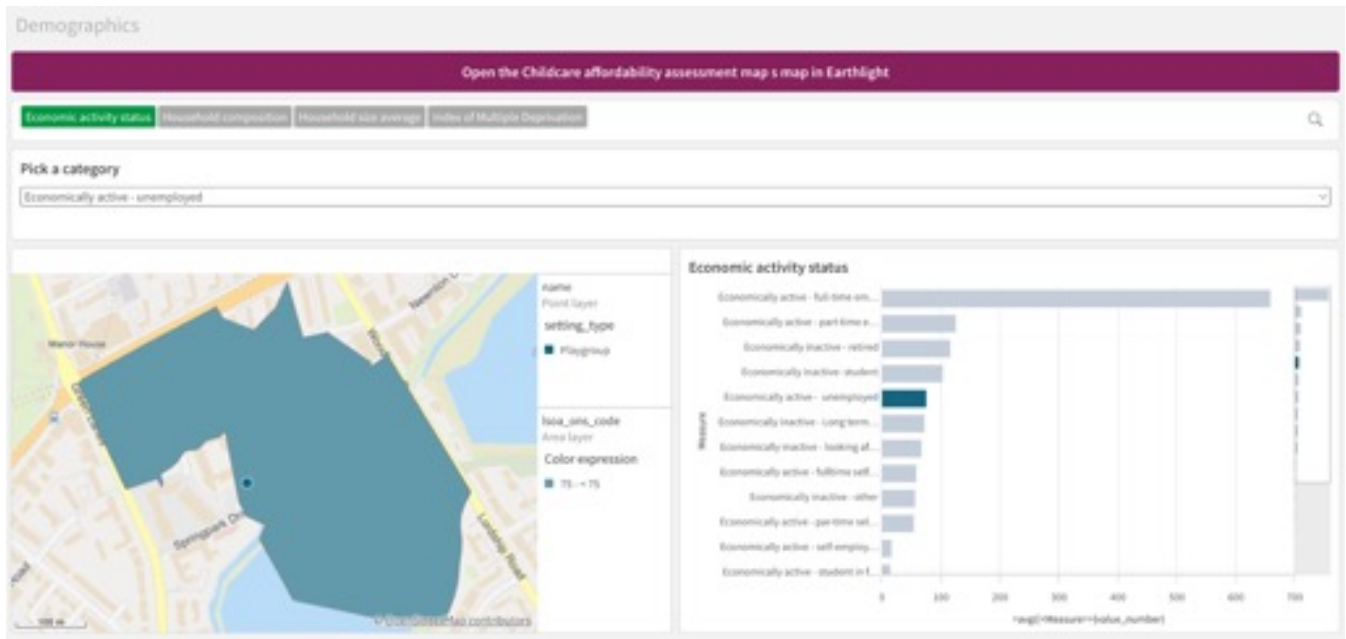
The 2d screen is the detailed setting view. A setting is selected (e.g: Lilliput playgroup) and all the information is displayed: basic information such as address, ward etc...but also other information provided by the EY census and the Childcare Sufficiency Audit (e.g: ethnicity, max and average capacity, number of children with funded hours etc).

That information enabled the team to determine the current capacity of the setting for each age range and the number of vacancies. The 3rd screen is the demographic analysis of a specific setting where the user can pick different census datasets (e.g: economic activity status,

household composition, household size) to get the demographic profile of the relevant area.

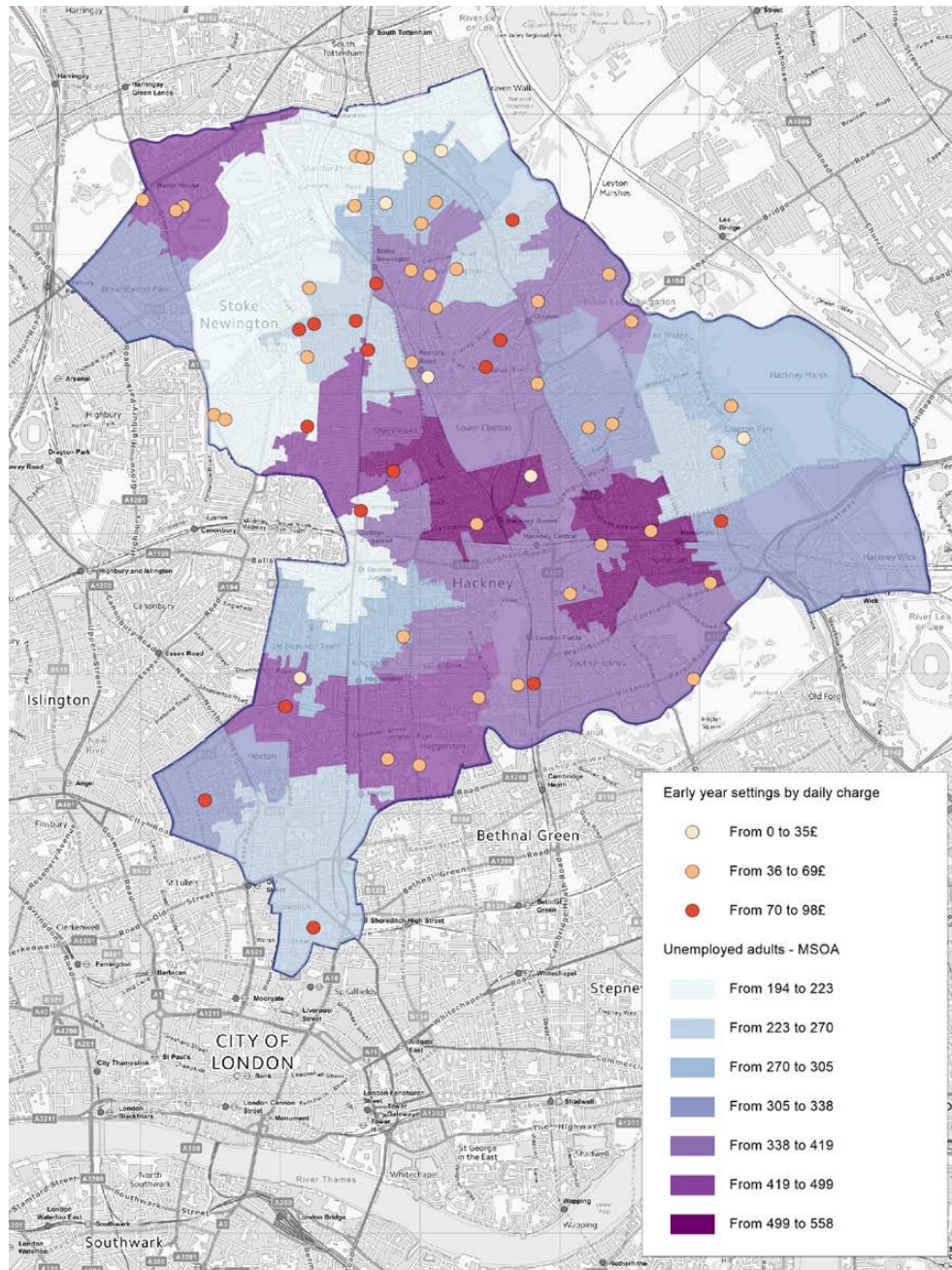
A first interactive map was created for the Commission based on requirements. After training, the Hackney officers will be able to create their own maps. The data powering the Qlik dashboard is also available in Earthlight to create custom maps and highlight spatial trends or relationships. Some examples are displayed below but the Early Years Team can create their own. Graphs can also be exported for reports. This resource would be hugely helpful when designing a useful and cross functional Early Years market strategy.





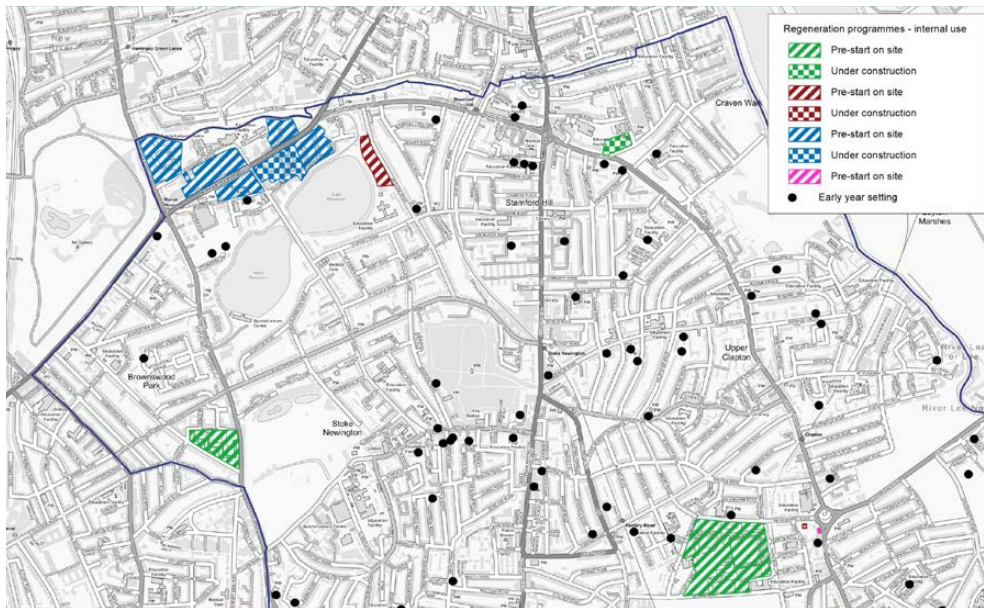
This map shows concentrations of residents under 5s and early year settings (data is still being finalised)

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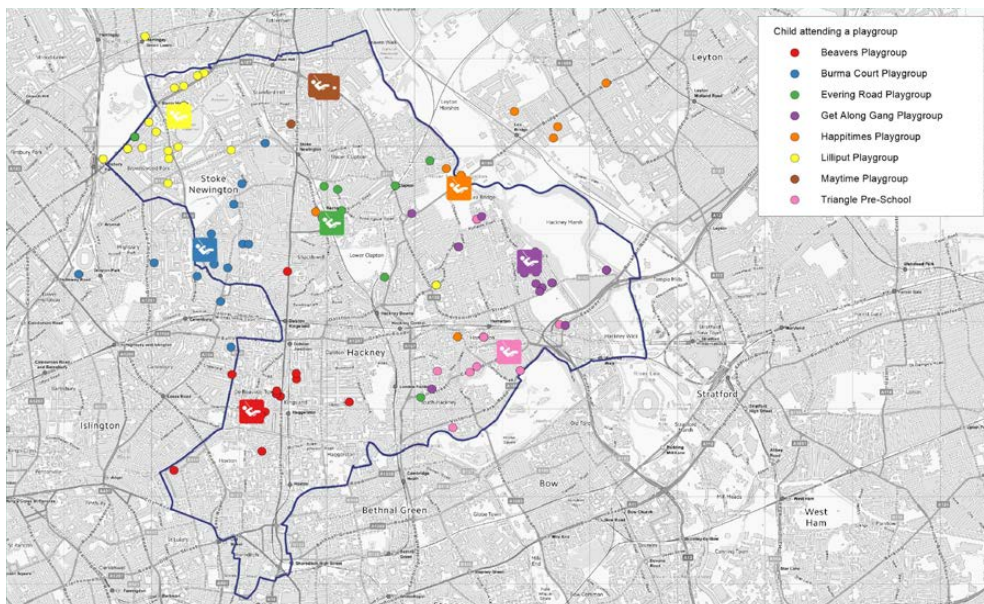
This map shows EY settings coloured after the daily charge for 2-3 years old. The background represents the concentration of unemployed adults according to the 2021 census.

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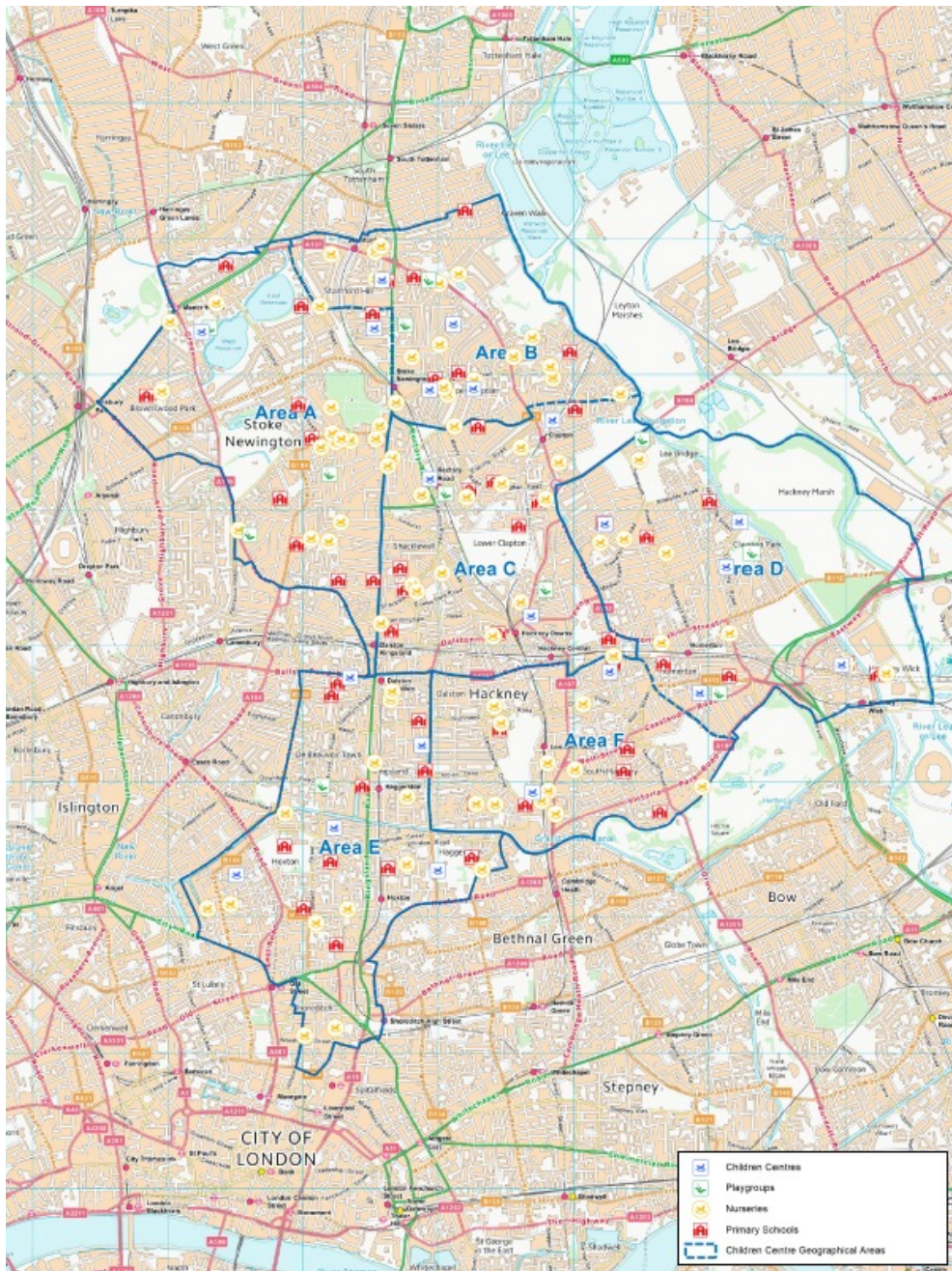
This map shows the distribution of existing EY in the north of the borough, together with in-progress of future regeneration programmes.

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This map gives an overview of the distance travelled by children to attend playgroups.

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How we defined affordability for the Commission Report

Affordability is different for different families based on income levels, financial circumstances and familial circumstances. However, the Commission drew on the research from Nesta to define what affordability meant in this report.

The median cost of childcare by local authority is published by the Department of Education and comes from the Early Years survey of parents. The lowest cost of childcare amounts to 25% of a person's median income. For the purpose of this Commission we have defined "affordable" as 25% of a person's salary. However, it is worth noting that this may still be unachievable for single and low income parents.

The lowest cost of childcare amounts to

25%

of a person's median income.

An analysis carried out by Nesta as part of a study on EYEC on affordability showed that even within areas with higher affordability ratios, there was a lower uptake among eligible

parents of funded hours, which may indicate that even with the provision of funded hours, affordability may be a challenge for some families ([The cost of childcare](#), Nesta 2023).

In Hackney the prices for childcare varies according to age in line with statutory ratios. Prices can average up to £1800 for a full time place at a private nursery. The price for childcare in Hackney's 11 Children Centre nurseries is subsidised for eligible parents including those on low income households. Prices range from £51 a day (if on low income) to £150 per day (if on high income). Hackney also has a network of childminders whose pricing is not dissimilar from nursery charges. We discuss the pricing issues further in the report in light of the feedback we received from parents and providers.

At the time of completing this report, Hackney's Early Years team had also commissioned a review of Children Centres to examine ways to ensure they remain financially sustainable, while continuing to provide local residents and taxpayers with beneficial social value.



The Engagement and Research Approach

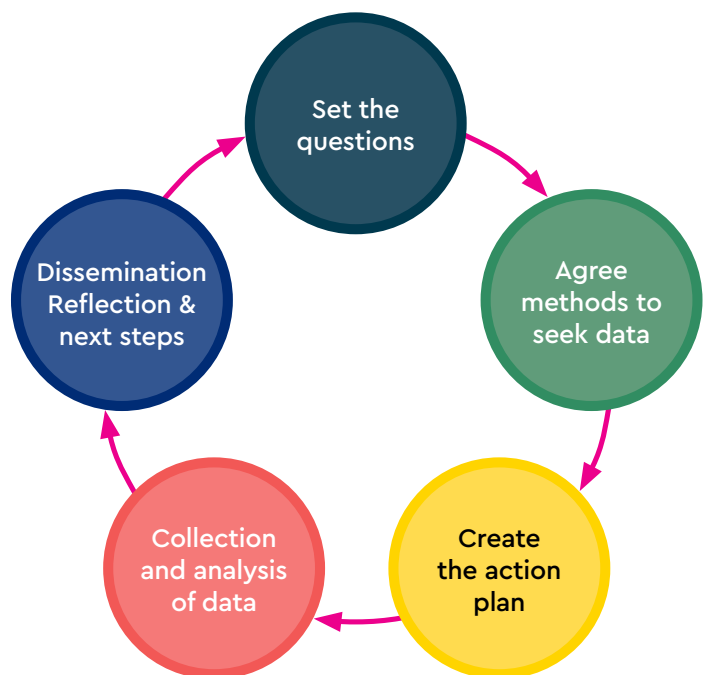
- Engagement and Research Approach
- What We Learned from Engaging with Parents, Providers and Hackney Officers

In order to meet the requirements of the Commission, it was essential we spoke to as many stakeholders as possible. Given we had 6 months to establish, engage and complete a report, the approach to engagement was important.

We used Appreciative Inquiry as the basis of the engagement approach. Appreciative Inquiry is a participative learning process to identify and spread best practice. It is also a way of managing and working that encourages trust and helps to establish strong working relationships quickly.

Appreciative inquiry is an approach where we focus on what is being done well in order to evaluate what we might be able to increase or deepen. We wanted to avoid looking for problems and trying to fix them. This approach was chosen as the means of engaging people because it has been shown to make rapid strategic change possible by focusing on the core strengths of an organisation and then using those strengths to reshape the future.

Our methodology was by and large questioning and listening as it seems to be the best approach to investigate the research questions and would enable us to co produce the recommendations by actively integrating the views of the Commission members into the design and delivery of the outcomes. We remembered the voice of small children by continually checking the emerging evidence and taking into consideration what we know to be good for them.



The questions we were attempting to answer were as follows:

- 1 What are the barriers to providing affordable Early Years Education and Childcare?
- 2 What are the barriers to accessing affordable Early Years Education and Childcare?
- 3 What arrangements are in place to provide financial support to help parents with Early Years Education and Childcare costs through subsidies provided to providers, parents and or employers?
- 4 Is financial support universally available or targeted to particularly help some families? For example, those on lower income.
- 5 Could subsidies be used differently to benefit the children?
- 6 Is Early Years Education and Childcare available for families in receipt of targeted family support?
- 7 How does available Early Years Education and Childcare help parents with employment?
- 8 Is Early Years Education and Childcare generally available all day and before and after school?

In order to ensure we heard as many voices as possible over a short period, the Commission sought to use a hybrid approach of both face to face and virtual meetings, within and outside working hours. This was important especially given both parents and providers are often limited by time and availability due to their childcare and working commitments. We sought the views of parents, grandparents and providers who operate in the statutory, private and voluntary sectors.

This included playgroups, Children Centres, social enterprise nurseries, private nurseries, parents co-operative nurseries, local community nurseries, maintained nurseries and childminders. We had no response from the two large private nursery chains in the borough and we did not speak to many of the 54 Primary Schools with nursery classes. We continually checked to ensure we were collecting meaningful and sufficient data to help us understand the varying views.



We spoke to the following people:

Date	Members in Attendance	Forms of Engagement	Numbers
27 April 2023	Meeting of Local Authority Officers Commission Members	Virtual	4
2 May 2023	Research design meeting with Commission members	In person meeting	11
9th May 2023	Early Years Local Authority Experts	Virtual	2
19 May 2023	Meeting with Employment and Apprentice Officers	Virtual and email and telephone follow up	3
25 May 2023	Childcare Providers	Virtual	15
5 June 2023	Parents' session	Virtual	7
6 June 2023	Parents' session	Virtual	10
22 June 2023	Meeting with Charedi Jewish Provider	In person meeting	1
27 June 2023	Meeting with providers (wraparound care)	Virtual	9
28 June 2023	Meeting with a cooperative nursery	In person meeting	21
4 July 2023	Commission meeting with Local Authority Officers	In person meeting, and email and telephone follow up	7
7 July 2023	Parent Engagement session	Virtual	11
18 July 2023	Parent engagement session	Virtual	9
19 July 2023	Meeting with Charedi Jewish provider	In person meeting	
21 July 2023	Nursery Visits <ul style="list-style-type: none"> • Ann Taylor Children's Centre • Minik Kardes • Little Buds 	In person	7
31 July 2023	Commission Meeting with Housing and Regeneration Officers	Online	4
9 Aug 2023	Meeting with Grasshopper in the Park	Telephone	1
15 Sept 2023	Parent survey	Online survey	38
4 Oct 2023	Meeting with Castle View nursery	Online	1
17 Oct 2023	Meeting with Ivy Street Family Centre	Face to face	3
18 Oct 2023	Parents engagement session – Ihsan Children Centre (Stay & Play session)	Face to face	6
19 Oct 2023	Parents engagement – Charedi parents	Face to face	6

What We Learned from Engaging with Parents, Providers and Hackney Officers

What did Parents Say?

We met parents who attended a range of settings and services. Meetings with parents raised a number of issues which needed further explanation. Cost was a central focus of the conversations. A parent survey carried out on behalf of the Commission revealed that the cost of childcare was the main issue faced by parents, followed by waiting lists. There was a high level of satisfaction about the service they received and the dedication of staff especially in difficult times but the ability to pay overlaid the conversations. Children Centres were popular because they were much cheaper and parents appreciated the support services and activities rolled out from the Centres especially as many were free or low cost. They noted that childminders were no cheaper than any other type of provision and they relied more on their Ofsted rating as they found it harder to judge quality in a private home.

Parents accessing the subsidised childcare places at one of Hackney's 11 funded Children Centres very much appreciated them for three reasons:

- 1** Fees were based on an income banding system which meant it was affordable for some parents
- 2** They were community based and local therefore accessible for parents
- 3** Parents felt that the service provided was good quality and the drop in groups were particularly beneficial for those on maternity leave and those at home looking after their toddlers.



There was confusion about both the Children's Centre banding model and their waiting list criteria and how places were allocated. Parents commented about their lack of knowledge about the services and were reliant on luck to hear about places. There were comments about how some parents were uncomfortable with what appeared to be the delivery of two separate services in the same building. For example, one area was for children on "funded hours" and the other for those parents paying for the full service. This was refuted by Children Centre leads who said that they make localised decisions about admission and the admission form identifies a clear and strict admissions process. The purpose of subsidised places is to support single parent families, vulnerable families, and admit a range of children into the Children Centres including prioritising children with SEND and those identified as being Children in Need (CiN). Despite this, parents insisted that localised decisions were not communicated well and the service was more targeted to higher income families.

The issue of fees for single parents and parents of multiple births was raised as one to consider. According to the 2021 ONS data, the total percentage of households in Hackney that had a lone parent was 15.5%, a small increase from 2011 data of 14.9%. According to Homerton Hospital data, in the financial year 2022/23, there were 2776 babies born to women living in Hackney. Out of this total, 40 pairs of twins and 2696 singletons.

The importance of the nursery and the Children Centres providing helpful community and friendship networks was raised by parents. This was a very important element of the EYEC service and had become a real crutch for many who were lonely and isolated and often struggling to balance the competing demands of parenting and work. Some Children Centres offered stay and play sessions for children who were 0 to 8 years of age, as opposed to 0 to 5 years of age. This really helped families with children who were a range in ages as they didn't have to think about different childcare arrangements.

Parents who couldn't afford childcare costs entirely and who could not access informal childcare spoke about how much they would benefit from a creche service that looked after their children for two or three hours without them needing to be present. This would help them get on with errands and would have a positive impact on their mental health. Parents commented that there appeared to be insufficient flexible wraparound services for children who attend school between 9–3 and affordable childcare during the summer was unavailable. This aligned with recent research across London (Statham et al, 2022). And according to the Coram Family Survey (July 2023) less than 1/4 of local authorities had enough holiday childcare for parents working full time and the availability of holiday childcare for disabled children continued to fall, with just 5% of councils reporting they have enough to meet local demand, down from 7% last year. The weekly cost of holiday clubs is 2.3 times higher than the cost of an after school club during term time at an average rate of 157 pounds a week.

**Less than
a quarter**

**of local authorities had enough
holiday childcare for parents
working full time**

Many parents also said that accessing information on childcare (i.e. the provision available in the borough, the financial support available and the eligibility for support) was a minefield. Many parents reported learning about services and support through word of mouth. Parents with children who have SEND shared their difficulties in finding adequate support for their children.

What did Providers say?

We had separate conversations with a number of providers but we also listened to the providers who were members of the Commission. Again, we opened our conversation by reviewing the positive support they receive in Hackney especially training and SEND advice. That said, key areas of concerns were similar among the group and reflected wider sector challenges also. Those running private, voluntary and independent settings (PVI) were all in agreement that the Government funding rate needed to increase and urged that Hackney consider how it could advocate even harder to make this happen. Competing with Children's Centres was a challenge for PVI providers because they are highly subsidised and keep fees low. However, Children Centres stated that they have to meet an income target in order to offer the subsidised fees to parents with children who have additional needs. This made PVI providers very aware of Children Centres' low fees and thereby puts the PVI provision at further risk of unsustainability. Some Children's Centres have very long waiting lists because they are cheaper but at the same time, they are not providing sufficient places. They were also concerned that their buildings needed funding to maintain their upkeep and the current financial model does not allow for this.

Currently some playgroups receive a subsidy which is being reviewed. This is to reflect the high number of vulnerable children from low income families who attend. Raising fees would probably lead to closure as the providers realise that the parents attending wouldn't be able to afford higher fees.

All the providers were concerned about managing their occupancy, the life blood of any childcare service because of the change in demographics. Apart from the Charedi Community, where some members are moving to Essex but numbers are remaining reasonably stable, many families with young children are moving out of the borough because it is becoming too expensive to live in Hackney.

PVI providers commented about how schools were expanding to take children as young as two and often offering the child a place at short notice and just before the head count leaving the PVI or childminder with an empty place and unable to access the funding for that term (LGA,2023). Some schools were doing this to try and mitigate the risk of closure due to child population decline. This has been poorly received from those existing providers who lose out on 3 year old funding. Also the schools are funded to provide free school meals which remains a cost for all other providers.

All providers noticed how many more parents no longer wanted full time childcare places but more part time hours, shorter weeks and more flexibility to match their work patterns. This is putting pressure on providers to balance costs with fee income.

Staffing is a big issue in the sector, especially since Covid. Staff turnover is nearly 40% across the sector and providers are struggling. Staff are demotivated and challenged by the cost of living increases. Many prefer part time work because it works better for them and in some cases enables them to access benefit support that secures basic financial security. Some staff want to work but cannot afford childcare for their own children.

Staff turnover is nearly

40%

across the sector and all providers are struggling

One of the PVI providers in Hackney offers a discount of 70% on childcare fees for staff but that was unusual. Ways to retain staff are high on every provider's agenda.

According to [The Stability of Early Years Workforce in England](#), salary is the first means of retaining staff followed by flexibility of hours and access to career development and progression. However, the Early Years Alliance Breaking Point report (2022) found that the highest reason staff were leaving was because of low status and public appreciation for what they do.



77%
Feeling undervalued
by government



72%
Job-related stress



57%
Poor pay



53%
Impact of staffing
shortages on quality



51%
Long working hours

Hackney provides training for staff and they all enjoy attending the annual Early Years Conference. However, they find the cost of training in Hackney especially for mandatory courses expensive and another barrier to overcome. These combined challenges have caused concern in terms of business cost management and quality of provision to children.

The Children Centre Managers were particularly concerned because Hackney Council policy is that all staff in Children's Centre must be Level 3 qualified staff. This is the group that is particularly hard to recruit. The Ofsted ratio is for 55% of the staff to be Level 3 and above and that ratio of qualified to unqualified staff is part of the recent DfE consultation which has just released its findings and rejected the proposed change to decrease the proportion of qualified to unqualified staff. The DfE has made some amendments for consideration including some flexibility to how students and apprentices fit within the statutory ratios.

The Children Centre Managers were unhappy that they must recruit agency staff from delegated Hackney HR traded services which was costly and compounded the staffing cost limitations placed on them. The Matrix HR system was not flexible and over-subscribed as all Children's Centres in Hackney use the same temporary staff pool. Staff did not appear to have flexibility in their contracts either and this limited the ability to meet the versatility parents needed. There was a conversation among some managers that employing unqualified staff to cover lunchtimes had worked well elsewhere. In addition, some Children's Centres think they cannot use the Council website to advertise for jobs or have a linked campaign. This is unusual for Children Centres as they are members of the council, as opposed to non Hackney services. The Council Apprenticeship programme is somewhat limited and not effectively developed to provide a significant pipeline across the sector. There was also a lack of work placements.

From the conversations, it would seem that the Children Centre Managers had an uneven grasp of how to manage the business of childcare but were also somewhat hamstrung by Council rules about procurement. This was also an issue for the increasing burden of maintenance costs of their buildings. For example the cost of the annual statutory Portable Appliance Testing and boiler checks are paid by the settings in Hackney buildings.

The issue of recruitment was also raised by the PVI sector. They too voiced their concern about higher costs, lack of flexibility, poor retention and the impact on quality for the children. They recognised it was a worldwide issue and not just Hackney. They were concerned about the competency of agency staff and the difficulty of trying to balance ratio compliance with competency which puts pressure on the permanent staff and causes them to leave creating a vicious cycle. They commented on the increasing numbers of staff moving out of the borough due to the expense of living in Hackney and the reluctance of bank and agency staff to pay the transport cost to travel into Hackney.

The PVI providers were keen to see a better apprenticeship programme across the borough and want more help to train apprentices to Level 3. The recent Dfe consultation has just announced that Level 2 Functional Maths is no longer essential to complete the Level 3 EYE qualification. Only managers recruited from this year onwards will need to have the Level 2 Functional Maths skills. This may help address this barrier which was highlighted by so many providers.

PVI providers want a borough focused staff pipeline and a clearer pathway from school to employment. For example currently the Early Years sector is not invited to the Hackney Careers Fair. They reflected on how Hackney's Employment Services could be more effective with regards to recruiting more unqualified staff to take on domestic work and support roles.

Providers discussed core costs which were rising significantly and making their business unsustainable. They set this in the context that running Early Years settings which provide children with the funded offer was a public good but being treated as a for profit business was unhelpful and clashed with their social intentions to deliver services to all children. They asked for the borough to consider zero rating their business rates, especially in settings which provide funded places. This is already in operation in local authorities in Leeds, Wales, Liverpool and Scotland should Hackney wish to examine the process for doing this. Providers also asked if Hackney would reduce the cost of mandatory training particularly as they were paying for both the cost of the training and the staff cover costs to enable the staff member to attend the training. There was also a discussion about funding meals as is the case in schools. For many, reducing food costs or changing hours so children were not provided with a meal was one of the few options remaining for them to achieve breakeven cost to income.



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Westminster City Council is currently piloting the funding of free school meals in nurseries and one for Hackney to watch. In the recent report from the LGA (2023) they also reflected that children who attend PVI provision do not get access to free school meals as they do in maintained nurseries and school-based provision if attending before and after lunch, despite this being the only choice for some families locally.

Providers were uncomfortable not providing a hot meal for children, many of whom were coming to nurseries from families living in poverty. Increased obesity levels in Hackney, especially among children from disadvantaged families reflect the growing issue across the UK and worldwide. This was also an issue discussed by Children Centre Managers some of whom already employed a chef and had a suitable kitchen. They also raised the importance of training chefs to better understand how to design and serve nutritious menus for children with correct portion control so as to manage waste.



Providers were uncomfortable not providing a hot meal for children, many of whom were coming to nurseries from families living in poverty. Increased obesity levels in Hackney, especially among children from disadvantaged families reflect the growing issue across the UK and worldwide."

The findings from the recent [LEYF Chef report](#) was helpful in identifying why training the chefs improved staff, parents and children knowledge about food choices and healthy eating and guided their decisions on what children need, better food cost efficiencies and deepening parent and staff confidence about healthy food choices for children. This was also raised as a subject in the latest [Ofsted Best Start for Life Part 2 report](#).

Wraparound service

We spoke with a number of organisations that provide wraparound care in the borough, including Adventure Playgrounds, sports clubs, tuition service and youth service. Most of them were also registered charities. The purpose of speaking with such providers was because the costs for this service adds to the financial pressures felt by parents, especially if they are paying for additional childcare.

We heard from providers that some parents struggle to pay for childcare during the summer holidays and often seek free or subsidised places which are not always available. Some parents want classes that start earlier to meet their working hours needs, which is not always possible due to lack of staffing to cover extended hours. Adventure playgrounds provide care for children from five to 15 years of age. They also provide one-to-one support for children with disabilities. Some children require high levels of support and access provision on a part time basis, especially over the summer holidays. The biggest issue faced by these settings is revenue. Many playgrounds are registered charities, therefore, settings have to bid for funding for specific projects that have a start and end date. Playgrounds which run all year round find it difficult to get funding for general costs like staffing. Some settings are partly funded by Hackney Council through a grant which covers 46% of the costs. The other 54% is covered through funding applications to various charitable trusts. The grant from the Council has been consistent which is helpful but the amount hasn't changed for the last 10 years. Rent for facilities is paid to the Council. These settings stated that as the Council is their landlord, it could help with site maintenance; for e.g. helping with tree surveys and felling trees when they become dangerous. They argued that site maintenance costs should not be incurred by the setting.

The Council could support the sector by helping with some of the fixed costs like business rates. Organisations that have been delivering services in the community for a while also have the reputation and the trust in the community. The Council could help establish consortium working partnerships to ensure that the minimal funding available goes further and helps a number of young people. Unfortunately in the sector, providers pitch against each other for a small pot of money. The Council could also help support greater partnership working between organisations which would help support the sector – for e.g. partnership bids.

In addition to speaking with formal childcare providers we also explored how other organisations, including charities, support families in Hackney such as the Ivy Street

Family Centre based in Hoxton. The Centre not only provides free sessions such as Stay and Play, messy play and music sessions for pre-school children but also offers informal advice and signposting support. The Centre is very welcoming and makes the sessions as accessible as possible for parents who want to attend. For example the sessions are not restricted to a certain number of parents and carers. The Stay and Play session on Thursdays start at 9.30am to 3pm, and the Centre offers attendees home cooked soup. This is one of the many reasons the Centre is very welcoming and has a relaxed atmosphere for parents and carers, a home away from home. It has played a significant role in enhancing a sense of community in Hoxton. Some parents who attended the Centre have returned to work or volunteer there.



SEND Services

Providers (and parents) appreciate and highly rate the help they receive from the borough to better support children with SEND. This is within a context of increasing numbers of children with SEND, especially socio-linguistic delay, lack of physical competence, delayed personal social and emotional development and ability to self-regulate, all of which puts pressure on the Early Years Inclusion Funding. SEND officers noted that during COVID some settings would not allow them access and there may have been missed opportunities for early intervention. Currently, according to the SEND team, Hackney has the highest numbers of Education Health and Care Plans (EHCP) ever, which they could not account for specifically but suggested it may be due to higher levels of need, increased parental awareness and more children eligible for the Early Years Inclusion Fund. That said, providers especially PVI providers welcomed the support from specialist teachers across the long journey assessment to completing the Education Health and Care Plans.

Recent changes to the funding process for the Early Years Inclusion Funding has been welcomed. The funding comes from a budget to support children aged 3 or 4 years old who have low level or emerging special educational needs or disability (SEND). A local decision and policy means the funding is awarded to fund 2 year olds who meet the eligibility requirements, which is not a requirement according to the DfE guidance. This funding is now allocated to individual children and has been welcomed as settings know exactly what funds they are receiving based on the child's need and funding is allocated for two terms to reduce the termly reapplication process.

However, all providers noted that the funding has actually been reduced and is now too low. Balancing costs of staff support with funding is difficult. Inclusion funding for a child amounts to £2000 which constitutes £5.70 per hour which is not sufficient for staff who cost an

average of £12 per hour. Recruiting staff with SEND experience or willing to be support staff is also problematic and reflective of the general recruitment challenge across the sector. High turnover adds to the pressure and impacts the quality of delivery to all children but especially those with additional learning needs. There is no Hackney-wide training programme to help build a pipeline of support staff for children with SEND.

In addition, although providers now use a new co-designed application form, the bureaucracy around SEND and funding remains cumbersome and repetitive and makes the process arduous. According to a review of local authorities there is a shared view that a more standardised system for SENIF would be a good thing, with less of a postcode lottery for families between local areas and a clearer system for providers to follow.

With regards to funding, providers who are often cash strapped noted that the EHCP funding can take a long time to reach the setting due to the process. It is not unusual for the setting to wait a term or two for the funding to come through. The wait for an EHCP to be processed can be up to 13 weeks. In the meantime, the setting has to pay for the support worker from the 15/30hr funding rates which becomes insufficient as inclusion funding is a proportion of the fund which also needs to cover central staffing, building and resources.

The wait for an EHCP to be processed can be up to

13 weeks

All these issues compounded by no available funding for children under 2 are particularly challenging as many of the children showing early signs of SEND are in the Baby Room.

The Early Years Pupil Premium funding needs to align with school payments. The Disability Access Fund one off payment can provide additional money for providers for children needing support which also includes coming from low income households, a situation more common in families where children have disabilities. However it is under-utilised and difficult to access because it relies on families having successfully applied for Disability Living Allowance. This requires a different application process and accessing it was met with mixed responses. However, pushing to get the Early Years Pupil Premium increased in line with the Early Years Pupil Premium to be in line with the schools (£343 versus £1.454) would be worth serious consideration.

These concerns were also the key questions of the DfE Consultation which closed on 8th September. Changes could be very beneficial especially if the funding is offered for children under 2 and allow for more early intervention which has widely been proven to improve outcomes.

What did Planning, Property and Housing Say?

This proved to be a very interesting conversation in terms of how costs of childcare could be reduced by developing more strategic interconnectivity with the EYEC sector in the borough. The overall Housing Department task is to balance the long term housing development with strategic planning to meet future needs. This means providing enough good quality affordable housing for existing Hackney residents while ensuring the right infrastructure is in place to deliver for the future needs of the borough while protecting community facilities. In other words, the strategy places the full focus on building housing for residents because of a shortage of decent housing in the borough. The policy aims to help people remain living in the borough and avoid Hackney being hollowed out like coterminous boroughs.

All of this must be future proofed against the demographic picture which currently is showing a declining birth rate and families moving out of Hackney, resulting in the proposed closure/merging of 6 Primary schools. These challenges led to an interesting conversation about repurposing buildings. For example, using shops, flexible workspaces and more effective use of co-located spaces to accommodate community groups. We also examined how we could be more innovative and co-locate nurseries with elderly care homes and repurpose High St buildings with roof gardens as well as ensuring multiple use buildings become part of some housing plans. There were conversations about how Hackney could help broker more space sharing in schools but with secured tenancies.



All of this must be future proofed against the demographic picture which currently is showing a declining birth rate and families moving out of Hackney, resulting in the proposed closure/merging of 6 Primary schools."

Not everything may be possible for example shops generally had limited outdoor space, are situated on busy roads making drop off tricky, higher air pollution and although we could push for cycle spaces and schools roads, most Council owned shops in neighbourhood parades are under 1000 sqft. In addition, available plots in Hackney are limited and therefore very competitive, so Hackney would need to strike a balance between developers, families, older residents and adults with complex needs, to name a few. There was also a suggestion to strengthen partnerships with more of the 55 Housing Associations, (20 to 25 active) as partners in looking at affordable childcare. For example [this Peabody report](#) highlights that of the 10 nurseries hosted by Peabody, 6 pay submarket rent.



nurseries hosted by Peabody pay submarket rent.

Peabody works closely with the childcare providers to meet the needs of the community using a range of methods including providing opportunities for residents to be involved in the management of the nurseries. Peabody also supports residents who want to work in the childcare sector by providing free childminding training.

The current Hackney Housing Strategy makes no reference to childcare but a new Housing Strategy is being developed which offers an opportunity to weave in the need for available childcare for parents and how it could leverage affordable childcare. It would appear from the conversation with the Officers in the Early Years team that they would appreciate being more involved in the planning process so they can help map anticipated childcare needs not just in line with demographic information but from their understanding of what is actually happening on the ground. Childcare is a central focus of the Government and policy decisions are made and changed frequently.

The Planning Department discussed the infrastructure delivery plan which sets out long term needs for a range of social infrastructure and informs planning policies for the protection of community assets and facilities which would include childcare.

There is a good framework in Hackney for deciding on planning applications and protecting community facilities but that said, there isn't much on a specific policy on childcare provision. This aligns with other local authorities and is not well articulated by the GLA in the London Plan either.

There was clarification that Hackney's Local Plan which contains policies to prevent a planning application is stress tested to ensure it will not cause a loss of community facilities or infrastructure and the Section 106 planning obligation between a local planning authority and the Council can be used to mitigate the impact of the development on the local community and infrastructure. However, Hackney does not use Section 106 for childcare which is under consultation by the current Government.

The Community Infrastructure Levy is another planning lever intended to provide infrastructure support for the development of an area rather than to make individual planning applications acceptable in planning terms. The Community Infrastructure Levy funding does not cover all the costs of infrastructure arising from planned growth so the scope for use for Early Years provision is very limited and is unlikely to meet legal tests.

The Council has competing priorities with regards to commercial properties and the Voluntary Community Services (VCS) portfolio and tries to use available spaces based on evidence. There is a tension between willingness to support the VCS sector and the need to generate income through a commercial portfolio. The Council has a number of buildings that are let under the VCS policy. 7% of the commercial portfolio is let to Voluntary Community Sector organisations. The Council does not have a policy that directly reserves a set percentage of buildings for community or childcare use. There are currently six nurseries in the VCS portfolio; four of which have been leased directly from the Council through a process of demonstrating their eligibility for a VCS lease; two are subletting space from a main occupier. Organisations wishing to be considered suitable to rent a VCS property must fit certain eligibility and allocations criteria set out in their VCS Property Portfolio Lettings Policy. More could be done to integrate the VCS policy into the planning and wider commercial properties.

What did the Employment Services Say?

The Employment Services has recently appointed a new Head of Service who is leading a review to ensure the services are fit for purpose. He listened carefully to the challenge about recruitment and retention in the EYEC sector, a situation which is reflected across the UK and beyond. Concern about the inconsistent quality of agency staff, high costs, and lack of work placement were fully discussed.

The need for an effective recruitment campaign across the borough was highlighted, not least to include opportunities for local residents who did not fit the usual profile of the Early Years. For example, targeting men and older workers to create a more balanced workforce across the borough. Existing strategies such as the '[ageing well strategy](#)' with the emphasis on employment for the over 55+ is already a step forward. The Employment, Skills & Adult Learning service is reviewing the borough's role in providing an employment agency and widening participation in Hackney Careers Fairs.

In addition, the Council is drafting an Apprenticeships Strategy. It is not fully developed but the service recognises the opportunities presented to support the childcare sector. It currently runs an apprenticeship network which supports local businesses to employ apprentices. This programme prioritises places

for specific cohorts like residents who are Looked After Children. The Apprenticeship Service also signposts candidates to the correct provider/training. Currently, there are just two Children Centres who are part of the network. However, the Children Centres reported difficulty finding apprentices but this may have been due to the job descriptions not being reflective of the role.

Providers suggested that the Council should work closely with EYEC employers, valuing them as an equal partner. Invitations to events such as World of Workdays in Special Schools and colleges or reverse job fairs are a great way for employers to come and learn about the strength and skills of young people and build employer engagement overtime. The EYEC providers were keen on developing some employer engagement training to support organisations to better understand how to develop a business case and build long lasting strategic relationships. The Employment team suggested encouraging employers to create job coaches to work with young people who were placed in employment. This was considered a good way to pick up early warning signs of apprentices or students not coping and enable the right conversations to take place to check if any additional reasonable adjustments or extra support was needed. These efforts were all considered helpful to support retention.



What Did the Early Years Officers say?

We had a number of discussions with the Early Years Team to discuss the Early Years Strategy and clarify information especially about the quality of provision.

They confirmed that the number of Ofsted judged settings based on the August 2022 sufficiency report is similar to or slightly better than the London and national averages.

The Ofsted published data of the full Early Years Registered inspections, carried out between 1 September 2022 and 3 March 2023 were as follows;

Location	Inspections	Outstanding	Good
London	1222	99	942
Hackney	25	1	22
All PVI nurseries and playgroups in Hackney at October 2023		18	82

As part of the Sufficiency Report, the Local Authority tracks occupancy and vacancies and collates the cost of childcare including the cost per hour and per day. This is done via the Family Information Service which sends out a questionnaire to settings. The rates for childcare charged in Hackney are more than the average rates charged in England, but less than the rates charged across London as a whole.

Officers reminded us that the funding rate is fixed and dictated by the Department For Education. It is based on a formula which calculates hourly rate based on base rate and staff qualifications and the index of multiple deprivations. Therefore, if a nursery is in an area of greater social deprivation the hourly rate is slightly higher. Councils use the single funding formula as a base rate and then some supplements are universally applied. No one setting is funded more than the other; the school does not get more than the playgroups. Settings get a premium if they have qualified staff, e.g. teachers. However, Children Centres receive additional subsidies from the Council.



The EY officers shared the national concern that the funding rates are insufficient and only for 38 weeks per year and increase by very little every year."

The Early Years officers shared the national concern that the funding rates are insufficient and only for 38 weeks per year and increase by very little every year. There are two strands to the funded hours, the universal offer where all children aged 3 and 4 years can access up to 30 funded hours a week. The second strand has up to now is that only 2 year old children who meet a set of eligibility criteria including need and area of deprivation can access 15 funded hours per week. Providers can offer places for 38 weeks or spread the funding across 48 weeks so a child can have 12 hours a week. This is the maximum paid to providers willing to take the children on the 2 year old 15 hour entitlement offer and all Councils have to pass on 98% of the 2yo funding to those two year olds.

Providers balance the funding gap by charging a more accurate cost based fee for additional hours. This is a key factor as to why parents pay high fees because the balance of the Government contribution and the providers' costs is uneven and the higher weighting to meet sustainability is placed on the parent fees. The Council also reported on the numbers of children who are accessing government funded free entitlements. More children are eligible for the 2yo free entitlement than take up that free entitlement, although the Hackney numbers reflect the numbers across London. They use a targeted approach through the Family Information Services to alert parents including direct phone calls. Officers assume low take-up is due to an inability to meet the eligibility criteria which is based on parents' income and

some lose all their free entitlement once they return to work which could tip them into the working poor category. Some parents choose not to put their children in formal child care and maybe take advantage of the activities such as Stay & Play and Baby Massage etc. which are offered free to parents across Hackney.

One parent mentioned how much she appreciated the crèche in a nursery school which offered an hour of respite and a knitting class! These support classes were enjoyed and valued by parents who described them as positive for wellbeing although some noted that the range of services were not consistently available across the whole borough.

The Local Authority is not currently required to collect data on children who are not claiming the free entitlement. However, that will change next year with the expansion of the free entitlement to babies over 9 months old. Childcare providers can choose not to offer the two-year-old free entitlement if they consider the hourly rate to be insufficient to meet their costs. The Council depends on receiving this information directly from the providers. However, there is a slight increase in uptake of the free entitlement from childminders and independent settings. It is worth noting a high proportion of these settings operate within the Charedi Community where there is an increased population growth, although some Charedi families are also moving out of the borough.

There are significantly less numbers of children applying for Reception Class places. This substantial fall is having an impact on schools and the school's estate strategy. The Council is in the pre-consultation phase of closing or creating mergers of 6 primary schools. There is also a lot of capacity within the nursery classes in the maintained sector and playgroups.

The reception class figures don't include children in the Charedi community as many don't apply for a place in mainstream/maintained schools.

Currently, Hackney appears to have enough provision in the borough to accommodate children who may access the expansion of childcare which will come into operation in April 2024. The childcare sufficiency was completed in 2022 and a position snapshot taken in 2023. Providers are asked to report vacancies each month, though the Council relies on them doing this and providing correct information. Schools have over 500 surplus places in their nursery classes across the borough, and many childminders report vacancies. For every setting that is full, there will be settings with vacancies, 5 of which have closed over the last 20 months due to limited demand – all judged good by Ofsted.

Schools have over



surplus places in their nursery classes across the borough, and many childminders report vacancies.

The Officers need to estimate the number of places required but stated that this was hard to predict but they would be consulting with providers once they had received the updated funding rate from the DfE. They added the caveat that if the funding rate is low providers may opt to not offer the expanded free entitlement.



Discussion and Conclusion

- Discussion and Conclusion
- Recommendations
- Thank you

The process of talking and listening elicited some rich material from which we can extrapolate some useful conclusions. We confirmed that parents are experiencing financial challenges which have been further compounded by the cost of the living crisis. The cost of childcare has made them rethink their lifestyle. Some parents reported needing to access support from charities like the Felix Project that provide free food to struggling families, as every small contribution was helpful. Some have considered moving out of London to help ease costs as well as be closer to family who can support with childcare. We also learned that some parents accessed a range of childcare to help manage the costs, for example using a few days in a nursery or childminder supplemented with informal childcare. Parents with twins or triplets faced particular issues. Parents who did not have family who lived nearby spoke about the struggle to find the informal childcare needed to cover a few hours. Some parents were discomfited having to rely on informal care as it posed possible health and safety risks.

Other communities like the Charedi Community relied heavily on informal care and childminders sought help from teenage girls who were between school and starting employment or training. Parents also reported how the good Ofsted registered playgroups and nurseries had very long waiting lists so it was common knowledge that parents had to get their babies' names on the waiting list in advance.



The high costs of childcare had stopped some mothers from going back to work after maternity leave because their earnings were too low to pay the full time childcare costs."

The high costs of childcare had stopped some mothers from going back to work after maternity leave because their earnings were too low to pay the full time childcare costs. One parent spoke about trying to retrain, however, attending courses during the weekdays was a financial challenge. Some parents had to reduce their working hours or change their jobs to be more local but these changes had worsened their financial situation. This did not just impact the families but the wider society too. One mother, who works as a health worker for the NHS, shared how her inability to afford childcare would mean that she could not return to work which was already suffering from lack of staff. Her employer was keen for her to return but it was not financially viable for her to do so.

First time parents spoke about how tricky it is to navigate the various information channels to find the services available to them and with their eligibility for financial help. Many did not know about the free services available to them

from the Council. Parents relied on their network for information and often heard about services and support through word of mouth. There was agreement that wraparound care and affordable childcare over the summer holiday period was an issue.

We spoke to a number of parents with children with SEND. They varied in their responses depending on the level of support they could access. Some described themselves as lucky to have found a provider who could help and provide one to one support. Others did not know where to seek help or found the whole assessment to diagnosis process complex. The journey to a completed Education Health and Care Plan was described as convoluted and time consuming. They also commented on the length of time the process took to access funding even when the child was attending a Hackney setting and how it was often insufficient to provide the necessary one to one support. This aligned with the views expressed by the providers, who asked if Hackney would consider providing a funded training programme to help staff identify and support children Under 2 with emerging developmental concerns. The Council's commitment to a holistic service for young children and their families through a new model of joined-up Health Visiting and Early Years as well as the Family Hubs may be helpful in ensuring the SEND pathway from beginning to end is sensitive to children and families addressing the complexity of SEND.

The Early Years staffing crisis was a big focus of the providers who felt the Council could help by designing a much more integrated Employment,

Housing, Planning and Training strategy.

A connective approach could lead to reduced costs for EYEC providers by examining ways of reducing costs so income could be stretched to ensure settings were at least achieving a breakeven position. Hackney could examine the possibility of establishing EYEC partnership Learning and Training hubs which could attract enhanced funding for particular providers in return for providing access to high quality staff training through a coordinated process of linking apprenticeships and other training programmes including colleges, family hubs, nurseries, and schools.

Overall, there was a lot that Hackney does that was appreciated by parents and providers. Parents spoke highly of the provision they are using – paid or otherwise. Providers valued some of the training and SEND support they received. They recognised that Hackney was somewhat compromised by the wider Government and economic policy and understood that Hackney was creating some additional localised support services. However, there appears to be a disconnect between what the Council says it is doing and the lived experience of many of the parents and providers. There was a strong sense that despite a willingness to commit to change, parents and providers felt that the change appeared to be what the Council wanted, not the change recommended by parents and providers. That said, there was a recognition that the Council must operate within external policy and budget constraints that hamper their best of intentions.



There was a strong sense that despite a willingness to commit to change, parents and providers felt that the change appeared to be what the Council wanted, not the change recommended by parents and providers."

Recommendations

Based on the findings, four main themes emerged which reflected the issues discussed and helped structure the recommendations. The recommendations are focussed on the Council making a range of improvements to the Early Years Education and Childcare (EYEC) sector in Hackney which could in turn support providers offer affordable childcare which will be beneficial for parents and carers.

The Commission asks Hackney Council to consider the following recommendations which are collated under the following four themes.

- 1 Manage the Hackney Childcare Market
- 2 Think Sustainably: Support EYEC Services
- 3 Build a Pipeline of Early Years Staff in Hackney
- 4 Connect, Collaborate and Champion

1. Manage the Hackney Childcare Market

Hackney needs to have a thorough market management strategy and overall plan for how the Council can meet the childcare needs of all families including working families and those in greater need of support to enter the workplace. It also needs to focus on the delivery of high quality to help achieve positive educational and wellbeing outcomes for children.

We therefore recommend that Hackney:

- 1.1 Develops an an integrated and specific Early Years strategy connecting employment, housing, property, regeneration across the borough using a partnership model around the principles of co-design and co-invest to co-deliver flexible, responsive services for children and families resident in the borough.
- 1.2 Early Years Service in partnership with Employment Service establishes a network strategy that brings all providers together to collaborate and cooperate, to share and retain resources including management of staff, volunteers and apprentices and to benefit from non-competitive business planning and business skills networks.
- 1.3 Helps Early Years providers to review fees for single parents and parents of multiple births as part of the preparation for the Childcare Expansion plan.
- 1.4 Re-creates a Financial and Business Training Programme for all childcare settings.

2. Think Sustainably: Support EYEC Services

The EYEC providers in Hackney have given the Council a clear warning that their organisations and small businesses are under threat. Each of the different models whether small community settings, family run nurseries, social enterprises, cooperatives or subsidised Children Centres all agree that to remain sustainable they need the Council to reflect on how they can integrate them better into the Council overall strategic plans. Without these settings the Council cannot deliver the EYEC provision and therefore the issue needs to be addressed. We therefore recommend that Hackney:

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| <p>2.1 Develops a Member supported plan to exempt settings which provide a proportion of funded childcare places from paying Business Rates.</p> | <p>2.7 Early Years Service considers the current staffing arrangements for staff employed in Children Centres to enable more flexible delivery to meet parent needs and changing work patterns.</p> |
| <p>2.2 Requires Corporate Property to refresh the existing Hackney Community Concessions and Rent Policy for organisations delivering funded childcare places.</p> | <p>2.8 SEND Service reviews the SEND Funding Allocation process so it is timely and reaches providers upfront and avoids the risk of their having to fund staff out of income while they wait up to two months for the EY inclusion funding to arrive.</p> |
| <p>2.3 Obliges the Corporate Property to conduct a borough wide audit of vacant premises which could be suitable for childcare, including shops, elderly homes and social care spaces with available building space, unused building in parks where expansion could be achieved as well as improving the local area.</p> | <p>2.9 Early Years Service reduces the cost of mandatory training particularly as providers have to fund both the training course cost and the staff cover costs to enable the staff member to attend the training.</p> |
| <p>2.4 Corporate Property improves Early Years and out of school providers access to community spaces to allow multiple usage to enable the delivery of more EY services including wraparound and summer provision.</p> | <p>2.10 Early Years Service examines the possibility of establishing EYEC partnership Learning and Training hubs which could attract enhanced funding for particular providers to access high quality staff training through a coordinated process including linking apprenticeships and other training programmes with colleges, family hubs, nurseries, and schools.</p> |
| <p>2.5 Early Years Service connects the Children Centres more effectively with each other to improve operational processes so they are more centralised and cost effective.</p> | <p>2.11 Members consider developing a pilot to examine funding the cost of free school meals in all EYEC settings, using learning from the Westminster pilot.</p> |
| <p>2.6 Requests that Hackney HR Service reforms the Hackney Staff Agency system which is considered costly, clumsy and ineffective. Enable Children's Centres to use more cost effective but well monitored options to recruit Bank and agency staff.</p> | |

3. Build a Pipeline of Early Years Staff in Hackney

According to Hackney Council there are sufficient places to meet the current needs of the families in the borough. However, that is only true if those settings are fully staffed and the Council has a plan to manage the shifting demographics within the borough in line with the Government's expansion plan. The findings of the Commission suggest that there are insufficient staff and therefore the issue needs to be addressed. We therefore recommend that Hackney:

- 3.1 Employment Service ensures the Early Years sector is fully reflected in the borough's Recruitment and Employment Strategy and there is an actively managed Early Years staff pipeline and a clearer pathway from school to employment.
- 3.2 Employment Service raises the importance of EYEC apprenticeship opportunities in schools. Make the journey from school to EYEC apprenticeship, training, and employment more streamlined and also the focus of a recruitment campaign.
- 3.3 Employment Service partners with the Early Years Service to engage more successfully with colleges and training agencies to support a pipeline of students into Early Years settings across Hackney.
- 3.4 Employment Service partners with the Early Years Service to ensure work placements in EYEC settings are integrated into the school's career pathways.
- 3.5 Employment Service in partnership with the Economic Unit targets some of the Hackney apprentice levy specifically towards Early Years apprentices.
- 3.6 Early Years Service reviews the policy that all Children Centre staff must be Level 3 qualified staff, a group that is particularly hard to recruit and who are not always of the highest calibre.
- 3.7 Employment Service and Early Years Service confirms EYEC providers are full members of Hackney Employment Forums.
- 3.8 Early Years Service and the Employment Service enables members of local EYEC settings to attend the Hackney Career Fairs.
- 3.9 Builds more generous access for EYEC staff to keyworker homes into the Hackney Housing Strategy which would also include partnership arrangements with local Housing Associations to build housing for key worker staff.

4. Connect, Collaborate and Champion

The public hear about the economic benefit of parents being able to work because the children can access "childcare" but fail to understand the other strand of this which is the important educational benefit for all children but especially those children from disadvantaged backgrounds (Ipsos Mori, 2020). In a report by the Royal Foundation Centre for Childhood, only 17% of the public recognise the unique importance of children's development from pregnancy to age 5. We therefore recommend that Hackney:

- 4.1 Designs a stronger borough-wide communication strategy to parents about local childcare services and how to access them.
- 4.2 Early Years Service connects PVI and Children Centre Managers more often and builds a formal network where they can share and deepen business and pedagogical skills and knowledge to improve the financial, business and pedagogical leadership and management of their settings.
- 4.3 Early Years Service develops an action learning and research approach to share good practice and develops action learning across the whole of Hackney not just in separate provision.
- 4.4 Creates a cross borough network with the local EYEC sector and Health, Housing Employment, Education and Economic Unit colleagues to focus on the subject of "affordability". Ensure it is chaired by the Chief Executive Office so that it remains a key issue for Hackney Council and is built into the overall business strategy and included with targets and measures in each departmental operational plan.

Thank you

The Commission would like to thank all those who participated in the discussions. We welcomed your willingness to engage and your honest feedback. We hope that the report reflects our many conversations and provides a set of sensible recommendations that are achievable and will drive action towards building on the progress Hackney has already made to support local parents.



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