

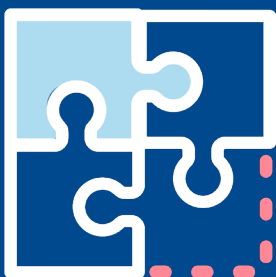
# GETTING THE BALANCE RIGHT

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Quality and quantity in early education & childcare

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By Nathan Archer and Beatrice Merrick  
July 2020



**Early Education**  
The British Association for Early Childhood Education



### About the Sutton Trust

The Sutton Trust is a foundation which improves social mobility in the UK through evidence-based programmes, research and policy advocacy.

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## Foreword

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The early years are a vital time in the life of any child both in terms of attainment and their social and emotional wellbeing. Addressing the development gap as early as possible is key to social mobility and improving life chances. Gaps that open up before schooling begins continue to widen throughout the school years. Between 2007 and 2017 we saw a gradual reduction in this school readiness gap. However today's report shows that it is opening up again, which is a cause for great concern.

In our 2017 report Closing Gaps Early, we warned of potential negative consequences from increasing the early education and childcare entitlement to 30 hours for families with two parents working, but not for those from less well-off backgrounds. This policy provides additional educational opportunities for the relatively better-off and doubles government funded childcare for this group.

**“As we emerge into a phase of economic recovery, it is critical that quality early education and childcare is available to all families, regardless of their background.”**

While increasing access to childcare is crucial for working parents, particularly mothers, it is vital that it is the development of the child that is paramount in the early years. With that, there must be an emphasis on equal opportunities for young children from all backgrounds. Without this, we are creating additional challenges for social mobility that place a burden on schools, universities and employers to redress down the line.

As important as increasing access to early years provision is ensuring the quality of that provision. Good early education has the power to drive better outcomes through the educational journey of each child. But in order to do this, we need a focus on quality provision, with a well-qualified and resourced workforce. For too long the early years workforce has been neglected. Recruiting talented young graduates and giving them career pathways for progression should be a priority, as should investing in the development of those already in the profession.

However, this all depends on securing the financial viability of the sector. Many nurseries and preschools were already suffering financially before the pandemic, and as our accompanying piece on its impact shows, the arrival of COVID-19 may prove to be the final straw. As we emerge into a phase of economic recovery, it is critical that quality early education and childcare is available to all families, regardless of their background.

Now is the time, when the world has been turned upside down, to prioritise support for young children at a period in their lives when there is the potential to have the greatest impact.

I would like to thank the authors of today's report, Nathan Archer and Beatrice Merrick, for this timely research.

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

## Executive Summary

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This report considers recent government policy on early childhood education and care in England, and whether the right balance is being achieved between, on the one hand, supporting child development and learning through high quality education provision and, on the other hand, raising parental employment through flexible, affordable childcare. These are both desirable objectives, and can be complementary but, if either is viewed in isolation, policy decisions that support one can have a negative impact on the other.

### *Early Education Provision*

- Despite aspirational statements on closing the school readiness gap between disadvantaged children and their peers, efforts to close the gap in outcomes for children aged 5 have stalled and the gap is widening again. Having slowly but steadily decreased from 2007 to 2017, the gap in the Early Years Foundation Stage Profile by 2019 had increased back to 2015 levels.
- Attention during that time has focused on the policy of 30 hours free childcare for eligible working parents. This offer is for 15 hours above the universal entitlement, with only working parents meeting a minimum salary threshold eligible. There are mixed views in the sector as to whether, at current funding levels, this might have a negative impact on the sustainability and quality of provision. Concerns about inequalities have been raised given the most disadvantaged children are likely to qualify for only 15 hours per week early education entitlement, while their more advantaged peers have access to 30 hours.
- Under the current funding system, providers may be incentivised to take children entitled to 30 hours free childcare, over those with the universal 15 hours or disadvantaged 2-year-old provision. A quarter of providers in the Private, Voluntary and Independent (PVI) sector reported that the number of universal 15 hours places had declined at their setting after the introduction of the 30 hour entitlement, while 38% of councils reported that the introduction had caused difficulties for delivering places for disadvantaged 2-year-olds. However, the impact differs locally, and has evolved over time.
- Under the Early Years National Funding Formula, local authorities have little discretion to target funding towards more disadvantaged children to meet local needs. In the aftermath of the 30 hours introduction, many local authorities cut existing discretionary funds targeted at disadvantaged children. In many cases disadvantaged children who were previously provided with full-time early education places can no longer be funded for these, while their more advantaged peers become eligible for 30 hours places.
- These changes have also occurred in an environment where the infrastructure of children's centres and services has seen significant cuts, affecting local capacity to deliver programmes on the ground. Funding for children's services has fallen by £3 billion between 2010-11 and 2017-18 – a 29% reduction. Funding per child and young person has dropped from £813 in 2010-11 to £553 in 2017-18. At the same time, local authority spending on children and young people's services fell by 16%.

### *The Early Years Workforce*

- The 2017 Early Years Workforce Strategy in England failed to put in place a long-term plan to upskill and invest in the early years workforce. A key commitment to grow the graduate workforce in disadvantaged areas was dropped.
- Recent research shows a decline in the proportion of staff qualified to Level 3 (A Level equivalent) or with graduate qualifications. The National Day Nursery Association found that the number of level 3 qualified staff has fallen from 66% in 2017-18 to 52% in 2018-19, the number of graduates and Early Years Teachers (EYT) has fallen from 13% to 5%, and that the number of unqualified staff has risen from 10% to 26% in the same period. Recruitment remains a challenge and the workforce is ageing, with fewer employees upskilling.
- Fewer than half of PVI settings employ an EYT or equivalent, with cost the main barrier, while all maintained nurseries and nursery classes in schools have access to a qualified teacher.
- Recommendations to government to give Early Years Teachers (EYT) full parity with Qualified Teacher Status (QTS) routes have been resisted. However, registrations on EYT courses have plummeted from 2,300 in 2013-14 to under 400 in 2019-20.
- The reduction in local authority central spend under the Early Years National Formula to a maximum of 5% has reduced the capacity within local authorities to provide quality improvement support and professional development, as well as targeted support for disadvantaged communities.

### *Sustainability, sufficiency, access and affordability*

- There is widespread concern about the viability of the early years sector, as rising costs have not been met by rises in government funding rates. This is leading to some closures, many in disadvantaged areas.
- The 30 hours entitlement has increased the proportion of provision paid for by local authorities at fixed funding rates and reduced the proportion paid for at fee levels set by providers based on actual costs and has thus reduced the scope for cross-subsidy from parent-paid fees. This has exacerbated shortfalls between income and costs. This issue is particularly pronounced in disadvantaged areas, where there is less demand for parent-paid hours.
- There is some evidence to suggest that the underfunding of the entitlements has led providers to increase the price and reduce the flexibility of their services, with a negative impact on the affordability of places for parents. 67% of providers reported increasing parent fees, with 42% also indicating they would need to cut staff numbers in the next year.
- Maintained nursery schools face significant funding challenges, with a lack of security in long term funding, and many primary and infant schools needing to cross-subsidise their early years provision.
- The complexity of the funding system may act as a barrier for parents. Upfront costs can be prohibitive for some parents, particularly as those on benefits can only claim childcare costs in arrears, not up front.
- The 30 hours policy also has greater financial benefit for better-off parents, as families on tax credits or Universal Credit were already able to claim up to 85% of childcare costs through the benefit system. For many lower income families therefore, the mechanism for providing support may have changed, but the total financial benefit has only increased very slightly, whereas better-off families have seen a doubling of government funded childcare as opposed to having to pay for these hours themselves. This has a regressive impact on household incomes, with three quarters of the funding going to the richest 50% of workers.

## Recommendations

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1. **Eligibility for 30 hours childcare should be extended to all families of 3-4 year-olds currently eligible for disadvantaged 2-year-old provision, which would include those out of work or on very low incomes.** This would provide better continuity for families on lower incomes with children age 2-4, and refocus funding on closing the school readiness gap. This could be funded by reducing eligibility for households with high incomes.
2. This should be **accompanied by increased levels of funding for government funded hours** to ensure that delivery is viable and quality of early learning provision is paramount. It is estimated that funding levels per hour are currently 20-25% below the cost of delivery. Taken together, this would provide essential support for parents in getting back to work, tackle the gaps widening in early learning, and expand demand for early years settings currently suffering from perilous finances.
3. **The Early Years Pupil Premium should be reviewed**, and consideration given to the rate, eligibility criteria, and minimising barriers to accessing the funding, including the frequency of eligibility changes, with a move to an equivalent of 'Ever FSM' to ensure families dipping in and out of poverty are captured.
4. There should be a **long-term aspiration to have a qualified teacher in every setting.** To do this government should address the **recruitment of Early Years Teachers (EYTs) and their parity with teachers holding QTS** by: introducing a route for QTS Early Years including access to the new early career framework, bolstering conversion courses available for those already qualified as EYTs who wish to gain QTS, along with taking steps towards parity of pay and conditions for qualified teachers working in the non-maintained sector. This could be funded through increased per hour rates for funded places, and a dedicated pot, particularly targeted towards settings in disadvantaged areas:
5. One proven way of doing this is through a **'Leadership Quality Fund' which can be accessed by settings in order to attract, hire and adequately pay qualified staff, or train existing staff.** More needs to be done to increase the qualifications of staff, as well as providing career pathways to attract talent. This is crucial to levelling up provision.
6. **Settings, particularly those in deprived areas, should be encouraged and resourced to provide more direct support for parents in terms of the home learning environment.** While other supports such as apps are welcome, the relationships and trust established through face-to-face support mean that settings themselves are often best placed to support parents who need it. Increased EYPP rates would help facilitate this further.
7. Maintained nursery schools make up a small proportion of the sector, but are beacons of the highest quality provision, hubs for training and ideas and cater disproportionately to the less advantaged. To recognise this contribution and provide stability, their **funding should be set at a sustainable level and put on a long-term basis** so they can continue to serve the groups that need support the most.

## Introduction

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This report was written prior to the COVID-19 crisis, with the intention of reviewing recent English government early years policies, including the introduction of 30 hours entitlement for some working parents. The impact of the pandemic is likely to be significant for young children and for the early years sector, although at this stage the medium and long-term impacts are not yet clear.

The number of children in poverty looks set to rise and the gap in outcomes between the most disadvantaged children and their peers is likely to widen. Many families will face challenges of poverty, ill health, bereavement and unemployment, with knock-on effects for children's health and wellbeing. There are fears that children will miss out on their early education entitlements as parents' need for childcare and risk-benefit assessments of sending their children to nursery are influenced by new realities and perceptions. This may set back by years the progress made on giving young children a better start in life through universal and targeted offers of early childhood education.

It is almost certain that the precarious financial situation of the early years sector will be made much worse, with potential impact on its ability to offer the sufficiency and quality of education needed.

These changes only reinforce the findings of the report that we need to strike the right balance between supporting parents back into work to bring families out of poverty, while focusing on high quality early childhood education that supports children's development and closes the disadvantage gap. These two objectives can sometimes compete, but the key is not to compromise on quality despite the financial pressures in order for the investment to be worthwhile. Only high-quality early childhood education that is built around the needs of both children and parents will deliver both sets of policy objectives. This report is published with an accompanying brief looking at the effects of the crisis on early years in more detail.<sup>1</sup>

The introduction of the government's 30 hours "free childcare" for children of working parents in 2017 was a change of emphasis from previous early education entitlements. The universal 15 hours for 3- and 4-year-olds and the entitlement for the most disadvantaged 2-year-olds were focused on improving children's development. However, the new 30 hours entitlement is intended to facilitate parental employment and ease the financial burden for working parents. Both aspects have the potential to impact on social mobility and to increase children's life chances. Improving child development, especially for the most disadvantaged children, directly helps close the attainment gap which socio-economic differences create. Increased parental employment indirectly affects the attainment gap by reducing poverty and thus reducing the socio-economic inequalities. However, with poverty on the rise, particularly among children under 5,<sup>2</sup> both aspects of policy appear to face an uphill struggle.

Using early childhood education to achieve both these goals creates a tension. On the one hand, child development outcomes improve most when quality of education is highest, which drives towards investing in higher quality provision, offered in short, regular sessions. On the other hand, the economic benefits of childcare are maximised by increased parental hours of employment delivered through longer childcare sessions, planned around the parents' working day, for the lowest possible

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<sup>1</sup> Pascal C. Bertram T. Cullinane C. and Holt-White E. (2020) COVID-19 and Social Mobility Impact Brief #4: Early Years. Sutton Trust.

<sup>2</sup> Gov.uk, Households Below Average Income data. <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201819> See also: <https://www.theguardian.com/society/2020/mar/26/uk-faces-child-poverty-crisis-charities-warn>



cost. If the quality is too low, children’s development does not benefit, and if the cost is too high and the hours insufficient or not flexible, parents will find it harder and less cost effective to take up employment. The recent shift in policy emphasis makes it an appropriate time to ask whether we are currently finding the right balance between these two policy goals – in simple terms between quality and quantity.

**Table 1. Funded entitlements for early education and childcare by age**

Entitlement	Eligibility	Objective
<b>2-year-olds</b> Disadvantaged Entitlement	15 hours per week for 38 weeks per year for <b>disadvantaged 2-year-olds</b> whose parents are in receipt of certain benefits or who <ul style="list-style-type: none"> <li>• are looked after by a local authority</li> <li>• have a statement of <a href="#">special education needs (SEN)</a> or an education, health and care (EHC) plan</li> <li>• get <a href="#">Disability Living Allowance</a></li> <li>• have left care under an adoption order, special guardianship order or a child arrangements order</li> </ul>	To improve outcomes for disadvantaged children.
<b>3- &amp; 4-year-olds</b> Universal Entitlement	570 hour per year (equivalent to 15 hours per week for 38 weeks per year) for <b>all 3- and 4-year-olds</b>	To support all children’s development and make sure they are ready for school. To help parents manage their childcare costs and working patterns.
<b>3- &amp; 4-year-olds</b> Extended Entitlement	Additional 570 hours per year (equates to 15 hours per week for 38 weeks) entitlement for <b>eligible working parents of 3- and 4-year-olds with minimum and maximum salary requirements</b>	To help families by reducing the cost of childcare and to support parents into work or to work more hours, should they wish to do so.

Even when policy goals are overtly about quality, it is easy to focus on quantities as easy measures of impact – the number of children benefiting, the number of hours of provision. The universal entitlement for 3- and 4-year-olds and the entitlement for disadvantaged 2-year-olds have been measured by the number of children taking up a place rather than the quality of provision or the outcomes achieved. Rolling out the 2-year-old offer to 40% of 2-year-olds rather than just 20% of 2-year-olds, for example, was a priority regardless of whether there was capacity to offer the former at a level of quality which would have an impact, as highlighted in the Sutton Trust’s *Sound Foundations* report.<sup>3</sup> The coalition government’s two key early years policy documents were entitled “More great childcare” and “More affordable childcare” suggesting quantity and cost were at the forefront of ministers’ minds.

<sup>3</sup> Mathers, S., Eisenstadt, N., Sylva, K., Soukakou, E., & Ereky-Stevens, K. (2014). *Sound Foundations: A Review of the Research Evidence on Quality of Early Childhood Education and Care for Children under Three. Implications for Policy and Practice.* Sutton Trust. Available at: <https://www.suttontrust.com/our-research/sound-foundations-early-years/>

Nonetheless, child development remains on the agenda. In December 2017, Justine Greening, then Secretary of State for Education, launched a Social Mobility Action Plan which included as its main focus for the early years an ambition of “closing the word gap”. This plan has survived two changes of Secretary of State, with Damian Hinds maintaining the direction of travel and increasing the emphasis on language and communication in the early years, and the policy has continued under Gavin Williamson.<sup>4</sup> Child development in this context has become focused on language and communication rather than the holistic development of the child. Significantly, current DfE policy extends beyond the delivery of the early years entitlements to directly influencing the behaviour of parents in the home. It includes very limited initiatives to improve the quality of early years provision (such as a CPD programme for a limited number of settings in selected local authorities), and at least as much of an emphasis on parent-facing initiatives such as public information campaigns and partnerships with bodies ranging from the BBC to Clarks Shoes. At the same time, children’s centres have seen huge budget cuts and closures, eroding existing structures for the provision of family and parenting support.<sup>5</sup>

Despite these new initiatives, the bulk of government early years spending is allocated for early education and childcare. Recent ministers have been keen to emphasise that spending on the early educational entitlements is expected to reach £6 billion a year by 2020. Yet there has been little discussion of whether this is being used to best effect to improve children’s outcomes, close the gap between the most disadvantaged and their peers, while at the same time raising more families out of poverty by increasing parents’ working hours and reducing the amount spent on childcare fees. We consider below the existing evidence on the effectiveness of current policies and make recommendations as to how they might be improved.

### ***Methods***

This review is based on desk research undertaken on government statistics and evaluations and grey literature including charity, NGO and think tank research and policy briefings. Literature was sourced (from September 2017 to the present) based on the authors’ sector knowledge, internet searches and searches of academic databases (Starplus and British Education Index). Research terms ‘early years’ ‘social mobility’ and ‘UK’ were used to search the literature. The review was England only (although some data are presented at UK-wide level).

In accordance with European Early Childhood Education Research Association (EECERA) guidelines literature sources were meticulously and independently located and are rigorously cited to agreed conventions.

Results are organised thematically and discussed in the three sections which follow.

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<sup>4</sup> For examples of the Sutton Trust’s work in this area see <https://www.suttontrust.com/our-priorities/early-years/early-years-speech-language-and-communications-project/>

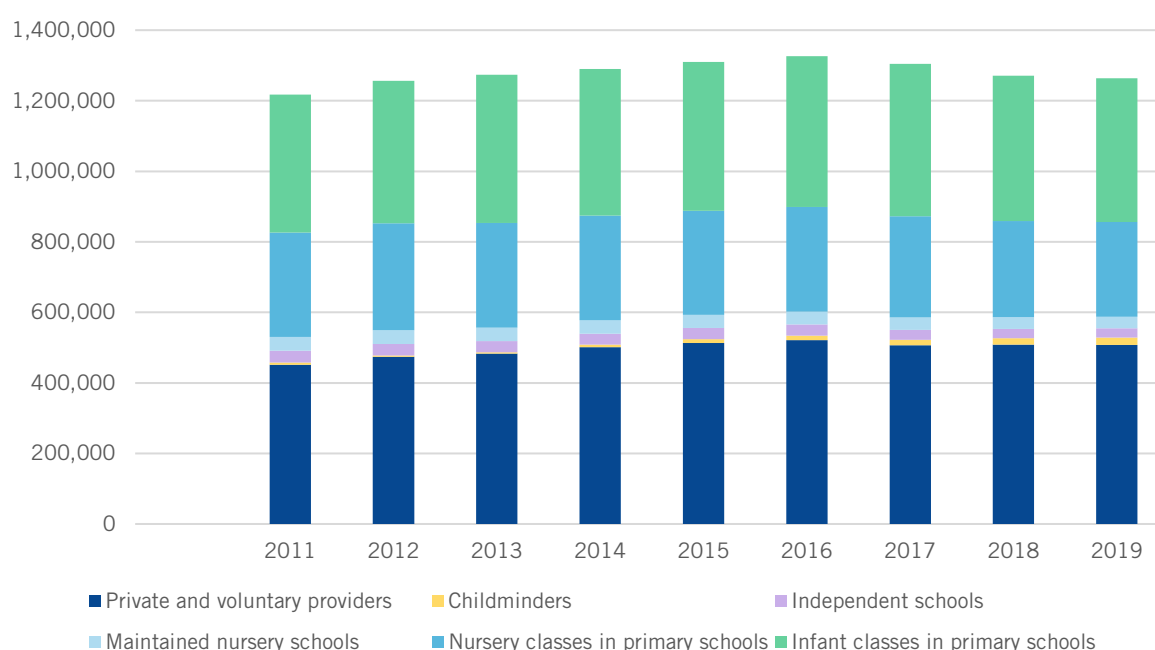
<sup>5</sup> Smith, G., Sylva, K., Smith, T., Sammons, P., & Omonigho, A. (2018). Stop Start: Survival, Decline or Closure? Children’s Centres in England, 2018. *Sutton Trust*. Available at: <https://www.suttontrust.com/our-research/sure-start-childrens-centres-england/>

## 1: Early education provision

*It is a false economy to invest in early education to a level insufficient to improve child outcomes and reduce inequalities. (Social Mobility Commission, 2016<sup>6</sup>)*

Since 2010, there has been a universal entitlement for all 3- and 4-year-olds in England to receive 15 hours of funded early education for 38 weeks a year, with a consistent take-up rate of 94-5%. Children may take this up with private, voluntary and independent providers, childminders or in the maintained sector (Fig 1). The maintained sector includes both standalone maintained nursery schools, of which there are 389, and nursery/infant classes in primary schools.

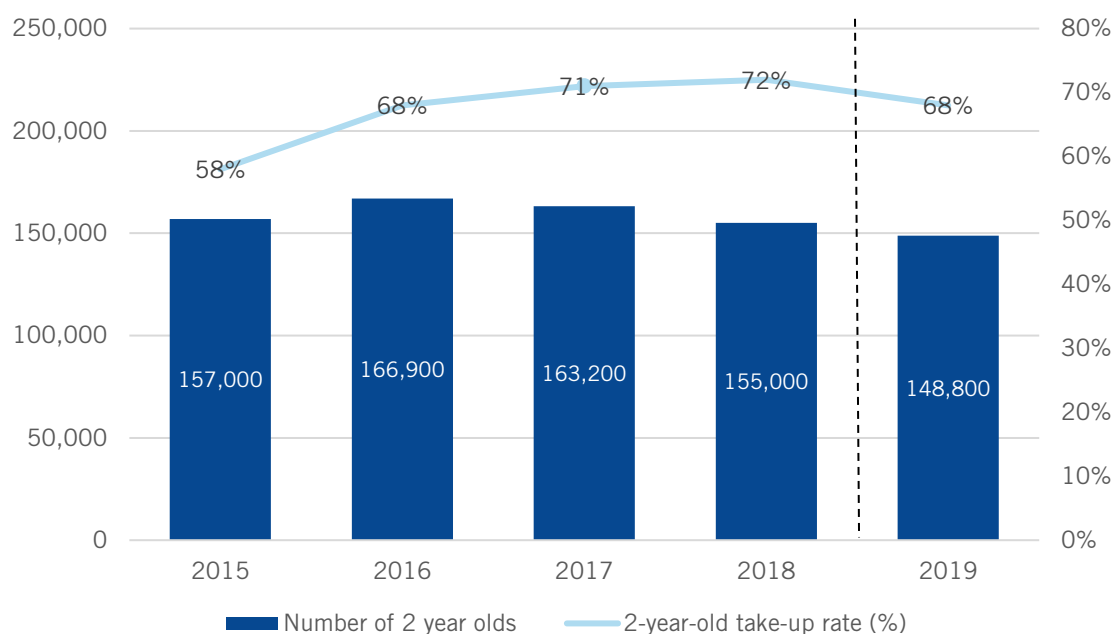
**Figure 1: 3- and 4-year-old children in early education places by provider type**



A separate 15 hour entitlement is available to 2-year-olds. The 2-year-old funding is an entitlement for the 40% most disadvantaged children to access 15 hours of early education per week for 38 weeks per year with the aim of closing the gap in attainment with their more advantaged peers. The policy was rolled out nationally from 2013/4. Take-up peaked at 72% in 2018 and has since fallen back to 68% in 2019 (Fig 2).

<sup>6</sup> Social Mobility Commission (2016) *State of the Nation 2016: Social Mobility in Great Britain*. HMSO. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/569410/Social\\_Mobility\\_Commission\\_2016\\_REPORT\\_WEB\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/569410/Social_Mobility_Commission_2016_REPORT_WEB_1_.pdf)

Figure 2: Take up of funded disadvantaged 2-year-old places<sup>7</sup>



Note: Vertical line denotes a change to the eligible population calculation

Source: DfE <https://www.gov.uk/government/statistics/education-provision-children-under-5-years-of-age-january-2019>

In September 2017, the Government’s “30 hours” policy, also known as the “extended entitlement”, was rolled out to eligible 3- and 4-year-olds of qualifying parents or carers. Eligibility was determined by a means-test based on minimum and maximum earnings.<sup>8</sup> Under the extended entitlement, eligible children of qualifying parents are provided with a further 570 hours of funded childcare in addition to the universal entitlement. Take-up is mainly from nursery-age children as 4-year-olds in Reception will have a full-time place in school (Fig 3). According to the NAO, up to 42% of those taking up the universal entitlement, or 390,000 children, would meet the criteria for the additional hours (excluding any children whose parents’ eligibility changed as a result of the option of taking up additional hours of work).<sup>9</sup> By June 2019, 378,774 or 30% of 3- and 4-year-olds taking up the universal entitlement (based on January 2019 early years census data) were also taking up their extended hours.

<sup>7</sup> DfE (2019) *Provision for children under 5, January 2019*. National Statistics.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/811683/Provision\\_for\\_children\\_under\\_5\\_2019\\_-\\_text.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811683/Provision_for_children_under_5_2019_-_text.pdf)

<sup>8</sup> To qualify for 30 hours of free childcare, each parent (or the sole parent in a single parent family) will need to earn on average, the equivalent of 16 hours on the national minimum wage per week and no more than £100,000 per year. A family with an annual household income of £199,999 would be eligible if each parent earns just under £100,000.

Self-employed parents and parents on zero-hour contracts will be eligible if they meet the average earnings threshold.

Parents can still be eligible if they usually work but:

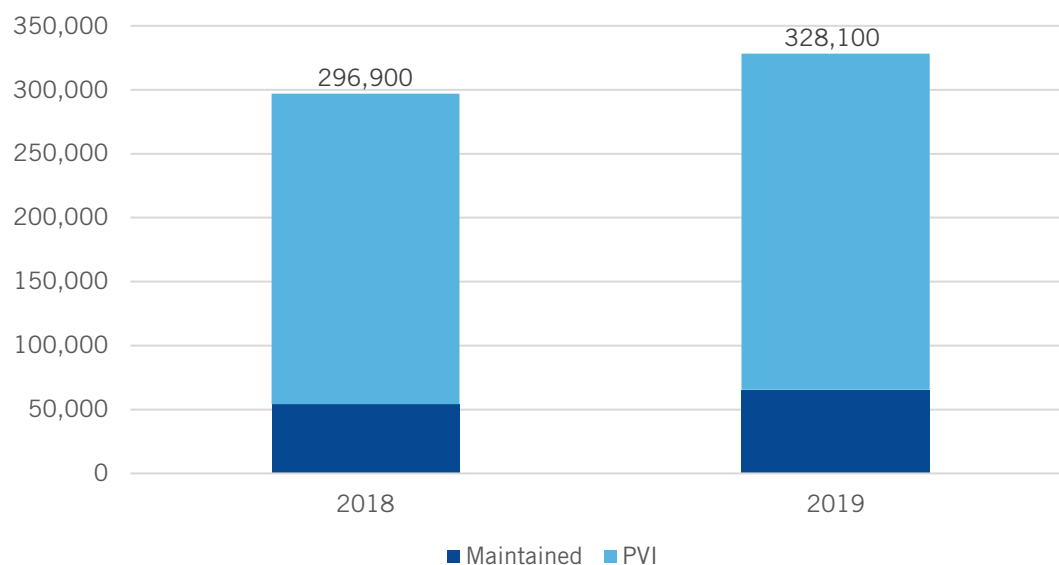
- one or both parents are away from work on statutory sick pay
- one or both parents are on parental, maternity, paternity or adoption leave.

In addition, parents are eligible if 1 parent is employed, but the other:

- has substantial caring responsibilities based on specific benefits for caring is disabled or incapacitated based on specific benefits.

<sup>9</sup> National Audit Office (2016) *Entitlement to free early education and childcare*. <https://www.nao.org.uk/wp-content/uploads/2016/03/Entitlement-to-free-early-education-and-childcare.pdf>

**Figure 3: Take up of the extended entitlement for 3- and 4-year-olds by provider type (Jan 2019)**



Source: DfE <https://www.gov.uk/government/statistics/education-provision-children-under-5-years-of-age-january-2019>

At the same time as rolling out the 30 hours policy, a new funding system was introduced (the Early Years National Funding Formula). The effects of the two policies are separate, but as they have been rolled out simultaneously, it is not always possible to separate the impact of one from the other. The 2-year-old offer and the universal entitlement were both intended to improve child development. The 30 hours entitlement is aimed at increasing parental employment.

The 30 hours policy has potential impacts on which children benefit from early education for how many hours, and the impact of that on the attainment gap. There are also concerns about how recent policies have impacted on the availability of other entitlements, and on quality of provision. This chapter considers possible unintended consequences of recent policy changes.

### ***Progress on closing the attainment gap at age 5***

The main rationale for introducing the funded early education entitlements was to improve children's learning and development, and in particular to close the gap in outcomes which was already evident at age 5. Evidence shows that high quality early education is effective at improving children's outcomes especially for the most disadvantaged children.<sup>10</sup> However, the most recent results from the early years foundation stage profile (EYFSP) suggest that progress in closing the gap between disadvantaged children and their more advantaged peers has stalled. This is based on a measure of the percentage of children achieving a so-called "good level of development" (GLD) in the EYFSP at the end of Reception. From 2013 until 2017, there were small but steady decreases in the gap. In 2018, for the first time the gap started to increase again marginally, and by 2019 had returned to 2015 levels so that over this five-year period no progress was sustained in closing the gap.<sup>11</sup>

<sup>10</sup> McCoy, D. C., Yoshikawa, H., Ziol-Guest, K. M., Duncan, G. J., Schindler, H. S., Magnuson, K., ... Shonkoff, J. P. (2017). Impacts of Early Childhood Education on Medium- and Long-Term Educational Outcomes. *Educational Researcher*, 46(8), 474–487. <https://doi.org/10.3102/0013189X17737739>

<sup>11</sup> Department for Education (October 2018) Early years foundation stage profile results: 2017 to 2018 <https://www.gov.uk/government/statistics/early-years-foundation-stage-profile-results-2017-to-2018>

**Table 2: Attainment gap in Early Years Foundation Stage Profile results**

Year	Gap in GLD score between FSM children and non-FSM children	Change year on year
2013	19.0%	
2014	18.9%	↓
2015	17.7%	↓
2016	17.3%	↓
2017	17%	↓
2018	17.3%	↑
2019	17.8%	↑

The rollout of the 30 hours policy is too recent to support evidence of a link with the slowdown in closing the GLD gap cited above, as the 2018 data only includes the first cohort of children funded for the 30 hours from April 2017 (apart from a small number of children in pilot areas with earlier start dates). These children would generally only have had one term's 30 hours funding before entering the Reception year, and the 2019 data is the first full year of operation for the 30 hours.

However, increases in the gap since 2017 raise questions. For instance, is government doing enough to improve the quality of early years provision, particularly for the most disadvantaged children? The statistic that 95% of early years settings are now rated Good or Outstanding by Ofsted<sup>12</sup> is frequently repeated as evidence that quality within the sector is higher than ever. However, research shows that Ofsted ratings do not correlate well with research tools such as the Early Childhood Environment Rating Scale (ECERS) used to measure correlations of quality and outcomes in early years provision. Ofsted measures are not sufficiently fine-grained, and are more suited to ensuring threshold standards are met.<sup>13</sup> We should ask questions about whether the quality of early education in general, and most specifically for the most disadvantaged children, is sufficiently high to impact on outcomes, given the lack of progress towards closing the disadvantage gap.

This also raises the question of whether the focus on rolling out the 30 hours offer has shifted attention away from trying to close the gap, and even whether the changes to the funding formula or the 30 hours offer itself have had knock-on effects.

Research by Coram Family and Childcare into local authority *perceptions* of the impact of the 30 hours childcare policy on the quality of provision and the attainment gap between advantaged and disadvantaged children produced mixed results.<sup>14</sup> In terms of the attainment gap between disadvantaged children and their peers, 30% of local authorities viewed the 30 hours policy as having a positive impact while 17% saw it as having a negative impact. In terms of the quality of early education and childcare, 28% reported a positive impact and only 5% saw this as having a negative impact. Importantly almost 40% of local authorities did not know whether the policy had an impact on the attainment gap.

<sup>12</sup> Ofsted (2018) *The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2017/18* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/761606/29523\\_Ofsted\\_Annual\\_Report\\_2017-18\\_041218.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761606/29523_Ofsted_Annual_Report_2017-18_041218.pdf)

<sup>13</sup> Mathers, SJ, Singler, R, Karemaker, A (2012) *Improving Quality in the Early Years: a comparison of perspectives and measures*. University of Oxford, Daycare Trust and A+ Education.

<sup>14</sup> Coram Family and Childcare (February 2019) *Childcare Survey 2019* [https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019\\_Coram%20Family%20and%20Childcare.pdf](https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019_Coram%20Family%20and%20Childcare.pdf)

The Sutton Trust's *Closing Gaps Early* report (September 2017) notes regarding the introduction of 30 hours childcare eligibility for the children of working parents only:

*.... if our concern is narrowing gaps... and 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. (p.31)*

The decision not to make the 30 hours a universal entitlement was premised on evidence that 15 hours was optimal for improving children's outcomes.<sup>15</sup> However, researchers and practitioners suggest there is some evidence of longer hours being beneficial for the most disadvantaged children. This includes comments from practitioners working in local authorities which previously provided full-time nursery places for disadvantaged children but can now only offer such children 15 hours, while offering 30 hours to more advantaged children of working parents, providing strongly contrasting data at setting level. Given reports from some headteachers in these areas of a widening gap between children eligible for the 15 hours and those eligible for 30 hours, continued monitoring of the data for future years is needed.

There are also arguments that making the 30 hours universal (as Scotland has done), or ensuring that the most disadvantaged families can access it to support parents to return to work, will reduce the risk of an increase in the disadvantage gap. At present, a child who has been eligible for the 2-year-old funding may not be eligible for the 30 hours alongside more advantaged peers, running the risk that the previous steps towards closing the gap are undermined. Extending the 30 hours to parents beneath the current lower income threshold is also administratively simpler than the current proliferation of schemes to provide childcare support to parents undertaking training or on low incomes. There would be a cost in doing this, and in that context, we note the report by the Centre for Social Justice and Save the Children<sup>16</sup> recommended that:

*The Government should revise the eligibility criteria to claim Tax-Free Childcare (TFC) and 30 hours' free childcare for three and four-year-olds. The money saved by doing this would help to pay for the more generous childcare element if this was in line with eligibility to Child benefit it would mean an upper limit of £50,000 per person.*

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<sup>15</sup> Taggart, B., Sylva, K., Melhuish, E. Sammons, P. and Siraj, i. (2015). *Effective pre-school, primary and secondary education project (EPPSE 3-16+) How pre-school influences children and young people's attainment and developmental outcomes over time Research Brief June 2015*  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/455670/RB455\\_Effective\\_pre-school\\_primary\\_and\\_secondary\\_education\\_project.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/455670/RB455_Effective_pre-school_primary_and_secondary_education_project.pdf)

<sup>16</sup> CSJ/STC (2019) A bright start: Improving childcare for disadvantaged families through Universal Credit  
[https://www.savethechildren.org.uk/content/dam/gb/reports/policy/a\\_bright\\_start.pdf](https://www.savethechildren.org.uk/content/dam/gb/reports/policy/a_bright_start.pdf)

## Recommendations

Government should:

- monitor whether progress in closing the gap in relation to achievement of the Good Level of Development is affected by whether or not children took up a 30 hours place.
- focus on increasing the quality of its funded early education provision and consider more effective ways of monitoring this than Ofsted ratings
- **consider extending eligibility to all families of 3-4 year-olds currently eligible for disadvantaged 2-year-old provision, which would include those out of work or on very low incomes.** This might be done simply by removing the lower income threshold availability altogether. If savings need to be made, the upper level threshold for the 30 hours could be reduced, for example, in line with eligibility for child benefit.

### *Impact of the 30 hours policy on incomes*

There are a number of sources of evidence that suggest that the 30 hours policy may be having only a limited impact on raising incomes for the poorest families, and that much of the benefit may be going to those on middle incomes. This casts doubt on the extent to which it is lifting families out of poverty and tackling the root cause of educational disadvantage.

The National Audit Office<sup>17</sup> noted in 2016 that the success of the new 30 hours entitlement would be difficult to measure, and that the DfE needed to be clearer about its objectives and how progress would be assessed against these.

NAHT research found almost four fifths (78%) of respondents said that 10% or fewer of the children accessing the 30 hours were entitled to the Early Years Pupil Premium (EYPP). As the national take-up rate of EYPP is close to 8% (see Table 3), this suggests that the policy is no more effective at reaching those on low incomes than at reaching those on higher ones.

Oral and written evidence is drawn upon in the conclusions of the Education Select Committee report '*Tackling disadvantage in the early years*' which suggests that the 30 free hour childcare policy is widening the gap between disadvantaged children, and those from more advantaged backgrounds, thereby entrenching inequality. It recommends that:

*The Government review its 30 hours childcare policy to address the perverse consequences for disadvantaged children. The Government should reduce the earnings cap for the 30 hours childcare and use the extra funding to provide early education for disadvantaged children.*<sup>18</sup>

In response to this recommendation, Government states:

*The Government firmly believes that work is the best route out of poverty. The extended entitlement (30 hours) has a part to play in improving social mobility through supporting and incentivising work. Following use of 30 hours, over a quarter of mothers (26%) said they had*

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<sup>17</sup> National Audit Office (2016) *Entitlement to free early education and childcare*. <https://www.nao.org.uk/wp-content/uploads/2016/03/Entitlement-to-free-early-education-and-childcare.pdf>

<sup>18</sup> Education Select committee (February 2019) *Tackling disadvantage in the early years* <https://publications.parliament.uk/pa/cm201719/cmselect/cmeduc/1006/1006.pdf>



*increased their hours and more than one in ten (15%) stated they would not be working without the extended hours.*<sup>19</sup>

However, as pointed out by the Joseph Rowntree Trust point out, in-work poverty is also a serious issue, with the proportion of children in poverty with working parents has now reached an all-time high of 72%.<sup>20</sup>

The *Evaluation of the first year of the national rollout of 30 hours free childcare* states that the policy aims to reduce families' childcare costs. However, this may not be happening in an equitable way. More affluent parents were more likely than others to report financial benefits from the scheme, as typically these families spent more on childcare. Families on tax credits and Universal Credit (UC) are already entitled to have up to 70% or 85% respectively of their childcare costs covered as part of their benefits, so the 30 hours simply transfers the cost of support from one government department to another with limited impact on families' finances. Furthermore, while the Government estimates that the scheme can save an eligible family up to £5,000, the range of additional charges, conditions and restrictions that some settings attach to the extended offer meant that the amount parents saved varied considerably depending on their location and which provider they chose to use.

The Resolution Foundation<sup>21</sup> found that while all eligible parents would save money under the 30 hours policy, it was those comparatively higher-earning families with gross earnings of £40,000 to £50,000 that stood to benefit the most. The think-tank calculated that a minimum wage household receiving tax credits and housing benefit, with one parent on full- and one on part-time hours, made a gain of just £5 per week, or £275 a year, from the extra 15 hours, because support was simply shifted from one scheme to another. The figure of £275 a year is nearly a tenth of the £2,500 the Government says the additional 15 hours could save parents annually (half the full £5,000 worth of 30 hours saving).

Similarly, Coram Family and Childcare research for the APPG on Families in the Early Years shows that two parents earning the minimum wage and working full-time with a three-year-old are just £55 a month better off using the 30 hours scheme and Tax-Free Childcare to pay towards childcare, compared to a high-earning couple working the same hours, who stand to save £351 a month.<sup>22</sup>

Recent data from the IFS shows that the proportion of funding spent on supporting childcare through the benefit system has fallen while the proportion supporting working families has grown.<sup>23</sup> In some cases the same families may be benefiting via different funding mechanisms, but we could find no data to show how the distribution might have changed.

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<sup>19</sup> Department for Education (April 2019) *Government response to the Education Select Committee report on tackling disadvantage in the early years.*

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/792799/CCS207\\_CCS041995\\_1660-001\\_CP68.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/792799/CCS207_CCS041995_1660-001_CP68.pdf)

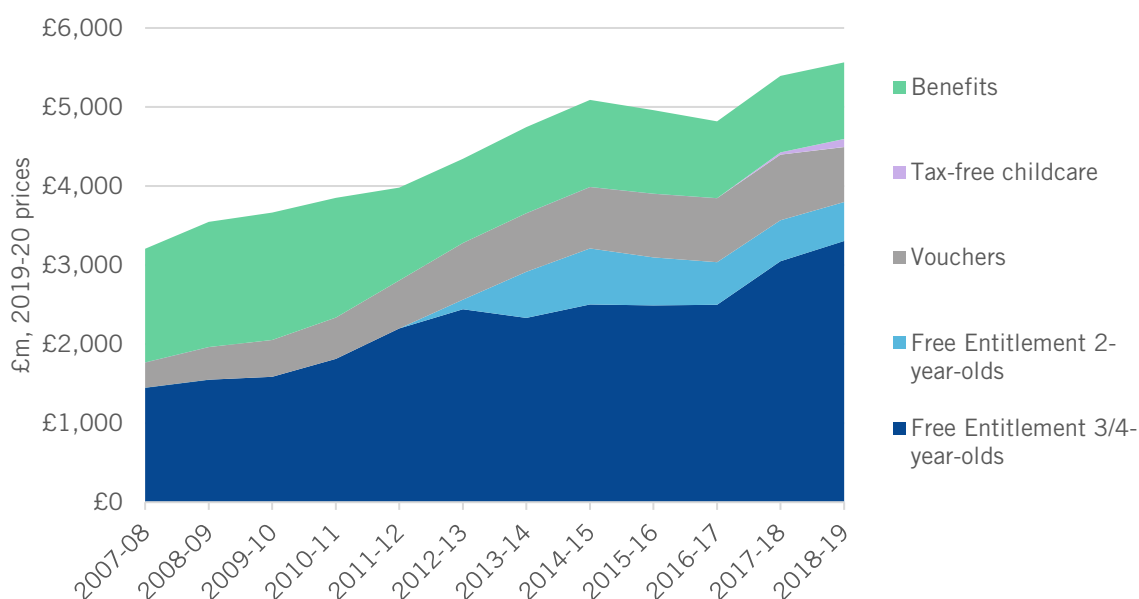
<sup>20</sup> Joseph Rowntree Foundation (March 2019) *It's wrong that so many working families are trapped in poverty - it's time for action* <https://www.jrf.org.uk/blog/its-wrong-so-many-working-families-are-trapped-poverty>

<sup>21</sup> A hat-trick of childcare policies are being rolled out this Autumn. But is the current approach an expensive own goal? 28 September 2017 by David Finch <https://www.resolutionfoundation.org/comment/a-hat-trick-of-childcare-policies-are-being-rolled-out-this-autumn-but-is-the-current-approach-an-expensive-own-goal/>

<sup>22</sup> *Nursery World* magazine (April 2018) *Better-off families gain £300 a month more than poor families from Government childcare policies* <https://www.nurseryworld.co.uk/nursery-world/news/1164210/better-off-families-gain-gbp300-a-month-more-than-poor-families-from-government-childcare-policies>

<sup>23</sup> Britton, J., Farquharson, C. and Sibieta, L. (2019) 2019 annual report on education spending in England. London: IFS <https://www.ifs.org.uk/publications/14369>

**Figure 4: Proportion of funding spent on childcare funding streams**



Source: Institute for Fiscal Studies

### Recommendation

Data are needed to ascertain whether the 30 hours policy is providing sufficient financial benefit to lower-earning families to help to lift them out of poverty and make working increased hours worthwhile.

### *Impact of the 30 hours on the universal and 2-year-old entitlements*

Take up of the funded 2-year-old offer has never been as high as the 3- and 4-year-old offer, and has also been geographically more varied.<sup>24</sup> However, in the last two years, progress in increasing numbers has moved backward (see Fig 2), with falls in both the number and proportion of eligible 2-year-olds taking up places. The reasons for this are not fully understood, and may reflect changes in the eligibility criteria, but potentially also a mix of parental preference and awareness, sufficiency and accessibility of places. Concerns have been expressed that providers' willingness to offer places to funded 2-year-olds could be affected by the 30 hours entitlement.

With government funding an increasing proportion of early education provision and setting the parameters for local funding agreements, early years providers may be offered funding rates lower than actual delivery costs (according to CEEDA, average costs of £6.90 per hour compared to a funding rate of £5.23),<sup>25</sup> and therefore need to make tactical decisions about how many and which categories of funded children to accept. There are reports that some early years providers are limiting the number of universal (15 hour places for 3- and 4-year-olds) and funded 2-year-old places they offer. An Early Years Alliance survey of 1,662 providers reported that 25% of respondents said that the number of

<sup>24</sup> Albakri, M., Basi, T., Davies, M., Forsyth, E., Hopwood, V., Patel, R., Skipp, A. & Tanner, E. (2018) *Take-up of free early education entitlements Research report September 2018*, NatCen Social Research & ASK Research [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738776/Take-up\\_of\\_free\\_early\\_education\\_entitlements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf)

<sup>25</sup> CEEDA (2018) *About Early Years – Annual Report 2017/18*

universal (15 hour) places had decreased at their setting, and 21% reported the number of disadvantaged 2-year-old places had decreased.<sup>26</sup> This could hamper access to such places and inhibit social mobility policy aspirations.

Department for Education's (DfE) *Children's Services Omnibus Survey* found that local authorities are struggling to ensure take up of funded childcare places for disadvantaged 2-year-olds and the universal entitlement of 15 hours for 3- and 4-year-olds. According to the survey, nearly four in ten councils (38 per cent) said the introduction of the 30 hours entitlements for 3- and 4-year-olds had caused difficulties for the implementation of the offer for 2-year-olds, and 16% said it had caused difficulties in relation to the universal 15 hours.<sup>27</sup>

However, the Coram Family & Childcare annual childcare survey finds:

*There have been concerns that the roll out of the 30 hours entitlement will reduce sufficiency for other children, although the local authority data suggests otherwise. The small dip in sufficiency for under twos seen in 2018 has now been reversed, having increased from 50 per cent to 61 per cent over the past year.*<sup>28</sup>

These results seem to point in different directions, although it should be stressed that the DfE survey was looking at take-up while the Coram survey was looking at sufficiency. The difference may be explained by the wide variation at local level. The Education Policy Institute found:

*A possible trade-off in provision between the take-up of the entitlement for disadvantaged two-year-olds and take-up of the 30 hours entitlement for three- and four- year-olds. There is wide variation across local authorities; in some authorities where take-up of the 30 hours entitlement has increased, there has been a decrease or slowing down of take-up of the two-year-old entitlement. In others, there has been an increase or acceleration of take-up amongst disadvantaged 2-year-olds. The differences in delivery costs for two-year-olds and three- and four-year-olds could explain the decision of some local authorities to prioritise places.*<sup>29</sup>

Evidence as to whether some 2-year-old funded places may be being displaced in favour of providers offering 30 hours places varies at local level and is evolving. It should be monitored on an ongoing basis, in particular to identify whether disadvantaged areas are particularly affected.

## Recommendation

Data are needed to ascertain whether there is evidence of displacement of funded 2-year-olds and the universal entitlement by 30 hours places, especially in disadvantaged areas.

<sup>26</sup> Early Years Alliance (2018) [Parents pay the price for the 30-hour offer as childcare providers are forced to limit 'fully free' places, new survey reveals](https://www.eyalliance.org.uk/parents-pay-price-30-hour-offer-childcare-providers-are-forced-limit-fully-free'-places-new-survey) <https://www.eyalliance.org.uk/parents-pay-price-30-hour-offer-childcare-providers-are-forced-limit-fully-free'-places-new-survey>

<sup>27</sup> Department for Education (December 2018 ) *Children's Services Omnibus Wave 4 Research Report* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/762631/CSO\\_wave\\_4\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762631/CSO_wave_4_report.pdf)

<sup>28</sup> Coram Family and Childcare (February 2019) *Annual Childcare Survey* [https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019\\_Coram%20Family%20and%20Childcare.pdf](https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019_Coram%20Family%20and%20Childcare.pdf)

<sup>29</sup> Akhal, A. (2019) *The impact of recent government policies on early years provision*, London: Education Policy Institute. [https://epi.org.uk/wp-content/uploads/2019/01/Early-years-take-up\\_-EPI.pdf](https://epi.org.uk/wp-content/uploads/2019/01/Early-years-take-up_-EPI.pdf)

### *The quality of 30 hours provision*

When the 30 hours entitlement was first introduced there was much discussion of whether there should be a difference between the universal 15 hours of early education and the additional 15 hours, which was labelled as childcare. The early years sector argued strongly that all 30 hours should be treated the same in terms of funding and quality standards, and this was the approach taken by government, with one notable exception. Maintained nursery schools (MNS) are the highest rated part of the early years sector, located primarily in areas of disadvantage. They receive supplementary funding to bring their hourly rates more closely in line with their higher costs, but only in relation to places they provide for the universal 15 hours for 3- and 4-year-olds. They receive no additional funding for the additional hours for 30 hours children, or funded 2-year-olds. In other words, although government recognises that their costs are higher and that they require a higher rate of funding, this is given only in relation to the universal entitlement, which effectively penalises MNS that choose to support families to access the 30 hours or the 2-year-old offer, despite these being flagship government policies.

Given that the stated objective of the policy relates to parental employment rather than child development, it is perhaps unsurprising that government has done little to investigate the quality of the 30 hours provision and whether the additional demands of offering the 30 hours has impacted more generally on quality in the sector. As indicated above, some local authorities have concerns about the policy's impact on the attainment gap, which may in part be about quality. In the chapter below on workforce we consider how the policy – or more specifically, the wider issue of funding levels - may be impacting on quality of provision. In this section we consider what evidence there is around the quality of provision.

Government statistical reports regarding the 30 hours childcare policy report an estimated 379,000 children were in a 30 hours place in summer 2019.<sup>30</sup> Data on the quality of these places are not included in these reports on take-up, though it is available from other government statistics which show that 96% of 30 hours places were taken up in settings rated Good or Outstanding by Ofsted, compared to 93% of places under the universal entitlement and 95% of funded 2-year-old places.

The government-commissioned evaluation of the extended entitlement take up at the end of the first year of delivery (2017-18) focused on patterns of take up and barriers to take up, with only minimal reference to the quality of this newly expanded provision.<sup>31</sup> There is reference to quality of provision in the national evaluation of the first year of roll out of the 30 hours childcare policy, however these comments are provider perceptions from qualitative interviews rather than an external evaluation of quality.<sup>32</sup> However, there has been no assessment of the impact of the 30 hours on quality using research-validated tools.

Some providers typically emphasised that while their service may have required some restructuring to accommodate the extended hours, quality had been maintained through adequate planning and

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<sup>30</sup> Department for Education (13 June 2019) *30 hours free childcare, England, summer term 2019 (Experimental Statistics)* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/808862/30\\_hours\\_free\\_childcare\\_summer\\_term\\_2019\\_Main\\_Text.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/808862/30_hours_free_childcare_summer_term_2019_Main_Text.pdf)

<sup>31</sup> Department for Education (September 2018) *Take-up of free early education entitlements* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738776/Take-up\\_of\\_free\\_early\\_education\\_entitlements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf)

<sup>32</sup> Department for Education (September 2018) *Evaluation of the first year of the national rollout of 30 hours free childcare* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/740168/Evaluation\\_of\\_national\\_rollout\\_of\\_30\\_hours\\_free-childcare.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740168/Evaluation_of_national_rollout_of_30_hours_free-childcare.pdf)

expertise. Other providers in the study were concerned that the current funding climate might negatively affect quality in the future through employment of staff with lower level qualifications and cuts to training. We consider this issue further in the section on workforce.

### *Targeted funding for disadvantaged children*

In light of Theresa May's government's focus on social mobility, it is surprising that there were no initiatives by government to analyse the effectiveness of the two funding streams currently targeted at funded early education for the most disadvantaged 3- and 4-year-olds, namely the disadvantage supplement and the Early Years Pupil Premium (EYPP). We consider below the additional issue that, under the EYNFF, local authorities have lost the flexibility to subsidise provision for more disadvantaged children. No assessment has been attempted of the impact this may be having.

Funding supplements are paid to early years providers in addition to the base rate of early entitlement funding to reflect local needs. The disadvantage supplement is the only mandatory funding supplement which local authorities must apply to their funding formula and is based on deprivation. Operational guidance allows up to 10% of a local authority's allocation to be used towards supplements. However, local authorities only use 6% of early years funding on average for supplements. Whilst local authorities pay this mandatory supplement in a number of ways (per hour, per child or by lump sum) there is discretion about the metric they use to determine deprivation (for example IDACI – Income Deprivation Affecting Children – data and free school meal eligibility data).<sup>33</sup> Unlike EYPP, there is no requirement for settings to report on how it has been used. No evaluation has been made of the impact and effectiveness of disadvantage funding under the EYNFF, although West and Noden's analysis of deprivation funding under the previous funding model identifies hugely differing ways of allocating funding which may well be similar to the current picture.<sup>34</sup> This is a major evidence gap in terms of government's social mobility objectives.

We have found only very small-scale research on the effectiveness of EYPP use by settings.<sup>35</sup> Although these were predominantly positive, at scale the effectiveness of the policy and its implementation is largely unknown.

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<sup>33</sup> Education and Skills Funding Agency (December 2018) Section 251 budget data <https://www.gov.uk/guidance/section-251-2017-to-2018#section-251-outturn-data> (Budget detailed level: early years table 2017 to 2018)

<sup>34</sup> Noden, P. and West, A. (2016). The Early Years Single Funding Formula: National policy and local implementation. Clare Market Papers, 22. London School of Economics and Political Science, Department of Social Policy, London, UK. available at: <http://eprints.lse.ac.uk/67880>

<sup>35</sup> Roberts, E., Griggs, J. and Robb, S. (2017). Study of Early Education and Development: Experiences of the Early Years Pupil Premium Research report.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/586474/SEED-Experiences\\_of\\_the\\_Early\\_Years\\_Pupil\\_Premium\\_-\\_RR645.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/586474/SEED-Experiences_of_the_Early_Years_Pupil_Premium_-_RR645.pdf)

EYPP was perceived to have been effectively used to achieve maximum impact, including across a range of measures such as increased confidence and improved communication skills. A number of indirect benefits were also highlighted.

These included: an increased focus for frontline staff to consider ways to better support and provide for eligible children, including those with additional needs; an improved awareness and understanding of children's family backgrounds and ways to provide wrap-around support; and the generation of financial savings for providers, where EYPP funding was used to purchase goods and services which would otherwise have come from other sources. This was perceived to be particularly useful in the context of public sector cuts.

The most recent early years provider survey (January 2017) demonstrates the perceived impact of the EYPP:

- Two-thirds (65%) of group-based and three-quarters (73%) of school-based providers said EYPP helped them to increase the services they provide to disadvantaged children. Half (50%) of group-based providers and three fifths (59%) of school-based providers agreed that they wouldn't be able to do as much without EYPP.<sup>36</sup>
- A potential barrier to applying for the funds was a lack of knowledge about EYPP (19% of group-based and 22% of school-based non-applicants).

This research is now over two years old and suggests more up to date data are necessary.

A small-scale qualitative study of 19 providers in one local authority area finds the need for:

- *A higher EYPP rate.*
- *Extending the eligibility criteria.*
- *Timely provision of funds.*
- *Providing more autonomy to practitioners to apply for the funding.*
- *Enabling practitioners to apply for any child who needs additional funding to support their development.*<sup>37</sup>

One factor affecting the effectiveness of EYPP is take-up. In order for settings to qualify, parents must apply to confirm eligibility for their child. This is time-consuming for both settings and parents, and the latter may not see the benefit in doing so. Some settings also deem the amount of funding too low to be worth the administrative time spent in claiming. There is no publicly available estimate of the number of children potentially eligible to claim EYPP against which we can measure take-up.

Government's initial allocation of EYPP funding, based on DWP and HMRC data, was £50m in 2015-16. The actual amount claimed in 2019-20 was £28.1m.<sup>38</sup> It is unclear to what extent this reflects low take-up or an overestimate of the number of children eligible. However, it is notable that whereas just under 8% of funded 3- and 4-year-olds receive EYPP (see Table 3), 27% of pupils aged 5-16 were eligible for pupil premium funding in 2020.<sup>39</sup> The criteria for the two premiums are not identical. In particular, the "ever 6 FSM" criterion means that children eligible for schools' pupil premium at any point in the last six years retain their eligibility, while children in the early years can lose EYPP eligibility on a termly basis. This both adds to the administrative load and reduces the number of eligible children.

Department for Education figures on the number and percentage of children receiving EYPP have fluctuated a little year by year.<sup>40</sup>

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<sup>36</sup> Department for Education (January 2017) *Early Years Pupil Premium: Providers Survey Research report* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/586225/Early\\_Years\\_Pupil\\_Premium\\_Providers\\_Survey\\_-\\_RR644.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/586225/Early_Years_Pupil_Premium_Providers_Survey_-_RR644.pdf)

<sup>37</sup> Brown, Z (2018) Good in theory, bad in practice: practitioners' perspectives on the early years pupil premium in England, *Early Child Development and Care*, DOI: 10.1080/03004430.2018.1536049

<sup>38</sup> PQ 207611, 11 January 2019 <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-01-11/207611/>

<sup>39</sup> 1 PQ219513, 19 February 2019 <https://www.parliament.uk/written-questions-answers-statements/written-question/Commons/2019-02-11/219513>

<sup>40</sup> Department for Education (September 2019) Education provision: children under 5 years of age, January 2019 <https://www.gov.uk/government/statistics/education-provision-children-under-5-years-of-age-january-2019>

**Table 3: Children in receipt of Early Years Pupil Premium (EYPP)**

Year	Children in receipt of EYPP	% of funded 3- and 4-year-olds in receipt of EYPP
2016	106,790	7.9%
2017	103,750	7.8%
2018	94,050	7.3%
2019	99,179	7.7%

The drop in numbers of children eligible for EYPP in 2018 coincides with changes to eligibility for EYPP as a result of the introduction of Universal Credit. According to Department for Education guidance:<sup>41</sup>

*Parents who wish their child to take-up the EYPP on 1 April 2018 onwards (children starting in summer term 2018, or any subsequent term) and who are in receipt of Universal Credit will be subject to the earned income threshold.*

*This means that when assessing eligibility for EYPP, any child born on or after 1 January 2015 whose parent(s) is entitled to Universal Credit is subject to the income threshold outlined above. Parents of children born before 1 January 2015 who are entitled to Universal Credit are not subject to the income threshold. Therefore, the child's date of birth must be taken into account when assessing eligibility.*

This additional eligibility checking process for local authorities, and additional evidential requirement for parents, adds further bureaucracy to accessing the entitlement and may explain a reduction in those claiming the entitlement. Further research may be prudent to understand any possible relationship between this additional income threshold eligibility criteria and the reduction in the number of hours claimed.

The third potential source of targeted funding for disadvantaged children comes from discretionary spend by local authorities. A Freedom of Information investigation by *Nursery World* magazine revealed 27 discretionary local authority funds targeted at disadvantaged children aged birth to five which had been or were being cut.<sup>42</sup> Of these, 12 are schemes for 3- to 4-year-olds and 15 are broader schemes for children aged birth to 5 (See Appendix 1). In many cases disadvantaged children who were previously provided with full-time early education places can no longer be funded for these at the same time as their more advantaged peers become eligible for 30 hours places. Providers in these areas report that this is doubly disadvantaging the former. This may be caused in part by budgetary cuts to local authorities but is significantly attributable to a loss of flexibility under the Early Years National Funding Formula. One council calculated that as a result of the EYNFF it would have to transfer £1million from its maintained settings to its PVI settings to comply with new formula requirements, despite the fact the maintained sector was supporting the most disadvantaged children.<sup>43</sup>

<sup>41</sup> Department for Education (February 2018) *Early years entitlements: local authority funding of providers Operational guide 2018 to 2019*

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/682452/Early\\_years\\_entitlements-Operational\\_guide\\_2018\\_to\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/682452/Early_years_entitlements-Operational_guide_2018_to_2019.pdf)

<sup>42</sup> *Nursery World* magazine 12 November 2018 *30 hours: the hidden cost*  
[https://www.nurseryworld.co.uk/digital\\_assets/1901/Exclusive\\_NW\\_30H.pdf](https://www.nurseryworld.co.uk/digital_assets/1901/Exclusive_NW_30H.pdf)

<sup>43</sup> Summary of the meeting of the All Party Parliamentary Group on Nursery Schools and Nursery Classes, 16 January 2018  
<https://www.early-education.org.uk/sites/default/files/Summary%20of%20APPG%20NSNRC%2016%20January%202018.pdf>

The *Closing Gaps Early* report expressed concern about ‘one size fits all’ funding, and this additional evidence further highlights the lack of understanding about the allocation and impact of a range of funding streams including EYPP and disadvantage supplements, and of the lack of flexibility within the Early Years National Funding Formula. This remains a fundamental concern.

## Recommendation

Government should review:

- the eligibility conditions for EYPP and consider bringing it more closely in line with schools’ pupil premium, including scrapping the requirement for eligibility to be checked on a termly basis (along the lines of the schools’ pupil premium “ever 6 FSM”), along with other practicalities of accessing EYPP, the impact of changes to eligibility and the potential impact on take-up of additional eligibility checks.
- review the effectiveness of the EYPP and disadvantage supplements in supporting its social mobility agenda and consider whether to raise it to an equivalent level to primary school’s pupil premium and of extending it to two-year-olds.
- the impact of the EYNFF on local authorities’ ability to target funding as needed to support the most disadvantaged children, whether through subsidised provision in areas of market failure or additional hours for children in challenging circumstances.

### *Access to childcare and funded entitlements - other groups*

#### **Children with SEND**

Children from disadvantaged backgrounds have above average levels of Special Educational Needs and Disabilities.<sup>44</sup> Yet *Closing Gaps Early* highlights that only 2% of families taking up a place for an -old, do so on the basis of their disability. This 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 age. 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.

An average of 6% of 3- and 4-year-olds with SEND take up the universal entitlement, and research indicates that children with SEND struggle often have difficulty accessing their full 15 hour entitlement, or to access any early education at all. The figure for the 30 hours is far lower: data from *Education provision: children under 5 years of age, January 2018* confirms that of 296,924 children taking up the extended entitlement in January 2018, 2.6% were identified as having SEND (either children with SEN support or children with statements of SEN or EHC plans). This may reflect the difficulties settings face in getting additional funding for children with SEND eligible for the 30 hours.<sup>45</sup> It underlines the difficulties facing the parents of children with SEND face in accessing work, potentially leaving children doubly disadvantaged by reduced opportunities for early education and constrained family incomes.

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<sup>44</sup> Education Endowment Foundation. <https://educationendowmentfoundation.org.uk/school-themes/special-educational-needs-disabilities/>

<sup>45</sup> Early Education (2018) First choice and last resort: the unique role of maintained nursery schools in England in supporting children with Special Educational Needs and Disabilities (SEND) <https://www.early-education.org.uk/sites/default/files/SEND%20in%20MNS%20survey%20findings%20Sept%202018.pdf>



Access of children with SEND to funded entitlements for 2-, 3- and 4-year-olds and the take up rate by these children is reported in a government study:

*The findings from the regression analysis showed that the higher the proportion of children with EAL or SEND, and the higher the proportion of those who move between LAs, the lower the take-up rate [of the 3- and 4-year-old entitlement].*<sup>46</sup>

However, given this low take up rate, there would appear to be very limited recent research identifying barriers to take up from a parent's perspective.

London Councils issued a report on behalf of its members highlighting the important role maintained nursery schools (MNS) play in closing the gap and promoting social mobility, particularly in providing 'a disproportionate number' of places for children with SEND.<sup>47</sup> The report highlights how in MNS, 'specialist teachers are employed who recognise signs of SEND at an early age and develop learning plans tailored to the needs of each child, ensuring that children with SEND are supported and ready for school.' This study further highlights the precariousness of this work given the current funding situation for MNS which receive additional funding to recognise their additional costs – but only in relation to the 15-hour entitlement, and not in relation to the 30 hours or funded 2-year-olds.

Campbell et al have also found evidence that children with SEND are more likely than other children to move from nursery class in one school to reception in a different school, potentially disrupting their transitions at this crucial time, and suggesting that there are issues with the ability or willingness of schools to meet the needs of children with SEND.<sup>48</sup>

The impact of 30 hours on availability of childcare for children with SEND will need to continue to be monitored carefully.<sup>49</sup>

## Looked after children

There is very little data or research about looked after children in the early years. Mathers et al found that looked after children were less likely than their peers to be accessing their early education entitlement.<sup>50</sup> We do not know to what extent they are accessing the 30 hours entitlement, but presumably this is also at a lower level than their peers.

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<sup>46</sup> Department for Education (September 2018) *Take-up of free early education entitlements*  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738776/Take-up\\_of\\_free\\_early\\_education\\_entitlements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf)

<sup>47</sup> London councils (September 2018) *Hidden Value: A report exploring the role and future of maintained nursery schools in London* <https://www.londoncouncils.gov.uk/our-key-themes/children-and-young-people/education-and-school-places/hidden-value-report-exploring>

<sup>48</sup> Campbell, T., Gambaro, L. and Stewart, K. (2019) *Inequalities in the experience of early education in England: Access, peer groups and transitions*. London: Centre for the Analysis of Social Exclusion.  
<http://sticerd.lse.ac.uk/dps/case/cp/casepaper214.pdf>

<sup>49</sup> Coram Family and Childcare Trust (February 2019) *Annual Childcare Survey*  
[https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019\\_Coram%20Family%20and%20Childcare.pdf](https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019_Coram%20Family%20and%20Childcare.pdf)

<sup>50</sup> Mathers, S., Hardy, G., Clancy, C., Dixon, J. and Harding, C. (2016) *Starting Out Right: early education and looked after children*. London: Nuffield Foundation/Family & Childcare Trust.  
[https://www.nuffieldfoundation.org/sites/default/files/files/Starting%20out%20right\\_%20early%20education%20and%20looked%20after%20children.pdf](https://www.nuffieldfoundation.org/sites/default/files/files/Starting%20out%20right_%20early%20education%20and%20looked%20after%20children.pdf)

## Ethnicity

There would appear to be limited national data collated relating to 30 hours take up by children's ethnicity, suggesting this may be an area for future research.

A study of take-up of the free education entitlements found that “*awareness rates of the 30 hours entitlement are higher among parents in couple families (72 per cent) compared to lone parents (65 per cent) (DfE, 2017) and vary across different ethnic groups.*”<sup>51</sup> The national evaluation of rollout includes an overview of the profile of families accessing the entitlement from a sample of 12 local authorities which were broadly in line with national populations, but more detailed analysis would be needed to identify whether and how take-up actually varies by ethnicity.

Whilst data on children's ethnicity are collected from local authorities through the annual early years census, this has not appeared in the annual *Education provision: children under 5 years of age* document. This should be explored in more detail.

## Recommendations

Government should monitor take up of the 30 hours by children with SEND, looked after children and children of different ethnic backgrounds.

## *Parenting policies and the home learning environment*

Organisations including the Sutton Trust have identified the importance of the home learning environment and engaging parents to support child development, and the need to evaluate what works.<sup>52</sup> In February 2018, the Social Mobility Commission claimed there was little evidence of what worked in the way of public policy having an impact on parenting behaviour and achieving positive outcomes for children.<sup>53</sup>

The Science and Technology Committee's inquiry into evidence-based early years intervention found that the provision of early interventions, which covers a range of provision including parenting programmes:

*“is fragmented and highly variable across England, with inadequate effective oversight mechanisms for the Government and others to monitor what local authorities are delivering. There is no clear, overarching national strategy from the UK Government targeting childhood adversity or early intervention as an effective approach to address it. Co-ordination between the different Government departments whose areas of responsibility relate to childhood adversity or associated problems could be improved.”*<sup>54</sup>

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<sup>51</sup>Albakari et al (2018) Take-up of free early education entitlements. NatCen Social Research and ASK Research. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738776/Take-up\\_of\\_free\\_early\\_education\\_entitlements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf)

<sup>52</sup> Sutton Trust Parental Engagement Fund <https://www.suttontrust.com/our-research/parental-engagement-fund/>

<sup>53</sup> Social Mobility Commission Press Release: Helping parents to parent <https://www.gov.uk/government/news/helping-parents-to-parent>

<sup>54</sup> Science and Technology Committee (2018) Evidence-based early years intervention report <https://www.parliament.uk/business/committees/committees-a-z/commons-select/science-and-technology-committee/inquiries/parliament-2017/evidence-based-early-years-intervention-17-19/>

The Committee expressed its disappointment with the government's response to the report, which rejected the Committee's proposal for a new national strategy.<sup>55</sup>

The 2017 Social Mobility Action Plan made reference to "identifying and spreading 'what works'" through the work of organisations such as Education Endowment Foundation and the Early Intervention Foundation. The latter in particular has taken this agenda forward through initiatives such as the Early Years Transformation Academy.<sup>56</sup> DfE have also commissioned the EIF to "work with local areas to create a resource that uses research and practice learning to guide local authorities and their partners on designing effective early childhood services, including a strong focus on the development of language and communication skills."<sup>57</sup>

Government is therefore making some progress towards evaluating promising programmes. But when it comes to rolling these out, this is left to local authorities, which are struggling with budget cuts. Action for Children (September 2018) reveal:

- *Budgets for 'early intervention' children's services, which can help stop family problems such as abuse and neglect spiralling out of control, have dropped by £743 million in the last five years - a decrease of 26%*
- *Budgets for children's centres across England have dropped by £450 million in the last five years - a decrease of 42%*
- *Budgets for safeguarding and children in care across England have increased by £597 million in the last five years - an increase of 10%.<sup>58</sup>*

The Early Intervention Foundation identify lack of funding and short-term policy interventions as two of the five main barriers to effective early intervention.<sup>59</sup> Notably:

*While the government has protected or increased funding for important areas such as early years childcare, troubled families and children's mental health, this must be viewed within a context of significant reductions in overall funding for local services. Constraints on public spending mean that local authorities are facing ongoing real-term cuts in funding at a time when demand for their services is rising: The Local Government Association predicts that children's services departments in England will face a £3 billion funding gap by 2025.<sup>60</sup>*

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<sup>55</sup> Evidence-based early years intervention: Government's Response to the Committee's Eleventh Report of Session 2017–19 <https://publications.parliament.uk/pa/cm201719/cmselect/cmsctech/1898/189802.htm>

<sup>56</sup> Dr Casebourne J. (2019) Class is in: Launching the Early Years Transformation Academy. Early Intervention Foundation. Available at: <https://www.eif.org.uk/blog/class-is-in-launching-the-early-years-transformation-academy>

<sup>57</sup> Lewing B. (2019) Children's centres and beyond: understanding the changing face of integrated local early years support. Early Intervention Foundation. Available at: <https://www.eif.org.uk/blog/childrens-centres-and-beyond-understanding-the-changing-face-of-integrated-local-early-years-support>

<sup>58</sup> Action for Children (27 September 2018) *Budgets for children's early help services suffer £743 million funding drop in five years, figures show* <https://www.actionforchildren.org.uk/news-and-blogs/press-releases/2018/september/budgets-for-children-s-early-help-services-suffer-743-million-funding-drop-in-five-years-figures-show/>

<sup>59</sup> Early Intervention Foundation (October 2018) *Realising the potential of Early Intervention*. <https://www.eif.org.uk/files/pdf/realising-the-potential-of-early-intervention.pdf>

<sup>60</sup> Local Government Association [LGA] (September 2018) *'Moving the conversation on: LGA Autumn Budget Submission to HM Treasury'*, <https://www.local.gov.uk/sites/default/files/documents/Moving%20the%20conversation%20on%20-%20LGA%20Autumn%20Budget%20Submission%202018.pdf>

Whilst spending on early intervention is difficult to track over time, several children's charities have estimated that investment will have declined by as much as 72% between 2010 and 2020.<sup>61</sup>

Joint analysis by The Children's Society, Action for Children, Barnardo's, NSPCC, and the National Children's Bureau shows the extent of cuts to children and young people's services.<sup>62</sup> The analysis finds that funding has fallen by £3 billion between 2010-11 and 2017-18 – a 29% reduction. Funding per child and young person has dropped from £813 in 2010-11 to £553 in 2017-18. At the same time, local authority spending on children and young people's services fell by 16%. Diminishing funding, as demand on local authority children's services increases, has left a funding gap which reached £1.4bn in 2017/18. Meanwhile, spending on early intervention services for children and young people, such as children's centres, has fallen by 49%.

These figures are echoed by the Local Government Association which highlights both the increase in demands on local authority children's services and the reductions in funding:

*In 2017/18, councils across England were forced to spend **£816 million more** on children's social care than they had budgeted for.*

*Government funding for **the Early Intervention Grant has been cut by almost £600 million since 2013. It is projected to drop by almost a £100 million more by 2020.***<sup>63</sup>

Such cuts have also fallen on the children's centre infrastructure and a marked decline in the number of registered centres has been observed. Work by Action for Children points to the contentious nature of how a children's centre is counted and questions how up to date the data are, highlighting discrepancies between official statistics and the reality of access to services.<sup>64</sup> This is further detailed by The Sutton Trust<sup>65</sup> which notes:

*There is no clear definition of a 'children's centre', with a large number of 'linked sites' counted by some authorities but not by others. Many closures announced locally were not yet reflected in the database: our survey showed a 16% drop. If we only count 'registered centres', the drop since 2009 was more than 30%, suggesting that more than 1,000 centres nationally might have closed. There is now growing evidence of a further wave of large-scale closures in the pipeline as a 'tipping point' is reached.*

In this report, services are described as 'hollowed out' and often no longer 'in pram-pushing distance'.

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<sup>61</sup> Action for Children, National Children's Bureau and The Children's Society (2017) *Turning the Tide: Reversing the move to late intervention spending in children and young people's services.* <https://www.actionforchildren.org.uk/what-we-do/policy-and-research/good-mental-health-and-a-chance-to-thrive/turning-the-tide/>

<sup>62</sup> Children and young people's services: Funding and spending 2010/11 to 2017/18 (February 2019) [https://www.childrensociety.org.uk/sites/default/files/childrens-services-funding-csfa-briefing\\_final.pdf](https://www.childrensociety.org.uk/sites/default/files/childrens-services-funding-csfa-briefing_final.pdf)

<sup>63</sup> Local Government Association [LGA] (January 2019) *Children's services funding – facts and figures* <https://www.local.gov.uk/about/campaigns/bright-futures/bright-futures-childrens-services/childrens-services-funding-facts>

<sup>64</sup> Action for Children (September 2018) *How many ways to count a children's centre?* <https://www.actionforchildren.org.uk/news-and-blogs/policy-updates/2018/september/how-many-ways-to-count-a-children-s-centre/>

<sup>65</sup> The Sutton Trust (April 2018) *Stop Start: Survival, decline or closure? Children's centres in England.* <https://www.suttontrust.com/wp-content/uploads/2018/04/StopStart-FINAL.pdf>

*The focus of centres has changed to referred families with high need, and provision has diversified as national direction has weakened, with local authorities employing a variety of strategies to survive in an environment of declining resources and loss of strategic direction.*

While some steps have been taken to increase the evidence base on parenting programmes, this is within a wider policy approach that lacks a national strategy on children's centres and has allowed extensive cuts to take place at local level, with a considerable impact on the infrastructure available to delivering parenting programmes at scale. The EIF has recently been commissioned to carry out a review of "what works" in relation to early years support services,<sup>66</sup> but this falls far short of a national strategy.

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<sup>66</sup> Lewing, B. (2019) Children's centres and beyond: understanding the changing face of integrated local early years support. Early Intervention Foundation Blog. <https://www.eif.org.uk/blog/childrens-centres-and-beyond-understanding-the-changing-face-of-integrated-local-early-years-support>

## 2: The early years workforce

### *Increasing numbers of qualified practitioners in settings*

The qualifications profile of the early years workforce is quite differently structured in the maintained and non-maintained sectors (see table 4).

**Table 4: Qualification requirements and prevalence by provider type**

Provision type	Minimum qualifications <sup>67</sup>	Proportion of providers delivering funded education with staff with graduate status <sup>68</sup>
Childminders	Must have completed training which helps them to understand and implement the EYFS before they can register with Ofsted or a childminder agency.	14%
PVIs	Manager must hold at least a “full and relevant” level 3 qualification and at least half of all other staff must hold at least a full and relevant level 2 qualification	48%
Provision in maintained nursery schools, infant or primary schools	At least one member of staff must be a school teacher as defined by section 122 of the Education Act 2002 For nursery classes, at least one other member of staff must hold a full and relevant level 3 qualification	100%

The 2017 workforce strategy in England was a missed opportunity to put in place an ambitious long-term plan to upskill and invest in the workforce. This failure can be compared with the decisions of both the Scottish and Welsh governments to implement long-term strategies for their early years workforces.<sup>69 70</sup>

The English early years workforce strategy did include a commitment to a feasibility study into developing a programme to grow the graduate workforce in disadvantaged areas, to narrow the quality gap between settings in disadvantaged and more affluent areas. However, in a letter to the Education Committee, the minister confirmed that they would not go ahead with the graduate feasibility study, declaring:

<sup>67</sup> DfE (2017) Statutory Framework for the early years foundation stage

[https://www.foundationyears.org.uk/files/2017/03/EYFS\\_STATUTORY\\_FRAMEWORK\\_2017.pdf](https://www.foundationyears.org.uk/files/2017/03/EYFS_STATUTORY_FRAMEWORK_2017.pdf)

<sup>68</sup> National statistics (2020) Education provision: children under 5 years of age <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5>

<sup>69</sup> Scottish government (2015) Scottish Government Response to an Independent Review of the Scottish Early Learning and Childcare (ELC) and Out of School Care (OSC) Workforce

[https://www.webarchive.org.uk/wayback/archive/20160113073930mp\\_/http://www.gov.scot/Resource/0049/00490358.pdf](https://www.webarchive.org.uk/wayback/archive/20160113073930mp_/http://www.gov.scot/Resource/0049/00490358.pdf)

<sup>70</sup> Welsh Government (2017) Childcare, Play and Early Years Workforce Plan

<https://gweddill.gov.wales/docs/dsjlg/publications/cyp/171215-childcare-play-early-years-workforce-plan-en.pdf>

*Ofsted data confirms that the proportion of 'good' and 'outstanding' providers is now almost identical in the least deprived areas compared with the most deprived, the difference having decreased by seven percentage points in the last four years. Similarly, evidence from the DfE Study of Early Education and Development (SEED) also tells us that children in disadvantaged areas are now just as likely to be able to access high quality education as children in more affluent areas.<sup>71</sup>*

However, the lack of progress in closing the gap suggests that quality within the sector is not consistently high enough to make a difference where it is most needed.

A substantial body of research acknowledges the impact of the early years workforce on the structural and processual quality of early childhood education and thereby on closing gaps early.<sup>72 73</sup>

Structural quality includes the qualifications of the workforce. The EPI evidence review (2018) notes:

*A formal degree with at least some specialised training in early childhood education or child development is useful in delivering the skills and knowledge that support optimal teacher behaviour. However, a clear strategy to deliver systematic, sustainable and transformative continuing professional development to staff working in different roles is also necessary for training to make a difference for quality and children's outcomes;<sup>74</sup>*

However, gaps in evidence are identified in this report and suggest the need for further investigation:

*More rigorous research is needed around the topic of pre-service and in-service training both to understand the value-added of a degree with a specialisation in early childhood as well as to assess whether CPD can be a substitute for pre-service training and, if so, to what extent; Additional testing should be carried out on the effectiveness of different staffing structures in terms of levels and types of qualifications, training routes into the profession, and years of experience. A clear focus should also be taken as to understanding how preparation and working conditions of staff working with very young children (aged from birth to two) differ from staff working with three- and four-year-old and Reception Year children;*

This confirms findings from the *Closing Gaps Early* report in highlighting a lack of robust evidence about what works.

More recent research confirms that the Graduate Leader Fund, 2008-2011, which sought to increase graduate recruitment in PVI settings, worked but subsequent government policy has not improved the qualifications profile of the workforce.<sup>75</sup>

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<sup>71</sup> Letter from Nadhim Zahawi MP to the Education Select Committee <https://www.parliament.uk/documents/commons-committees/Education/Correspondence-from-the-Parliamentary-Under-Secretary-of-State-for-Children-and-Families-regarding-life%20chances.pdf>

<sup>71</sup> Staffordshire County Council letter to headteachers, July 2017

<sup>72</sup> Education Policy Institute (August 2018) *Structural elements of quality early years provision: a review of the evidence* [https://epi.org.uk/wp-content/uploads/2018/08/Early-years-structural-quality-review\\_EPI.pdf](https://epi.org.uk/wp-content/uploads/2018/08/Early-years-structural-quality-review_EPI.pdf)

<sup>73</sup> Early Intervention Foundation (August 2018) *Teaching, Pedagogy and Practice in Early Years Childcare: An evidence Review* <https://www.eif.org.uk/files/pdf/teaching-pedagogy-and-practice-in-early-years-childcare.pdf>

<sup>74</sup> Ibid.

<sup>75</sup> Bonetti, S. (2020) *Early years workforce development in England: Key ingredients and missed opportunities*. London: Education Policy Institute <https://epi.org.uk/publications-and-research/early-years-workforce-development/>

Research by Blanden et al<sup>76</sup> concludes that quality, as measured by the presence of a graduate and by Ofsted inspection grades, has only very weak associations with children's outcomes. However, Sammons et al<sup>77</sup> have expressed concern about the study's conceptualisation, research design and methods, and the debate continues as to how to square its findings with the many studies showing a positive impact of graduates on the quality of early years provision. Problems remain with samples where the quality may be too low overall to allow differences to be distinguished. Direct measures of process quality may be more effective than proxies such as staff qualifications, which cannot distinguish between the presence of a graduate and how the graduate is deployed.

Findings from the SEED report - *Study of Quality of Early Years Provision in England* (December 2017) based on a sample of 594 settings, suggest there has been a recent increase in the number of qualified practitioners:

*Good quality ECEC [Early Childhood Education and Care] is being delivered by different types of providers across England, and improvements in quality have been seen over time. This may be associated with concurrent improvements in staff qualifications among other factors. Given that past research has indicated variation in quality relating to area deprivation and the new research from SEED has not, this may indicate that efforts to address quality in disadvantaged areas have been effective.*<sup>78</sup>

This is supported by the latest DfE data which shows that the number of Level 3 qualified staff in PVI has remained stable at 63% since 2018 and that the number of staff in PVIs with graduate status has increased 2% since 2019.<sup>79</sup> However, data from CEEDA (August 2018) from a study of 555 nurseries and pre-schools and 245 childminders, suggests a reduction in the number of qualified staff (particularly in the PVI sector where there was a decline of 8% of staff holding a level 3 qualification or above between 2016-17).<sup>80</sup> EPI research (January 2019) points to an ageing qualified workforce who are not being replaced by younger, qualified staff. Even more worrying is the latest data from the National Day Nurseries Association (NDNA) workforce survey<sup>81</sup> which finds that the number of level 3 qualified staff has fallen from 66% in 2017-18 to 52% in 2018-19, the number of graduates and EYTs has fallen from 13% to 5%. and that the number of unqualified staff has risen from 10% to 26% in the same period, with level 3 staff opting to move to better paid jobs in retail rather than staying in the early years. Thus, there is uncertainty about whether staff qualifications are improving or not, and

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<sup>76</sup> Blanden, J., Hansen, K. & McNally, S. (2017). *CEP Discussion Paper No 1468 February 2017 Quality in Early Years Settings and Children's School Achievement* <http://cep.lse.ac.uk/pubs/download/dp1468.pdf>

Sammons, P., Sylva, K., Hall, J., Siraj, I., Melhuish, E., Taggart, B. & Mathers, S. (2017) *Occasional paper, March 2017: Establishing the Effects of Quality in Early Childhood: Comparing evidence from England*. Early Education. <https://www.early-education.org.uk/sites/default/files/Establishing%20the%20Effects%20of%20Quality%20in%20Early%20Childhood%20OP%20March%202017.pdf>

<sup>78</sup> Department for Education (December 2017 Revised May 2018) *Study of Early Education and Development (SEED): Study of Quality of Early Years Provision in England (Revised) Research Report* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/723736/Study\\_of\\_quality\\_of\\_early\\_years\\_provision\\_in\\_England.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/723736/Study_of_quality_of_early_years_provision_in_England.pdf)

<sup>79</sup> National statistics (2020) Education provision: children under 5 years of age <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5>

<sup>80</sup> CEEDA (August 2018) About Early Years annual Report [http://www.aboutearlyyears.co.uk/media/1257/about-early-years-annual-report-2017-2018\\_main-report-issue-1\\_opt.pdf](http://www.aboutearlyyears.co.uk/media/1257/about-early-years-annual-report-2017-2018_main-report-issue-1_opt.pdf)

<sup>81</sup> NDNA Workforce Survey for England 2019 [https://www.ndna.org.uk/NDNA/News/Reports\\_and\\_surveys/Workforce\\_survey/nursery\\_workforce\\_survey\\_2019.aspx](https://www.ndna.org.uk/NDNA/News/Reports_and_surveys/Workforce_survey/nursery_workforce_survey_2019.aspx)



the overall qualifications profile of the workforce, and these may require further analysis and monitoring.<sup>82</sup>

Recent research confirms that the early years foundation stage (EYFS) is delivered by more highly qualified staff in the maintained sector than in providers in the private, voluntary and independent sector, with the majority of head teachers and Early Years coordinators qualified to at least Level 6.<sup>83</sup>

The *Closing Gaps Early* Report identified that 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 2-year-olds, Mathers and colleagues' 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.

### ***Recruitment challenges***

Recruitment to the workforce continues to be a significant challenge for providers with CEEDA finding (in Summer 2017) that 45% of providers were recruiting an estimated 24,600 posts, which is indicative of the level of staff turnover in the sector, and 84% of providers found vacancies hard to fill.<sup>84</sup>

In differentiating sub-sectors of the workforce:

*The childcare workforce is less qualified than both the teaching workforce and the general female workforce. In 2018, 25.1% of childcare workers held a degree as their highest qualification level. By contrast, 92.8% of teaching workers and 37.1% of all female workers hold a degree or equivalent qualification. Meanwhile, 36% of childcare workers' highest qualifications level was to GCE, A-level or another equivalent Level 3 qualification, versus only 1.9% of the teaching workers and 21.1% of working women.<sup>85</sup>*

On qualifications, reductions in funding via local authorities to subsidise qualifications would appear to be resulting in a slowdown in uptake of vocational courses. Both EPI and CEEDA found that qualification levels of childcare workers are increasing very slowly and sometimes erratically. In more detail:

*Early years vocational qualifications show slow signs of recovering rising from 12,325 in Q3 2016 to 13,275 in Q3 2017 – well below Q3 2012 high of 20,820.<sup>86</sup>*

The precarity of the early childhood workforce is a significant feature, with EPI research finding childcare workers are often in a position of high financial insecurity. Pay is low, both in relative and

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<sup>82</sup> Education Policy Institute (March 2018) *The early years workforce: a fragmented picture*. [https://epi.org.uk/publications-and-research/early-years-workforce\\_analysis/](https://epi.org.uk/publications-and-research/early-years-workforce_analysis/)

<sup>83</sup> Department for Education (February 2019) *The role and contribution of maintained nursery schools in the early years sector in England* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/782568/RPT\\_Frontier\\_Economics\\_MNS\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782568/RPT_Frontier_Economics_MNS_Report.pdf)

<sup>84</sup> CEEDA (August 2018) *Annual Report* [http://www.aboutearlyyears.co.uk/media/1257/about-early-years-annual-report-2017-2018-main-report-issue-1\\_opt.pdf](http://www.aboutearlyyears.co.uk/media/1257/about-early-years-annual-report-2017-2018-main-report-issue-1_opt.pdf)

<sup>85</sup> Education Policy Institute (March 2018) *The early years workforce: a fragmented picture*

<sup>86</sup> CEEDA (August 2018) *Annual Report*

absolute terms, and a high proportion of workers are claiming state benefits or tax credits. Additionally, this workforce is ageing and fewer employees are upskilling.<sup>87</sup> Almost half of highly qualified staff (level 6 and more) are aged over 40, with 21% aged over 50 and approaching retirement in the next 10 to 15 years. This suggests further recruitment and retention challenges ahead.<sup>88</sup> The tasks of recruitment, retention, funding qualifications, replacing an ageing workforce and appropriate remuneration of employees given stagnant funding rates, combine to making the development of a workforce delivering high quality early education a very real and immediate challenge.

Despite increasing evidence that the workforce is key to high quality early years provision, the percentage of 2-year-olds benefitting from the presence of a graduate teacher in the classroom decreased slightly between 2014 to 2016 (from 45 to 44 per cent).<sup>89</sup> More recent figures are not available but as Table 4 shows, the overall proportion of PVI providers of funded early education with a graduate is only 48%, so it is likely that there has not been any significant improvement in the number of graduates working with 2-year-olds.

The *Closing Gaps Early* report identified ongoing issues with the lack of parity between practitioners having achieved Early Years Professional (EYP) or Early Years Teacher (EYT) status and their counterparts with Qualified Teacher Status (QTS). In 2012 Professor Cathy Nutbrown identified this 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.<sup>90</sup> This recommendation was not adopted.

The EPI 2018 report finds that there appears to be a clear and contrasting trend for graduates working with different age groups of children:

*The percentage of two-year-olds in settings or classrooms with better-qualified staff is slightly decreasing over time, while the percentage of three-and four-year-olds is increasing. A key fact, though, remains: less than half of eligible two-year-olds takes up their entitlement through a provider with staff with QTS/EYTS/EYPS qualifications and while things seem to be better for three-and four-year-olds, they are not dramatically so.<sup>91</sup>*

The most recent figures from the DfE show that 64% of settings in the PVI sector do not employ an EYT or equivalent. Across the board 51% of settings do not employ an EYT or equivalent – almost 11,000 settings. As a result, Save the Children calculate that more than 325,000 children or 48% of

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<sup>87</sup> NDNA Workforce Survey for England 2019

[https://www.ndna.org.uk/NDNA/News/Reports\\_and\\_surveys/Workforce\\_survey/nursery\\_workforce\\_survey\\_2019.aspx](https://www.ndna.org.uk/NDNA/News/Reports_and_surveys/Workforce_survey/nursery_workforce_survey_2019.aspx)

<sup>88</sup> Education Policy Institute (January 2019) *The early years workforce in England* [https://epi.org.uk/wp-content/uploads/2019/01/The-early-years-workforce-in-England\\_EPI.pdf](https://epi.org.uk/wp-content/uploads/2019/01/The-early-years-workforce-in-England_EPI.pdf)

<sup>89</sup> <https://www.nurseryworld.co.uk/news/article/shortage-of-11-000-early-years-teachers-warns-save-the-children>

<sup>90</sup> Nutbrown Review (2012) *Foundations for quality: The independent review of early education and childcare qualifications. Final Report.*

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/175463/Nutbrown-Review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/175463/Nutbrown-Review.pdf)

<sup>91</sup> Education Policy Institute (March 2018) *The early years workforce: a fragmented picture* [https://epi.org.uk/wp-content/uploads/2018/03/EPI\\_-\\_Early-Years-Workforce.pdf](https://epi.org.uk/wp-content/uploads/2018/03/EPI_-_Early-Years-Workforce.pdf)

those accessing the free entitlement attend a setting without an EYT or equivalent.<sup>92</sup> In this survey 79% of providers cited the cost of employing an EYT as the barrier to them doing so.

A survey in which Save the Children collaborated with *Nursery World* magazine investigated in more depth the barriers that EYT graduates encounter.<sup>93</sup> Initial findings provide a concerning picture, contrasting the willingness of early years providers to hire EYTs with their inability to do so because of the impact that higher salaries would have on their operational costs. From an EYT perspective the survey found:

- *More than 27 per cent of EYTs had not found the qualification valuable for career progression.*
- *More than a third (37 per cent) had not found it valuable in terms of wages.*
- *Half of EYTs said they would not recommend doing the qualification. The main reason was pay.*
- *Many EYTs said they felt frustrated they had undertaken training with no real reward.*
- *Some EYTs said settings did not know how to utilise their skills.*

PACEY/Voice (April 2018) surveyed EYITT students and course leaders and from 428 respondents found:

- *Most EYTs have not gone on to further courses to gain QTS, but a notable minority have.*
- *Half of current EYT trainees think it is likely they will go on further courses to gain QTS.*
- *A majority of course leaders are in favour of granting QTS to EYTs.*
- *There is a stark difference between the impact of EYTs on confidence and everyday practice compared to career and income. This is much less marked for QTS.*
- *Improved pay, conditions and recognition are crucial to recruiting and retaining specialist early years graduates and improving the EYTS qualification.*<sup>94</sup>

Additionally, the Education Select Committee (January 2019) recommended that EYTs should be able to access Qualified Teacher Status via a specialist route. However, the response from Government rejected the select committee recommendation on these grounds:

*We understand that some in the sector are calling for parity between early years teachers and school teachers with qualified teacher status (QTS). However, holding QTS would not automatically lead to parity of pay and conditions, as the PVI sector is not governed by school teachers' pay and conditions.*<sup>95</sup>

This response, citing lack of influence over pay and conditions of PVI nurseries as a barrier to awarding QTS to early years teachers rejects the approach of previous administrations which invested in quality premium payments to providers in an attempt to ameliorate this difference in salaries. It is unlikely that government policies do not have a direct causal effect on the ability and willingness of PVIs to employ graduates on commensurate pay and conditions with the maintained sector. International

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<sup>92</sup> Save the Children (2018) *It all starts here*.

[https://www.savethechildren.org.uk/content/dam/gb/reports/policy/It%20all%20starts%20here.pdf?\\_ga=2.247478080.617876421.1557509838-1020063929.1552311053](https://www.savethechildren.org.uk/content/dam/gb/reports/policy/It%20all%20starts%20here.pdf?_ga=2.247478080.617876421.1557509838-1020063929.1552311053)

<sup>93</sup> Save the Children/Nursery World (January 2018) *Survey reveals barriers to training and employing EYTs*

<https://www.nurseryworld.co.uk/nursery-world/news/1163363/exclusive-survey-reveals-barriers-to-training-and-employing-eyts>

<sup>94</sup> PACEY/VOICE (April 2018) *Improving early years graduates' prospects, career progression and reward*.

<sup>95</sup> Education Select Committee (January 2019) *Tackling disadvantage in the early years*.

<https://publications.parliament.uk/pa/cm201719/cmselect/cmeduc/1006/1006.pdf>

examples are available where governments have required private sector providers to pay agreed graduate wage levels as part of their early years funding agreement, for instance in New Zealand.<sup>96</sup>

Critically, while government fails to act, early years practitioners are voting with their feet, and numbers registering for Early Years Teacher courses are falling year by year. Now that the entry requirements for Early Years Teacher courses are the same as those for a PGCE leading to QTS, there is a strong incentive for practitioners to choose the latter route, which opens up opportunities with far better pay and status.

**Table 5: Recruitment to Early Years Teacher courses**

Year	Early Years Teacher trainee numbers <sup>97 98 99</sup>
2013-14	2327
2014-15	860
2015-16	n/a
2016-17	620
2017-18	550
2018-19	314
2019-20	354 (provisional)

### Recommendations

The qualifications profile of the early years workforce should be carefully monitored. Government should put in place an ambitious early years workforce strategy to improve recruitment, retention and upskilling.

Government must address the recruitment of EYTs and their parity with teachers holding QTS by:

- Introducing a route for QTS Early Years including access to the new early career framework
- Taking steps towards parity of pay and conditions for qualified teachers working in the non-maintained sector
- Review funding mechanisms to ensure that PVI's can and do provide commensurate salaries to the maintained sector when employing staff with QTS to level the playing field for quality as well as funding, with a priority for introducing such a policy for settings in disadvantaged areas.

### *Qualified teachers in maintained nurseries and reception*

The DfE's early years workforce strategy had committed to exploring the case for changing the qualification requirements for nursery and reception classes so that they could be led by practitioners with Early Years Teacher and Early Years Practitioner Status instead of Qualified Teacher Status. This would have been a welcome step towards recognising the need for early years specialists in schools, but would have been retrograde if they had not been awarded parity of pay and conditions with other teachers. It would also have risked further movement of professionals with these qualifications from

<sup>96</sup> May, H (2010) Shifting directions in New Zealand early childhood policy [https://www.uel.ac.uk/-/media/main/images/cass/icmec/helenmaypresentationicmecseminar14september2010-\(1\).ashx?la=en&hash=B6354E3A609E7894B0E977C09F7B29C81FF8953C](https://www.uel.ac.uk/-/media/main/images/cass/icmec/helenmaypresentationicmecseminar14september2010-(1).ashx?la=en&hash=B6354E3A609E7894B0E977C09F7B29C81FF8953C)

<sup>97</sup> <https://www.nurseryworld.co.uk/nursery-world/news/1162996/early-years-teacher-trainees-down-for-a-third-year>

<sup>98</sup> <https://www.nurseryworld.co.uk/nursery-world/news/1166279/numbers-training-to-become-early-years-teachers-plummet>

<sup>99</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/848851/ITT\\_Census\\_201920\\_Main\\_Text\\_final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/848851/ITT_Census_201920_Main_Text_final.pdf)

the PVI sector to schools. In July 2018, the minister announced in a letter to the Education Select Committee that they would not go ahead with the change.<sup>100</sup> That means that, regardless of funding, qualified teachers will remain in place in school nursery and reception classes.

The one caveat to that situation is that regulations allow schools to convert their nursery classes into governor-run provision which remains under the control of the school, but which runs according to the regulations for Early Years Providers and is therefore exempt from any requirement to employ teachers. This route might be attractive to some schools as it could reduce costs. We have no evidence as yet that there is any widespread attempt to downgrade nursery provision in schools, although one local authority appears to have instructed all its schools to take this approach.<sup>101</sup>

## Recommendations

Ongoing vigilance is needed as to whether there is any trend towards nursery classes being converted to governor-run provision without teachers. Additional sources of data may be needed regarding the number of schools with nursery classes.

### *Local authority support for CPD*

The *Evaluation of the first year of the national rollout of 30 hours free childcare* noted that:

*Due to local funding reductions some providers had noticed a decrease in LA support with quality improvement, for example, this support was only offered to settings with a “Requires Improvement” Ofsted rating, while it was previously offered to all settings.*<sup>102</sup>

Local authorities have lost both the funding to undertake quality improvement and the statutory responsibility for monitoring and enhancing quality. One of the problems with an Ofsted-style model of maintaining threshold standards via inspection, is that it is not effective at quality enhancement. The supportive ongoing relationships between local authority early years teams and their settings and schools are much more conducive to quality enhancement on an ongoing basis. Unfortunately, the capacity to undertake such work is now severely eroded.

The Association for Directors of Children’s Services (*ADCS*) appears to have concerns about the lack of funding for professional development of the workforce and has *“urged the government to review parental eligibility criteria [of the 30 hours childcare offer] to prioritise access for the most vulnerable. A proportion of this investment should be re-directed to support the development of this vital workforce in order to address capacity issues and improve access to training and development.”*<sup>103</sup>

While there is plenty of anecdotal evidence of the impact of local authority funding cuts on quality improvement support and CPD for early years practitioners, there is no national data to measure the

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<sup>100</sup> Letter from Nadhim Zahawi MP to the Education Select Committee <https://www.parliament.uk/documents/commons-committees/Education/Correspondence-from-the-Parliamentary-Under-Secretary-of-State-for-Children-and-Families-regarding-life%20chances.pdf>

<sup>101</sup> Staffordshire County Council letter to headteachers, July 2017 <https://www.staffordshire.gov.uk/education/childcare/childcare/freefundedplaces/Letter-for-Schools-re-Nursery-Provision-July2017.docx>

<sup>102</sup> Ibid.

<sup>103</sup> ADCS Position Paper (March 2019) *building a workforce that works for all children* [https://adcs.org.uk/assets/documentation/ADCS\\_Building\\_a\\_workforce\\_that\\_works\\_for\\_all\\_children\\_FINAL\\_11\\_March\\_2019.pdf](https://adcs.org.uk/assets/documentation/ADCS_Building_a_workforce_that_works_for_all_children_FINAL_11_March_2019.pdf)

scale of this. Under the Early Years National Funding Formula introduced in 2017, local authorities were required to reduce the amount of the Early Years Block they retained for central services, ultimately to 5% of the total. For many local authorities this represented a cut in the funding available to support CPD and quality improvement support for local settings and schools. It remains the case that no evaluation has been made of the impact of capping central early years spend to 5% in terms of loss of local authority staff with expertise in pedagogic leadership and support to the sector.

DfE have recently allocated £20m of funding into a centrally commissioned Early Years Professional Development Programme focusing on upskilling the workforce in relation to communication and language, literacy and mathematics. This is being rolled out via a cascade model in 55 local authorities. Opportunity areas are also commissioning local training and development projects, many of

## Recommendations

There should be a review of:

- Changes to the level of local authority quality improvement support and CPD for early years practitioners
- The impact of the 5% cap on local authority central spend from the early years block.

which also focus on language and communication, and other funding streams such as the Strategic

School Improvement Fund and Teaching and Leadership Improvement Fund, and funding for quality improvement for PVI delivered via teaching schools. Welcome as any investment in CPD may be, this is a very fragmented series of initiatives, not a universal, long-term strategy for upskilling the early years workforce.

### 3: Sustainability, sufficiency, access and affordability

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#### *Impact on providers – sustainability and sufficiency*

The *Closing Gaps Early* report (September 2017) identified that recent developments indicated a shift in funding and policy focus away from quality early education towards childcare affordability for working families. Investments in affordability were welcomed, though design of the tax-free childcare scheme was criticised as unnecessarily regressive. However, these investments were seen as coming at the expense of both resources for, and policy focus on, the quality of provision.

The funding levels for the 30 hours childcare policy have raised concerns about the sustainability of its delivery for many early years providers. Closures of a number of providers, as reported in sector press, raise questions about the sufficiency of funded places, particularly in disadvantaged areas. Business analysts Christie & Co have predicted that:

*Quality UK single nursery settings and portfolios with solid sustainable earnings will remain sought after, but the sector will become increasingly divergent with the void between successful, stagnant and failing businesses widening.<sup>104</sup>*

Overall, setting closures have not led to a reduction in places available in the sector, but no national data is available to show whether sufficiency issues are arising locally, with the concern being that disadvantaged areas are likely to be hardest hit. Were that to be the case, it would compromise policy aspirations on social mobility.

Across the sector, there is widespread and ongoing concern about the viability of provision as operational costs rise and funding for entitlements remains stagnant. This has become more acute in the context of the impacts of COVID-19 on the sector.<sup>105</sup>

The introduction of the early years national funding formula (EYNFF) in 2017 sought to increase the national average of funding rates paid to providers for the universal entitlement to smooth the way for the introduction of the 30 hours policy. Many providers rejected the rates as insufficient to cover costs. The 30 hours, which by the nature of an increase in funded hours, reduced the scope for cross-subsidy from parent-paid fees, was widely said to have exacerbated the issues with shortfall between funding and provider costs. This issue is particularly pronounced in disadvantaged areas, in which parents are less likely to purchase additional hours of childcare and thereby, this cross subsidy to support underfunded hours is less possible. For instance, the CEEDA 2018 report<sup>106</sup> found that the average number of available childcare places in areas of disadvantage has fallen from 33 per 100 children in 2016 to just 25 in 2018. Also, as reported to the Treasury Select Committee:

*NDNA have consistently found amongst their members a desire to pay their staff higher wages, but without the means to do so. A majority tell us they would like to increase their minimum hourly rate but that current funding arrangements make this unviable. This is particularly the*

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<sup>104</sup> Christie & Co (2019) Business Outlook 2019

<sup>105</sup> Pascal C. Bertram T. Cullinane C. and Holt-White E. (2020) COVID-19 and Social Mobility Impact Brief #4: Early Years. Sutton Trust.

<sup>106</sup> CEEDA (2018) About Early Years – Annual Report 2017/18. Available at: [https://www.aboutearlyyears.co.uk/media/1257/about-early-years-annual-report-2017-2018\\_main-report-issue-1\\_opt.pdf](https://www.aboutearlyyears.co.uk/media/1257/about-early-years-annual-report-2017-2018_main-report-issue-1_opt.pdf)

*case in deprived areas where they are less able to absorb losses through cross-subsidy; as such they are unable to attract better trained staff.<sup>107</sup>*

### ***Private, Voluntary and Independent (PVI) sector***

Financial instability is widely reported in the private, voluntary and independent sector. Research by the Early Years Alliance highlights the severe sustainability issues experienced by a substantial proportion of providers. Of the 1,615 nurseries, sessional pre-schools, childminders and out of hours clubs who completed a survey:

- *9 in 10 providers (88 %) warned that, if their funding rate stays the same next year, it will have a negative financial impact on their provision.*
- *Two thirds (67%) of respondents have already increased parent fees for non-government funded hours in the past 12 months.*
- *42% say they are likely or very likely to cut staff numbers over the next 12 months. Of those, 90% say this is due either entirely or in part to the rising national living/minimum wage.*
- *Parents returning to work after parental leave could see increased fees - more than half of the survey's respondents (53%) warned childcare prices would also go up for very young children.<sup>108</sup>*

In addition, it has been reported that the Early Years Alliance has closed one fifth of its own settings (all in disadvantaged areas) in 2018 due to funding issues.<sup>109</sup>

The National Day Nurseries Association report that 87% of respondents to a survey were unable to cover operating costs based on funding received to fund the early years entitlements. Over one third intended to limit the number the funded places they offered in future in order to seek sustainability of the provision.<sup>110</sup>

Numbers of childminders have continued to decline, though it is not known whether this has been as a result of the 30 hours or the EYNFF.

### ***Maintained sector***

In July 2018, Early Education surveyed Maintained Nursery Schools (MNS) on their current future financial position:

- *In 2019-20, 62% expected their budget to be lower than 2016-17, 16% the same and 3% higher, while 19% were uncertain.*

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<sup>107</sup> Written evidence submitted by National Day Nurseries Association (NDNA) in response to the Treasury Select Committee Inquiry into childcare policy and its influence on the economy, February 2018.

[http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/childcare/written/78203.html#\\_edn11](http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/childcare/written/78203.html#_edn11)

<sup>108</sup> Early Years Alliance (March 2019) 42% of early years providers are likely to reduce staff numbers in the next year <https://www.eyalliance.org.uk/news/2019/04/42-early-years-providers-are-likely-reduce-staff-numbers-next-year>

<sup>109</sup> Nursery World (September 2018) *Alliance blames lack of Government funding for closing fifth of settings.* <https://www.nurseryworld.co.uk/nursery-world/news/1165581/alliance-blames-lack-of-government-funding-for-closing-fifth-of-settings>

<sup>110</sup> National Day Nurseries Association (July 2018) *Annual Survey 2018*

[https://www.ndna.org.uk/NDNA/News/Reports\\_and\\_surveys/Annual\\_Nursery\\_Survey/2018.aspx](https://www.ndna.org.uk/NDNA/News/Reports_and_surveys/Annual_Nursery_Survey/2018.aspx)



- *In 2018-19, 39% of respondents reported running a deficit budget. This compares with DfE figures which show that in 2016-17, 19% of maintained nursery schools were in deficit – twice the national average for schools. In 2019-20, 64% of respondents said they expected to be running with a deficit budget.*<sup>111</sup>

Regarding the impact of the 30 hours childcare policy on MNS, a Government commissioned report suggests:<sup>112</sup>

*It is not yet clear what impact the introduction of the 30 hours policy in September 2017 will have on the financial position of MNS. Concerns were raised in advance of the introduction of the policy about capacity, the need for capital funding, impacts on quality and sustainability to cover costs.*

NAHT research (based on 425 respondents, of which 73% were Primary or Infant Schools with nursery provision and 20% MNS) identified:

- *Less than a fifth of respondents (19%) said that the funding they received was sufficient to cover their costs.*
- *More than two-thirds (70%) said that they were cross subsidising from another part of the school/setting to enable them to offer the additional hours.*<sup>113</sup>

Moreover, sustainability issues are exacerbated for MNS, given the insecurity of core funding, with this report also highlighting:

*The greatest concern for MNS is the uncertainty about funding and the supplementary funding beyond 2020 in particular. There is a consistent view among LA staff that without the supplementary funding MNS currently received, MNS will be unviable beyond 2020. This is particularly pertinent since the financial position of MNS is generally seen as precarious by local authorities.*

The extension of supplementary funding until the end of the 2020-21 year was welcome, as were ministerial assurances of a long-term commitment to nursery schools, including funding protections.<sup>114</sup> However, a long-term solution is still needed that funds nursery schools on a consistent and viable basis across the country. The current supplementary funding for MNS has not risen in line with inflation since 2016-17, nor does it cover the additional 15 hours of the 30 hours policy or funded 2-year-olds, and government has not given any indication of whether these issues will be addressed when a revised formula is considered.

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<sup>111</sup> Early Education (July 2018) *Survey of Maintained Nursery Schools' current and future financial position*. <https://www.early-education.org.uk/sites/default/files/APPG%20survey%20results%20July%202018.pdf>

<sup>112</sup> Department for Education (February 2019) *The role and contribution of maintained nursery schools in the early years sector in England*. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/782568/RPT\\_Frontier\\_Economics\\_MNS\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782568/RPT_Frontier_Economics_MNS_Report.pdf)

<sup>113</sup> NAHT (April 2018) *30 Hours – Policy into Practice* <https://www.naht.org.uk/news-and-opinion/press-room/30-hours-free-childcare-offer-risks-impacting-quality-of-early-years-education/>

<sup>114</sup> Written statement by Nick Gibb, 31 October 2019, Early Education update accessed at <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statements/?page=1&max=20&questiontype=AllQuestions&house=commons%2Clords&use-dates=True&answered-from=2019-10-31&answered-to=2019-10-31&member=111&keywords=nursery%2Cschools>

This relatively small-scale survey-based research suggests more detailed analysis of the impact of the 30 hours childcare policy on nursery, infant and primary schools in the maintained sector would be beneficial to improve understanding of policy impact on viability. As school budgets are under growing pressure, the scope for cross-subsidy is likely to decrease. The impact of this policy on sustainability and governance arrangements warrants further investigation.

## Recommendations

Government should monitor the impact of the 30 hours and EYNFF on the sustainability of the sector and in particular the impact on disadvantaged children's access to early education and sufficiency of places in disadvantaged areas.

### *Impact on parents – access and affordability*

The other side of the equation of the current funding regime is the impact of underfunding on affordability of provision for parents. Given evidence on provider moves to adapt funded sessions to break even, increase fees and add additional charges, access to the funded entitlements and affordability of paid for-hours may be compromised.

The national evaluation of roll out of entitlements found, in terms of delivery of funded sessions:

*The offer of maintained schools, academies and playgroups delivering a term-time and part-time service was largely limited by their opening times and they tended to have fixed timings for their sessions. However, while some allowed a choice over the number of days and sessions, others only gave the option of taking exactly 15 or 30 hours each week. Some of these settings which were open for slightly more than 30 hours a week offered an additional optional lunch hour, meaning that parents taking the extended hours had to pay or collect the children. Others offered optional additional time at the beginning and/or the end of the day, as the LA advised them to avoid a break in funded provision or thought that many of their parents taking the extended offer may struggle to pay for the lunch break.*

*Full-time year round services provided by day nurseries and childminders offered choices largely shaped by financial considerations, including only allowing parents to book for periods which had to include some paid hours; only allowing parents to use extended hours stretched over holidays; or restricted usage of the extended hours to less popular slots.<sup>115</sup>*

This evidence suggests that the underfunding of the entitlements to providers potentially affects access and affordability for parents, which could be seen to compromise the social mobility intentions of the policy.

The complexity of the application system is also perceived as a barrier to access. The multiplicity of supply- and demand-led funding streams for parents with varying eligibility criteria (the 2-year-old entitlement, the universal 15 hours for 3- and 4-year-olds, the 30 hours, Tax Free Childcare, Tax Credits for Childcare, Universal Credit for Childcare or Care to Learn funding) are a further challenge:

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<sup>115</sup> Department for Education (September 2018) *30 hours free childcare: evaluation of the national rollout* <https://www.gov.uk/government/publications/30-hours-free-childcare-final-evaluation-of-the-national-rollout>

*...the layered nature of older and new entitlements... a complex system of provision and support made it difficult for parents to navigate. (p.29) <sup>116</sup>*

Barriers to access are confirmed in the research on take-up of free entitlements by the Department for Education:

*The perceived barriers that influenced parents' choices were an interplay of quality, sufficiency and flexibility of provider within an overarching concern about costs. Cost concerns included having to pay for top-ups and extras in addition to the free hours as well as travel costs. Subsequently, parents sought a provider at a convenient location which for some, was difficult to find (p.10) <sup>117</sup>*

Notably, the Coram Family and Childcare Annual Survey analyses local authority views on the impact of the 30 hours extended entitlement on childcare prices finding that 39% of local authorities did not know whether the policy had had an effect on childcare prices in their area. <sup>118</sup>

A further related issue is access to funding for childcare (both as elements of UC and other benefits/funds). Such state support enables parental employment and access by children to early childhood care and education over and above the funded entitlements for 2-, 3- and 4- year-olds. Notably, recommendations by the Centre for Social Justice (Nov 2018) are:

- 1. The Government should raise the childcare element of UC, from 85 per cent to 100 per cent of eligible costs, to support low-income families.*
- 2. The Government should revise the eligibility criteria to claim Tax-Free Childcare (TFC) and 30 hours' free childcare for 3- and 4-year-olds. The money saved by doing this would help to pay for the more generous childcare element outlined in Recommendation 1.*
- 3. Fine-tuning the administration that underpins UC to maximise uptake.*
- 4. Take-up of childcare support varies, and we lack robust data to build a clear picture, but low take-up often appears to be linked to disadvantage*
- 5. Complexity (of funding) seems to contribute to pockets of low take-up of, particularly among more disadvantaged families, but there are gaps in our understanding.... The Social Mobility Commission found that just under half of all parents (47%) had no idea, or were confused about, the support that was available to them. <sup>119</sup>*

In addition to these income support policies, upfront childcare costs, for parents entering employment has been described as prohibitive. <sup>120</sup> The Mayor of London has introduced a Childcare Deposit Loan Scheme (CDLS), which will provide a loan to employees who need to secure a childcare place for their child, supporting payments in advance required by childcare providers. The scheme is of course

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<sup>116</sup> NatCen (December 2017) *Low and middle-income parents' understanding of childcare entitlements: A qualitative study* <http://natcen.ac.uk/media/1664510/Low-and-middle-income-parents'-understanding-of-childcare-entitlements.pdf>

<sup>117</sup> Department for Education (September 2018) *Take-up of free early education entitlements* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/738776/Take-up\\_of\\_free\\_early\\_education\\_entitlements.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/738776/Take-up_of_free_early_education_entitlements.pdf)

<sup>118</sup> Coram Family and Childcare (February 2019) *Childcare Survey 2019* [https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019\\_Coram%20Family%20and%20Childcare.pdf](https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Childcare%20Survey%202019_Coram%20Family%20and%20Childcare.pdf)

<sup>119</sup> Centre for Social Justice (Nov 2018) *A BRIGHT START Improving childcare for disadvantaged families through Universal Credit* <https://www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/11/CSJJ6068-Childcare-Report-181127.pdf>

<sup>120</sup> Mayor of London (January 2019) *Childcare Deposit Loan Scheme* [https://www.london.gov.uk/sites/default/files/gla\\_childcare\\_deposit\\_loan\\_-\\_toolkit\\_final\\_-\\_jan\\_2019.pdf](https://www.london.gov.uk/sites/default/files/gla_childcare_deposit_loan_-_toolkit_final_-_jan_2019.pdf)

limited to London, however. As the scheme is in its infancy and not yet evaluated, it is not yet possible to comment on its efficacy or impact. There have also been calls by charities such as Joseph Rowntree Foundation for UC claimants to be able to claim childcare costs up front, rather than in arrears. Child poverty is getting worse, not better, as a result of changes to the benefits system. This continues to undermine attempts to improve social mobility through other initiatives. For research on understandings of the impact of this policy on access and affordability for the most disadvantaged families, see section on potential adverse impact on equality of offering 30 free hours to children in working families.

### ***Local Authority perspective – sufficiency, quality and sustainability***

Nationally, in terms of the number of childcare places available, statistics show the overall number of childcare places on the Early Years Register has remained fairly stable in recent years.<sup>121</sup> However, the number of childminders registered with Ofsted has continued to decrease and reflects a downward trend. 39,700 childminders were registered with Ofsted on 31 December 2018. This was down by 1,000 (3%) since 31 August 2018, and by 8,200 (17%) since the introduction of the common inspection framework (CIF) on 1 September 2015. This suggests fewer providers are offering more places, arguably to address sustainability concerns. In turn, this suggests sustainability concerns, particularly for smaller settings.

According to Coram Family and Childcare Survey 2019, the majority of local authorities have not seen any impact on the availability of early years childcare, including the entitlements, as a result of the introduction of 30 hours. Generally, local authorities were more likely to be positive than negative about future impacts.

Notably, the national evaluation of roll out of the extended entitlement reflected a number of concerns from local authorities on sufficiency planning to meet the demands of the policy, including a lack of resources affecting implementation plans, absence of reliable local estimates of the numbers of children who would be eligible, promotion activities to parents were constrained by lack of resources, downsizing of LA teams and variation in the way that LAs approached compliance with the statutory guidance.<sup>122</sup>

Moreover, it is evident there is a dearth of research on quality of provision associated with delivery of the 30 hours childcare policy. The Government emphasis on take-up of places and provider concerns over sustainability suggest a focus on quality has shifted and would benefit from being recalibrated.

## **Recommendations**

Government should monitor the impact of early years policies on access and affordability, especially for the most disadvantaged families.

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<sup>121</sup> Childcare providers and inspections as at 31 December 2018: main findings (March 2019)

<https://www.gov.uk/government/publications/childcare-providers-and-inspections-as-at-31-december-2018/childcare-providers-and-inspections-as-at-31-december-2018-main-findings>

<sup>122</sup> Department for Education (September 2018) *Evaluation of the first year of the national rollout of 30 hours free childcare* (p.37)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/740168/Evaluation\\_of\\_national\\_rollout\\_of\\_30\\_hours\\_free-childcare.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740168/Evaluation_of_national_rollout_of_30_hours_free-childcare.pdf)

## *Conclusions*

Early childhood education is a sound investment but not a magic wand. Children's life chances will not improve unless the root causes of disadvantage are tackled: poverty, poor health, inadequate housing, unemployment and other sources of stress on families. However, as part of a joined-up package of services, early childhood education can be a source of support for parents and an opportunity for children to thrive in a safe and supportive environment. Government needs to ensure that its early years policies keep in focus both the needs of young children and those of working parents. The quality of early education provided is vital, and this in turn relies on a well-qualified and supported workforce.

New offers such as the 30 hours entitlement need to be reviewed in the context of early years policy as a whole to ensure that all parts of the whole are delivering consistently and not competing or conflicting. As government invests ever greater amounts of funding into supporting early education and childcare, it needs to keep focused on whether the funding is delivering its stated objectives and ensure the funding is well-targeted, and benefits those in greatest need. The lack of progress in closing the achievement gap at age 5 suggests that more needs to be done to target resources to supporting these children in particular.

## Appendix 1

### Local Authority Discretionary Funding schemes which have been cut (Nursery World magazine, November 2018)

#### COUNCILS THAT HAVE CUT SCHEMES FOR DISADVANTAGED THREE- TO FOUR-YEAR-OLDS

COUNCIL	SCHEME CRITERIA	HOURS PER WEEK*	NUMBER OF PLACES	WHEN PROVISION WAS CUT, AND HOW MANY PLACES WILL BE OFFERED	WHY PROVISION WAS CUT
Birmingham	1) FT EEE for three-year-olds and four-year-olds. 2) Children with behavioural needs, well-being needs, part of a family support package	1) 15 2) Up to 50 for 12 weeks	1) 1,465 in 2016 2) 1,814 in 2016 (these include for children over five at after-school clubs)	1) September 2017; 0 2) Not known – when funding is exhausted	1) EYNFF – money went into funding rates 2) departmental budget savings
Brent	FT nursery places for children meeting FSM criteria by some schools	30	1,200 in 2010	July 18; 0	EYNFF
Greenwich	1) Additional hours and 1:1 support for SEND children 2) Additional hours for vulnerable children, e.g. CiN, looked after, and those with SEND	15 term time/ 570 pa	In six months of 2016: 205 children and 484 additional hours, plus 2,512 hours of 1:1 support (including for two-year-olds)	1) Consulting over 'changes' to number of SEND places. 2) September 2018; 'changes' in place for vulnerable children (before April 2015, more places were available)	Original Targeted Childcare Fund superseded by inclusion fund (created under EYNFF rules)
Hackney	1) FT places based on individual needs 2) Subsidised childcare for families on less than £25,000 for household pa	15	800 combined in 2011	Reduced to 5 per cent of all originally eligible three- to four-year-olds in September 2017. Now 45 EH places	Inclusion fund (EYNFF)
Haringey	FT places for children with SEN, or vulnerable	25	675	2017; 0	Funding cuts
Islington	FT EEE for all four-year-olds in Children's Centres	30	'A universal offer'	2017; 0. An alternative scheme offering FT places for 100 disadvantaged children is pending disapplication requests	Funding cut – 10 per cent reduction in early years DSG
Lambeth	FT nursery places for looked-after children, TAC, FSM, well-being	15	1,661	2017; 944 places	Funding cut and EYNFF requirements
Lewisham	FT places for children where there are safeguarding/ well-being concerns	15	305	April 2018; 0	Back into DSG, while central early years funding increasing to provide support for eligible families
Tower Hamlets	FT places for disadvantaged three- and four-year-olds	25	2,000 pre-September 2017	September 2018; 800	EYNFF
Trafford	FT nursery places for vulnerable children in 30 per cent most deprived postcode areas	15	23 PT	2017; 0	EYNFF a factor – because of 'multiple changes in April 2017'
Wandsworth	Children with social services' involvement	10	From unlimited in 2013 to eight per school	September 2018; 0	EYNFF
Westminster	1) FT school places 2) CiN placements	15	605	1) From September 2018, no FT schools places. Schools forum looking at alternative models for targeted places. 2) Targeted CiN places still offered	To finance 30 hours and other areas of early years activity

\*All schemes started prior to September 2017 when 30 hours came in. Respondents were asked to detail all discretionary schemes since 2015

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