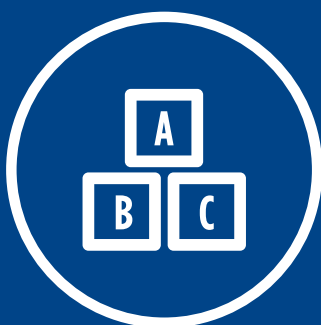


CLOSING GAPS EARLY

The role of early years policy in promoting
social mobility in England

Kitty Stewart and Jane Waldfogel
– September 2017



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Foreword

The early years are a vital time in the life of any child. They play a significant role in shaping the person they will become and the opportunities in life they will have. It is also a crucial, and often difficult, time for parents, trying to balance the wellbeing and development of their child with the need to provide financial stability. Early years childcare and education touches on many aspects of social policy, from education to the labour market to the benefits system. It is a tricky area to get right, and as our new research shows, England has a lot to be proud of in this area, having made good progress over the last 20 years on parental leave policies and early education provision.

However, there remains a substantial gap in the school readiness of less well-off children and their more advantaged classmates by the time they start school – one that has finally started to narrow but which remains at over 17 percentage points. This gap continues to widen throughout the school years, so it is essential that we close it early so children can begin their formal education on a level playing field. Too many toddlers in disadvantaged households lack the support they need to kickstart their development. Good nursery provision, with well-trained and skilled staff, can help to do this. This is crucial for the prospects of social mobility, and this principle should be at the heart of government policy in the early years.

The Sutton Trust has highlighted the importance of good quality early years education before, in our Sound Foundations report. It is therefore troubling that the direction of travel in this area seems to be away from this essential driver of social mobility. This month has seen the roll-out of the new entitlement to 30 hours of free childcare for working parents across the country. However, our new report shows that unless the funding is right this could actually harm social mobility and widen the gap in school readiness. It points out that the increasing focus on quantity of childcare hours provided to support parents in the labour market threatens the quality of nursery education. And as our earlier research has demonstrated, it is quality of provision that is most crucial to ensuring that all children get the best start in life.

This is why we believe the focus must be on getting it right for the poorest two and three year-olds, by raising standards in nurseries through requiring higher qualifications and providing better career pathways for the early years professionals who provide such an important role model to children in their most formative years.

The Sutton Trust has always seen good early years provision as crucial to social mobility. As our report shows, closing the early years gap is an essential element of a long-term plan to ensure every child has the best chance in life.

I am very grateful to Professor Jane Waldfogel and Dr Kitty Stewart for this important new research.

Sir Peter Lampl
Founder and Chairman of the Sutton Trust and Chairman of the Education Endowment
Foundation

Executive Summary

This report examines the current state of early years policy in light of the evidence about what works. We assess the strengths and limitations of where we are today, and identify priority areas and key next steps for policy attention. The report covers three types of early years policy: parental leave and parenting; early education and childcare; and financial support to households with young children. Our focus throughout is on narrowing gaps at school starting age between children from different backgrounds – essential to breaking the cycle of disadvantage and making progress on social mobility.

- The UK has made a great deal of progress over the past 20 years, doubling the period of paid maternity leave and introducing new rights to paid paternity leave and parental leave. In some instances, it has been nudged by European Union directives, which may be a concern for future policy post Brexit, but several of the extensions were made without EU prompting.
- Progress in parenting policy has been more uneven. While parenting is a major factor contributing to gaps in early child development, research has also highlighted the difficulties of designing and implementing policies to improve parenting or close gaps in parenting and the home environment between low- and high-socio-economic status families.
- While the results of many evaluations have been disappointing, some programmes have achieved positive results, including encouraging, though mixed, evidence from evaluations of early Sure Start centres and later children’s centres. Carefully designed programmes, drawing on the growing evidence base, can play a role in reducing disparities in early childhood, although delivering them effectively at scale remains challenging.
- Early education and childcare has been a major focus of policy in this area. Of concern is that recent developments indicate a shift in funding and policy focus away from quality early education for child development towards childcare affordability for working families. Investments in affordability are welcome, but neither the tax-free childcare scheme nor the 30 hour entitlement for working families are well-designed to promote social mobility, meaning longer hours in state-funded early education for children who are already relatively advantaged, which may be expected to widen gaps in child development at school starting age. Particularly worrying, these investments are coming at the expense of the *quality* of provision.
- Recent years have seen the axing of financial support for graduate training; the removal of the local authority role in continuing professional development; the lifting of the requirement for Sure Start centres in disadvantaged areas to offer graduate-led early education; and a lack of movement to improve non-graduate qualifications in response to the Nutbrown Review. One third of staff working in group-based care still lack either English or Maths GCSE or both. A current proposal to remove the requirement for maintained nursery and reception classes to have a qualified teacher is particularly worrying and could affect children in disadvantaged areas most of all.
- Targeted places for disadvantaged two-year-olds continue, but nearly one-third of eligible two-year-olds still do not take up their place, while many of the available places for two-year-olds are not in the highest quality settings.

- The early years pupil premium offers an important financial supplement to settings catering for low income, disabled and looked after children, but is far from sufficient to change the bigger picture of inadequate funding to support high quality provision. Given recent evidence of a lack of impact of early education places on foundation stage profile scores, the need for a renewed focus on quality is particularly urgent.
- Cash transfers can have a significant impact on household financial resources and therefore on children's outcomes. From 1997 to 2010 cash transfers for children became much more generous, with children under five the greatest beneficiaries. Since 2010 aspects of this support have been unravelled: notably, additional benefits for babies have been scrapped; the tax credit system has been more narrowly targeted; and a freeze on working-age benefits means a steady erosion in the real value of support. The 'benefits cap' and the two-child limit have introduced a separation between the calculation of family needs and the level of benefits received, with devastating consequences for families affected.
- Meanwhile, there has been a shift in the expectations on parents of young children. Work requirements are being extended under Universal Credit to include parents of three- and four-year-olds, and to require parents (and other workers) working part-time to be looking for longer hours as a condition of support. The 30 hour free childcare policy needs to be seen in this context as well. It is not clear that this shift is in the best interest of children.
- Changes to benefits and tax credits are projected to lead to sharp increases in child poverty in the next five years, undoing much of the progress of the early 2000s. It is difficult to see how even well-designed policies to support parenting and ensure access to high quality early education can have their optimal impact against such a backdrop.

Recommendations

1. **The shift in focus of childcare policy away from quality towards quantity, with less focus on educational development, is ill-advised and should be reversed.** Specifically, funding should be secured to ensure that qualified teachers remain in place in school nursery and reception classes, and that local authorities can continue to provide support for continuing professional development. The earlier commitment to having qualified practitioners in every early years setting should be revived as their presence is crucial for the development of disadvantaged toddlers.
2. **Parental leave policies should be extended** to provide enhanced entitlements for fathers and to ensure that low-income and non-standard workers can take full advantage of them. Steps to increase leave-taking by men through measures such as providing some ‘use it or lose it’ leave and providing some leave time at a higher rate of pay - to increase father involvement and promote greater gender equity - should be a priority.
3. **Parenting policies should build on the research evidence** to help parents provide the best possible early start for their children. The government should continue to trial and evaluate promising programmes while also working towards taking the most promising ones to scale.
4. **Income support for families with children, particularly those with young children, must be provided at an adequate level** – so that parents can make necessary investments in their children and so that financial insecurity does not undermine the impact of other investments like parental leave, parenting policies and high quality childcare.
5. **The government should move towards giving early years teachers Qualified Teacher Status,** with the increase in pay, conditions and status this would entail, and should invest in improving qualifications for all practitioners in the sector. A dedicated funding pot, similar to the old Graduate Leader Fund, is important to achieving this.
6. **Government should consider the potential adverse impact on equality of offering 30 free hours** to children in working families, and explore how to avoid the policy inadvertently increasing gaps in development at school starting age.
7. **Early years policy should be informed by the best available evidence** from sources such as the Education Endowment Foundation. The EEF’s Early Years Toolkit can form a valuable source of information on the most effective and cost efficient use of the early years pupil premium.

1. Introduction

It is now widely recognised that the early years are fundamental in preparing children for success in school and in later life. As Nobel prize winner James Heckman famously pointed out, ‘learning begets learning.’¹ The skills and abilities developed in the early years provide the platform for later learning, while early deficits can have lasting consequences for later inequality and social mobility. We also know that early interventions can have large and lasting effects on children’s development. For all these reasons, the early years are now understood to be a particularly important time for investments.

As the importance of the early years has become clearer, policy-makers have become increasingly interested in the potential role of early years policy in reducing inequalities and promoting social mobility. The UK has large socio-economic status gaps in school achievement and later life success, with children from low-income or low-educated families lagging well behind their more advantaged peers.² Such gaps are already apparent at school entry, with children of low socio-economic status families lagging behind their more advantaged peers by roughly 11 months at school entry, as earlier work for the Sutton Trust has documented.³

We also now know that gaps at school entry make up a sizable share of the later achievement gaps. One recent study finds that more than half of the gaps in achievement at age 11 are due to inequality that was already present at age five.⁴ These results underscore the crucial importance of the early years in generating lifelong intergenerational inequalities and the critical need for effective early years policy to address them.

The UK has made substantial progress in the early years area in recent decades. In fifteen years from 1997, the period of paid maternity leave was doubled (to nine months), and there was considerable investment in direct financial support for young families through child benefits and tax credits, alongside a childcare subsidy to make childcare more affordable for working parents. Funding for services for young children and their parents also increased substantially.

While benefits and tax credits operate across the UK as a whole, service provision is devolved to the four UK nations. In England, which is the focus of this paper, Sure Start Children’s Centres for under-fives and their families were rolled out, and universal early education for three- and four-year-olds was implemented, with places later extended to two-year-olds from lower-income families. The early years foundation stage curriculum was introduced, alongside investment in upskilling the childcare workforce.

Yet a series of challenges remain. Some of these reflect the difficulty of translating existing research evidence into practical and scalable interventions. For one, while there is an increased recognition of the importance of parenting in the early years, intervening effectively to improve parenting remains difficult, particularly at scale.

Second, there is a consensus that quality in the childcare sector is still too low, but how to raise quality in the sector, and how to pay for it, are not straightforward. This is particularly true given the inevitable trade-off between investment in the quality of provision and the need to make childcare more affordable

¹ Cunha, F and Heckman, J (2008) ‘Formulating, identifying and estimating the technology of cognitive and non-cognitive skill formation,’ *Journal of Human Resources*, 43:4, pp.738-782.

² Blanden, J and Macmillan, L (2016) ‘Educational inequality, educational expansion and intergenerational mobility.’ *Journal of Social Policy*, 45(4): 589-614; Macmillan, L, Crawford, C and Vignoles, A (2016) ‘When and why do initially high attaining poor children fall behind.’ *Oxford Review of Education*, 43(1): 88-108.

³ Waldfogel, J. and Washbrook, E. (2010) *Low income and early cognitive development in the UK: A report for the Sutton Trust*. Sutton Trust, London.

⁴ Bradbury, B, Corak, M, Waldfogel, J and Washbrook, E (2015) *Too Many Children Left Behind: The US Achievement Gap in Comparative Perspective*. New York: Russell Sage Foundation.

and accessible for more parents. Affordability has remained a particular weakness for the UK in comparative context, especially for families who fall above the income cut-off for support through the tax credit system. Can this be addressed while continuing to protect and promote childcare quality?

These ongoing challenges have been heightened by economic and political changes in the UK – most notably the financial crisis of 2007 and subsequent recession, and the election of a Conservative-Liberal Democrat coalition government committed to rapid deficit reduction in 2010. After more than a decade of investment in benefits and services for young children and their families, these changes resulted in substantial cuts to both post-2010.⁵ A further shift took place with the election of a majority Conservative government in 2015, and again with the change in administration that followed the European Union referendum result in June 2016.

The current Prime Minister, Theresa May, has declared herself committed to “a truly meritocratic Britain... where everyone has a fair chance to go as far as their talent and their hard work will allow,” and pledged an ambitious programme of reform to build this meritocracy.⁶ But the domination of the Brexit process and the post-Brexit future on the government’s agenda are likely to mean less attention for domestic social policy areas than might otherwise have been the case. Furthermore, May’s speech on meritocracy concentrated on schools and universities, with no mention of the crucial pre-school years. The June 2017 election results added further uncertainty.

In the manifesto for the June 2017 election, the Conservative party pledged “high quality childcare for working families,” but provided no detail beyond confirming the extension of funded places for three- and four-year olds to 30 hours for children in working families, and made no mention of wider early years services. Opposition parties were more ambitious. In Scotland, the Scottish National Party committed to 30 free hours for all three- and four-year-olds by 2021. In England, Labour pledged to extend maternity pay to 12 months, increase funding for Sure Start, move towards a more qualified graduate-led childcare workforce by increasing wages and training opportunities and extend free early education to all two-year-olds and some one-year-olds. The Liberal Democrats promised a further month of paid ‘use it or lose it’ paternity leave and to extend 15 free hours childcare first to all two-year-olds and then to children aged nine months to two years in working families.

As the largest party, the Conservatives have formed a minority government with the support of the Democratic Unionist Party of Northern Ireland, but it is far from certain that this arrangement will last a full five-year parliamentary term. Another early election could result in a very different policy direction.

Given this context – a decade of investment, followed by a decade of tighter budgets and political change and uncertainty – now seems a good time to take stock of early years policy in England. Our aim in this report is to examine the current state of play and to review recent policy developments in light of the most rigorous evidence about what works. We seek to assess the strengths and limitations of where we are today, and to identify priority areas and key next steps for policy attention, with a focus throughout the report on narrowing the gaps at school starting age between children from different backgrounds – which is essential to breaking the cycle of disadvantage and making progress on social mobility.

Early years policy can of course contribute to a number of goals at once, not all of them child focused; by facilitating maternal employment, affordable childcare can promote gender equality and further economic growth, and in principle it can do this whether or not the care is also well-suited to a child’s needs. Indeed one of the particular challenges of designing policy in this area is to ensure that it is able to meet not just one but several goals. We do not forget or ignore these broader goals in this report, but our central focus throughout is on narrowing gaps in child development and promoting mobility. Child development is understood in its broadest sense, incorporating children’s health and emotional, social

⁵ Stewart, K and Obolenskaya, P (2016) ‘Young children’, in R Lupton, T Burchardt, J Hills, K Stewart and P Vizard (eds) *Social Policy in a Cold Climate: Policies and Their Consequences Since The Crisis*. Bristol: The Policy Press.

⁶ May, T (2016) ‘Britain, the Great Meritocracy: Prime Minister’s Speech’. Available at: <https://www.gov.uk/government/speeches/britain-the-great-meritocracy-prime-ministers-speech> [accessed September 11, 2011]

and behavioural development as well as their cognitive development. All of these aspects of development are important to children's future life chances and hence to mobility.

The paper is structured around three types of early years policy: parental leave and parenting; early education and childcare; and financial support to households with young children. We cover early education and childcare in the greatest detail, because this has been such a major focus of government policy in the early years, but we believe that all three types of policy are important and that there may be synergies between them; for example, early education programmes may be more effective when families have a good foundation established through parental leave and parenting programmes and when they benefit from stable financial support. A final section concludes and draws together recommendations for policy.

2. Parental leave and parenting policies

We consider two types of policies affecting parents in the early years – parental leave and parenting policies. Both have an important role to play in widening or narrowing gaps in early development, and hindering or promoting social mobility. Both have also been targets of government policy in recent decades.

Parental Leave

Parental leave is an important policy domain for early child health and development. A large body of evidence has shown that when countries have longer periods of paid maternity leave, rates of infant mortality are lower.⁷ Longer periods of leave are also linked to improved maternal mental health, more breast-feeding, and more preventive health care visits for children.⁸ There is also some evidence that additional leave in the early weeks and months is linked to improved child development, particularly for less advantaged children.⁹

Parental leave policy in the UK has been extended considerably in the past few decades, but limitations remain. Twenty years ago, mothers in the UK were entitled to only 18 weeks of paid maternity leave. This was a relatively short entitlement by European standards (at that time, the European entitlement averaged about 10 months), but notably better than some non-European peers (the US still has no paid maternity leave at the national level, and Australia first introduced 18 weeks of paid maternity leave in 2011).

The Employment Act 2002 extended the entitlement to 26 weeks of paid maternity leave. The Act also included the right to a further 26 weeks of unpaid maternity leave, creating in principle the right to a year of total leave. However, it became clear that women were unlikely to take unpaid leave, particularly those on lower incomes. Therefore, the period of paid leave was extended to 39 weeks in April 2007, followed by up to 13 weeks unpaid. This remains the entitlement as of this writing.

For those meeting the eligibility requirements, the first six weeks are paid at 90% of previous earnings (before tax), with no cap; the following weeks are paid at a low flat rate (£140.98 as of June 2017) or 90% of previous earnings, whichever is lower. Women who are self-employed or who have some employment history but not sufficient to meet the requirements may claim an alternative programme which pays only the flat rate. While the overall length of paid leave is roughly in line with international standards, the period of highly paid leave is relatively short - at six weeks - in comparison to that provided by other countries.¹⁰ In fact, the UK ranks 22 out of 24 European countries on the length of highly paid maternity leave, with the modal country providing three months of well-paid leave rather than six weeks as in the UK.

There has been considerable discussion of extending the period of paid maternity leave to 52 weeks (in line with OECD countries which now offer an average of a full year of paid leave to new mothers). However,

⁷ Ruhm, C (2000) 'Parental leave and child health,' *Journal of Health Economics* 19: 931–960; Shim, J (2016) 'Family leave policy and child mortality: Evidence from 19 OECD countries from 1969 to 2010.' *International Journal of Social Welfare* 25(3): 215–221; Tanaka, S (2005) 'Parental leave and child health across OECD countries.' *Economic Journal* 115: F7–F28.

⁸ Berger, L Hill, J and Waldfogel, J (2005) 'Maternity leave, early maternal employment, and child outcomes in the US.' *Economic Journal* 115: F29–F47; Chatterji, P and Markowitz, S (2012) 'Family leave after childbirth and the mental health of new mothers.' *Journal of Mental Health Policy and Economics* 15(2):61–76.

⁹ Ruhm, C and Waldfogel, J (2012) 'Long-term effects of early childhood care and education.' *Nordic Economic Policy Review*, no 1, pp23–51.

¹⁰ TUC (2017a). 'UK in the relegation zone for decently-paid maternity leave in Europe, warns TUC.' Available at: <https://www.tuc.org.uk/equality-issues/gender-equality/pregnancy-discrimination/uk-relegation-zone-decently-paid-maternity> [accessed June 27, 2017]

this has not been enacted, due to concerns about business opposition but perhaps also due to a greater focus on extending entitlements for fathers.

The Employment Act 2002 also established – for the first time – the right to two weeks of paid paternity leave for new fathers (paid at a flat rate), in recognition of the important role that paternity leave can play in promoting greater father involvement and gender equity.¹¹ In offering two weeks of paid paternity leave, the UK was not far off from European standards of the time (and again ahead of non-European peers like the US and Australia).

However, two weeks of paid leave does little to balance new mothers' and fathers' leave-taking. For this reason, the UK subsequently enacted a new policy of shared parental leave. Basically, the policy treats the 39 weeks of paid maternity leave and the subsequent 13 weeks of unpaid maternity leave as a potentially shared entitlement (although the mother cannot transfer the first two weeks of her paid maternity leave). Shared parental leave, when paid, is paid at a flat rate (£140.98 as of June 2017) or 90% of previous earnings, whichever is lower.

While a considerable advance, the provision of two weeks of dedicated paid paternity leave and the option for fathers to use a portion of a family entitlement to up to 39 weeks of paid shared parental leave (minus the two weeks of maternity leave that are not transferable) and 13 weeks of unpaid shared parental leave still provides little incentive for men to take more leave. Since men are often the higher earners, they tend to be more reluctant than women to take leave at less than full pay, and there are also powerful gender norms that encourage women to take the leave even if all else is equal.

For these reasons, European countries have increasingly turned to a 'use it or lose it' model where a portion of leave is reserved specifically for fathers and is lost to the family if the father does not use it. For example, Sweden offers 16 months of paid leave in total, with three months reserved for each parent and the rest available to share. The UK has just two weeks of such 'use it or lose it' leave (the two weeks of paid paternity leave). To achieve the goal of increasing the amount of leave men take or the share of leave that men take, further 'use it or lose it' provisions may be needed. It may also be necessary to raise the pay provided to men on leave beyond the current flat rate.

Even after parents return from leave, they may need time off to arrange care for their children or to provide care part-time themselves. Since 1999, parents have had the right to a small amount of unpaid parental leave for child care issues or other family emergencies. This was initially set at 13 weeks per child but was extended to 18 weeks in 2013 in line with an EU directive. Under UK policy only four weeks of this can be used in any given year (unless the employer approves). From an employee/parent perspective, the main shortcoming of this type of leave is that it is unpaid.

Also of note, the Employment Act 2002 established the right for parents of young children (under the age of six) to request part-time or flexible hours, effective April 2003, bringing the UK in line with an EU directive in this area. Popular with employees, and not seen as a major problem by employers, the "right to request" was later extended to parents of older children with disabilities, and to employees caring for a spouse, partner, or relative.¹² In 2014, it was extended to any employee with at least 26 weeks of service (even if they were not a parent or carer).

As this brief overview makes clear, the UK has made a great deal of progress in this area over the past 20 years. In some instances, it has been nudged by EU directives, which may be a concern for future policy post Brexit, but several of the extensions were made without prompting by the EU. Looking ahead, there may be only limited support for further extending the duration of paid maternity leave (from 39 weeks to 52 weeks) given business opposition. But further steps to increase leave-taking by men through measures such as providing some "use it or lose it" leave and providing some leave time at a higher rate

¹¹ Waldfogel, J. (2010). *Britain's War on Poverty*. New York: Russell Sage Foundation.

¹² Waldfogel (2010).

of pay - to increase father involvement and promote greater gender equity - should be a priority in this area and would likely receive broader support.

An additional challenge that arises across various types of parental leave, and that has implications for closing gaps, concerns eligibility for intermittent or irregular workers, and the self-employed. Most leave policies require a record of regular employment and earnings for the employee to qualify. This makes sense from the point of view of leave as an earned entitlement but may risk disadvantaging low-income families who are most likely to have at least one parent out of work or working intermittently or irregularly.

According to analysis by the Trades Union Congress, one quarter of new fathers are not eligible for paid paternity leave because they are self-employed or do not have sufficient work history.¹³ Mothers who are self-employed or do not have sufficient work history are better off in that they can claim a flat rate benefit, but the payment rate is low. Thus, another priority for policy in this area would be to take further steps to ensure that the lowest-income families are eligible for and receive adequate paid leave, along with their better-off peers. This might include providing a benefit to cover fathers who are self-employed or do not have sufficient work history (as exists for mothers), but also raising the payment rate for that benefit from its current low level.

Parenting policy

It is well established that one of the major factors contributing to gaps in development in early childhood and impeding future social mobility is parenting. Indeed, research supported by the Sutton Trust showed parenting to be the single most important factor explaining gaps in early development between children from low-income families and their middle- or high-income peers.¹⁴ The authors were able to consider two distinct aspects of parenting – parenting style, including how sensitive and responsive parents are, and the home learning environment, including parents’ teaching behaviour and their provision of learning materials and activities – and found that both were more important in explaining gaps in children’s early literacy, mathematics, and language than were other explanatory factors such as parental education, maternal mental health and health behaviour, or child health.

Parenting matters for early inequalities because it is an important input for child development and because what parents do with their young children and the home environments they provide for them differ considerably by socio-economic status (SES). However, research has also established that it is very difficult to design and implement policies to improve parenting or to close gaps in parenting and the home environment between low- and high-SES families.¹⁵ This does not mean that all programmes are ineffective. While the results of many evaluations have been disappointing, some programmes have achieved positive results.¹⁶

For example, programmes such as Incredible Years and the Triple P Positive Parenting Programme have been shown to improve children’s behaviour by training parents to better manage their children’s disruptive behaviour.¹⁷ There are also a handful of programmes that have improved young children’s literacy or other cognitive skills by training parents to better support learning. For example, the Play and Learning Strategies (PALS) programme has been found to improve parents’ sensitivity and

¹³ TUC (2017b). ‘A quarter of new dads are missing out on paternity leave and pay, says TUC.’ Available at: <https://www.tuc.org.uk/equality-issues/quarter-new-dads-are-missing-out-paternity-leave-and-pay-says-tuc> [accessed June 27, 2017]

¹⁴ Waldfogel, J. and Washbrook, E. (2011). ‘Early years policy.’ *Child Development Research* 2011: 1-12.

¹⁵ Desforges, C. and Abouchar, A. (2003). ‘The impact of parental involvement, parental support, and family education on pupil achievement and adjustment: A literature review.’ *Research Report 433*. Department for Education and Skills. Available at: <http://webarchive.nationalarchives.gov.uk/20130401151715/http://www.education.gov.uk/publications/eOrderingDownload/RR433.pdf> [accessed June 27, 2017].

¹⁶ Waldfogel and Washbrook (2011).

¹⁷ Sanders, M. (1999). ‘Triple P Positive Parenting Program: Towards an empirically validated multilevel parenting and family support strategy for the prevention of behavior and emotional problems in children.’ *Clinical Child and Family Psychology Review* 2(2): 71-90; Webster-Stratton, C. (1994). ‘Advancing videotape parent training: A comparison study.’ *Journal of Consulting and Clinical Psychology* 62(3): 583-593.

responsiveness and other aspects of parenting, leading to improvements in their children's attention, language, and vocabulary.¹⁸

In the UK, the Peers Early Education Partnership (PEEP) programme has been found to improve young children's cognitive development by providing parents with learning materials and supporting them in their use.¹⁹ The Sutton Trust's Parental Engagement Fund is currently supporting trials of five parenting interventions for parents of young children. The results of the first evaluation are promising, finding improvements in parenting and children's cognitive self-regulation skills.²⁰ (The other four evaluations are still in progress).

However, even when effective interventions are identified, it can be extremely difficult to implement them at scale. The UK's recent experience with parenting policy illustrates this tension. For good reason, the UK has invested considerable resources over the past few decades in policies to support parents and improve parenting and early home environments for low-SES children. But such policies have not always yielded the hoped-for returns.

The largest initiative in this area was Sure Start. Launched as a pilot programme in 1998 and subsequently expanded, Sure Start was originally designed to provide support and services to parents of young children in the UK's poorest areas.²¹ Sure Start was later extended, starting in 2003 – through a wider programme of Children's Centres - with the goal of reaching families with young children in all areas.

The core elements of Sure Start were parent support services and, as the programme evolved, early education and child care for pre-school age children. It is important to note that Sure Start was part of a twofold strategy to improve parenting by reducing pressures on parents and by improving parents' capabilities. It thus went hand in hand with the measures to raise family incomes that were implemented as part of New Labour's efforts to reduce child poverty, something we discuss in a later section.

While not a randomised trial, Sure Start was evaluated using a quasi-experimental design comparing children and families in Sure Start areas to those in similar areas. The National Evaluation of Sure Start (NESS) results pointed to some gains for families and children, including improvements in parenting and child behaviour and health, but with little impact on children's cognitive and language development.²² At the last follow-up, when children were seven years old, gains were still apparent in some aspects of parenting (such as less harsh parenting and more stimulating home environments), but again with no impacts on child cognitive or language development.²³

While there are many reasons for Sure Start's mixed record of success,²⁴ a major challenge in drawing conclusions from the Sure Start experience is that programmes were locally driven and designed, with extensive variation across sites. In addition, it is important to note that the programmes were delivered

¹⁸ Landry, S., Smith, K., Swank, P., and Guttentag, C. (2006). 'A responsive parenting intervention: The optimal timing across early childhood for impacting maternal behaviors and child outcomes.' *Developmental Psychology* 44(5): 1335-1353.

¹⁹ Evangelou, M. and Sylva, K. (2007). 'Evidence on effective early childhood interventions from the United Kingdom: An evaluation of the Peers Early Education Partnership (PEEP).' *Early Childhood Research & Practice* 9(1); Evangelou, M., Brooks, G., Smith, S. and Jennings, D. (2005). 'Birth to school study: A longitudinal evaluation of the Peers Early Education Partnership (PEEP) 1998-2005.' Research Report SSU/2005/FR/017; Evangelou, M., Coxon, K., and Sylva, K. (2008). 'An evaluation of PEEP provision for 'excluded' families: Room to Play.' Research Summary, Sutton Trust Evaluation Project: Phase 3. University of Oxford; Sylva, K., Evangelou, M., Taylor, R., Rothwell, A., and Brooks, G. (2004) 'Enabling parents: The role of PEEP in supporting parents as adult learners.' University of Oxford.

²⁰ Jolley, F., Sylva, K., and Karemaker, A. (2016) 'EasyPeasy parenting app: Findings from an efficacy trial on parent engagement and school readiness skills.' Available at: <http://easypeasyapp.com/files/easypeasy-evaluation.pdf> [accessed June 28, 2017]

²¹ Waldfogel (2000)

²² Waldfogel (2010)

²³ National Evaluation of Sure Start (NESS) Team (2012). *The Impact of Sure Start Local Programmes on Seven Year Olds and Their Families. Research Report DFE-RR220*. Available from: <http://www.ness.bbk.ac.uk/impact/documents/DFE-RR220.pdf> [accessed June 27, 2017].

²⁴ See Eisenstadt, N. (2011) *Providing a Sure Start: How Government Discovered Early Childhood*. Bristol: Policy Press for a comprehensive overview.

in a context in which all three- and four-year olds were entitled to free universal pre-school. Thus, although children in Sure Start areas benefited from high-quality Sure Start nurseries, children in other areas also gained access to pre-school through the universal entitlement.

As mentioned earlier, Sure Start was later extended to a wider set of areas through a programme of Children's Centres. An evaluation carried out by a team at the University of Oxford found some important benefits of participation in Children's Centres for parenting and the home learning environment, and with some effects for children (reductions in externalising behaviour). But again, no effects were found on child cognitive or language development.²⁵

A second large scale recent initiative was the Family Nurse Partnership (FNP) home visiting programme, which had proved so successful in improving outcomes for children of disadvantaged first-time mothers in the US.²⁶ FNP provides frequent home visiting during pregnancy and the first two years post-birth by trained nurses who provide parental support and information about child health and development to young first-time mothers. FNP was first implemented in the UK starting in 2007, and last year served over 15,000 families.²⁷

FNP has also been subject to an experimental evaluation in the UK. Disappointingly, the evaluation (conducted between 2009 and 2015) found no significant impacts on the primary outcomes studied (smoking during pregnancy, infant birthweight, hospital use post-birth, and timing of second birth) – although the study did find positive effects on some secondary outcomes (intention to breastfeed, mother reported child cognitive development, mother reported and externally assessed language development, social support, partner relationship quality, and self-efficacy).²⁸ The weaker effects in the UK than in the US may be due at least in part to the availability of better baseline services for disadvantaged mothers in the UK, through the National Health Service, universal home visiting for new mothers, and other such provision.

A third large scale recent initiative was the CANparent programme, developed by the Conservative and Liberal Democrat coalition government as part of their effort to improve parents' capability (but in the context of diminished financial support for families, as we discuss below). As part of a trial in three areas from 2012-2014, parents of young children were offered vouchers to access parenting classes and information about such classes. Overall, the results were disappointing – while providers expanded their supply, parents did not take up the classes, except when they were offered classes free of charge, although the trial did change attitudes about parenting classes, leading to less stigma about their use.²⁹

Summary

The UK has made a great deal of progress over the past 20 years on parental leave, doubling the period of paid maternity leave and introducing new rights to paid paternity leave and parental leave. In terms

²⁵ Sammons, P, Hall, J, Smees, R, and Goff J, with Sylva K, Smith T, Evangelou M, Eisenstadt N, and Smith G (2015). 'The impact of children's centres: studying the effects of children's centres in promoting better outcomes for young children and their families.'

Evaluation of Children's Centres in England (ECCE, Strand 4) Research report
December 2015 University of Oxford

²⁶ Karoly L., Kilburn, R., and Cannon, J. (2005). *Early Childhood Interventions: Proven Results, Future Promise*. Santa Monica: RAND Corporation.

²⁷ FNP (2017) 'FNP in numbers: A celebration of 2016.' Available at: <http://fnp.nhs.uk/news/2016-12-19/fnp-numbers-celebration-2016> [accessed July 5, 2017].

²⁸ Robling, M., Bekkers, M., Bell, K., Butler, C., Cannings-John, R., Channon, S., Martin, B., Gregory, J., Hood, K., Kemp, A., Kenkre, J., Montgomery, A., Moody, G., Owen-Jones, E., Pickett, K., Richardson, G., Roberts, Z., Ronaldson, S., Sanders, J., Stamuli, E., and Torgerson, D. (2016) 'Effectiveness of a nurse-led intensive home-visitation programme for first-time teenage mothers (Building Blocks): A pragmatic randomised controlled trial.' *Lancet* 387: 146-155.

²⁹ Lindsay, G., Cullen, M., Cullen, S., Totsika, V., Bakopoulou, I., Goodlad, S., Brind, R., Pickering, E., Bryson, C., Purdon, S., Conlon, G., and Mantovani, I. (2014) 'CANparent trial evaluation: Final report.' Research brief. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332184/RB357_-_CANparent_trial_evaluation_final_report_08_07_14.pdf [accessed July 5, 2017].

of next steps, parental leave policies should be extended to provide enhanced entitlements for fathers and to ensure that low-income and non-standard workers can take full advantage of them.

Improving parenting effectively - to achieve gains in children's outcomes - remains challenging. Some well-designed programmes have proved effective in rigorous evaluations, and this is an area where the evidence base is growing. Thus, we believe that carefully designed and evaluated parenting programmes can play a role in reducing disparities in early childhood, although delivering programmes effectively at scale remains challenging.

3. Early education and childcare

There is an extensive body of research pointing to the role early education can play in promoting children's cognitive, social and behavioural development.³⁰ Two points emerge consistently from the evidence. First, children at greater risk of starting school at a disadvantage have most to gain from early education, meaning even universal provision can help to narrow gaps in child development. Research has found larger benefits for children whose parents have less education, children from families with lower incomes, and children for whom English is an additional language.

The second key point is that early education must be high quality to have a positive impact, with some evidence that poor quality provision can even have negative effects. However, what exactly is meant by quality, particularly what are the structural features that guarantee it, is not fully understood, making this a difficult lesson to translate into policy. Previous research for the Sutton Trust by Mathers and colleagues provides a very useful overview in relation to very young children.³¹ They emphasise the importance of stable relationships with sensitive and responsive adults, support for communication and language, a focus on play-based activities and routines; and opportunities to move and be physically active. Among the conditions they identify as key to promoting quality provision are knowledgeable and capable practitioners, supported by strong leaders, and a stable staff team with low turnover.

In England, policy in this area has shifted considerably over the last two decades, with the state taking on responsibility for ensuring all children can access early education, and (at least until recent years) also investing steadily in quality improvements. In this section, we first consider access and then look at quality. We then review evidence on how far the strategy to date has in practice led to improvements in child development and a narrowing of attainment gaps, and ask what more that tells us about whether quality is adequate.

A fourth subsection goes on to look at changes to the affordability of childcare, by which we mean provision aimed primarily at facilitating maternal employment rather than promoting child development; in the English context, this is provision for younger children, and hours wrapping around free early education places. As we discuss, recent years have seen a shift in policy focus away from quality early education for child development and towards the affordability of childcare for working families. This is likely to have implications for the ability of the early education offer to narrow gaps between children from different backgrounds.

Access to early education

If children are to benefit from early education they must be both enrolled and attending. The introduction of a universal free part-time nursery place for all three- and four-year-olds by the 1997-2001 Labour administration had considerable success in ensuring near-universal enrolment. The Department for Education estimate that in January 2016 93% of three-year-olds and 97% of four-year-olds were taking up their funded place, which from 2010 had been extended to 15 hours each week from 12.5 hours. Almost all children who had turned four by August 31 of the previous year were accessing the full 30 hours of a school day in a reception class, after a move towards a single September entry point for reception for all four-year olds (a recommendation of the 2009 Rose Review).³²

³⁰ See reviews in Gambaro, L, Stewart, K and Waldfogel, J (eds) (2015a) *An Equal Start? Providing quality early education and care for disadvantaged children*. Bristol: The Policy Press; Parker, I (2013) *Early Developments: Bridging the Gap Between Evidence and Policy in Early-Years Education*. London: IPPR; Ruhm and Waldfogel (2012).

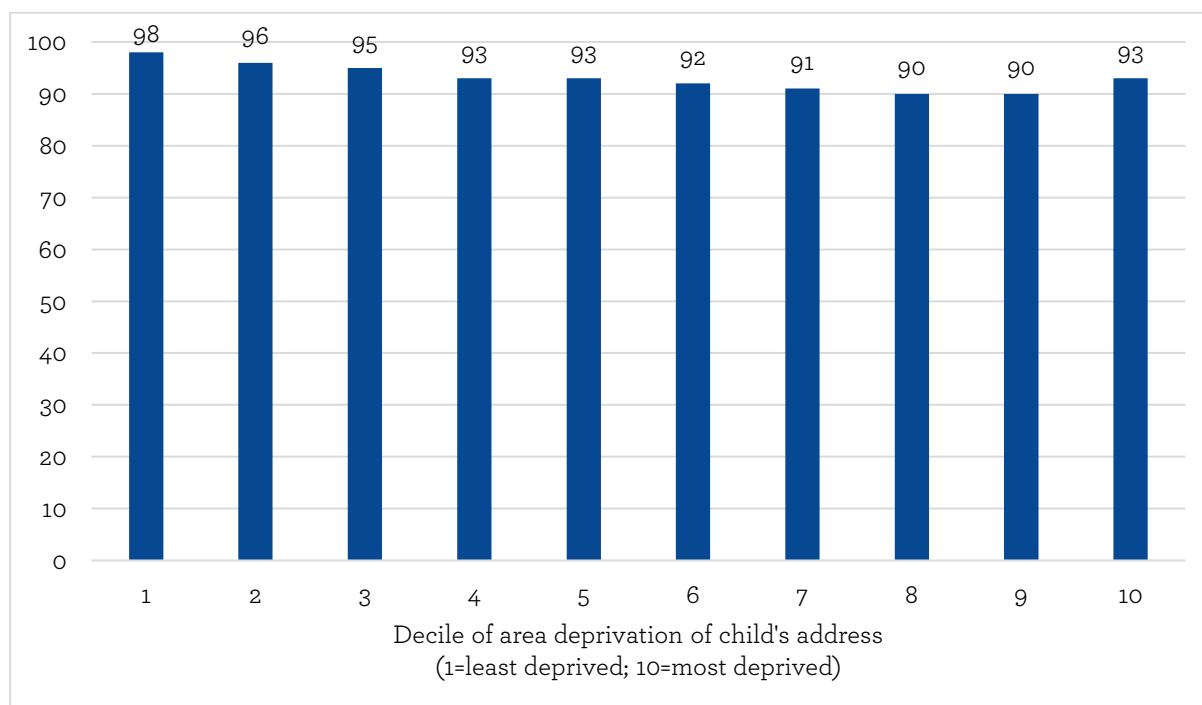
³¹ Mathers, S, Eisenstadt, N, Sylva, K, Soukakou, E, and Ereky-Stevens, K (2014) *Sound Foundations: A Review of the Research Evidence on Quality of Early Childhood Education and Care for Children Under Three*. The Sutton Trust, January 2014.

³² Rose, J (2009) *Independent Review of the Primary Curriculum: Final Report*. Nottingham: DCSF Publications.

The cost of the universal early education policy was (and remains) high, if one believes that the policy's main intention is to reach children not otherwise attending (there is also an argument in favour of universal nursery provision as a right of all children, just as for reception class and indeed later schooling). Blanden et al estimate that fewer than one in every three newly funded places between 2002 and 2007 provided a genuinely additional place, rather than funding a child whose parents would have paid for her to attend anyway.³³ But the coverage rates for children for low-income backgrounds are far higher than have been achieved in countries relying on a more targeted approach to early education, such as the US or Australia.³⁴

Access is still not fully universal, however, and there has been little sign of improvement in the percentage of children reached since 2012, though numbers enrolled continue to grow, reflecting an increasing birth rate. It is also clear that take-up is lower among children from more disadvantaged areas and families, especially among three-year-olds. As Figure 1 shows, in 2015, take-up for three year olds was 98% in the least deprived decile of areas but only 90% in the second and third most deprived decile, rising again to 93% in the most deprived tenth.³⁵

Figure 1 Take-up of the free entitlement among three year-olds by level of area disadvantage 2015



Notes: NAO (2016) Figure 4, using DfE data on enrolments and ONS population estimates. Figure shows the percentage of eligible three-year olds accessing a funded place in the January after they turn three.

Focusing on the take-up of the full five terms to which autumn-born children are entitled, Campbell et al find quite large differences according to low income, ethnicity and those with English as an Additional Language (EAL).³⁶ Using the National Pupil Database to follow children who enter reception in September 2011, they find that 29% of autumn-born children who are consistently eligible for Free School Meals (FSM) between reception and Year 2 did not enrol in early education as soon as they could, so did not

³³ Blanden J, Del Bono E, McNally S, and Rabe B. (2016) 'Universal pre-school education: the case of public funding with private provision'. *Economic Journal*, 126 (May), 682-723.

³⁴ Gambaro et al (2015a).

³⁵ NAO (2016) *Entitlement to free early education and childcare*. HC 853, Session 2015-16. London: National Audit Office.

³⁶ Campbell, T, Gambaro, L and Stewart, K (2017) "'Universal' pre-schooling: Who benefits? Patterns in take-up of the full entitlement to early education in England,' Forthcoming.

benefit from the full five terms they were entitled to. This compares to 15% of non-FSM-eligible children. Non-take-up of the full entitlement is also much higher for all other ethnic groups than White British children (13%), with especially high rates for Bangladeshi children (51%), Gypsy, Roma and Traveller children (44-46%), Black African children (38%) and Pakistani children (37%).

These rates slightly overestimate take-up, as Campbell et al look at non-take-up of five terms among children who do take up at least two terms (that is, children are found to be enrolled in the January after they turn four, but not in the January after they turn three). Take-up of early education in the year before reception is much higher and less varied, though still not universal: 6% of children observed in reception in January 2012 are not observed in early education in January 2011, with only slight variation by free school meal eligibility (5% to 7%).³⁷ (This suggests a slightly lower take-up rate overall than DfE figures for the same year, which is likely to be driven by differences in the population denominator: the DfE uses census-based population estimates, while Campbell et al assume that children in the country in 2012 are also there in 2011, which neglects migration).

Thus there may still be more that could be done to increase take-up further, particularly among three-year-olds and particularly among some ethnic minority groups. However, the differences in take-up of the full duration of the entitlement also raise a wider question about the way the entitlement is structured, and whether it is ideally designed to reduce inequality.

Because children become eligible for a place in the term after they turn three, autumn-born children can access five terms before entering reception class, spring-born children four terms, and summer-borns three terms. This makes sense if we consider the places in part a childcare subsidy, as they offer help to families at the same point after a child is born. It also makes sense in terms of child development: children are certainly more than ready to learn, socialise and engage in group activities as they approach their third birthday.

But, it is not obviously the optimal policy design for narrowing the gaps and levelling the playing field: it might be more equitable instead to ensure that all children have three terms of very high quality provision prior to reception. This is particularly true in light of evidence that children with autumn birthdays already enjoy an advantage in the English education system which sees them outperform their summer-born peers right through to GCSEs and beyond.³⁸ It seems that the benefits of the longer entitlement are going disproportionately to children who are already doubly advantaged, by birth month and family background. Campbell (2014) finds that relatively younger children are more likely to be placed in lower ability in-class groupings in early primary school, and that these groupings in turn reinforce teacher perceptions of pupil abilities.³⁹ A longer experience in early education is likely to increase the school readiness of older children and may therefore serve to exacerbate this inequality.

So far, we have discussed only three- and four-year-olds, but from September 2013 some two-year-olds have also been eligible for a free 15 hour early education place; a policy piloted by the Labour Government and rolled out nationally by the coalition. Initially around 20% of two-year-olds were eligible (children meeting criteria for FSM eligibility and children looked after by the local authority), extended in September 2014 to around 40% of the age group (to include children in families receiving in-work benefits, and those with special educational needs and disabilities, SEND). In January 2016 68% of children estimated to be eligible had taken up their place, a big improvement on 58% in 2015, but still a long way short of full coverage.⁴⁰ The vast majority of children accessing the places met the economic criteria; just 2% of those enrolled were looked after children and 1% were children with SEND.⁴¹ This

³⁷ Campbell, T, Gambaro, L and Stewart, K (2017), unpublished data.

³⁸ Crawford, C, Dearden, L and Greaves, E (2013) *When You are Born Matters: Evidence for England*. IFS Report R80. London: Institute for Fiscal Studies.

³⁹ Campbell, T (2014) 'Stratified at seven: in-class ability grouping and the relative age effect.' *Journal of Social Policy*, 40(5): 749-771.

⁴⁰ Department for Education (2016c) 'Provision for children under 5 years of age,' Statistical First Release 23.

⁴¹ DfE (2016c)

last may reflect the barriers to accessing places for children with SEND: a child must either be in receipt of Disability Living Allowance or already have an Education, Health and Care Plan in place to qualify. Yet many children, particularly those with complex educational needs such as autism, do not have an official diagnosis at this stage. There may be a case for more flexible criteria for allocation of places on the basis of SEND, such as the support of a professional working with the family who believes that the child would benefit from access to a place.

The National Audit Office reports that the Department for Education has investigated the reason for non-take-up among low-income families, and found awareness was a problem in the Bangladeshi, Somali and Polish communities, leading to increased advertising aimed at these groups.⁴² But they also found that some parents believe two is too young for children to go to nursery. The fact that some local authorities promote the places as “free childcare” rather than emphasising potential educational benefits may therefore serve to discourage rather than increase take-up for some families (see Figure 2). The DfE’s aspiration for the policy is to reach 73% to 77% of eligible two-year-olds; they do not expect all families to take the places up.

Figure 2 Publicity for free early education places for two-year-olds in one London borough



⁴² NAO (2016)

The quality of early education

What about the experience children are getting when they do take up an early education place? In introducing the universal offer, Labour opted for a market-driven choice-based model, in part to enable places to double up as childcare (the free hours can be taken within a longer day at a nursery or childminder), and in part reflecting a preference for non-state provision, with the local authority given responsibility for ensuring sufficient childcare places but expected to provide them directly only as a last resort.⁴³ All new places created to meet the universal offer were in private, voluntary or independent (PVI) settings.⁴⁴

The result is that children access early education in a wide variety of settings. Most four-year-olds (77% of all four-year-olds accessing a funded place in January 2016) are found in state schools, because many of them (63%) are already in reception class.⁴⁵ But among three-year-olds, PVI settings are most common, catering for 64% of those accessing a funded place. For two-year-olds, the domination of the PVI is heaviest: 91% of two-year-olds with a funded place were in the private and voluntary sector, with 9% in maintained settings.⁴⁶

These patterns have led to some concerns about whether the policy of expanding early education has been sufficiently child-focused, in light of research findings which pointed to state nursery schools and nursery classes as offering higher process quality scores using observational Early Childhood Environment Rating Scales (ECERS). This was a clear conclusion of the EPPE study in the 1990s, which linked the success of the maintained sector to the requirement to have qualified teachers in state nursery classrooms, consistent with wider evidence on the importance of qualified staff.⁴⁷ Mathers et al also found ECERS ratings were highest in maintained settings in the early 2000s.⁴⁸ More recent observational work gathering ECERS ratings across a range of settings found a particularly important role for graduates in raising the quality of provision for children in disadvantaged areas.⁴⁹

After the initial roll-out of places, policy did shift towards a greater focus on the quality of provision in Labour's second and third administrations.⁵⁰ Two main government strategies aimed to improve the standard of provision across settings, and ensure that children would be guaranteed a high quality educational experience wherever they were. First, the early years foundation stage curriculum (EYFS) was introduced in 2008 to impose a degree of uniformity across all settings, including childminders.

Second, there were a series of attempts to improve the qualifications of staff in PVI settings. Labour set a goal of a graduate in every setting for 2020, and to facilitate this it introduced a new early years professional status graduate qualification (EYP), now relabelled early years teacher status (EYT). This can be gained while working, and does not confer qualified teacher status (QTS) with its higher pay and conditions, making graduates more affordable for childcare settings.

Labour also set up the Graduate Leader Fund to lend financial support to settings wishing to train and/or support an EYP in employment. Minimum requirements were introduced for childcare staff, though these were set – and remain – at low levels: childcare managers are required to have at least a level 3 vocational

⁴³ Stewart, K (2013) Labour's Record on the Under Fives: Policy, spending and outcomes 1997-2010. SPCC Working Paper 4. LSE: CASE.

⁴⁴ Stewart (2013); Blanden et al (2016)

⁴⁵ DfE (2016c)

⁴⁶ DfE (2016c)

⁴⁷ Sylva et al, (1999); (2003); (2004)

⁴⁸ Mathers, S., Sylva, K., Joshi, H., (2007) Quality of Childcare Settings in the Millenium Cohort Study. *Research Report SSU/2007/FR/025*. Nottingham: Department of Education and Skills.

⁴⁹ Mathers, S., & Smees, R. (2014) *Quality and Inequality: Do Three- and Four-year-olds in Deprived Areas Experience Lower Quality Early Years Provision?* The Nuffield Foundation.

⁵⁰ Lewis, J and West, A (2017) 'Early childhood education and care in England under austerity: Continuity or change in political ideas, policy goals, availability, affordability and quality in a childcare market, *Journal of Social Policy*, 46:2, pp.331-348.; Stewart, 2013.

qualification (A level standard – now labelled early years educator), while at least half of childcare workers must be qualified to level 2 (GCSE standard).

Plans under the coalition government to insist that early years educators could only count towards the level 3 qualification if they hold GCSE passes in maths and English were dropped in the face of widespread opposition in the sector, though they must hold at least a “functional skills” qualification in these subjects.⁵¹ The difficulties this (fairly mild) proposal raised highlight the problems of attracting high quality candidates to work in early education and childcare, linked in turn to poor wages and career prospects.

In terms of the staff *in the room* with a child – those who design and structure classroom activities and have the most regular direct interactions with children – requirements are minimal, and are particularly non-prescriptive in relation to children aged two and above. In a room for children under two, the member of staff in charge must, in the judgement of the provider, have suitable experience of working with under twos, and at least half of staff in the setting must have received training that specifically addresses the care of babies.⁵² But in rooms for two-, three- and four-year-olds, the only requirements relate to ratios. The exceptions remain state maintained nursery schools and classes, where all three- and four-year-olds must still have a qualified teacher in the classroom. Thus, despite progress towards ensuring a more uniform experience for children attending early education in different settings, significant differences in staffing requirements remain, and minimum requirements are inadequate. Focusing on those working with funded two-year-olds, Mathers et al’s review for the Sutton Trust calls for all practitioners to be qualified to at least level 3 and to have support from a graduate practitioner.⁵³

There are also differences across sectors in children’s pattern of attendance across the week, and these differences have increased rather than decreased over time. In the maintained sector and in some PVI settings (such as pre-schools or independent nursery schools), a standard three hours a day, in the morning or early afternoon, is the norm. But to ensure that the places work more effectively as childcare, parents are able to take up the places compressed into two days (reduced from a minimum of three days in 2013). This seems to be common in day nurseries (though there are no data which let us look at different patterns).

A 2012 government report suggested greater flexibility of the entitlement might improve take-up, and along with reducing the minimum days to two proposed that parents should have “the ability to use the free hours ... at weekends, early morning, over lunchtime or in the evening”.⁵⁴ But fifteen hours may be expected to have a very different impact on children’s play, learning and development if accessed across five mornings rather than in two long sessions or at odd times of day.

Figure 3 shows the improvement over time in the number of three and four year olds who do have a staff member with graduate qualifications working directly with them at some point during the week – up from 34% in 2010 across the private, voluntary and independent sectors overall to 50% in 2016. This is encouraging, though there are some caveats.

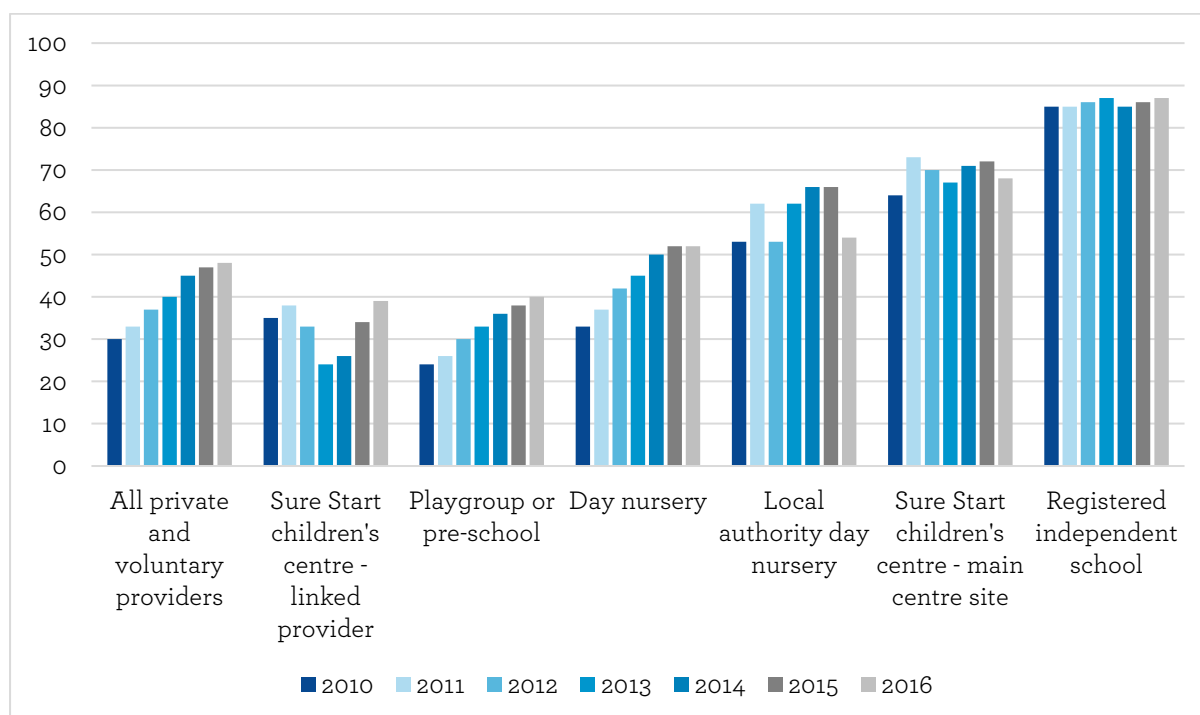
⁵¹ Gaunt, C (2017) ‘GCSE Level 3 rules scrapped as Early Years Workforce Strategy is released,’ *Nursery World*, 3 March 2017.

⁵² Department for Education (2017b) Statutory framework for the early years foundation stage: Setting the standards for learning, development and care for children from birth to five. Published March 2017, effective 3 April 2017.

⁵³ Mathers et al (2014).

⁵⁴ Department for Education (2012) *Exploring the Flexibility of the Free Entitlement to Early Education: Research Among Parents*, Research Report DFE-RR217, p.8.

Figure 3 Percentage of funded three and four year olds attending settings where a qualified graduate (QTS/EYTS/EYPS) works directly with the children, by category of provider



Notes: DfE (2016) and earlier equivalents.

First, these numbers only tell us that a graduate works directly with children at some point during the week, not that the graduate is in the room on a regular basis. Second, the difference between the PVI and the maintained sector (where 100% of children have a teacher in their room) remains substantial. Third, most of the improvement had happened by 2014, with little movement since then. This is also reflected in static numbers for two-year olds (not shown): 44% of funded two year olds had some interaction with graduate staff in 2016, compared to 45% in 2014.⁵⁵ This is consistent with evidence that the number of people applying to early years teacher courses has declined significantly since 2014, with the government missing its recruitment targets for these courses by a wide margin in 2015.⁵⁶ Concerns about status and pay appear to be partly responsible.⁵⁷

What do we know about how variations in quality map onto children’s backgrounds? Are higher quality settings largely accessed by more advantaged or less advantaged children? If we treat graduate presence as a crude measure of quality, we find a clear (and unusual) inverse socio-economic gradient: children from disadvantaged areas are substantially *more* likely to be accessing graduate-led provision than their peers from advantaged areas, and these graduates are much more likely to be qualified teachers (see Figure 4).⁵⁸ The reason is simply that they are much more likely to be attending state nursery schools and classes, a pattern that results from the historical development of state nursery provision in inner city areas in the 1960s and 1970s.

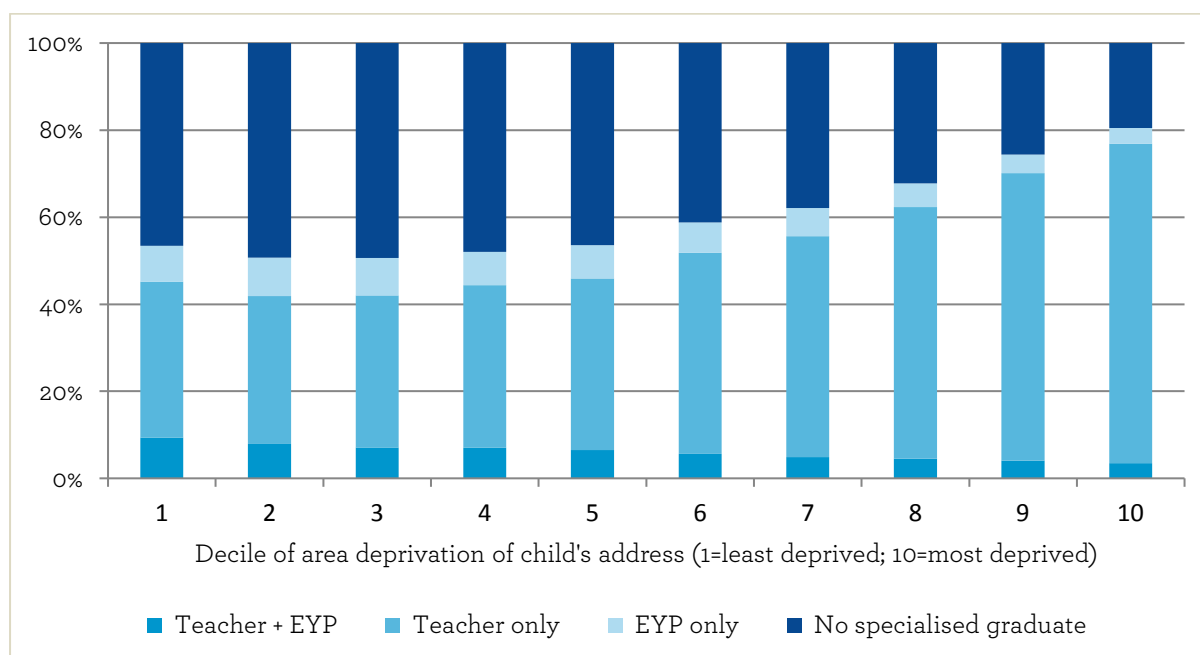
⁵⁵ DfE (2016c)

⁵⁶ Save the Children (2016) *Untapped Potential: How England's nursery lottery is failing too many children*. London: Save the Children.

⁵⁷ NCTL [National College for Teaching and Leadership] (2015) *Annual report and accounts: For the year ended 31 March 2015*. London: NCTL.

⁵⁸ Gambaro, L, Stewart, K and Waldfogel J (2015b). 'A question of quality: Do children from disadvantaged backgrounds receive lower quality early childhood education and care?' *British Educational Research Journal*, 41(4): 553-574.

Figure 4 Percentage of three- and four-year-olds accessing the free entitlement in settings with a specialised graduate, by the area deprivation level of the child



Notes: Figure refers to all children born between September 2006 and December 2007 who were receiving the free entitlement in all types of provision in January 2011. Area deprivation is measured at Lower Super Output Area using the IDACI index. Children with Special Education Needs (SEN), those in reception classes or Year 1, and those who could not be matched to an English Lower Super Output Area are not included. Children receiving the entitlement by a childminder are included; in these cases information on staff qualifications could refer to either the individual minder or the network coordinator. Source: Gambaro et al (2015) using Early Years Census 2011 and Schools Census 2011.

Looking only at PVI settings (not shown), the gradient flattens to a very mild U-shape, with between 30% and 40% of children across all deciles having a graduate present, with slightly more children in both the least deprived and most deprived areas compared to the middle.⁵⁹ This uplift in poorer areas is likely in part to reflect the presence of Sure Start and local authority nurseries in these areas, which Figure 3 shows in 2011 had substantially higher levels of graduates compared to private day nurseries, although these settings cater for a tiny minority of children (just 1.6% of places in 2011, and 1.4% in 2016).

This small advantage in the poorest areas within the PVI may now have disappeared: Figure 3 shows that progress in increasing graduate numbers has been most patchy in Sure Start and local authority nurseries, and we also know that there has been a shift away from Sure Start direct provision and towards linked providers (where staff appear on average less qualified) as Sure Start has experienced sustained funding cuts, and a requirement for centres in disadvantaged areas to provide childcare has been lifted.⁶⁰

Ofsted ratings give us another way of examining the relationship between children's background and quality. Settings in more disadvantaged areas are consistently given lower ratings than others – they are less likely to be judged 'outstanding' and more likely to be judged 'inadequate'.⁶¹

However, some caution is needed in interpretation here. Ofsted ratings in part capture child development outcomes, and so reflect not only what happens in the classroom but also the resources that children bring in with them. Looking at compulsory schooling, Hutchinson found that a more disadvantaged intake

⁵⁹ Gambaro et al, (2015b), Figure 3.

⁶⁰ DfE (2016c); Stewart, K and Obolenskaya, P (2015) The Coalition's Record on the Under Fives: Policy, spending and outcomes 2010-2015. SPCC Working Paper 12. LSE: CASE.

⁶¹ Gambaro et al (2015b); Ofsted (2011) *The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2010/11*. London: HMSO.

made a school significantly less likely to be given an Ofsted ‘outstanding’ judgement compared to what ‘value-added’ progress measures would predict.⁶² In early education settings no value-added measure exists, so the risks of judgements reflecting children’s starting points as much as the provision they receive are likely to be considerably higher. Mathers and colleagues also underline the poor correlation between Ofsted ratings and other indicators of quality, particularly for children under three.⁶³

Looking ahead, there are several reasons for concern about the direction of change in England in relation both to improving quality overall and to ensuring access to quality by children with most to gain. First, funds for training and paying for more qualified staff are disappearing: central funds for the Graduate Leader Fund were scrapped in 2011, and while some local authorities continued with their own funds, these were placed under increasing pressure by the scale of cuts to local authority funding settlements, which were largest in more disadvantaged authorities.⁶⁴ The reduction in funds is consistent with the stalled progress observed in Figure 3.

Second, local authorities have had their responsibility for supporting ongoing professional support and development removed, with Ofsted made “the sole arbiter of quality in the early years”.⁶⁵ Critics have argued that the ongoing and supportive involvement offered by local authority early years teams is very different to the infrequent monitoring and inspection role of Ofsted, and point to the important role continuing professional development (CPD) can have on the quality of provision by both teachers and other staff.⁶⁶

New restrictions introduced in April 2017 as part of the early years national funding formula will further damage the local authority ability to offer CPD, as they will make it increasingly difficult to fund early years teams: the “high pass-through requirement” allows local authorities to retain only 7% of their free entitlement funding for central services from 2017-18, and 5% from 2018-19.⁶⁷ Stewart and Gambaro have pointed out that the removal of this local authority role puts England out of step with several other European countries with a mixed economy of provision, including Norway, France and Germany, where municipalities or *départements* play an important role in sustaining and improving provision.⁶⁸ It may also reduce the attractiveness of a job in early years for staff interested in career trajectories, as it removes the option to progress out of direct provision into a quality assurance and support role with the local authority.

The new funding formula also poses a broader threat to the quality of provision in settings attended predominantly by more disadvantaged children. In essence, the funding formula seeks to even out disparities in the funding received per head by settings in different areas and different sectors. While this sounds fair and sensible, in practice there are significant risks.

From central government to local authorities, funds will now be allocated using a single per-capita base rate with adjustments for additional needs (FSM, disability and EAL) and an area cost adjustment to reflect premises and staff costs. Noden and West calculate that at least one quarter of authorities stand

⁶² Hutchinson (2016).

⁶³ Mathers, S., Singler, R., Karemaker, A., (2012) *Improving Quality in the Early Years: A Comparison of Perspectives and Measures*. London: The Nuffield Foundation.

⁶⁴ Fitzgerald and Lupton (2014) *Hard Times, New Directions? The Impact of the Local Government Spending Cuts in London*. SPPC Interim Report, December 2013.

⁶⁵ DfE (2014).

⁶⁶ Gaunt, C and Morton, K (2014) ‘Removal of LA’s early years quality role raises alarm,’ *Nursery World*, 8 February 2013; Snell, E (2013) ‘A review of 20 years of research on professional development interventions for preschool teachers and staff.’ *Early Child Development and Care*. Vol 183, No 7; Save the Children, 2016). Mathers et al (2014) identify the importance of ensuring that practitioners can access ongoing professional development as one of their key recommendations for securing quality of provision for under threes.

⁶⁷ DfE (2016c).

⁶⁸ Stewart, K and Gambaro, L (2014) *World Class: What does international evidence tell us about improving quality, accessibility and affordability in the English childcare market*. London: Resolution Foundation.

to lose out.⁶⁹ The DfE provides no analysis of what the effects on different groups of children will be, but the resulting variations seem no less arbitrary than the starting position, largely because the area cost adjustment is a very blunt tool.

Of greater concern, however, are restrictions on the way local authorities can allocate funds to individual settings. In addition to the high pass-through requirement, discussed above, authorities must offer a universal base rate to all types of provider, with limited ability to add supplements.⁷⁰ Supplements must be added to recognise deprivation, and can optionally be used to support rural settings, settings offering flexibility, EAL, and to cover workforce qualifications. However, the total value of all supplements must not exceed 10% of all funding passed through to providers. This places a serious restriction on the ability of local authorities to meet the costs of qualified teachers in state nursery provision.

In the short-term the DfE has agreed that nursery schools – which account for around 11% of maintained nursery provision and have a particularly strong reputation for quality – can be given additional protective funding. But for nursery classes, and for nursery schools in the long run, there is a pressing question about how qualified teachers will be paid for.

The government's solution appears to be to remove the requirement on these settings to have qualified teachers. In 2017 the Department for Education announced that they would consult on amending regulations to allow those with EYT or EYP status to lead nursery and reception classes in maintained primary schools.⁷¹ The DfE argues that this will help to increase career choices for EYTs, and therefore help to increase the recruitment and retention of graduate staff.

However, the proposal runs in the polar opposite direction to that recommended by workforce experts, including Cathy Nutbrown, who was commissioned by the coalition government to conduct an extensive independent review of the early years workforce in 2012. Nutbrown identified lack of parity between early years professionals and qualified teachers to be the key cause of dissatisfaction among the EYPs, and called for an early years specialist route to QTS to build on and eventually replace the EYP graduate pathway. She was deeply disappointed when it became clear that the coalition's new early year teacher status turned out to be no more than a relabelling of the EYP.⁷²

From the perspective of child development and narrowing gaps, the proposed change in staffing requirements is particularly worrying given insufficient evidence that EYPs have offered the same benefits to children as fully qualified teachers; indeed, research discussed in the following section suggests the opposite. Furthermore, as noted, maintained nursery provision is disproportionately located in disadvantaged areas, so the move will affect children in these areas most, and will unravel what is currently a useful (and unusual) systemic bias towards them. It is also of serious concern that the proposed change will apply to reception classes as well as maintained nurseries: universal, high quality, full day provision for children who are nearing five is currently a great strength of the English system in international perspective.

Against these – substantial – concerns about how funding changes may affect the quality of provision for disadvantaged children in the coming years, we can set the early years pupil premium, which has been in place from April 2015, and continues as a separate revenue stream to settings. It provides £300 per child for looked after children and those from families eligible for free school meals. This equates to 53p an hour, not insubstantial in the context of average funding of around £4 an hour.⁷³

⁶⁹ Noden, P and West, A (2016) *The Early Years Single Funding Formula: National Policy and Local Implementation*. LSE Education Research Group. Clare Market Papers No 22.

⁷⁰ Department for Education (2016a) *Early Years National Funding Formula: Operational Guidance*. December 2016.

⁷¹ Department for Education (2017) *Early Years Workforce Strategy*. March 2017.

⁷² Nutbrown, C (2013) "Shaking the foundations of quality? Why 'childcare' policy must not lead to poor quality early education and care." University of Sheffield, March 2013.

⁷³ Noden and West (2016)

Early qualitative research suggests providers like the premium and its flexibility, and believe it enables them to improve the quality of provision for targeted children.⁷⁴ But some providers felt they needed more information on how best to spend it. While organisations such as the Education Endowment Foundation, established by the Sutton Trust in 2011, provide a very useful evidence base on what works to improve teaching and learning for children aged three plus, small providers may not have the capacity to draw on this resource.⁷⁵ Some providers had identified interventions that they believed would make a difference – such as buying in specialised support like speech and language therapists – but did not always have enough eligible children to make this viable. The lack of stability in the funding – the fact that it varied from term to term with eligible pupil numbers, which could be difficult to predict – was also a challenge.

Narrowing the gap?

How far has investment in early education so far succeeded in narrowing gaps in child development for children from different backgrounds? There is some evidence that socio-economic gaps in child development at age five are narrowing slowly, as measured by the early years foundation stage profile, a broad teacher-assessed measure recorded at the end of reception year. But recent research which tries to isolate the impact of the free early education places on profile scores have found limited effects, both overall and for children from low income backgrounds. We review this evidence briefly, and then consider what it tells us about where policy should now be focused, building on the discussion about the quality of provision in the previous sub-section.

Between 2007 and 2011, government data show a steady narrowing of the gap in the share of five year olds achieving ‘a good level of development’ in the foundation stage profile between the most deprived 30% of areas and other areas.⁷⁶ Figure 5 shows that the gap between children eligible for free school meals and others also narrowed between 2007 and 2011, and after a break in series due to changes in the early years foundation stage continued to diminish between 2013 and 2015.⁷⁷ The difference is still considerable, however – 17.7 percentage points in 2015, down from 21.2 points in 2007.

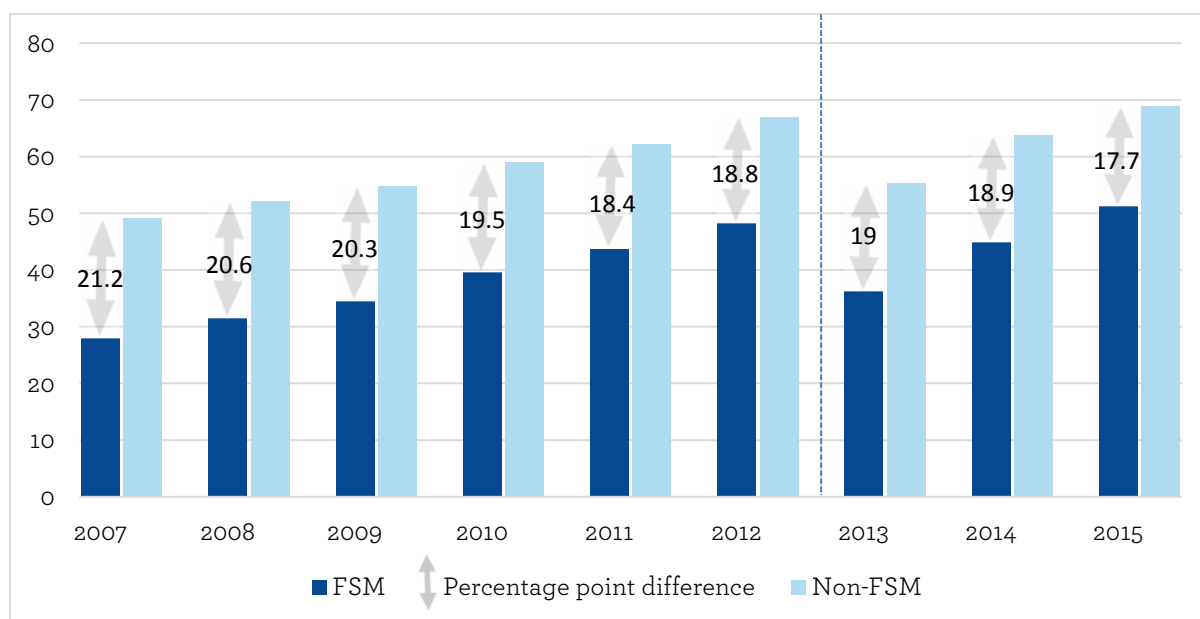
⁷⁴ Roberts, E, Griggs, J and Robb, S (2017) *Study of Early Education and Development: Experiences of the Early Years Pupil Premium*. London: DfE; see also Ofsted (2016) *The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2015/16*. London: HMSO.

⁷⁵ <https://educationendowmentfoundation.org.uk>.

⁷⁶ Stewart and Obolenskaya (2015)

⁷⁷ Ofsted (2016)

Figure 5 Proportion of children achieving a good level of development at the end of the Early Years Foundation Stage, by eligibility for Free School Meals, 2007-2015



Notes:

1. The line between 2012 and 2013 represents a change in the Early Years Foundation Stage Profile (EYFSP) methodology. New methodology applies for the assessments carried out since 2013.

2. Children are defined as having reached a "good level of development" (GLD) at the end of the EYFS if they achieve at least the expected level in the early learning goals in the prime areas of learning (personal, social and emotional development; physical development; and communication and language) and in the specific areas of mathematics and literacy.

Source: Ofsted (2016) Figure 6, using DfE data.

Blanden et al seek to identify the specific effect of the roll out of entitlement to nursery education on profile scores by exploiting differences in the change in coverage across local authorities as the free entitlement was rolled out.⁷⁸ (Some authorities already had a considerable network of maintained nursery classes offering free provision, while others had much less, and therefore more catching up to do). They find significant effects, with some evidence that the policy had a greater impact on poorer children and on those learning English as an additional language. However, effects are small: children who took up a free place, and who would otherwise have had no pre-school experience, are estimated to have achieved an additional six points in the foundation stage profile, where the total number of points available is 117. No evidence is found of an effect on scores in tests at age seven or eleven.

A separate study looking at the effects of eligibility for an additional term of part-time early education (exploiting birth dates) found no significant effect of an extra term on FSP scores for either advantaged or disadvantaged groups.⁷⁹ This contrasts with the findings of Cornellisen et al who identify a significant positive effect of an extra month in (full-time) reception class on profile scores of 6-9% of a standard deviation, largely driven by boys (but not girls) from lower socio-economic backgrounds, and smaller but still significant effects at age seven.⁸⁰

One potential explanation for limited impact of early education places is that the quality of places provided under the roll-out was lower than in studies that have identified substantial effects on

⁷⁸ Blanden et al (2016)

⁷⁹ Blanden, J. Del Bono, E., Hansen, K. and McNally, S. (2017a) 'The impact of free early childhood education and care on educational achievement: a discontinuity approach investigating both quantity and quality of provision'. Mimeo.

⁸⁰ Cornellisen, T, Dustmann, C and Trentini, C (2012) 'Early school exposure, test scores and non-cognitive outcomes,' Birkbeck working paper, mimeo. http://www.bbk.ac.uk/ems/research/Seminar_info/earlyschoolexposure

development: as noted above, new places were entirely created in the PVI sectors, where qualification levels are much lower than in maintained provision. We have seen that over time, qualification levels in the PVI have improved slowly, but substantial variation within the sector (and between PVI and the maintained sector) remains.

Blanden et al explore the importance of (measurable) differences in the quality of provision, by asking whether children do better if they attended an early education setting where a qualified graduate was present, or where Ofsted rating was higher.⁸¹ The answer is – not much. Having contact with a qualified teacher or early years professional during early education is associated with an improvement in profile score of one third of a point, in the context of a total available score of 117. Attending a setting rated ‘outstanding’ rather than ‘good’ also has only a very small impact.⁸²

However, there do seem to be substantial differences in outcomes between nurseries: that is, an association with nursery attended can be detected in foundation stage profile scores, even after controlling for child characteristics like ethnicity and FSM eligibility as well as peer group and reception class effects. But this is not explained by the available nursery quality measures. So this research should not be read as saying that nurseries and the quality of provision don’t matter – they do, but our current measures do not help tell us why.

These findings raise questions about whether current policy has the right focus if the aim is to further child development and narrow gaps. Profile scores are not perfect indicators of children’s progress: they are teacher assessed, which has drawbacks as well as advantages, and while in principle they gather information about many aspects of development, including social and behavioural as well as cognitive development, in practice there appears to be strong overlap between scales, suggesting teachers reach and record one overall judgement.⁸³

Thus it may be possible that the free places are helping with non-cognitive development in ways that do not show up in the foundation stage profile. For example, assessing Project STAR in Tennessee, Chetty et al found lasting effects of classroom quality in early elementary school on non-cognitive scores and on adult outcomes including college attendance and earnings, even though effects on test scores faded out in later grades.⁸⁴

In addition, it is important to remember that the profile is measured a full year after children leave their nursery setting. We would expect reception class teachers to be focusing on children who arrive lagging further behind, to try to ensure that all children reach a good level of development by the end of the year. It is possible then, that higher quality early education places are having a positive impact for individual children by the end of the nursery year, but other children are receiving extra help that diminishes this advantage by the end of reception.

Nevertheless, we would still expect to see the benefits of high quality early education showing up in children’s individual results, not only in reception class but beyond, into Key Stages 1 and 2. That they do not suggests we need to look harder at the quality of early years provision.

First, Blanden et al’s results shed some doubt on whether an early years teacher is really equivalent to a qualified teacher. Their results tell us largely about provision in the PVI sectors – because that is where roll-out of places took place, and because it is methodologically difficult for them to isolate the effect of a qualified teacher in a maintained nursery (because these children do not have a clear comparison

⁸¹ Blanden, J., Hansen, K. and McNally, S. (2017b) ‘Quality in Early Years Settings and Children’s School Achievement’. Centre for Economic Performance (CEP) Discussion Paper No.1468, London School of Economics.

⁸² Blanden et al (2017b)

⁸³ See for example Campbell, T, Gambaro, L and Stewart, K (2017 forthcoming), ‘The peer composition of Early Childhood Education and Care settings, and educational attainment among low-income children: Evidence from the English National Pupil Database’.

⁸⁴ Chetty, R, Friedman, J, Hilger, N, Saez, E, Schanzenbach, D and Yagan, D (2011) ‘How does your kindergarten classroom affect your earnings? Evidence from Project Star,’ *Quarterly Journal of Economics*, 126:4, 1593-1660.

group). But early years teachers have lower pay and status than qualified teachers, and the qualification may therefore be attracting and retaining different candidates. In capturing the impact of early years teachers it also remains a problem that, unlike with teachers in maintained nurseries, we do not know how much contact they actually have with children - whether they are in the classroom full-time or deployed in management, with short periods of time in class.

Second, the focus on graduates means we may be missing something about the qualifications of the rest of the staff, which still lag a long way behind the recommendations of the Nutbrown review. With reference to non-graduate qualifications, Nutbrown wrote: “the current early years qualifications system is not systematically equipping practitioners with the knowledge, skills and understanding they need to give babies and young children high quality experiences”.⁸⁵ She called for the content of level 3 qualifications to be strengthened, to include more child development and play, more on special educational needs, and more on inclusivity and diversity. She also felt level 2 qualifications were not sufficient to equip practitioners to work in the early years, and wanted to move towards level 3 as the minimum standard by September 2022. Yet requirements in relation to non-graduate staff have not changed since her review. Remarkably, DfE census data do not even currently collect information on qualifications below graduate level. The Childcare and Early Years Providers Survey does ask about GCSE (level 2) English and Maths; 2016 data suggest that one-third of all staff working in group-based care lack at least one of these qualifications.⁸⁶

Third, we may need to think more about wider aspects of the quality of provision, including the curriculum. In a recent review paper Bailey et al argue that ‘fade out’ of the effects of early intervention is to be expected if interventions focus on areas where catch-up is possible in later years (for example literacy and numeracy, rather than self-regulation and resilience).⁸⁷ Blanden et al’s results do indicate that some nurseries are doing better than others at improving foundation stage profile performance, but that this is not captured by simple measures of graduate numbers. More research is needed to understand what different settings are doing, how this relates to staff qualifications and CPD, and how different practices influence school readiness.

Access to affordable childcare

While child development is our focus in this paper, childcare subsidies are an important part of the picture for three reasons. One is that if formal provision is not affordable, children of working mothers are likely to be looked after in informal settings, which may be less good for their development.⁸⁸ In fact, a review of UK research on this topic concludes that there is little strong evidence to suggest that children are substantially advantaged or disadvantaged by being looked after by their grandparents or other informal carers, in respect of either educational or socio-emotional outcomes.⁸⁹ But a lack of affordability means an absence of choice for parents, which may mean some parents having to settle for informal care as a last resort, rather than choosing a carer in the child’s best interest.

Second, affordability matters because it affects parents’ employment decisions and their disposable (post-childcare) income, and we know that income matters for child development (see Section 4). Finally, at the level of broader policy trade-offs, access, quality and affordability are linked in that it can be

⁸⁵ Nutbrown, C (2012) Foundations for Quality: The independent review of early education and childcare qualifications, Final Report, p. 5.

⁸⁶ Table 11 in the Childcare and early years providers survey 2016, SFR 09/2017, available from the DfE website <https://www.gov.uk/government/statistics/childcare-and-early-years-providers-survey-2016>, and footnote 66 on page 67 of the main report.

⁸⁷ Bailey, D, Duncan, G, Odgers, C and Yu, W (2016) ‘Persistence and fadeout in the impacts of child and adolescent interventions,’ mimeo.

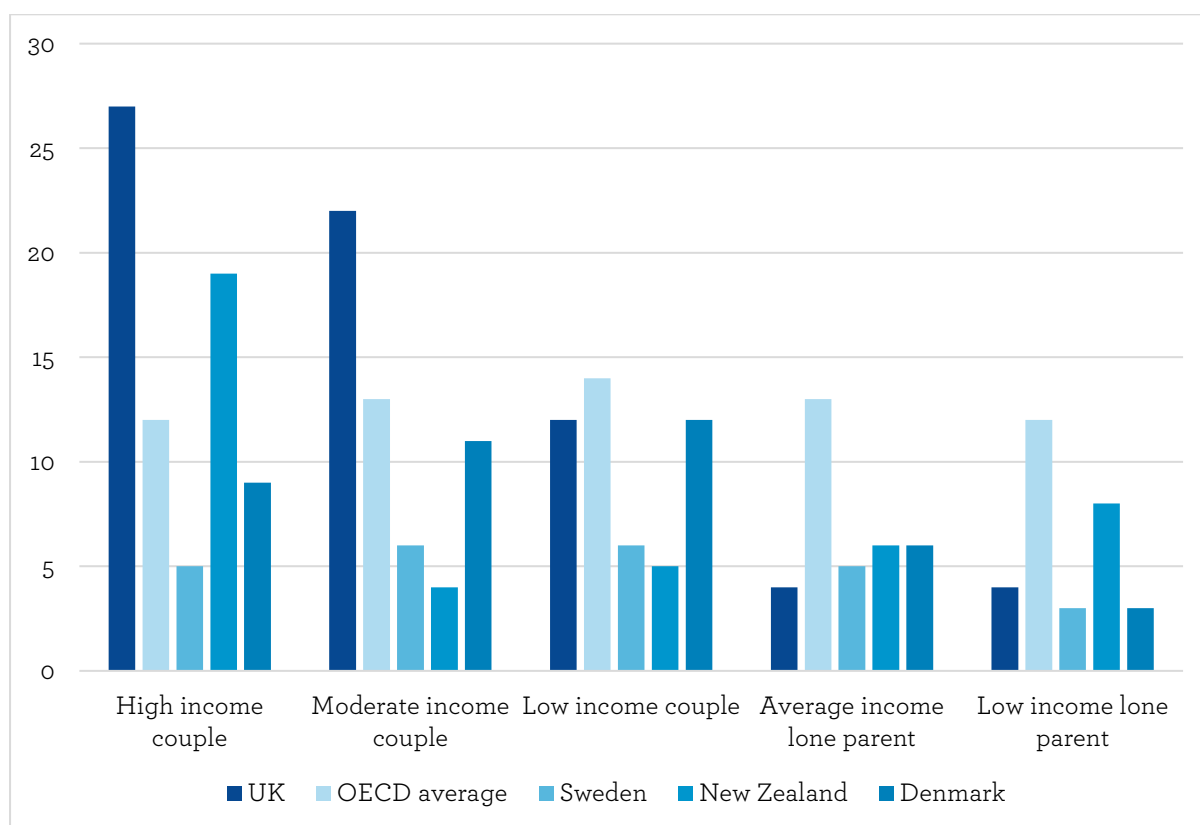
⁸⁸ Waldfogel, J (2006) *What Children Need*. Cambridge, Mass: Harvard University Press.

⁸⁹ Bryson, C, Brewer, M, Sibieta, L and Butt, S (2012) *The role of informal childcare: A synthesis and critical review of the evidence*. London: The Nuffield Foundation.

difficult for policy makers to concentrate on all three at once; Magnuson and Waldfogel have called this the 'childcare triangle'.⁹⁰

The UK has a reputation for the high cost to parents of formal childcare. In reality, investment in targeted subsidies through the childcare element of Working Tax Credit mean that for single parents and low earners the affordability of childcare has compared reasonably well to other countries in the last decade, though for average earners the picture is very different, as Figure 6 shows.⁹¹

Figure 6 Net childcare costs as a percentage of family net income (2008 data)



Notes: Results are for 2008 and for families with two children aged two and three. A "high income couple" has two parents both working full-time at the median wage. A "moderate income couple" has two parents working full-time, with a father earning at the 25th percentile of the male earnings distribution and a mother at the median of the female earnings distribution. A "low income couple" has two parents working full-time, with a father at the 25th percentile of the male earnings distribution and a mother at the 10th percentile of the female earnings distribution. An "average income lone parent" is working full-time at the median wage for women. A "low income lone parent" is working full-time at the 10th percentile of the female earnings distribution. "Family net income" is the sum of gross earnings plus cash benefits minus taxes and social contributions. See Richardson (2012) for full details of modelling assumptions. Source: Ben-Galim et al (2014), using data from Richardson (2012) Figures 1.1 and 1.2.

Figure 6 is based on data for 2008. Since then there have been reductions in the support on offer, although under the new Universal Credit (UC) system some of these changes will be reversed. In 2011 the maximum childcare reimbursement through the tax credit system was reduced from 80% to 70%, while the cap for eligible costs remained frozen in cash terms at £175 for one child and £300 for two or more children. Further, tax credits became much more tightly targeted, meaning many households lost eligibility for tax credits and therefore for associated childcare support. Both the number of claims

⁹⁰ Magnuson, K and Waldfogel, J (2015) 'Delivering high quality early childhood education and care to low-income children: How well is the US doing?', in Gambaro, L, Stewart, K and Waldfogel, J (eds) (2015) *An Equal Start? Providing quality early education and care for disadvantaged children*. Bristol: The Policy Press.

⁹¹ See also Alakeson, V and Hurrell, A (2012) *Counting the Costs of Childcare*. London: Resolution Foundation.

for the childcare credit and the average weekly award fell from 2009/10 to 2012/13, after rising steadily from 2003/04.⁹²

Under Universal Credit (UC), families will be able to claim up to 85% of costs with a maximum claim of £646 per month (one child) and £1,180 (two or more). In cash terms, this takes the maximum award nearly but not quite back to where it was in 2011, when the top claims were £672 (one child) and £960 (two plus) every four weeks. The new credit also removes the requirement for all adults in the household to be working at least 16 hours in order to qualify for childcare support.

On the other hand, under tax credits, childcare costs are excluded from income for the purposes of claiming Housing Benefit or Council Tax Benefit and this will no longer be the case under UC. Children's charities have argued that this will mean a substantial net loss – up to several thousand pounds a year – for affected households.⁹³

At the same time, two major new policies to improve childcare affordability are being rolled out. These policies should make a notable impact on reducing the high cost of childcare for middle and higher income families, but both raise concerns from an equity perspective.

First, a 'tax free childcare' scheme has replaced the old employer childcare vouchers scheme from April 2017. Parents not receiving tax credits or UC can save into a childcare account to which the state will add £2 for every £8 saved, up a maximum of £2000 a year in government support. The account can then be used to pay eligible childcare providers. To qualify, both parents (or a lone parent) must earn on average at least £120 a week but less than £100,000 a year (£120 a week equating to 16 hours at minimum wage). The highest earners are therefore excluded from support, but the scheme is otherwise regressive, offering additional government support to those who can afford to save and spend more.

The second major new policy is the extension of free early education places for three- and four-year-olds: from September 2017, children in 'working families' will be eligible for 30 hours provision each week rather than 15 hours. The working family requirement is the same as for tax-free childcare – both parents earning on average at least £120 a week but less than £100,000 a year – but families in receipt of tax credits or UC will also qualify.

The policy represents a major increase in the state's commitment to childcare support, and a shift towards greater use of supply-side rather than demand-side funding, something we have argued for elsewhere on grounds that the state can more easily support quality improvements using supply side payments, while they are also less likely to fuel fee inflation. For these reasons, the expansion of the entitlement is welcome.⁹⁴

But, if our concern is narrowing gaps, there are two reasons why it might be greeted with reservations. The first is that if hours spent in early education make a difference to school readiness, the exclusion of children from non-working families might be expected to increase disparities. On the other hand, given the multiple goals a childcare strategy is trying to balance – child development, narrowing gaps and supporting working parents – the combination of a universal 15 hours with an additional 15 for children in working families could be seen as a good compromise.

⁹² Stewart, K and Obolenskaya, P (2016) 'Young children', in R Lupton, T Burchardt, J Hills, K Stewart and P Vizard (eds) *Social Policy in a Cold Climate: Policies and Their Consequences Since The Crisis*. Bristol: The Policy Press, Figure 3.4)

⁹³ Children's Society (2012) 'The Parent Trap: Childcare Costs Under Universal Credit'. The Children's Society. https://www.childrensociety.org.uk/sites/default/files/tcs/the-parent-trap_childcare-cuts-under-universal-credit_the-childrens-society-report.pdf

⁹⁴ Stewart and Gambaro, 2014; Stewart, K, Gambaro, L, Waldfogel, J and Rutter, J (2015) 'Common challenges, lessons for policy', in Gambaro, L, Stewart, K and Waldfogel, J (eds) (2015) *An Equal Start? Providing quality early education and care for disadvantaged children*. Bristol: The Policy Press.

The second concern in our view is more serious, and regards the delivery of the policy in practice, and what it means for the quality of provision across the country, and particularly in those settings catering disproportionately for disadvantaged children. It is clear that many providers, particularly in the PVI sectors, have found it difficult to deliver the free 15 hours with the funding received to cover it, and have relied on cross-subsidy from additional hours and fees for younger children to cover it.⁹⁵ The extension of free hours sharply reduces their ability to do this, and means funding rates per hour need to increase if providers are to remain viable.

The urgency of increasing support to PVI providers to support the 30 hour policy was therefore a key motivation for the introduction of the new national funding formula discussed above, which will reallocate funds away from maintained and towards PVI settings – a link made explicit by the DfE, who have also acknowledged that funding for the entitlement has fallen short of market rates:

“...To deliver successfully our manifesto commitment [the 30 hour entitlement], we need to persuade significant numbers of providers to switch parent-paid hours for government-funded hours. As market rates exceed government funded rates, this is a significant challenge which we can only meet if we can distribute our early years budget as effectively and fairly as possible.”⁹⁶

The implications of the national funding formula for provision accessed by children from disadvantaged backgrounds have been discussed above: the resulting proposal to remove the requirement for maintained settings to have a qualified teacher in nursery and reception class is of greatest concern.

Summary

Recent developments indicate a shift in funding and policy focus away from quality early education for child development towards childcare affordability for working families. Investments in affordability are welcome, though design of the tax-free childcare scheme seems unnecessarily regressive. But these investments are coming at the expense of both resources for and policy focus on the *quality* of provision.

Recent years have seen the axing of financial support for graduate training; the removal of the local authority role in continuing professional development; the lifting of the requirement for Sure Start centres in disadvantaged areas to offer graduate-led early education; a lack of movement to improve non-graduate qualifications in response to the Nutbrown Review; and most recently, a proposal to remove the requirement for maintained settings to have a qualified teacher in nursery and reception class, something set to affect children in disadvantaged areas most of all.

On the positive side, there have been attempts to support provision for more disadvantaged children: targeted places for two-year-olds continue (though many of these are not in the highest quality settings), while the early years pupil premium offers an important financial supplement to settings catering for low income, disabled and looked after children. But these relatively limited policies are far from sufficient to change the bigger picture. Given recent evidence of a lack of impact of early education places on foundation stage profile scores, the need for a renewed focus on quality is particularly urgent.

⁹⁵ House of Commons (2016) 'Entitlement to free early years education and care,' House of Commons Committee of Public Accounts, Fourth Report of Session 2016-17. HC224.

<https://www.publications.parliament.uk/pa/cm201617/cmselect/cmpubacc/224/22402.htm>

⁹⁶ Department for Education (2016b) *An early years national funding formula and changes to the way three- and four-year-old entitlements to childcare are funded*, London: DfE, p.5, cited by Nolan and West, 2016.

4. Financial support

A review of early years policy cannot ignore the role of cash transfers, given extensive evidence on the impact of household financial resources on children's outcomes. Cooper and Stewart's systematic review of the causal evidence linking household income and children's outcomes concludes that there is strong evidence that money itself matters, and that children from poorer households have worse outcomes and low mobility in part because of low income, and not only because low income is associated with other relevant factors such as parental education and approaches to parenting.⁹⁷

Most of the more robust evidence comes from the US, but the two main mechanisms through which money appears to affect children seem likely to be more widely applicable – the 'investment model' (more money enables parents to buy healthy food, books, educational toys and trips out) and the 'family stress model' (living on a low income causes parental anxiety and depression, which in turn affects child well-being).

There is limited causal evidence that relates to early childhood specifically: most studies using quasi-experimental approaches have looked at middle childhood and adolescence.⁹⁸ However, there is some evidence from studies seeking to compare the effects of household income in early and later childhood that effects on cognitive development are larger in early childhood.⁹⁹ This fits with arguments from human capital theory, which have pointed to the early years as a critical period.¹⁰⁰

There are also a number of US studies using quasi-experimental approaches to produce causal estimates about infant health that find that more income during pregnancy improves children's outcomes at birth, including birthweight, in part by reducing the rate of smoking during pregnancy.¹⁰¹ Low birthweight is a key marker of mortality risk in a baby's first year, and to a lesser extent also predicts developmental delays in childhood and health difficulties in adulthood.¹⁰²

Over the last two decades, the UK has invested heavily in cash transfers for families with children, with substantial increases in support under the Labour administrations for lower-income working families in particular. Families with younger children benefited most of all, and there were substantial falls in poverty in households with a child under five. After 2010, however, benefits for households with a baby were first to be hit by the coalition government's deficit reduction strategy, although other families with children were somewhat protected. Since 2013 there have been a series of wider reductions in benefits,

⁹⁷ Cooper, K and Stewart, K (2013) *Does money affect children's outcomes? A systematic review*, York: Joseph Rowntree Foundation.

⁹⁸ Duncan, G, Magnuson, K and Votruba-Drzal, E (2017) 'Moving beyond correlations in assessing the consequences of poverty,' *Annual Review of Psychology*, 68, 10.1-10.22.

⁹⁹ Duncan, G, Brooks-Gunn, J, Yeung, W and Smith J (1998) 'How much does childhood poverty affect the life chances of children?' *American Sociological Review*, 63: 406-23; Clark-Kauffman, E, Duncan, G and Morris, P (2003) 'How welfare policies affect children and adolescent achievement.' *American Economic Review*, 93: 299-303; Votruba-Drzal, E (2006) 'Economic disparities in middle childhood development: Does income matter?' *Developmental Psychology*, 42: 1154-67.

¹⁰⁰ Cunha and Heckman (2008)

¹⁰¹ Chung, W., Ha, H., and Kim, B. (2016). 'Money Transfer and Birth Weight: Evidence from the Alaska Permanent Fund Dividend.' *Economic Inquiry*, 54(1), 576-590; Hoynes, H., Miller, D., and Simon, D. (2015). 'Income, the earned income tax credit, and infant health.' *American Economic Journal: Economic Policy*, 7(1), 172-211. Hutchinson, J (2016) *School Inspection in England*. London: Education Policy Institute; Komro, K. A., Livingston, M. D., Markowitz, S., and Wagenaar, A. C. (2016). 'The effect of an increased minimum wage on infant mortality and birth weight.' *American Journal of Public Health*, 106(8), 1514-1516.; Mocan, N., Raschke, C., and Unel, B. (2015). 'The impact of mothers' earnings on health inputs and infant health.' *Economics and Human Biology*, 19, 204-223; Strully, K., Rehkopf, D. and Xuan, Z. (2010) 'Effects of prenatal poverty on infant health: state earned income tax credits and birth weight', *American Sociological Review*, 75, pp. 534-62.

¹⁰² Kuh, D and Ben-Shlomo, Y (2004) *A Life Course Approach to Chronic Disease Epidemiology*. Second edition. Oxford: Oxford University Press.

which have hit households with young children among others, and child poverty is projected to rise sharply in the next few years. These developments are set out below.

Increases in financial support for households with children 1997-2010

Between 1997-98 and 2009-10 there were very significant increases in the amount of money spent by the UK government on cash transfers for households with children. Total spending on child-contingent cash benefits more than doubled in real terms over this period – an additional 1% of GDP.¹⁰³ Universal child benefit was increased substantially in real terms for the oldest child in the family. Child Tax Credit (CTC), introduced in 2003, provided more significant levels of support on the principle of ‘progressive universalism’: some 90% of families were eligible for the family element of CTC but the per-child element was highly progressive, targeting most support to those at the bottom of the income distribution, including those not in work at all or working part-time or on low wages.

Almost all households with children benefited from these changes, but families with younger children received larger increases in support. First, CTC was paid at the same rate for all children under 18, where previously means-tested support had been lower for children under 11. This meant a significant boost in the relative incomes of younger families.¹⁰⁴ Second, new benefits were introduced specifically for families with babies. There were three such benefits, offering a combination of targeted and universal support. A means-tested Sure Start Maternity Grant was introduced – a one-off payment of £500 around the time of birth for mothers on low incomes. All families eligible for CTC could claim double the family element during a child’s first year; this ‘baby tax credit’ was worth £545 in total. And lastly, late in Labour’s term in office (2009), the Health in Pregnancy Grant was introduced, which paid Child Benefit rates to all pregnant mothers in their third trimester.

Child poverty fell by one quarter between 1996-97 and 2009-10 on the government’s headline indicator, which uses a relative poverty line before housing costs are deducted. Reductions were smaller (around 12%) on an after housing costs basis, and much greater (well over 50%) against a fixed income or ‘absolute’ measure.¹⁰⁵ Falls were largest in households with younger children: indeed all the improvements in poverty took place in households with a child under 11, and the largest reductions were in households with a child under five.¹⁰⁶ However, all of the progress made under Labour had been achieved by 2005-06; at that point poverty started to rise on most measures, before falling again in the wake of the 2007 financial crisis.¹⁰⁷

In part the post-crisis reductions in poverty can be explained by a falling relative poverty threshold due to declining median income. But Gordon Brown’s decision as prime minister to increase benefit levels ‘to support vulnerable groups through the downturn’ was also important.¹⁰⁸ Tax credits were increased annually above inflation between 2007 and 2010, the Health in Pregnancy Grant was introduced as planned and an intended increase in Child Benefit was brought forward. A ‘take-up taskforce’ was also established to improve the coverage of tax credits and benefits. Despite the recession, child poverty rates fell between 2007-8 and 2009-10 against fixed as well as relative thresholds.¹⁰⁹

¹⁰³ Stewart and Obolenskaya (2016); Waldfogel (2010)

¹⁰⁴ Gregg, P, Waldfogel, J and Washbrook, E (2006) ‘Family expenditures post-welfare reform in the UK: Are Low Income Families with Children starting to catch up?’ *Labour Economics*, 13, 6, pp. 721–46.

¹⁰⁵ IFS (2017) ‘Poverty and Inequality spreadsheet’, available at https://www.ifs.org.uk/tools_and_resources/incomes_in_uk.

¹⁰⁶ Stewart (2013)

¹⁰⁷ Hills, J and Stewart, K (2016) ‘Socio-economic inequalities’, in R Lupton, T Burchardt, J Hills, K Stewart and P Vizard (eds) *Social Policy in a Cold Climate: Policies and Their Consequences Since The Crisis*. Bristol: The Policy Press.

¹⁰⁸ HM Treasury (2009) *Budget 2009: Building Britain’s Future, Economic and Fiscal Strategy Report and Financial Statement and Budget Report*. London: The Stationery Office, p.91)

¹⁰⁹ Hills and Stewart (2016)

Developments after 2010

The coalition administration can be split into two time periods in relation to the treatment of cash benefits. Between 2010 and 2013, most benefits continued to rise in line with inflation (and indeed the child element of CTC was increased above inflation), even while real earnings were falling. Hills et al call this approach to the uprating of benefits a critical 'non-decision', and note that the result was to continue to shield some of the poorest households from the impact of the financial crisis and subsequent recession.¹¹⁰ For example, the average tax credit payment made to out-of-work households with children rose by an average of 5% annually in real terms in the two years to 2009-10, and by an average of 2% annually in the following three years.¹¹¹

There were, however, a series of cuts and reforms to child-contingent benefits during this period which particularly affected families with a baby. In 2011 all three benefits aimed specifically at pregnant mothers and babies were scrapped or reduced. Both the Baby Tax Credit and the Health in Pregnancy Grant were abolished, and the Sure Start Maternity Grant was restricted to first-born children only. In contrast, universal benefits for pensioners, including the Winter Fuel Allowance, free TV licence and free bus pass, were retained. Between 2010-11 and 2012-13, relative poverty started to rise for households with a baby, even while it continued to fall in households with older children.¹¹²

At the same time, support for households with children more generally started to become more tightly targeted on lower income households. Child Benefit became 'affluence-tested', partially withdrawn when one parent earned more than £50,000 a year and completely withdrawn at £60,000. The withdrawal rate for tax credits increased from 39% to 41%, meaning payments reduced more rapidly as earnings rose, and there was also a lowering of the threshold for receiving some tax credits. Families had previously received the full family element (£545) up to an annual income of £50,000; by 2014-15 the threshold for receiving any tax credit had fallen to £26,000 for families with one child, rising to £45,400 for families with four.

Between April 2011 and April 2013 there was a 40% drop in the number of in-work families in receipt of tax credits: the 'progressive universalism' of the Child Tax Credit system had been replaced with a more traditional means-tested approach.¹¹³ Some households on very low incomes were also affected by reforms to CTC during this period: from April 2012, couples had to work at least 24 hours between them rather than 16 hours in order to qualify for in-work support.

It was only from April 2013, however, that a more widespread set of benefit changes were introduced, with significant long-term implications for lower income working-age households. First, most working-age benefits (including maternity leave) began to be uprated by 1% annually rather than with inflation. This was later extended to become a cash freeze on working-age benefits from April 2016. This contrasted with the 'triple lock' introduced for state pensions from 2010 – a guarantee to uprate the state pension annually by the higher of inflation, average earnings or 2.5%.

Second, a range of Housing Benefit reforms took effect, among them the 'bedroom tax', which reduced such support to social housing tenants deemed to have a spare bedroom. Third, an annual cap on benefits per household was imposed, hitting those with high housing costs or several children (or both); the cap was reduced to a lower level in November 2016 meaning more households became affected. The benefits cap disproportionately affected households with children: 90% of households whose benefits had been reduced because of the cap by February 2017 had dependent children, and two-thirds had children

¹¹⁰ Hills, J, De Agostini, P and Sutherland, H (2016) 'Benefits, pensions, tax credits and direct taxes', in R Lupton, T Burchardt, J Hills, K Stewart and P Vizard (eds) *Social Policy in a Cold Climate: Policies and Their Consequences Since The Crisis*. Bristol: The Policy Press.

¹¹¹ Stewart and Obolenskaya (2016)

¹¹² Stewart and Obolenskaya (2016)

¹¹³ Stewart and Obolenskaya (2016)

under five.¹¹⁴ Seventy percent of those affected were single parent households, and among these 79% had a child aged under five in February 2017, including 15% with a child aged under one.

The squeeze on cash transfers was presented as an essential deficit-reduction measure, but was accompanied by substantial increases in the personal tax allowance – the amount individuals can earn before they pay income tax. This policy was championed by the Liberal Democrat partners in the coalition, who saw it as a way to help the working poor. In practice, because dual earner households benefited twice over, while those earning less than the original threshold did not benefit at all, the policy was of most value to those in the middle and upper-middle of the income distribution.¹¹⁵

Taken together with the benefit changes, simulations by De Agostini et al show that the overall impact was both deficit *increasing* and regressive.¹¹⁶ Compared to a scenario in which the 2010 system had just been uprated over time with either prices or earnings, tax reductions more than outweighed the savings from benefit cuts, and the reforms in effect transferred resources from the bottom half of the distribution to the top half. The policy approach also meant a transfer away from households with children towards households without, with children under five the group worst affected of all.¹¹⁷

Universal Credit and the two-child limit

Two other major changes to social security are being implemented which have implications for families with young children. One is the roll-out of Universal Credit (UC), which began in April 2014 and is currently expected to be completed by March 2022. UC will replace six means-tested benefits including tax credits and Housing Benefit. The aim is to simplify the benefits system, but the new system carries risks. For one, it will be paid as a single monthly payment, including housing support (which was previously paid directly to landlords), raising concerns that it will add to pressure on families already managing very tight budgets, and may lead to rent arrears and evictions. For another, UC will be paid into a single shared account, whereas child-contingent elements like CTC have generally been paid to the main carer. Too little is known about the way resources are shared within households to be confident that this will not make a difference to the way benefits are spent.

Finally, UC means the extension of conditionality and the threat of sanctions to low-paid workers as well as those who are unemployed. While there are no minimum hours requirements for claiming in-work support through UC (unlike for CTC), those working less than 35 hours will be expected to prove that they are actively seeking to work more hours. This represents a real change in practice from the tax credit system, with particularly serious implications for those with childcare or other caring responsibilities.

Under Labour, reductions in poverty were particularly rapid for children living with lone parents working part-time, because wage top-ups through CTC made part-time work pay in households with children.¹¹⁸ UC moves us towards a position in which full-time work is the expected norm for all parents. This also applies to parents of younger children: since April 2017 lone parents and main carers (second earners) of three- and four-year-olds are expected to be available for and actively seeking work, a policy which has been linked by ministers to the availability of longer childcare hours with the extension of the free early education entitlement to 30 hours.

The second major change is the introduction of the ‘two-child limit’. No support will be paid under CTC or UC for third and subsequent children born on or after April 6th 2017. New UC claimants (those who have lost a job or experienced partnership breakup, and therefore seek financial support through the

¹¹⁴ Department for Work and Pensions (2017) *Benefit Cap Quarterly Statistics: GB households capped to February 2017* and linked tables <https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-february-2017>

¹¹⁵ De Agostini, P, Hills, J and Sutherland, H (2015) ‘Were we really all in it together? The distributional effects of the 2010-2015 UK Coalition Government’s tax-benefit policy changes: an end-of-term update’, *Social Policy in a Cold Climate Working Paper 22*, September 2015.

¹¹⁶ De Agostini et al (2015)

¹¹⁷ De Agostini et al (2015), Figure 5.1

¹¹⁸ Stewart, K (2009) ‘“A scar on the soul of Britain”: Child poverty and disadvantage under New Labour’, in Hills, J, Sefton, T and Stewart, K (eds) *Towards a More Equal Society? Poverty, inequality and policy since 1997*. Bristol: The Policy Press.

benefit system) will also only be able to claim support for their first two children. Along with the benefits cap, the two-child limit represents the breaking of the link between the calculation of a family's need and the financial support they receive. On top of other reforms described, it is expected to lead to sharp increases in poverty in households with three or more children.

Child poverty has been rising against a relative poverty line since 2012-13, while continuing to fall against a fixed income line.¹¹⁹ From 2015-16 to 2020-21, the Institute for Fiscal Studies projects a steep rise in both types of measure, with 'absolute' poverty expected to rise by more than 50% among households with three or more children.¹²⁰ Relative child poverty in 2020-21 is projected by the IFS to be back to its level in 1999-2000 – the year in which Prime Minister Tony Blair pledged to 'eradicate poverty in a generation'.

Summary

Given the evidence that income poverty is damaging to children's development and future mobility, financial support to families must have a place in a strategy to narrow gaps in children's starting points. From 1997 to 2010 cash transfers to households with children became much more generous, with children under five the greatest beneficiaries.

Since 2010 aspects of this support have been unravelled: notably, additional benefits for babies have been scrapped; the tax credit system has been more narrowly targeted; and a freeze on working-age benefits in cash terms means the real value of support from the state is being eroded annually. The 'benefits cap' and the two-child limit have introduced a separation between the calculation of family needs and the level of benefits families are entitled to which seems likely to have devastating consequences for families affected.

These policies are projected to lead to sharp increases in child poverty in the next five years, undoing much of the progress of the early 2000s. It is difficult to see how even well-designed policies to support parenting and to ensure access to high quality early education can have their optimal impact against such a backdrop.

Meanwhile, there has also been a shift in the expectations of parents of young children. Work requirements are being extended under Universal Credit to include parents of three- and four-year-olds, and to require parents (and other workers) working part-time to be looking for longer hours as a condition of support. The 30 hour free childcare policy, discussed in the previous section, needs to be seen in this context as well as a subsidy to help working parents: the extended places enable tougher conditionality for lone parents, second earners and dual earner households both working part-time, and move the UK towards a position in which all parents in receipt of state support are expected to work full-time. Depending on family circumstances, the quality and flexibility of employment and the quality of childcare, this may or may not be in the best interests of children.

¹¹⁹ IFS (2017) 'Poverty and Inequality spreadsheet', available at https://www.ifs.org.uk/tools_and_resources/incomes_in_uk.

¹²⁰ Browne, J and Hood, A (2016) *Living Standards, Poverty and Inequality in the UK: 2016-17 to 2020-21*. IFS Report R114. London: Institute for Fiscal Studies.

5. Conclusions

Where does current UK policy stand with regard to the goal of narrowing gaps in the early years, and what are the key priorities for future policy in this area? Our review points to some areas of strength as well as areas of concern.

On a positive note, we find that the UK does reasonably well in terms of parental leave policy. Provisions for both mothers and fathers have been extended, and while there are improvements to be made – most notably in terms of additional dedicated provisions for fathers, higher rates of benefits particularly for low-income parents, and more coverage for self-employed and intermittent workers – this is an area where the UK can be proud.

On parenting policy, here too the UK has a mostly good record of pioneering and trialing evidence-informed policies, in a domain where it is understood to be very difficult to intervene effectively, particularly at scale. There are no magic bullets here – so the key steps for future policy are to continue to trial and evaluate promising programmes while also working towards taking the most promising ones to scale.

On a more negative note, recent and proposed developments raise a series of concerns. First, while the importance of parenting policy has continued to be emphasised, the extensive cuts to Sure Start children's centres that resulted from austerity measures post-2010 have reduced their capacity to operate as an organisational hub for parenting support and to facilitate and destigmatise participation in parenting programmes, while also offering children play and learning opportunities before they begin formal early education. Evidence on Sure Start's effectiveness in improving children's outcomes is mixed, but there is positive evidence that centres were having (and continue to have) a positive effect on parenting and the home environment. It is difficult to see how the squeeze on Sure Start services can be helpful in promoting social mobility.

Second, in early education and childcare, the shift away from efforts to ensure and improve quality are of great concern. We recognise that early education and childcare can have multiple goals but from the perspective of narrowing gaps in child development and promoting social mobility, quality must be primary. For that reason, measures to improve quality of provision should be the key priority in this area. In particular, it is of concern that progress in improving staff qualifications in early education and childcare settings has stalled. Many children attending funded early education provision still have no contact with a qualified graduate at any point in their week, yet financial support for graduate training has been axed. Statutory requirements for qualifications for staff remain woefully inadequate and there is no systematic collection of data on non-graduate qualifications. At the same time, the important local authority role in providing ongoing support for quality improvements and continuing professional development has been removed.

Recent changes to funding for early education look set to have further damaging effects on the quality of provision. The new 30 hour offer is not adequately resourced, meaning money will be spread more thinly. To make up some of the funding gap in PVI settings, a new funding formula reallocates resources away from the maintained sector, meaning state nurseries may in the future struggle to afford a qualified teacher; indeed, the government proposes to consult on removing the requirement for them to do so. But children from disadvantaged backgrounds disproportionately attend state nursery settings. The greater access they have enjoyed to qualified teachers is currently one of the few ways in which social policy is skewed (by historical accident) in favour of lower-income children. To remove this advantage must be expected to have negative effects on social mobility.

Third, our report also draws attention to differences in the length of time children from different backgrounds spend in early education. The free entitlement is often assumed to have resulted in universal access. In practice, enrolment is very high but not universal, and there are significant differences by the deprivation level of area and by income and ethnic background, with higher income families substantially more likely to access the entitlement as soon as their child is eligible. As funding is extended to 30 hours for children in working families, gaps in exposure to early education will widen. The new policy is likely to *reduce* hours for some children currently benefiting from a longer day: local authorities which previously offered full days in school nurseries to children who stand to gain most will no longer be able to. More attention needs to be paid to the implications of this change for social mobility, as it seems very likely to lead to wider rather than narrower socio-economic gaps in development at school starting age. The targeted two-year-old places may help shift the balance, if take up is encouraged. But it is also imperative that hours accessed are really high quality.

Overall, while there has been continued interest in early education and childcare in recent years, the focus of policy has been predominantly on childcare to facilitate parental employment, and most new investment has been channelled towards affordability for middle and higher income families. Parental employment is important, of course, and affordability of childcare for families higher up the income distribution has been a great weakness of the English system in comparative perspective (though the design of both the tax-free childcare scheme and the 30 hour policy are more regressive than needed to be the case). But the danger is that the government is missing the point about what high quality provision focused on children's needs can do to change children's trajectories and improve their life chances.

Finally, recent developments in financial support for families are if anything most concerning of all. Given the research evidence, there is no justification for reducing financial support for families with young children if the aim is to narrow gaps in child development and break the intergenerational cycle of poverty. Indeed, such measures are doubly concerning – both because of the direct effects of poverty and hardship on child development and future outcomes, but also because such stress risks undermining what otherwise would be benefits from other aspects of early years policy (parental leave and parenting policy, and early education and childcare). Thus we see reinstating adequate financial support for families with young children, and revisiting policies such as the bedroom tax and the two-child limit in Universal Credit which impose severe hardship on some families, as an urgent priority if the UK is to meet its goal of narrowing gaps in child development and promoting social mobility.

About the authors

Jane Waldfogel is a professor of social work and public affairs at Columbia School of Social Work and a visiting professor at the Centre for Analysis of Social Exclusion at the London School of Economics. Waldfogel received her Ph.D. in public policy from the Kennedy School of Government at Harvard University. She has written extensively on the impact of public policies on child and family well-being.

Kitty Stewart is Associate Professor of Social Policy at the London School of Economics and Political Science (LSE) and Associate Director of the Centre for Analysis of Social Exclusion (CASE). She joined LSE in 2001 as a STICERD post-doctoral fellow, having previously worked at the UNICEF Innocenti Research Centre in Florence. She has a PhD in Economics from the European University Institute in Florence.

The Sutton Trust
9th Floor
Millbank Tower
21-24 Millbank
London, SW1P 4QP

T: 020 7802 1660

F: 020 7802 1661

E: info@suttontrust.com

W: www.suttontrust.com

Twitter: [@suttontrust](https://twitter.com/suttontrust)

