

Ceeda Data: About Early Years 2 - No such thing as free? ^[1]

Source: Nursery World

Format: Article

Publication Date: 4 Feb 2018

AVAILABILITY

Read online ^[2]

EXCERPTS

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[Graph available to view online, indicates, "Charging and delivery policies" of centres offering the 30-hours]

THE BUSINESS IMPACT OF 30 HOURS

PLACES

While the Government subsidy, introduced in September 2017, is offered by 94 per cent of PVI settings, less than half of these places are actually free. Across all settings, including childminders, just 46 per cent of these places are offered with no strings attached.

The most popular option is to offer six to 10 places, according to the data. There is an even spread in the average number of places delivered by settings: while 42 per cent deliver 10 or fewer spaces, 40 per cent deliver 16 or more. This averages across all domestic provision as nearly 14 places per provider.

'EXTRAS'

There has been much debate about how to incorporate additional charges, which are not allowed, under Government rules, to be attached to 30 hours places. However, fears over underfunding (Government rates not meeting delivery costs) prompted the former childcare minister Caroline Dinenage to encourage settings to charge for discretionary 'extras' such as lunches (a setting offering a 30 hours place would be required to offer parents the option to give their child a packed lunch to meet the 'free' requirement). Nonetheless, more than one in five settings (22 per cent) have a policy of requiring private hours in addition to a 30-hour funded place, while two-fifths of settings charge families using a 30-hour place for food. A quarter charge extra for activities.

A relatively small proportion of settings – a fifth – restrict times of day when 30-hours places can be used. Less common still (in 8 per cent of cases) is restricting which days the places can be used, implying that settings are giving parents maximum flexibility.

[Graph showing, "Charging and delivery policies", available to view online]

Impact on other funded children

The survey data shows that 30 hours conditions have a knock-on effect for all funded places (see above).

For some children receiving 15 funded hours, places are also restricted and food and activities charged for.

When it comes to requiring private hours, which happens in 22 per cent of cases for three- to four-year-olds on 30 hours, 17 per cent of 15-hour children of the same age must also take private hours. Surprisingly, 11 per cent of settings extend the policy on taking extra private hours to some of their funded two-year-old places too – despite the policy being aimed at disadvantaged parents.

Jo Verrill, Ceeda's managing director, said, 'The evidence shows that many parents are not accessing a completely free childcare place and the problem extends well beyond children eligible for 30-hour places and charges for 'lunch'. The reason is long-standing, well-evidenced funding deficits. Fees for all age groups are directly impacted by funding rates, with all families paying the price of an under-funded childcare policy.'

TYPE OF SETTING

There is a big difference in propensity to offer free hours between types of provider.

Daycare providers offering places all year round, the most common type of provider, are the least likely to offer high proportions of free childcare (see table below). Just a third of 30-hour places are free in these settings. Contrast this with term-time daycare, where 71 per cent of places are free. For term-time sessional care it is highest, at 75 per cent.

The total number of 30-hour places across pre-schools, nurseries and childminders is estimated at 332,400.

MAKING CHARGES

The majority of nurseries and pre-schools (73 per cent) report that three- and four-year-old funding rates are lower than their delivery costs. The impact of other cost increases, such as the National Living Wage, is also being felt (see above).

Nine in every 10 settings delivering none of their 30-hour places free said the three- and four-year-old funding rate was less than their delivery costs.

COST-CUTTING

[Graph indicates, "Reasons for cost-cutting in nurseries and preschools", can be viewed online]

The number of Level 3s in the workforce is falling. In last year's About Early Years bulletin (see box), Ceeda reported a decline from 79 per cent in 2016 to 71 per cent of the workforce in 2017. A major recruitment crisis was also evidenced, with an estimated 24,600 sector vacancies.

This is the context in which the new findings sit: nearly a third (31 per cent) of settings have cut resources and activities and 30 per cent are spending less on training (see centre top).

According to Dr Verrill, 'Cost-cutting measures including cuts to training investment and lowering of the qualification mix are warning signs of a possible future decline in quality which must be heeded. The recently launched Treasury Committee inquiry into childcare policy and its influence on the economy, including the extent to which the Government has provided sufficient funding for the 30 Hour Free Childcare scheme, is very timely.'

Some settings (9 per cent) said they have increased their use of contracts where employees are paid below the rate at which employer's National Insurance contributions have to be made, while 14 per cent are making more use of bank staff to cut costs.

Almost one in five settings (18 per cent) have lowered the staff-child ratios they normally work to (within minimum statutory requirements), a move likely to mean increased workload pressures for staff and less scope to provide additional support for children and parents.

[Two graphs, "Cost-cutting actions taken and planned in nurseries and pre-schools" as well as, "Concerns parents have fed back to providers" presented as bar graphs. Can be viewed online]

PARENTS

The data shows that 80 per cent of parents reported to providers that they accessed all the hours they wanted, and 16 per cent did not secure any or all the hours they wanted (with 4 per cent receiving a validated code too late to prove eligibility in time).

The reasons for the 16 per cent of parents not getting their desired hours, as reported by settings, were mostly that sessions were full or the sessions offered were not suitable (41 per cent of cases). But many had not had their code validated in time, despite being eligible (a fifth of cases).

The full About Early Years: Autumn snapshot is at

- <https://www.aboutearlyyears.co.uk/media/1136/ceeda-aeey-autumn-2017-snaps...> [3]

ABOUT EARLY YEARS

About Early Years was launched in May 2017 by Ceeda to track trends and provide timely analysis for childcare providers, policy-makers and investors.

Figures are based on returns from 800 childcare providers, including 245 childminders and 555 nurseries and pre-schools.

Figures are weighted and grossed to reflect the target population of settings on the Ofsted Early Years Register.

-reprinted from Nursery World

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