

A Fair Start?



Equalising access to early education

Summary Report



The Sylvania Adams
Charitable Trust

About the Sutton Trust

The Sutton Trust champions social mobility from birth to the workplace so that all young people have the chance to succeed in life. It does this through evidence-led programmes, agenda setting research and policy influence.

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The Sutton Trust would also like to thank the report's authors, Professor Chris Pascal, Professor Tony Bertram and Dr Aline Cole-Albäck from the Centre for Research in Early Childhood, Erica Holt-White from the Sutton Trust, and Christine Farquharson from the Institute for Fiscal Studies, as well as Shannon Pite from the Early Years Alliance for her support with the provider survey.

Foreword

The Sutton Trust have long been advocates for the value of the early years in promoting educational progress and social mobility. Addressing gaps in development as early as possible is essential if we want to give all children the right platform to succeed in life. Having some children almost a year behind their peers when they start school is a disaster for social mobility, as those gaps only widen as they get older.

Yet while the importance of early years is an oft-repeated mantra among educationalists, this message is still yet to sink in more widely. That's one of the reasons why we have seen the early years sector receive little attention during the pandemic, when nurseries across the country have been struggling to survive, and our youngest children have been starved of the experiences and learning that are vital for their development.

“We would not accept the state providing longer school hours for wealthier families, and nor should we accept it in the early years. If we want to transform our school system to make it fairer, it needs to begin with giving every child the foundation to succeed at school in the first place.”

It's also why the early years sector is often seen through the lens of childcare. While enabling parents to work and earn to support their family is of course important, giving every child the best educational start in life is just as crucial. The current funding system for pre-school education in England is not delivering this, and the lopsided arrangement where poorer families actually receive fewer hours of funded pre-school is one of the culprits.

We would not accept the state providing longer school hours for wealthier families, and nor should we accept it in the early years. If we want to transform our school system to make it

fairer, it needs to begin with giving every child the foundation to succeed at school in the first place. As we ponder 'building back better' in our education system, there would be worse places to start.

But expanding access to provision must go hand in hand with improving quality. Recent government investment in the early years workforce has been welcome, but we need a transformational approach to providing high quality and affordable early education for all. Quality is key for making a lasting impact to children's life chances.

Today's report is the result of months of meetings with key organisations, interviews, surveys and number crunching. It evaluates the case for reform, assesses the appetite among parents and providers, and outlines the costs and practicalities of how to implement it.

I'd like to thank the Sutton Trust team, particularly Rebecca Montacute and Laura Barbour for this hugely substantial piece of work. I'd also like to thank the researchers from the Institute for Fiscal Studies and the Centre for Research in Early Childhood for their contributions, along with Jane Young and The Sylvia Adams Charitable Trust for their generous support and valuable guidance.



Sir Peter Lampi

Founder and Executive Chairman of the Sutton Trust, Chairman of the Education Endowment Foundation

Overview

The full report contains three main sections:

What do we know about the 30 hour entitlement? – literature review and qualitative stakeholder work

Authored by Professor Chris Pascal, Professor Tony Bertram and Dr Aline Cole-Albäck from the Centre for Research in Early Childhood, this section includes:

- A literature review summarising existing evidence on the 30 hour policy and potential impacts of the Covid-19 pandemic.
- A policy analysis summarising some of the options for reform, with pros and cons for each.
- Qualitative work with providers, to look at the impact of the 30 hours policy, particularly on disadvantaged families, and views of providers on potential reform.

Views on the ground from parents, teachers, and providers

Authored by the Sutton Trust's Rebecca Montacute and Erica Holt-White, this section includes:

- A survey of parents, looking at the impact of the pandemic on the development of their own children.
- Surveys of primary school leaders and early years teachers, looking at how the pandemic has affected school readiness in young children.
- A survey of early years providers, particularly in the private and voluntary sector, looking at their views of the entitlement and on their capacity to offer an expansion to the entitlement, with thanks to the Early Years Alliance.

Costing options for extending the 30 hour free entitlement

Authored by Christine Farquharson, Senior Research Economist at the Institute for Fiscal Studies, this section looks at:

- Costings for potential changes to the 30 hour policy, including expanding entitlement to disadvantaged three- and four-year-olds, and the costs of universalising provision. This work also includes costings for additional funding for disadvantaged children, to ensure any expansion to the entitlement can be delivered through high-quality provision.
- Wider impacts of expanding the 30 hour entitlement to children and their families, including potential benefits for child development, potential impacts on parental employment and the associated benefits to public finances.

Executive summary

The 30 hour entitlement

Inequality in access

- Currently, all three- and four-year-olds in England are entitled to 15 hours of early education and childcare per week. Since 2017, 'working families' meeting certain eligibility requirements have been entitled to an additional 15 hours.
- Under the current eligibility criteria for this '30 hours entitlement', it is predominantly children in better off homes who are eligible for a full-time place – 70% of those eligible are in the top half of the earnings distribution.
- Just 20% of families in the bottom third of the earnings distribution are eligible to the entitlement. This means that while the very poorest children are given greater access to funded early education and care at the age of two, many of these same children are then given access to fewer funded hours than better-off children at the ages of three to four.
- While total spending on the early years has risen since 2007–08, the profile of spending priorities has changed: universal services still account for just under half of the early education and childcare budget, but subsidies explicitly targeted at low-income families have fallen – from 45% of the total then to under 30% ten years later.
- There is some evidence that the 30 hour extended entitlement for working families may be contributing to the recent widening in the attainment gap, by doubly advantaging the better-off with additional hours.

Quality and funding

- Ofsted inspections show that the majority of the early childhood education and care sector offers high quality provision. However, a key

factor in quality in the early years sector is the qualification level of the workforce, but this is deteriorating, which means that fewer children are accessing provision with a qualified graduate or teacher.

- Providers emphasised the key to quality and enhanced child outcomes is their ability to recruit and retain trained staff who could sustain high quality interactions, low ratios and consistency for children, but were concerned that providing a quality service on current funding levels was not possible, with providers often running at a loss per child. 75% said that funding provided per hour for the 30 hour entitlement did not meet their costs.
- They reported this was forcing them to apply charges to better-off families, including extras such as nappies, sunscreen, and lunch. This undermines the intention of the policy that it is a 'free' entitlement. Such charges can be a barrier to access in less affluent communities where cross subsidy is more difficult.

Take up

- Childcare choice and take up is influenced by both *provider-related* factors such as sufficiency, cost/funding and flexibility of provision, and *parent-related* factors such as personal preference, awareness of entitlements and eligibility.
- Evidence suggests that with greater flexibility of provision, support for parents new to an area and those of children with English as an additional language (EAL) and SEND, together with a better understanding of the benefits of early education, parents would be more likely to take up places. However, some parents will still prefer for their child to start early education when their child is older, which may limit the take up rates achievable.

Administrative burdens

- Early years providers interviewed said that the complex eligibility criteria for the 30 hours entitlement caused problems for them and for parents. They argued for greater simplicity and more certainty, as employment situations can be volatile and unpredictable, particularly in the context of the pandemic.
- Providers felt that the termly eligibility criteria means that some children's learning and development can be disrupted as they come in and out of eligibility.
- The 15 hour entitlement was seen as more difficult than the 30 hour entitlement to manage logistically, involving more complex staffing and programme planning.

Childcare or early education

- Providers interviewed felt that they were caught in the middle of two contradictory policy offers with different objectives. They pointed to some experiences of 15 hour places for disadvantaged two-year-olds being withdrawn to prioritise delivering 30 hour places for children of working parents, especially during the pandemic.
- Stakeholders felt that there needs to be a clearer and consistent message as to whether the free entitlements are for childcare or early education. If it is both, then they should be funded accordingly so high-quality provision can be delivered.

Parents and work

- Just over half of providers in our survey (52%) said the entitlement was helping families to work much or slightly more, with 26% saying it had no effect. Those working in the most deprived parts of the country were 13 percentage points less likely to say parents were able to work more.

- Providers felt the 30 hour entitlement helped families who were already working, but who found childcare costs a stretch to afford. For many parents, childcare is an enormous financial burden, and the enhanced entitlement relieves this financial commitment.
- Providers surveyed felt there is appetite from parents for more hours, with a large proportion, 87%, saying more families would take up more hours if they became eligible for the entitlement.

Reforming the 30 hour policy

This report examines options to reform the 30 hour entitlement to bring lower income children into eligibility. This includes a targeted expansion to disadvantaged three- and four-year-olds, or making the entitlement universal.

Fair access

- It is evident that access to high quality early years provision can result in positive benefits for all children, and especially the less advantaged, particularly in relation to enhanced language and social skills. A strategy to both increase the funded hours and improve quality in settings in deprived areas would likely lead to better outcomes for the less advantaged and a closing of the attainment gap.
- Expanding the entitlement based on the existing two-year-old criteria for disadvantaged children would bring 57% of those in the bottom third of the earnings distribution into eligibility for the first time, in particular children in the 16% of families with no earnings.
- There are also regional differences in eligibility under current rules, with more disadvantaged children in the North East and Yorkshire than in the South East. Extending eligibility has the potential to benefit more children in these areas and contribute to the 'levelling up' agenda.

- Expanding the entitlement would also involve less 'deadweight' than the original 30 hours policy, because many of the children who would benefit are not currently accessing hours above the 15 they are entitled to.

Number of hours

- While evidence on the optimal number of hours is unclear, the evidence shows that, at a minimum, it is higher than the current universal entitlement of 15 hours. There is a positive association with children's outcomes when attendance is more than 15 hours in graduate-led settings.
- Generally, the evidence points to positive benefits for up to 25 hours, with some evidence of a potential negative impact on socio-emotional outcomes of children spending too many hours (over 35) in formal settings. However, there are indications that negative effects can be mitigated by a more highly qualified workforce.

Benefits of universal provision

- Extending the entitlement on the existing disadvantaged two-year-old criteria alone would miss some families, for example those in work on low wages. For some of these 'just about managing' families, their earnings are too high to be eligible for the two-year-old offer, but too low to meet the existing 30 hour criteria.
- Universalising the entitlement has several potential benefits: making the process simpler for families, bringing 'just about managing' families into the entitlement, along with reducing the administrative burden for providers and making it easier for them to plan financially into the longer term.

Views of providers

- If funding was provided at a level per hour high enough to meet their costs, the majority of providers would be in favour of reform, including universalising the entitlement or a targeted extension.
- Those working in the most deprived parts of the country were more likely to favour making the 30 hours policy universal (38% compared to 24% of those working in the least deprived areas).

Capacity

- In interviews with providers, additional hours for more children were generally welcomed. If the 30 hour entitlement were made universal by government tomorrow, many providers said they would offer it, but only if the hourly rate was increased to meet their costs. At the current level, only 52% of providers in our survey said they would offer it, compared to 88% if funding was increased to meet their costs.
- Some argued that this additionality could be offered as a disadvantage supplement, to incentivise those who offered places to more disadvantaged children or children with additional needs.
- Many providers would be able to offer an expanded entitlement quickly, with 39% able to do so immediately, 13% within a month and 28% in 1–3 months.
- The most common barrier, cited by 48% of providers unable to offer the extension, was not having enough physical space, followed by staff recruitment (31%). Just 6% thought they would not have enough demand.

Costs

As part of the study, the Institute for Fiscal Studies (IFS) modelled the costs to government of extending the entitlement:

- The IFS' central estimates suggest that universalising the entitlement would raise spending by around £250 million in 2024–25. Extending the entitlement to disadvantaged three- and four-year-olds would cost an extra £165 million a year. This is compared to the roughly £735 million that the existing 30 hour entitlement will cost.
- In providing universal access, an increase in overall spending on entitlements of just 9% would extend eligibility to about 80% of children in the bottom third of the income distribution for the first time.
- These estimates depend greatly on assumptions about take up. In a low take up scenario, universalising the entitlement could cost £115 million. In a high take up scenario, the cost could be £560 million.
- Removing the 30 hour entitlement from families where at least one parent earns more than £50,000 a year (rather than the current cap of £100,000 a year) would save around £100 million a year, by removing eligibility from around 75,000 relatively high-income families.

The costs of increased funding were also modelled:

- A continued cash-terms freeze in per-hour spending would make it very difficult for the sector to deliver any expansion in the 30 hour entitlement.
- When the current 30 hour entitlement was introduced in 2017, the government boosted per-hour spending by 9% year-on-year to support the sector in delivering the entitlement – but this has already been more than reversed in real terms.

- In the IFS' central scenario, universalising the 30 hour entitlement with a targeted £1 per-hour supplement for children eligible for the early years pupil premium (EYPP) would cost an extra £10m per year, and for a larger group (those eligible for the two-year-old offer), an extra £30m.
- Increasing the funding rate to compensate providers for increases in the National Living wage would raise the cost of universalising the 30 hour entitlement to £305 million, or £370 million if per hour funding was provided at the level the government estimates is needed to 'fully fund' the sector, from a Freedom of Information request made by the Early Years Alliance.

Impacts of the pandemic

Parents

- Parents are concerned about the impacts the pandemic has had on their children. Our survey of pre-schoolers' parents found 64% have been worried about their child's development or wellbeing during the pandemic.
- Over half (52%) said their child's social and emotional development had been harmed. 20% felt that their child's physical development had been impacted negatively, and 25% their language development.
- 69% of parents reported that their child being unable to play with other children had negatively impacted them, with 67% saying that the closure of facilities such as play areas had had an impact, and 63% being unable to see other close relatives.
- Over half (51%) of parents in our survey felt that the government had not done enough to support the development of all pre-school age children during the pandemic.

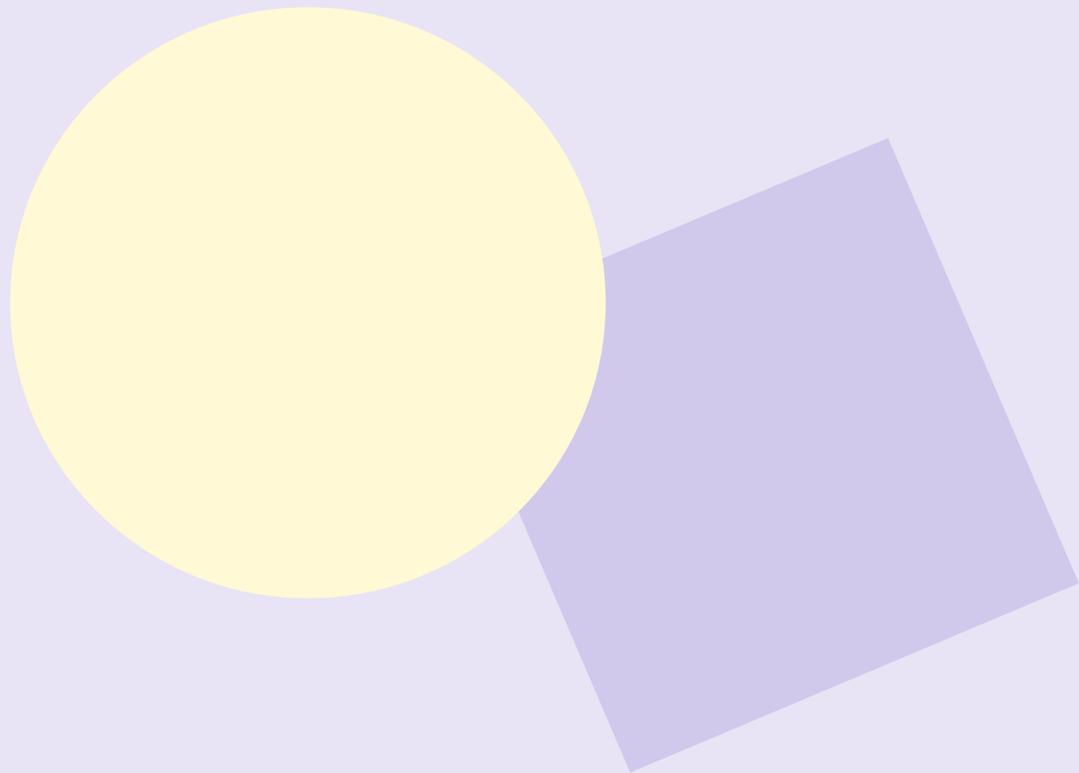
- There is evidence that parental concerns about health and wellbeing is still leading to a reluctance to allow children to attend settings, an issue which is more common in deprived communities, and for children with special educational needs and disabilities (SEND).

Early years settings

- The pandemic has increased and exposed the financial vulnerability of the early years education and childcare sector, with many providers having already closed over the past year.
- Results from our survey of early years providers has shown some optimism among those who have stayed open, with 88% of providers saying it is likely they will still be open by this time next year, and only 6% saying it is unlikely. This has reduced substantially since April last year, when a quarter of providers said they were likely to close.

Schools

- Schools are already feeling the impacts of the pandemic on school readiness. Over half (54%) of primary senior leaders surveyed here said fewer pupils were 'school ready' when they started reception this year than they would usually expect. At schools with the most deprived intakes this was 67%.
- Senior leaders are worried about the impact this reduction in school readiness will have, with 59% concerned about increased strain on teachers, 51% about the long-term impact on children's attainment, and 42% about increased staffing costs.
- The clear majority (93%) of senior leaders in primaries said more time spent in early years provision before children start in reception helps to support school readiness, with 71% saying it helped 'considerably'.



Conclusions

Using evidence and analysis from a wide variety of sources, this report has looked in detail at the case for reform, why it matters and how to deliver it.

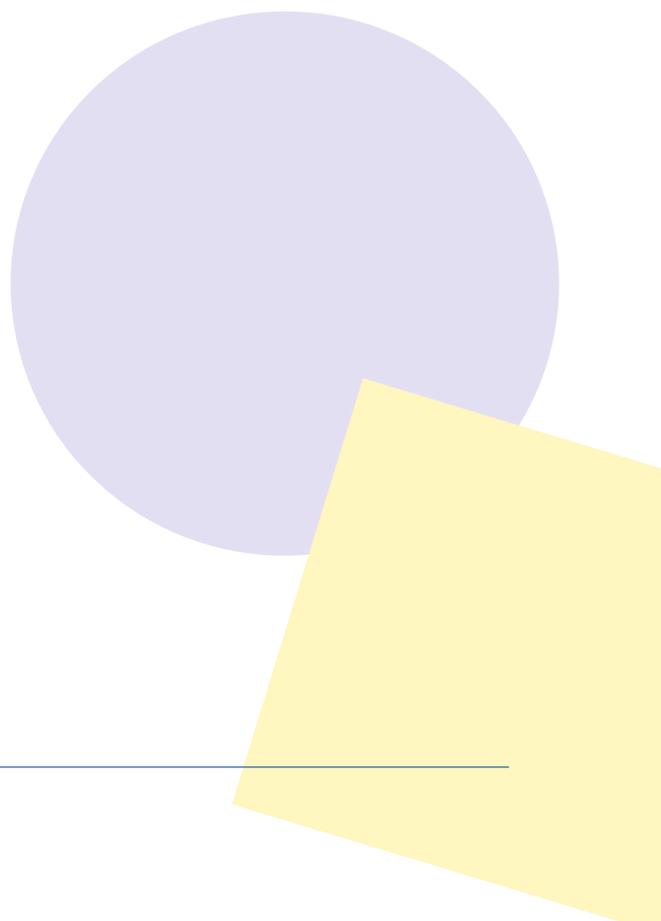
The existing 30 hour entitlement risks worsening social mobility, by providing additional hours in early years provision to children who are already relatively better off, while missing out those who have most to gain. Increasing eligibility for funded hours of early education and childcare could have a broad variety of benefits:

- Extending access to a more optimal number of hours of provision to poorer children who stand to benefit most.
- Giving parents greater confidence in access to childcare when retraining, moving into work, or increasing their hours.
- Allowing greater stability and predictability for settings, including lowering administrative burdens. Providers in the most deprived areas would stand to benefit the most, addressing geographical inequalities in the sector.
- If accompanied by increased funding, improving an emphasis on quality and facilitating improvements to the early years workforce.
- Closing the gap in school readiness, reducing the burden in schools and helping to ensure all children can start their formal education on an even footing, with potential long-term benefits for social mobility.

There is already evidence that the current policy is exacerbating the attainment gap on starting school, and as we come out of the pandemic, ensuring children from the poorest families can access high-quality early years provision is more important than ever.

Research here has shown there is a clear case for increasing the number of hours available to disadvantaged children; but that doing so must come alongside work to improve quality. To do this, additional funding will be needed for the poorest children, to ensure any expansion can deliver improvements in attainment. It is also clear that the time for change is now, to ensure we build back better from the pandemic.

Together, this set of reforms could help make a real difference to social mobility in this country, ensuring all children have a fair start in life.



The Sutton Trust's *A Fair Start* campaign is calling for:



Equal access to government funded hours of early education

Access to early years education in England is not equal, with most of the country's poorest families locked out of the government's flagship entitlement to 30 hours of funded provision at age three to four. But these are the very children who stand to benefit most from high quality early education. Access for these children is more important than ever in the aftermath of the pandemic, with the poorest families suffering most from the crisis.

Access to the 30 hour entitlement should be extended to families on the lowest incomes, to ensure the poorest children can have the best possible start in life. There are a number of policy options on how best to extend the entitlement to these children, from a targeted expansion to those eligible for the two-year-old offer, through to making the entitlement universal. Making the offer universal has several additional potential benefits, including simplifying access for families, providers and local authorities, which could help to improve take-up, as well as giving greater levels of financial security to settings, helping them to plan into the long term and potentially improving staff retention and training.

- There should be **universal access to up to 30 hours of funded early education**.
- A **targeted expansion of the 30 hours offer to disadvantaged families would be a cheaper alternative**, but has downsides in terms of ease of administration, along with fairness to 'just about managing' families.



Additional funding for disadvantaged children

The funding provided by government for the free entitlement is not enough to meet many providers costs, leaving them to make up the extra in other paid for hours or through additional charges. Many providers struggle to deliver high quality provision, and those serving the poorest areas are at particular risk of closure and face the harshest financial constraints. It is vital that any expansion of the 30 hour entitlement to children on the lowest incomes is accompanied by a funding uplift.

At a minimum, the government should provide additional funding for disadvantaged children, so that any additional hours provided are of a high quality and serve the poorest communities. Doing so has the added benefit of providing settings with an incentive to recruit children from families on low incomes, as well as ensuring settings serving the poorest areas, many of which have been badly hit by the pandemic, remain sustainable into the long term.

- **The government should provide additional funding for disadvantaged children**, either through the Early Years Pupil Premium or a 'disadvantage supplement' for those eligible for the two-year-old offer.
- **The Early Years Pupil Premium should be reformed to make its administration easier and improve its impact, by increasing the rate, and broadening the eligibility period** over a greater amount of time to capture families dipping in and out of poverty, as with the Pupil Premium in schools.



A focus on quality

It is important that any expansion to the 30 hour entitlement, and the additional funding going to providers along with it, drives up quality in early education, which is most likely to improve children's outcomes and school readiness. In order to offer the extended and better-funded 30 hour entitlement, providers should be required to meet certain quality criteria based in evidence.

As well as putting requirements on settings, other actions should also be taken by government to ensure quality of provision in the early years sector. Increased funding is needed to improve pay and conditions for staff, so that settings can attract and retain a well-qualified workforce. Barriers to accessing qualifications at Levels 1 to 3 should also be addressed, to encourage new recruits into the sector. A clear vision for the early years' workforce, which is designed to deliver high quality provision for children, is the only way to ensure early education can play its full part in closing the attainment gap.

- **A universal uplift to funding, such as the one introduced when the 30 hours policy was first rolled out would have broader benefits to providers**, and help to steady the sector in the aftermath of the pandemic.
- To offer the extended and better-funded 30 hour entitlement, **providers should be required to meet certain evidence-based quality criteria**, for example employing a graduate leader in their setting, employing a certain proportion of Level 3 qualified staff, and providing professional development opportunities to their workforce.
- **The reinstatement of a 'Leadership Quality Fund' would help settings to attract qualified staff with enhanced pay and status**, with the long-term aspiration of having a qualified teacher in every setting.

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