

## **The impact of the 30 hour entitlement in English local authorities**

**As part of the *Childcare Survey 2017*, the Family and Childcare Trust surveyed local authorities about the impact they expect from the introduction of 30 hours a week of free childcare for children of working parents. This summary of the findings will be included as a chapter within the *Childcare Survey 2017*.**

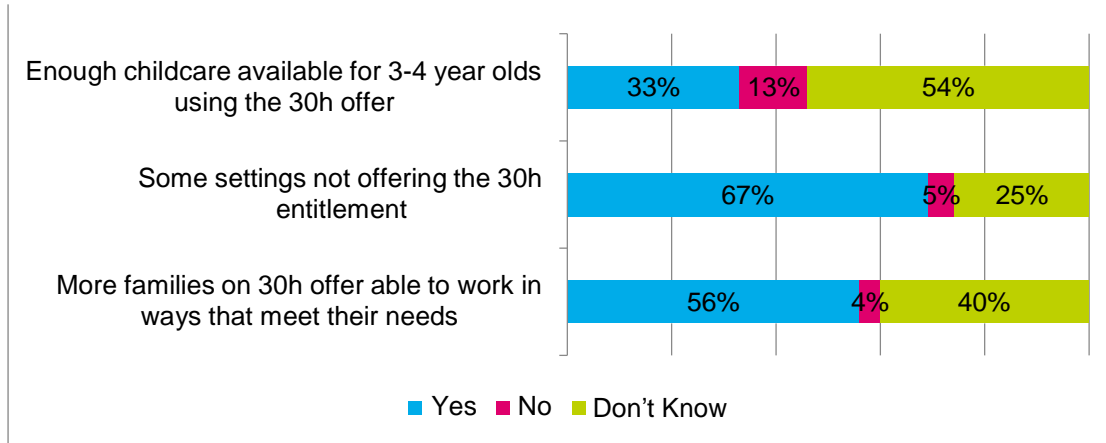
In England, working parents of three and four year olds will be entitled to 30 hours per week of free childcare for 38 weeks per year from September 2017. This represents a doubling of the current entitlement and will be available to families where both parents (or one parent in lone parent households) earn at least the equivalent of 16 hours per week at the National Minimum Wage but below £100,000. Parents who do not meet these employment thresholds will continue to be entitled to 15 hours per week. The scheme has been piloted, in whole or in part, in some areas of England during 2016/17.

The introduction of 30 hours free childcare a week for working parents of three and four year olds in England represents one of the most significant recent changes to childcare. It is as yet unclear exactly how much new demand will be generated – it is likely that a lot of the funded places will be used by families who would otherwise have paid for this amount of childcare. Nonetheless, the policy will lead to significant changes to how – and how much – providers are paid, as 30 hour places will be funded directly by the local authority based on set funding formulae. Parents will continue to pay the provider directly for any hours above the entitlement.

We asked local authority Family Information Services in England about the expected impact of the 30 hour offer in their area. Their surveys were returned in late November and December 2016, about nine months before the policy was due to come into force. 74 per cent of local authorities responded to the survey

The 'don't know' rate for these questions was fairly high, ranging from 25 per cent to 63 per cent. However, there was relatively little consistency in which questions got this response: only 13 per cent of local authorities returned 'don't know' answers for all nine questions. This mixed pattern suggests that 'don't know' responses are likely to reflect gaps in knowledge rather than a reluctance to speculate.

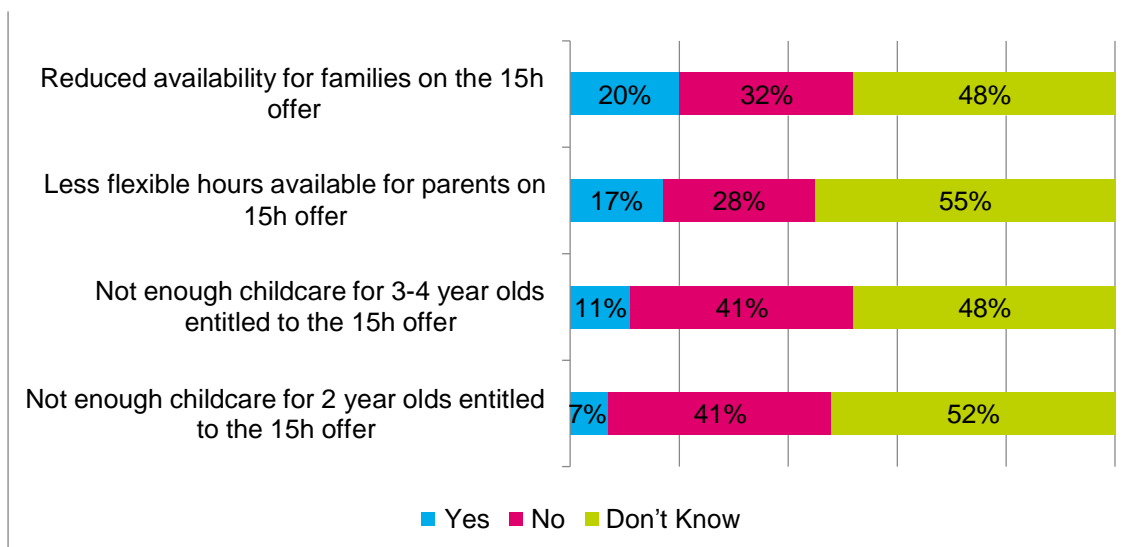
Chart 1: Availability of the 30 hour offer



There was a lack of certainty about the availability of the 30 hour offer for eligible families. Only a third of local authorities expect there to be enough childcare available for three and four year olds, with just over half not yet knowing whether or not there would be enough. A clear majority of local authorities expect some settings not to offer the 30 hour entitlement – presumably because it would not make financial sense for them to do so.

Until the policy has been introduced in full, it is difficult to predict how many settings this will apply to: it is likely that the pattern will vary in different parts of the country based on the comparative price paid for funded and non-funded places, and settings' ability to attract parents without offering the free entitlement. Despite this uncertainty, the majority of respondents believe that the 30 hour entitlement will enable more families to access childcare which meets their needs.

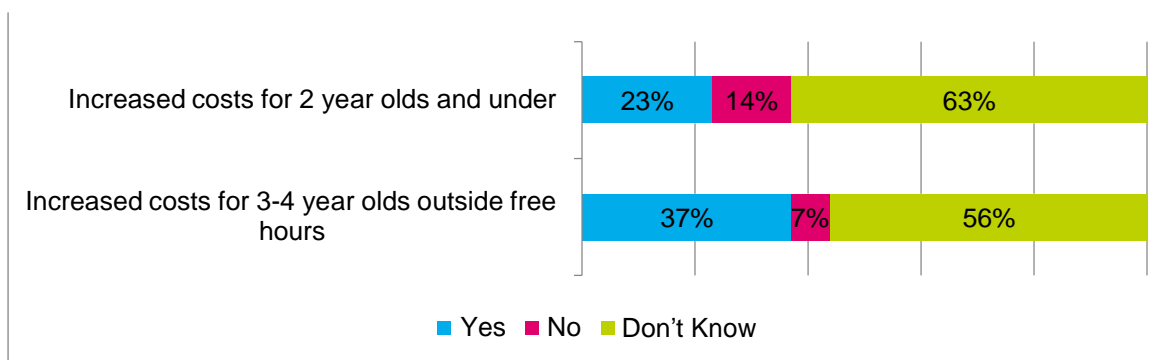
Chart 2: Availability of other childcare



For families not entitled to the 30 hour offer because they do not meet the work requirement, but who remain entitled to the universal 15 hour offer, the local picture looks mixed – a fifth of local authorities are predicting reduced availability for this group, a sixth are predicting less flexibility on how the 15 hours are accessed, and about 1 in 10 expect there not to be enough places available for them overall.

There are high levels of uncertainty around all of these questions. Local authorities are slightly more confident about the impact on funded two year old places, which are available to the 40 per cent most deprived families, with only a small minority predicting lower availability for this group.

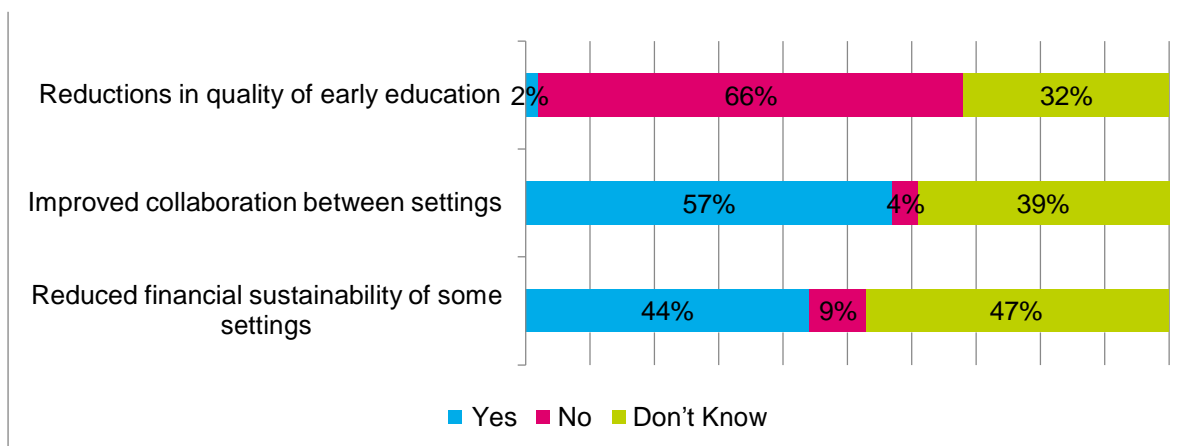
*Chart 3: Prices of childcare*



Funding for the thirty hour entitlement is intended to cover the full cost of delivering care. However, some providers have reported that they will lose revenue from providing fully funded places, and will attempt to recoup this by charging higher fees outside the free hours (providers' views are described in more detail in the 2017 Family and Childcare Trust report *No Shortcuts: quality and the free childcare extension*).

A significant group of local authorities expect prices outside the free entitlement to go up. About a quarter of local authorities expect prices to rise for two year olds and under – potentially a more significant concern for parents, as they will not be able to balance any increase against higher availability of free hours.

*Chart 4: Changes within settings*



Although a clear majority of local authorities do not expect the 30 hour offer to result in reductions in childcare quality, it is highly concerning that a third do not know whether there will be reductions. Only high quality early education boosts children's outcomes and helps to narrow the achievement gap between deprived children and their peers.

Expectations of quality reduction could be driven by concerns about financing the provision. 44 per cent of authorities expect reduced financial viability of some settings and only nine per cent are confident that this will not happen. If settings begin to shut down, there are clear risks to childcare sufficiency in 2017 and beyond. However, more positively, local authorities expect to see higher levels of collaboration between settings – it is hard to say at this stage what this is likely to mean in practice, but any changes which make it easier for parents to combine two types of care, for example a sessional nursery and a childminder, are likely to be welcomed by families.

These responses raise significant questions about the impact of the rollout of the 30 hour offer. They show high levels of uncertainty and varying expectations between local authorities, highlighting the need for the rollout to be closely monitored and evaluated, and action to be taken if there are negative consequences on quality, affordability and availability of childcare, particularly for the more vulnerable families.

**Claire Harding, February 2017**