

No shortcuts: quality and the free childcare extension

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Executive summary

From September 2017, working parents of three and four year olds in England will be able to access 30 hours of free childcare per week during school term time. For eligible families, this doubles the current free entitlement: it represents one of the most significant changes to early years policy for some years.

The importance of the quality of early education and childcare has long been recognised. Early education can help disadvantaged children to 'close the gap' in educational attainment with their wealthier peers, but only if it is good quality. While there have been improvements in the quality of childcare, too many children still miss out on high quality provision.

The introduction of the 30 hour entitlement will mean significant change for the childcare market, and it is vital to make sure that these changes do not cause deterioration in the quality of provision. This report focuses on the potential changes to quality of provision resulting from the 30 hour offer, and identifies steps that can be taken to make sure that quality in the early years continues to improve.

Quality is defined in various ways by different people. This report draws on focus groups with parents and interviews with providers and local authority early years teams to explore what these groups feel are the key conditions for quality childcare, and how they think they would be affected by the 30 hour offer.

Providers and parents raised a number of serious concerns about the impact of the 30 hour offer on quality. In particular, they highlighted that the extension could compromise the things they felt were key priorities for quality childcare, and lead to shortages across the sector as settings struggled to remain financially viable. The quality and availability of provision for the most vulnerable children was regarded as being most at risk. The Government must make sure that the 30 hour offer does not prevent any child from accessing high quality early education, particularly those who need it most.

Key findings

What quality means in early education

- ▶ Parents and providers agreed that the best settings are 'warm' and 'friendly', and that the nature of interaction between staff and children is paramount.
- ▶ Parents particularly valued child-centred approaches to care: 'it's about children having some say in activities as opposed to the staff dictating'.
- ▶ Both providers and parents emphasised the importance of positive relationships between staff and families – this was particularly important when it provided practical support with home learning.

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- ▶ Parents and providers had slightly different views on what constituted high quality in staffing. Parents tended to refer to 'soft skills' around working well with children, with formal qualifications either not mentioned or regarded as less valuable. Providers tended to put more emphasis on qualifications, although generally as a 'bare minimum' criteria alongside skills, experience and good leadership.
 - ▶ The quality of the physical environment was also important for both parents and providers, with outdoor play seen as particularly important in more urban areas where children had fewer opportunities elsewhere.
 - ▶ Many of the conditions for quality highlighted by parents and providers were regarded as being particularly valuable for children with special educational needs and disabilities (SEND) and those from disadvantaged backgrounds.

What the 30 hour offer could mean for quality

Many of the elements that parents identified as key conditions for quality were also identified by providers as under threat by funding pressures.

Availability and access

- ▶ Some providers were concerned that overall childcare availability in their local area would reduce, with children staying in childcare longer meaning that fewer would be able to attend overall, or because some settings would be forced to close down due to becoming financially unviable.
- ▶ Providers were particularly anxious that shortages of childcare would be worse for disadvantaged children and those with SEND.
- ▶ Shortages in provision for disadvantaged children and those with SEND was regarded as especially concerning as these groups of children were seen to have more to gain from many of the features of quality childcare highlighted by parents.

Funding and staffing

- ▶ Many providers were worried that the 30 hour offer would make their setting less financially viable, because the rates paid would be less than they could receive from parent fees. Providers were worried that if they decided not to offer the 30 hours parents would 'vote with their feet' and choose providers that did.
- ▶ Some providers were particularly concerned about funding pressures making it harder to recruit high quality staff at slightly higher rates of pay.
- ▶ Some providers thought that they would charge for 'extras' such as lunch to make the free hours financially viable, but others thought that this would not be possible or desirable.

The role of local authorities

- ▶ Providers recognised that local authorities played an important role in improving childcare quality particularly through providing free training and connecting childcare providers. There were concerns that funding pressures for local authorities would mean they were less likely to provide this support.

Quality of life for families

- ▶ Although not directly related to setting quality, some parents felt that the introduction of the 30 hour offer would make their families' lives easier, including making it easier to work.

Recommendations

We call on the Government to:

- ▶ Commit to an annual review of funding levels for early education informed by evidence gathered with local authorities on the cost of delivering high quality early education across the country.
- ▶ Improve access to early education for children with SEND by equalising inclusion requirements between PVI and maintained providers and through statutory guidance on Inclusion Funds.
- ▶ Provide clearer guidance to providers on delivering the 30 hour offer including on charges to parents for additional hours, activities and services.
- ▶ Clarify, strengthen and fund the strategic role of local authorities in improving the quality of early education and in closing the gap in achievement between disadvantaged children and their peers in the early years.
- ▶ Undertake an evaluation of the roll out of the 30 hour offer that measures: the effect on parental employment levels; the achievement gap between disadvantaged children and their peers; uptake of early education by children with SEND; uptake of early education by disadvantaged two year olds; costs of childcare outside the free entitlement; and sufficiency of local provision for early years childcare and the free entitlement.
- ▶ We also want to see Ofsted collect a richer range of quality metrics as part of the inspection process, including staff qualifications, turnover and retention rates to make inspection reports more meaningful for parents.

1. Introduction

About this report

From September 2017, working parents in England will be able to access 30 hours per week for 38 weeks per year of free childcare, funded by government. This will be welcome news for many families, who face high childcare costs in the years before their children reach school age. However, concerns have been raised by providers, policy makers and advocacy groups about the effect of the policy on the quality and availability of childcare, and on costs beyond the funded hours.

The aim of this report is to make sure that the value of children's access to high quality provision is not compromised, and that delivering excellence remains a key objective in the provision of early education and childcare.

This report focuses on the implications of the 30 hour offer on the quality of childcare – this is because research shows that childcare only makes a difference to children's educational outcomes when it is of high quality. It is based on case studies with a range of providers across England, focus groups with parents who use childcare, and interviews with expert informants in the field of childcare and early education.

The 30 hour offer

From September 2017, working parents of three and four in England will be able to access 30 hours of free childcare a week during school term time. As with the current free childcare offer, parents will be able to access their free hours at a provider of their choice, with the local authority paying fees to the provider based on a national funding formula. Parents can choose to split their hours between providers if they wish (HM Treasury, 2015).

The 30 hour extension is available to families where both parents, or one parent in lone parent households, earn more than the equivalent of 16 hours per week at National Living Wage. An upper income threshold of £100,000 per parent per year was also established, although couples who earn more than this between them will still be able to access the extension. Parents who do not meet the work criteria will continue to access the current universal offer of 15 hours free childcare a week.

Some 8 areas in England began piloting the 30 hour offer for some or all local families from September 2016. Learning from these pilot programmes was intended to support wider implementation the following year. In January 2017 it was announced that a further four local authorities would pilot the extended provision from April 2017.

Recent changes to free early years education and childcare in England

Free early education was introduced in England with the aim of supporting child development. It aims to make sure that children are school-ready and help to narrow the attainment gap that opens in the early years between children from disadvantaged backgrounds and their more affluent peers. The pursuit of these goals was supported by the provision of a range of local services including nursery schools, nursery classes, pre-schools, and ultimately, children's centres. These services provided integrated education, childcare and family support.

Free early education was first introduced by the Labour Government in 1998 to all four year olds for 12.5 hours per week over 33 weeks a year. By 2010 the entitlement had been expanded to 15 hours per week for 38 weeks per year and was available to all three and four year olds. Under the Coalition Government, the 15 hour offer was extended further to the 40 per cent most disadvantaged 2 year olds.

Throughout this period the costs of childcare rose dramatically, placing an increasing strain on family budgets. During the Coalition Government the average weekly cost of a part-time nursery place in England increased by 33 per cent, from £91 per week in 2010 to £121 in 2015 (Rutter, 2015). In this context, the rationale for free early education, which up until this point had mainly been concerned with its potential to support child development, shifted to primarily focusing on promoting parental employment (Lloyd, 2015).

The 2015 Autumn Statement confirmed the Conservative Government's manifesto commitment to double the free entitlement to three and four year olds from 15 to 30 hours per week. Throughout the evolution of the policy, increasing parental employment has been emphasised as the key driving objective, as Sam Gyimah MP, the childcare minister at the time, illustrated during the Report Stage of the Childcare Bill 2015-16:

"Let me say at the outset, however, that extending the 15 hours to 30 hours is primarily a work incentive. That is why the first 15 hours are universal, but the second 15 hours are based mainly on economic eligibility criteria. In judging and evaluating the impact of the policy we should bear in mind the work incentive."

House of Commons Debates, 25 January 2016, c58

While it is possible that the two primary functions of early education, supporting child development and promoting parental employment, can be successfully pursued simultaneously, in prioritising the former over the latter, some have argued that the 30 hour extension risks undermining attempts to both improve child development in early years, and to narrow the attainment gap as a result.

The research base

At this stage, it is unclear whether the 30 hour offer is likely to lead to an increase in parents' – and particularly mothers' – employment. The 15 hour offer had no effect on paternal employment and a limited effect on maternal employment, which was restricted to women who had no children younger than the one eligible for free care (Brewer et al, 2016). However, increasing employment rates was not the main aim of this policy, and the most usual 15 hour model, consisting of five three hour sessions per week, is difficult to fit around even part-time employment. It is therefore challenging to extrapolate the findings of this research to the new extended entitlement.

Existing research shows that a child's development is influenced by a range of personal factors, including their character, abilities and behaviours. Children's development is also strongly linked with the family environment, which includes factors such as parental (particularly maternal) education, family income and the degree to which parents engage with their child's learning.

Outside of the family environment, children's outcomes are strongly associated with access to high quality early education and childcare. Only high quality early education has a positive impact on children's outcomes, while average quality adds no value, and poor quality risks jeopardising their wellbeing (Melhuish, 2004; Mathers et al, 2014).

While research highlights the importance of quality in early education and childcare for improving children's outcomes and narrowing the attainment gap, there is limited evidence to suggest that 30 hours a week of childcare is any better or worse than 15. On the contrary, the Effective Provision of Pre-School Education (EPPE) project, a longitudinal study of 3,000 children between the ages of three and seven years, demonstrated that "full-time attendance led to no better gains for children than part-time provision" (Sylva et al, 2004).

It is likely to be some time after the 30 hour offer is rolled out nationally before its effect on childcare quality is apparent. This report draws on the experiences and insights of parents, providers and local authority staff to explore the impact of the extended entitlement on children's access to quality early education and childcare. It is vital that these challenges and opportunities are identified and understood in order to inform future debates about the free entitlement, and make sure that quality remains a priority and children's outcomes continue to improve.

2. What does 'quality' mean in childcare?

This report draws on focus groups with parents and interviews with providers and local authority early years teams, to find out how these different groups think quality might be affected by the 30 hour offer. In order to properly understand that question, it is first necessary to unpack what quality means to these various groups.

There is no single, agreed-upon understanding of quality in childcare between, or among, the various stakeholder groups. Focus group research by Mathers et al (2012) suggests that parents, providers and local authority staff all perceived quality in similar ways, but placed an emphasis on different criteria. While parents tended to stress the importance of warm and friendly staff who could understand their children's individual needs, the other groups emphasised the need for qualified and experienced staff.

We used the interviews and focus group sessions to discuss with the participants, parents, providers and early years teams, what quality in childcare means to them. For the purposes of this research, we wanted to explore the range of ways the stakeholders understood quality, rather than the differences in perceptions between them. This section will explore the key themes to emerge from those discussions.

2.1 Staff-child relationships

For the stakeholders we spoke to, the way that the staff interacted with children was a fundamental part of what makes a high quality childcare setting. For both parents and providers, this was commonly articulated in terms of the staff being "*friendly*", and providing a warm and nurturing environment where the children saw the staff as an extended family.

One parent told us that for a setting to be regarded as high quality:

"Staff should be there because they have compassion and not just doing the job for money. Staff are bringing up your child and are like a second family." Focus Group C

A number of parents described the effect that staff can have on the children's emotional wellbeing, and reinforced the importance of providing a family atmosphere:

"You look at the kids and see whether they are happy. If they're happy, it's a good place... Here, you feel like part of the family." Focus Group B

Childcare providers also described the importance of child interaction in terms of the staff creating a "*homely*", "*nurturing*", and "*natural*" environment.

"We provide a home-from-home environment... so children feel nurtured, almost like an extension of their own immediate family." Provider Q

Similarly, the emphasis placed by parents on enthusiastic and caring staff was echoed by the providers:

"All the staff are very enthusiastic and very passionate about their job and the children and the care. That's a hugely important thing, being passionate about the job and wanting to provide the best they can for the children they care for." Provider S

Both parents and providers indicated several different reasons for why warm child interaction was important. Participants highlighted benefits to children's social and emotional wellbeing and behavioural improvements.

"Friendly staff is important because kids feel more comfortable to have good relationships with other kids." Focus Group A

"If they feel settled and happy and secure and comfortable with you then they can learn. If they're worried and uptight and 'where's mummy' there's nothing else can go in. So it's our job to be really nurturing and give them that confidence." Provider K

Responses also suggested that a nurturing environment was associated with fostering independent learning among children.

"I think child friendly means more like, what the child wants to do. It can be blocks, it can be painting, it can be playing with the sand, anything the child wants. The more the child can play with what he wants, the more creative and more imaginative, the more his brain will work." Focus Group A

"It's about children having some say in activities as opposed to the staff dictating 'what do you want to do today' versus 'let's do this'. It allows children to express their personality." Focus Group D

For many of the providers in multicultural areas, having a team of staff that reflected the diversity of the children that attended the setting was essential for engaging with the children and delivering quality education.

"We are very diverse ourselves. And it's helpful for us because we can support a lot of the kids, we have more of the same languages." Provider R

"We are able to deliver diverse teaching and a multicultural approach to learning." Provider P

Relationships and interactions between childcare staff and children were also seen as a fundamental part of quality for the local authority staff we interviewed. This is supported by academic research into childcare quality, such as Mathers et al's (2014) evidence review, which identifies "stable relationships and interactions with sensitive and responsive adults" as one of four key dimensions of good quality education.

2.2 Staff–parent relationships

For many of the providers, their relationships with the parents is just as important for quality as their relationships with the children. The providers told us about a range of ways they worked to build relationships, and engage and develop partnerships with parents. These included: making home visits before the child starts at the setting; inviting parents to open parent evenings; sending out daily diaries outlining the child's progress along their learning journey; producing newsletters that discuss upcoming events and changes in staff; offering opportunities for parents to provide feedback and contribute to the planning; inviting parents to observe how they deliver education, and offering parenting courses to help families continue the learning at home.

Both parents and providers explained that these relationships were beneficial for quality because they allowed settings to provide wider family support, and helped to create a strong home learning environment that was consistent with the teaching of the childcare setting.

"The staff here give you feedback, and ideas for things to try at home. They invite you in and make you welcome. They run sessions where they invite you in. They help you feel good about the place. I did a reading session and learnt how to read a book with my child. Normally she just runs off when I try to read to her, but they taught me to act it out and do voices and it really helped." Focus Group B

"Neither 15 or 30 hours is a huge proportion of a child's life so it's obvious in a way that the people who spend the most hours with them matter... If the important people in a child's life are cooperating and working together, that's a much more supportive framework for that child." Provider N

Both parents and providers also suggested that good communication enabled them to better understand the child's learning journey.

"It's fundamental because parents are children's first and enduring educators and without them you haven't got the full picture." Provider F

"It's important to keep parents well-informed of their child's development and daily activities, having a summary of what their child got up to today," Focus Group D

When the parents had a good relationship with the staff, they felt more confident about the quality of the childcare:

"If I say 'he's having a bad day can you keep an extra eye on him?' They will." Focus Group C

Parents and providers also discussed the importance of staff–parent relationships for bridging cultural barriers relating to childcare. This includes encouraging take-up among some parents who may not recognise the benefits of early education:

"For some families, there is a need to actively engage, as they may have preconceived ideas about school, based on their own negative experiences." Provider N

In diverse areas, respondents talked about the ability for staff–parent relationships to cross cultural divides:

"We feel we really have to mediate between parents' views and backgrounds and experiences, and what the English early education offer looks like... we have to be humble and understand where the parent is coming from and explain our approach, which may be very unfamiliar to parents." Provider N

Parental engagement was also recognised as a crucial part of quality childcare among the local authorities we spoke to:

"It is around how you engage parents. Children are only in those settings for a number of hours a day. So higher quality settings tend to have a better engagement with parents, it's how they are influencing parental interaction and engagement." Local Authority A

In the academic literature, working in partnership with parents is widely regarded as essential for children's development. Case study analyses conducted for the EPPE project found that children tended to do better in settings that discussed the children's progress with parents, involved them in planning their child's learning journey, and encouraged parents to do activities at home that complemented their child's education in the setting (Sylva et al, 2004).

2.3 Staff quality

Like staff–parent and staff–child relationships, the importance of having skilled staff in a setting was shared by all of the stakeholders we spoke to. However, there were slightly different views regarding the criteria used to measure staff quality. Parents commonly referred to the ability of staff to engage with the children and to foster independent learning, as described above. But their ability to do this was often defined by intuitive, immeasurable qualities, such as "attitude". Formal qualifications were often absent from discussions, or seen as secondary in comparison:

"Quality is about genuine engagement and passion of staff working with children, an 'instinct' of working with children. This is more important than qualifications." Focus Group D

For one parent, quality came with experience of looking after children, with qualifications regarded as less valuable:

"Better to have a mother who knows how to deal with a child than someone with social care qualification but no experience." Focus Group D

Some parents viewed good leadership as important, particularly for maintaining quality staff, and this was also used as a standard for the general quality of childcare.

"Because childcare is low paid work, people are seen as quite dispensable so nurturing and training staff can be difficult. This means staff that are loyal must be well managed. If they're not able to manage their staff, then they're not going to be able to manage the kids well."

Focus Group C

Training was also regarded as valuable, especially for supporting children with special educational needs and disabilities (SEND):

"My daughter has just been diagnosed with autism, so I need to know that some of the teachers are trained to deal with the difficulties that it causes." Focus Group D

For providers, the quality of staff in general was commonly cited as a top priority for good childcare. Like parents, they placed an emphasis on leadership, training, enthusiasm, and a team that had a range of skills and experiences.

"The quality of the leadership is key. It needs to come from the top." Provider U

"You have got to get new input all the time, training courses can help staff keep up to date and improve their training... we have a couple of children with Down's syndrome and one with cerebral palsy and we just needed some support, guidance and confidence to make sure we are doing things right. Training just helps give you that confidence to carry on and help the children." Provider H

In contrast to parents, providers often regarded qualifications as crucial, though some saw them as a necessary requirement that was secondary to other qualities.

"All the staff are highly qualified and very enthusiastic and very passionate about their job and the children and the care, that's a hugely important thing - being passionate about their job and wanting to provide the best they can for the children they care for." Provider S

"Qualifications are a bare minimum, but staff also need an innate ability to get on with children which not all people have, even those with qualifications." Provider E

The early years teams in local authorities we spoke to viewed training and qualifications as valuable, but placed more of an emphasis on the influence of strong leadership:

"Absolutely leadership is key to everything else, without quality leadership none of the rest can be embedded... Leadership is about a combination of professional development, upskilling, training as well as formal qualifications." Local Authority B

However, they also regarded formal qualifications in early years settings as not always being a strong indicator of quality, as *"anyone can have a qualification but it is about the delivery and how they put that knowledge into practice - their understanding of it."* Local Authority B

2.4 Resources and activities

A number of the parents and providers spoke to us about the importance of the physical environment and resources in a childcare setting. Particularly for parents, the safety and security of the setting was a high priority. Having a good quality environment and a range of resources were also seen as necessary for facilitating the independent learning, discussed above as being important for quality.

"It's about open-ended resources that enable children to be very creative, and problem-solve... We are fortunate that we are well resourced, we've got beautiful grounds. This enables us to do free-flow for the children indoors and outdoors very successfully." Provider V

Access to outside space was also a priority for parents, especially for those in urban settings.

"Some people don't have gardens at home. So they stay inside all the time. At nursery it's easy to play in a safe place." Focus Group A

For some parents, if the environment was regarded as high quality, this could also be used as a visual cue for judging the quality of the childcare in general.

"I was concerned about whether kids could escape. The fences are all well-kept. The kids are kept within certain spaces so they can't run all the way round. The main gate is secure. There's the lock at the top. Shows that they've thought everything through... they know what they're doing." Focus Group B

For some providers, the resources within the setting were less important than the external activities offered to children.

"Quality is not about resources, it's about opportunities, doing activities together, letting children explore outdoors. It gives health benefits, the freedom to explore and learn, and also independence by crossing roads and learning to behave in public." Provider I

For both parents and providers providing quality food was regarded as an opportunity to provide long term benefits by teaching social skills and routines, learning about food and developing healthier and broader tastes, and improving children's ability to concentrate and learn throughout the day.

"Children have a choice of different snacks they can have. They've learnt about healthy eating. They tell us about good foods and bad foods and what's sugary." Focus Group B

"We have a café-like system, where the children help set the table for lunch, they make their labels and can read them to know where to sit. It's a social and educational occasion. They use china plates and glasses, that's how children learn that things are fragile as they get older." Provider F

The importance of the environment and resources in a quality childcare setting is supported within the academic literature. Mathers et al's (2014) review of the evidence concluded that "secure yet stimulating physical environments" was a key condition for quality, and was especially important for facilitating learning opportunities, physical activity and general health. In the context of rising rates of childhood obesity and poor nutrition, the provision of healthy food in childcare settings is argued to be an increasingly valuable tool for public health intervention (School Food Trust, 2010).

2.5 Broader strategy for local services

A common theme to emerge from the discussions was that for childcare to deliver high quality and make a difference to children's outcomes it needs to be part of a broader strategy for local services. Some responses discussed the capacity for local government to directly provide business support and training to providers, while others highlighted how adequate provision of support from external professionals was necessary for children's development, particularly for children with additional needs:

"I think it would be nice if there was more training available that was free because that would help a heck of a lot." Provider H

"There can be barriers and delays in getting the necessary support. Health visitors are very overstretched, children's centres are very busy, there's huge waiting lists for speech therapists, educational psychologists... It's about the lack of capacity that everyone's got to get everything in place." Provider V

One respondent spoke at length about the impact of external pressures for families on their ability as a provider to deliver quality childcare:

"What we know about parents who have got an under five with an SEN in our area, is that they are already facing multiple struggles to keep things on the road in their family, such as overcrowded accommodation. It's very hard to meet their child's needs in that situation." Provider N

From this perspective, delivering quality childcare needs to be part of a broader strategy of early intervention that also addresses wider family issues such as health, housing and finances:

"It's one piece of the jigsaw. Other pieces include early years support for those families, and making sure that the health services and the other services come together to support the family early on." Provider N

"There are pockets of quite high deprivation around here and the children's centre can support you with that. They recommend a lot of the children on two year old free funding to us as well." Provider V

This last response specifically highlights the importance of their nearby children's centre for identifying need across the local community, as well as providing assistance to the nursery in working with disadvantaged families. These services can be beneficial for improving the home environment of children and families, and can also allow childcare providers to be more effective in improving children's development.

The local authority staff we spoke with agreed with the benefits of providing support outside of the childcare setting, and discussed a number of practices they were engaging in and working towards to deliver that. This included commissioning quality training linked to local issues, and business support for childcare providers covering financial management and how to develop strategies for staff recruitment and retention. The local authority was also exploring how a local hub model could work to sustain partnerships among providers that could support blended childcare, help them share information from training, and allow providers to reflect on each other's delivery of childcare.

The local authority staff also highlighted the importance of approaches to early years and family services that are delivered in coordination according to the holistic needs of families and communities.

2.6 Finding and defining quality childcare

The responses so far have shown that the parents we spoke to draw on a range of quality metrics in judging the quality of a childcare setting. However, parents also highlighted challenges in finding provision that met these criteria. In discussing the difficulties in finding quality childcare that suited their needs, parents pointed to another set of roles for local government, and also Ofsted:

"Finding a good nursery is like a needle in a haystack – and then when you find a good nursery, there's a long waiting list." Focus Group D

"It's very difficult if you're working. You have to ring round and just choose the one that fits round your work and has got space every day." Focus Group A

Parents spoke about how the internet was a useful resource for finding out about childcare, but many also acknowledged that the information available, such as Ofsted reports, could be limited and difficult to interpret.

"I use the Government website for information about childminders, and then look at their Ofsted ratings... You can read a report ...but it doesn't really give you a good feeling about the atmosphere." Focus Group B

"It took me a while to understand the Ofsted ratings. To me, I would have thought that 'satisfactory' was pretty good. I was confused at first. The four terms don't actually fit in to what they mean... there's a big gap between what 'good' actually meant. Some of the 'good' ones were 'oh my god, you actually look after children in a place like this?'" Focus Group B

In the absence of reliable, accessible information, many of the parents relied on contextual cues based on initial visits to childcare settings, such as the quality of the environment or the way the staff interacted with them and their children, to make a decision about the quality of the childcare. However, some parents regarded these methods as imperfect. Most parents felt that word of mouth is the only reliable way of judging quality in childcare.

Parental demand can only drive up quality in the local childcare market where there is a broad range of options available, and they have meaningful information that allows them to make an informed choice. Local authorities are best placed to support families with this due to their oversight of the market, and can improve the supply and demand of local childcare through a range of activities, such as providing information and advice through their Family Information Services, providing business support to providers, or by offering incentives to increase free places. Ofsted can support parents by providing reports that are accessible and meaningful to the parents that want to use them.

Recommendation

We want Ofsted to collect a richer range of quality metrics as part of the inspection process, including staff qualifications, turnover and retention rates to make inspection reports more meaningful for parents.

3. How the 30 hour offer might impact on quality of childcare

The previous section explores what quality childcare looks like for different groups. This section discusses how those stakeholder groups believe the 30 hour offer will impact on quality, with particular reference to the various conditions for quality outlined above.

3.1 Quality of life for families

Many of the respondents highlighted a range of potential benefits of the 30 hour offer relating to the quality of broader family experiences. None of the groups raised concerns. Though these factors do not impact directly on the quality of childcare delivered within the setting, as discussed above, the broader home environment can have a significant influence on children's development.

Some parents who were paying for additional hours above the core 15 hour entitlement reported looking forward to the 30 hour offer taking some pressure off their family finances, while others said they would have more time for other things, such as looking after other children, catching up with housework, or spending valuable time for themselves. Certain parents said that they currently relied on informal childcare provided by their own parents or siblings, and they expected the 30 hour offer to improve family relationships by removing those obligations.

Many of the parents believed the policy would make it easier to return to, or remain in employment, in line with the primary objective of the policy. Some of the parents were already accessing the 30 hour entitlement as part of the pilot, and spoke about how the employment opportunities had had knock-on effects improving the family's work-life balance:

"Before I was picking up my daughter from nursery and by the time I'd got home, I had to head back out again to pick up my son from school... Now I can get a part-time job, my partner can take on more hours during the week, and we can get more family time at the weekend." Focus Group B

However, parents provided two reasons for why it would remain difficult to maintain employment. The first reason is that a lot of part-time jobs are only available in the evening, when it is harder to find childcare. The second is because the extended offer is only available to children from age three, as it is for the current universal entitlement. This means that many parents still face a long gap in employment between the beginning of parental leave and the start of free childcare, after which it can be difficult to return to work.

If the 30 hour offer makes life easier for families as a whole, either through supporting family finances, improving family relationships, or providing parents more options in employment, it is likely to improve children's outcomes and wellbeing by reducing pressures on their home environments.

3.2 Availability and capacity

A central theme to arise from the interviews and focus groups was that the 30 hour offer may limit the number of children who have access to childcare. For a number of interviewees, this was because the 30 hour offer may bring about additional funding pressures, an issue that will be explored in more detail below. One provider said they would only be offering the existing 15 hour offers:

"If I would accept children for the 30 hours it might even force me to shut down. So I would rather just accept the 15 hours for the two year olds and three year olds... It's the same for lots of nurseries in the area, it's just not going to work financially." Provider R

However, other providers were worried that if they did not offer the 30 hour entitlement, clients would access their childcare elsewhere, which could also make the setting financially vulnerable:

"The worry is that parents will vote with their feet. If I'm not offering it but the setting down the road is, then they are going to go over there. Everybody is very aware that they need to offer this to parents, but for some people it wouldn't be possible." Provider K

These responses highlight a risk that if the 30 hour offer forces a significant number of businesses to close in an area, the overall availability of local childcare may be reduced. As well as reducing the number of places available to children, shortages in provision also means that parents are less able to shop around for childcare and drive up the quality in their area.

Another concern that some of the providers raised was that, because they were already operating close to capacity, they would not be able to offer 30 hours of childcare to as many children as they currently cater for. They would be offering the same number of hours overall, but to fewer children.

"We only have a certain number of places, so for those children who are with us who are doing less than 30 hours, we are not going to be able to give them the 30 hours because we can't just magically rustle up extra places." Provider U

One provider explained that their capacity was limited due to difficulties in recruiting new staff, but also because of the physical restrictions of the childcare setting. Statutory frameworks require childcare premises to have 2.3m² of indoor space per child for three and four year olds, in order to adequately meet the needs of the children. As highlighted above, both parents and providers in this study pointed to the quality of the environment as a key benchmark of a better setting.

3.2.1 Blended childcare

Due to the capacity limits cited by providers, some of the interviewees anticipated that parents would need to take their childcare from more than one type of setting to access the full 30 hour offer. This might typically involve a blend of childminder and nursery care. While this was not an issue for many of the providers we spoke to, for others, this presented a new set of challenges. Other settings were already engaged in supporting blended childcare to a small number of places, but were concerned about the 30 hour offer creating more demand, given the effort necessary to make provider partnerships work well.

Providers talked about the need to put in place robust information sharing and handover protocols that were sensitive to confidentiality and safeguarding concerns. One provider explained that this required planning and sufficient staff cover:

"You need to make sure your transitions are very strong... but once again you need enough staff so that when the key worker is having that five, ten minute handover with the childminder, there is someone else looking after the children." Provider V

However, one provider was concerned that it would undermine quality if the process was not managed well across all of the providers.

"For the child, I think it's insane. We work very hard to support children's transitions. We have dialogue with the next teacher and children have a better transition because of that. That's going to be difficult when children are accessing three different childcare settings. That bit worries me a lot." Provider F

In contrast, the local authority staff members discussed the opportunities and potential benefits to quality that could arise through an expansion of partnership working. Effective partnerships, if managed well, could provide an opportunity for providers to network, cascade knowledge from training and share best practice in order to improve quality.

3.2.2 Availability for children with SEND and children from disadvantaged families

Many providers expressed the concern that the take-up of the 30 hour offer might displace disadvantaged children from childcare places altogether:

"Our biggest concern is that we can currently take 40 children in the morning, and 40 in the afternoon. So that's 80 children who are receiving excellence. However, if I have 40 children who want extended hours, I will then be displacing 40 children who would have got the core offer of the 15 hours. The worry is that it will be the most vulnerable children who are the ones who will miss out." Provider V

Providers suggested that in many cases this would be because the 30 hour offer will not be available for parents who are earning less than the equivalent of 16 hours per week of the national minimum wage. For this reason, only a small proportion of low-income families will qualify.

Interviewees considered other barriers to access for disadvantaged families. One parent we spoke to was concerned that being on a zero hours contract might make it difficult to prove eligibility. The Department for Education (DfE) have announced that parents will only need to declare their income on a quarterly basis to make it easier for parents whose work hours change regularly, and a grace period has been included for parents whose circumstances change temporarily. However, there is a risk that parents on casual contracts may be less willing to apply compared to those in more stable employment if the process is more complicated for them.

An additional barrier considered by a provider was that parents on lower incomes, who are more likely to be facing multiple disadvantages, and to be less engaged with local services, may therefore be less likely to apply for a free place before they are taken by more affluent families:

"With the best will in the world, even when parents are entitled to the three, four year old free funding, if they quite a vulnerable family, they can be the last ones to apply, and if you are already full, where are these children going to go?" Provider V

Aside from excluding disadvantaged children from the 30 hour extension, one provider was concerned that the changes might impact on the availability of free places for disadvantaged two year olds:

"You could argue that there may be less space for two year old funded places because the sector will respond to demand, wherever that is." Provider L

Though the funding rate is higher, some providers find that this age group is more expensive to accommodate than three and four year olds due to lower statutory ratios (Hutchinson and Johns, 2016). Parents accessing the 30 hour entitlement are also more likely to purchase additional hours and activities than those of disadvantaged two year olds, and they will provide greater financial stability and fewer transitions to manage in the day (Reed and Morgan, 2016).

The interview and focus group discussions also explored the potential barriers that children with SEND might face in accessing the 30 hour offer. One provider suggested that parents may tend not to qualify for the entitlement, as it is more likely that one parent will not be working in order to provide support for their child. Evidence also suggests that this group faces barriers to accessing the existing entitlement. The 2016 Childcare Survey from the Family and Childcare Trust (Rutter, 2016) showed that only 15 per cent of local authorities reported they had enough childcare for parents with a disabled child, compared to 45 per cent of parents who work full-time. According to research by Contact a Family (2014), 25 per cent of parents with a disabled child are not taking up any of their free entitlement. In that study, respondents gave a range of reasons for not accessing the offer: they thought the staff were inadequately trained, the provision was not inclusive or safe, or their child had been refused or excluded because of their additional needs. Concerns about offering the 30 hour entitlement to children with SEND raised by providers in this study suggests that there is a risk this group will continue to struggle to access places.

Childcare also tends to be scarcer for families on lower incomes, as there are fewer providers in the most deprived areas (NAO, 2016). These settings are also more likely to become financially unviable under the 30 hour offer for a number of reasons: maintained settings, which are predominantly used by families on low incomes, are more likely to see funding reductions due to the universality of the national funding formula; fewer parents are able to pay for discretionary hours and activities in disadvantaged areas; and private settings in these areas tend to be single-site providers, rather than belonging to a chain, and so have less scope for absorbing costs centrally (Reed and Morgan, 2016).

For the reasons outlined above, one of the impacts of the 30 hour offer might be to make it harder for children with SEND and those from disadvantaged families to access the benefits of quality childcare. As these groups benefit the most from high quality early education this may have an adverse impact on childcare quality and widen the gap in outcomes between disadvantaged children and their more affluent peers.

Recommendation

We call on government to improve access to early education for children with SEND by equalising inclusion requirements between PVI and maintained providers and through statutory guidance on Inclusion Funds.

3.3 Changes to schedules for children and staff

Some of the providers we spoke to felt that the 30 hour offer could represent a major change in the way children used childcare. One rural provider was concerned that due to lower demand compared to urban settings, they would have less say on when children took their hours over the week, which would make it difficult to organise staff timetables:

"Our main problem is because we are very rural and a very small pre-school, we may have 12 children sign up for one afternoon, I still have to staff that with two members of staff, then I may have another afternoon where I have eight children, which still requires two members of staff. So our challenges are going to be very different to more urban settings where the problem will be trying to fit all the children in." Provider J

Another provider was concerned about having groups of children accessing different entitlements over a range of sessions, which would likewise create a staffing issue.

"The 30 hours is essentially a six hour day. That fits quite comfortably into a school day, 9-3, but not so comfortably for a day nursery, like ourselves, which is open from 8.30 to 5.30 at night. If there is a mass exodus at half 3 or half 4, then you have to think about whether you finish the staff early, but you still have some kids remaining until half 5. It'll be the staffing that'll cause me the most difficulty." Provider L

Others were worried about more places switching from year-round to term-time provision:

"The 30 hour model does not fit very well with our setting as staff are employed year round, so we would like to be able to offer the 22 hour a week stretched model. On the other hand however, a lot of parents may not want the entitlement stretched over the year, if for instance they want to take the kids on holiday," Provider E

"That becomes a big issue if you've got a lot of funded children. It means that you have to reduce staff contracts to term time only... If their terms and conditions change considerably, I may lose quality staff." Provider L

This last response indicates that as well as posing an additional challenge to the planning of the provision, if employers are forced to alter staff contracts, this may also have an adverse effect on the quality of the workforce. As this discussion has highlighted above, the calibre of the staff is a fundamental measure of childcare quality for many of the parents, providers and local authority staff involved in this research.

3.4 Administrative challenges

An issue that was raised by a number of the providers was the effect of the 30 hour offer on management capacity. In drawing up plans to deal with all of the anticipated issues described so far in this report, providers reported that the offer was already taking up a great deal of their time. Though some felt that these would be "teething problems" that could be resolved in the short term, many believed that there would also be continuing challenges:

"The admin side of it has been huge... in terms of additional paper work, that's had an additional impact." Provider V

"It is already taking up a lot of time to plan and think about how we are going to pay staff and maintain quality, while we could instead be looking to improve quality in the setting." Provider P

"I've employed a full-time manager for the nursery to look after this sort of thing because I envisage it's going to be a huge thing, so I've taken a hit financially with that... That can't be me, I want to be in the classrooms, to do the peer observations to raise the quality of the teaching. And when you are doing the day-to-day things you can't do that, with the best will in the world... Preparation for the 30 hour policy has been a huge burden." Provider U

In the last response, the provider discussed having to employ an extra member of staff in order to deal with the additional administrative challenges presented by the 30 hour offer. Though this was described as a measure taken to maintain quality, it also had a financial impact that other settings might struggle to absorb.

3.5 Pressure on local authorities

As indicated in section 2, one of the conditions for quality raised by the interviewees was the ability for local authorities to offer support to providers, and also to families and children through wider services. The providers we interviewed had varied experiences of assistance from local authorities. Some of the providers reported that their local authority early years teams had been highly supportive in their preparations for the 30 hour offer by providing business support and training to help with some of the funding, recruitment and planning challenges. However, others complained about a lack of proper guidance or instruction:

"They tell you what you can't do, but then when you do something they tell you it's wrong. That makes it very difficult. They aren't providing a decent model. For some providers who may not have the confidence or experience to do that, that might be very hard." Provider F

"At one point we were told we couldn't charge for top-up fees... There was also some concern we wouldn't be allowed to charge for additional hours but I'm not sure about that now. The problem is they're asking us to sign up for a scheme but up until last Tuesday we didn't even know what our potential hourly rate would be." Provider L

The local authority staff that we interviewed told us about a range of measures they were working on to help providers through the challenges presented by the 30 hours offer, including commissioning business management support to improve recruitment and retention, support with marketing and financial viability and help to facilitate partnerships between providers.

However, local authority early years teams also face the challenge of balancing these measures while managing their own funding constraints. In addition to a 40 per cent cut in core funding from central government (LGA, 2015), one of the stipulations for the national funding formula is that the amount of funding that local authorities can retain centrally will be limited to just 5 per cent by 2019. As these funds may be used to support the local childcare market directly, as well as to provide support for families and children at risk, this measure is likely to make it harder for local authorities to provide the broader support deemed necessary to improve childcare quality.

Recommendation

We call on the Government to clarify, strengthen and fund the strategic role of local authorities in improving the quality of early education and in closing the gap in achievement between disadvantaged children and their peers in the early years.

3.6 Funding pressures

Within the childcare setting, a major concern for the providers we spoke to was the impact the 30 hour offer would have on increased funding pressures. Though average hourly allocations to local authorities are set to rise from £4.56 to £4.94 across England, a small number of areas will see reductions. Many of the interviewees believed that the new rate remains far lower than their actual costs of delivery or the fees that they charge parents.

Some providers argued that inadequate funding makes it particularly difficult to offer the extended 30 hour entitlement, as there will be fewer additional hours available for parents to purchase:

"We will be getting less because we will only be able to charge the difference." Provider H

As parents on lower incomes are less able to pay for additional hours, offering the 30 hour entitlement is likely to place tougher funding pressures on settings in areas of disadvantage.

As this discussion has highlighted above, some providers were concerned that additional funding pressures from the 30 hour offer would put pressure on their ability to remain viable as a business. Others believed that they would remain financially sustainable, but that any budget constraints would compromise quality:

"The challenge is the difference between the hourly rate we get from the Government and what we charge, and that gap is the difference between a basic standard level of care, and what resembles quality... Unless the funding gap's closed and not just narrowed, the problems are not going to go away." Provider F

Many of the conditions for quality childcare highlighted by parents, providers and local authority staff, as outlined in section 2, were reported to be particularly vulnerable to funding pressures. These are discussed below. Cost constraints caused by the 30 hour offer might have a direct and immediate impact on some of the quality measures that are expensive to provide or implement, while others may be more indirectly affected.

3.6.1 Staff pay

The vulnerability of staff wages to funding pressures was a common theme in many of the discussions. All of the parents, providers and local authority staff we spoke to believed that pay for childcare staff was very low and that this was a barrier to quality childcare for several reasons. One of the local authority staff members said that adequate wages were important to allow providers to compete against other local employers, to give employees recognition for their work and to provide an incentive for professional development.

Some of the providers talked about the effect that pay had on their options when it came to recruiting new staff. For one provider, this meant access to a diverse team of highly skilled staff, while for another it related to recruiting someone with the experience necessary for supporting children with additional needs.

"We pay above the minimum wage in order to attract high quality staff and this also allows access to a broader pool of potential staff which is important to match the diversity of the children, for instance, in order to employ someone who has the necessary language skills."

Provider E

"I have recently found it very difficult to recruit a member of staff because I was looking particularly for someone with the calibre to provide childcare to a couple of children with additional needs – I needed someone to look after a child with developmental delay and major behavioural problems, and needed someone really experienced to do that." Provider J

A number of providers reported that funding pressures would add to an existing recruitment "crisis" in the sector. Many providers cited new requirements for childcare professionals to have English and Maths GCSEs as creating a significant barrier for new staff.

As well as having an impact on new recruits, providers and parents were concerned that poor pay would influence the quality or retention of existing staff.

"It may impact on the quality of childcare if staff aren't paid well. This may impact on their passion and engagement with children." Focus Group D

"Retention is an issue, quite frankly because the pay is awful – it's shocking. A lot of their role is equivalent to what you would expect a teacher to do and they are very good at it. For the amount of work they do, and the relatively low pay, it's a big ask. They're not being valued enough." Provider V

"The only way you're going to keep staff and your team happy is to pay them a decent salary so they recognise they are making a difference." Provider F

Continuity of staff was a central concern for many of the parents we spoke to, and was regarded as particularly valuable for building relationships between parents, staff and children:

"Consistency in staffing is important for children as well as parents' confidence in leaving their child at a childcare setting. Change of staff makes it difficult to develop a relationship with [a] staff member, for staff to be knowledgeable about their children and for children to have an 'anchor' person to talk to." Focus Group D

The previous section highlights the range of qualities that providers look for in staff, and the impact they have on quality childcare. These include the ability to engage well with children and their parents, experience of working with children with SEND and strong leadership. There is a risk that these qualities may be compromised if funding constraints make it difficult for settings to offer a wage that is adequate, competitive and takes account of the responsibility and hard work involved in childcare.

3.6.2 Staff ratios

As well as recruiting and retaining staff, many providers discussed the value of having an adequate ratio of staff to children. This was seen as crucial for delivering many of the aspects of quality identified above. In nurseries in England, the statutory ratio for children aged three and over is 1:8, or 1:13 if led by a teacher. In a recent study commissioned by the DfE three-quarters of surveyed settings operated at higher than the statutory ratio for three and four year olds (NLH Partnership, 2015). An accompanying cost review reported that a 'typical' provider could save around 15 per cent of delivery costs by removing this 'slack' and operating at statutory requirements (DfE, 2015).

However, many of the providers interviewed for this research argued that employing staff at higher ratios was essential for maintaining quality:

"We work above ratios because we don't think the ratios are realistic." Provider U

"It's about the quality you can offer the children and you need really good adult-child ratios to do that." Provider V

Operating above ratios was seen to deliver a range of quality benefits, including more time for planning, managing accidents and incidents, as well as raising the enthusiasm of the staff, and the quality of their engagement with children:

"If they feel like they have enough people, a great team around them to do their jobs then they're happy, which is your quality provision." Provider U

"We are working over the ratios, but you can't raise quality if you are working at the ratios... It takes time to step back and allow children to set their own activities and problem solve on their own." Provider V

Providers and parents placed particular emphasis on the importance of having sufficient ratios for supporting children with SEND. This enabled their key person to attend regular support meetings, to support smooth transitions by accompanying the child more frequently to a new school as well as providing additional day-to-day learning and behaviour support.

Extra funding is available for children with high needs who require one-to-one support, but many of the providers felt that the funding takes too long to secure and that the threshold is too high. As a result, providers are paying to support the children above the statutory ratios and struggling to give all of the children the quality attention they need:

"We've got four at the moment who have got special educational needs, we are giving one-to-one support without any additional funding whatsoever. Because these things take time. The funding is very very difficult to get. You rarely get it in the year because of the amount of evidence you need to build up." Provider V

"The more you have children with these difficulties it's harder for children who don't have a difficulty. They go under the radar. The ones who need the extra intervention and time get it and the others get left because you've got to prioritise... if you've got one member of staff who has to do physical intervention with one child what happens to the other seven children?" Provider M

Many of the providers regarded this as a manageable challenge under the 15 hour offer, but were particularly concerned about their ability to work above ratios to support children with high needs for much longer sessions.

As well as supporting quality staff-child interactions, many providers felt that working above the statutory ratio was important for building strong relationships with parents. Referring to the range of methods used to engage with parents, one provider explained that it all amounted to an additional full-time position:

"That all takes a full-time administrator who is also a level five early years... I don't see it as an unimportant expense to have someone who is available daily to respond to emails immediately or talk to parents if they come in... It's that link. They see us as an extended family. Parents say that it makes them feel very secure." Provider F

Another provider supported the idea that ratios were important for parental engagement:

"We do lots of sessions so parents can come in and see how the teacher delivers it so they can carry on at home and they have found that very useful. We can only do these things because we have got a high quality staff and because we have got really good adult-child ratios." Provider V

These responses suggest that operating above the minimum ratio is important for delivering many of the conditions that parents and providers regard as important for quality, including building relationships between parents, staff and children. However, as adequate ratios are costly to support, this is another way in which funding constraints can put pressure on quality.

3.6.3 Resources and activities

As the previous section highlights, the resources and activities available to children are a key factor for quality childcare. However, many of the providers indicated that as a significant part of the delivery cost, these are also vulnerable to funding pressures.

Interviewees argued that as providing activities outside of the setting usually required working over the minimum ratios, funding pressures made these educational and social trips especially difficult. Resources within the setting were also said to be at risk. Providers described how, as in other areas, access to a range of quality resources are especially beneficial for children with SEND:

"We do have to spend money on equipment for special needs children. For instance, certain toys that they need, or a certain chair, a special cup, plates because he throws his things, spoons that bend round... They are relatively cheap but it is much easier to be able to buy them without worrying too much and they save time if it makes the children more independent." Provider H

A key theme that arose during the discussions was the potential impact of funding pressures on the provision of food and snacks, which were also regarded as an expensive but highly valuable resource in childcare:

"We have a cook, a really experienced cook that makes everything from scratch... The cost for food, again that's something you can't scrimp on." Provider U

Many of the providers were concerned about having to compromise on their values when it came to delivering food that was healthy and ethically sourced:

"We are an organic nursery and looking to become a vegan nursery that is also accredited by the Soil Association. Funding pressures are putting pressure on these values which we are committed to and passionate about." Provider E

For many providers who have not previously delivered full day care, or who are providing it at a higher scale, the provision of lunch also requires additional staff, and can represent a host of new costs for providers who extend hours to accommodate children accessing the 30 hour offer:

"You're paying for the food, the cook, 2 staff to come in 15 minutes early to physically set up, as well as the lunch hour and another 15 minutes to tidy up." Provider V

Like other delivery costs, the provision of quality food and snacks may be at risk of any funding pressures caused by the 30 hour offer, but as this response highlights, it may represent a funding pressure in itself.

3.6.4 Training

Providers also raised the effect that funding has on their ability to provide training for staff. These discussions highlighted that not only was the training itself often difficult to afford, there was an additional cost of covering the staff while they were away from the setting.

"You have to cover that training course, as well as the daily rate of the person on the course, as well as someone else to cover them. So it has a massive knock-on effect." Provider H

Interviewees highlighted that it was especially hard to access training relating to SEND:

"The biggest challenge is getting the staff to go on the right courses that are going to help and benefit the additional needs." Provider S

"Things like Makaton training, is quite expensive but it's all hugely beneficial and will raise the quality." Provider U

Training in general, and for additional needs in particular, was regarded by parents, providers and local authority staff to be strongly associated with quality childcare, as shown in section 2. However, many of the providers described how training opportunities had already been reduced in recent years due to funding constraints, and were seriously concerned about how further cuts in funding would impact on their ability to develop staff and maintain quality.

3.6.5 Charging for additional activities

A central topic of the discussions about the impact of funding constraints, was the need to begin charging parents for discretionary goods and activities. The DfE have suggested this as an option available for providers, with the proviso that the purchase of additional services must not be a condition of children accessing their funded places. Chargeable goods and services listed by the Department include "meals, refreshments, nappies and sun cream, activities, trips, or hours of provisions in addition to the funded place" (DfE, 2016 p.12).

While many of the settings saw this option as necessary for remaining financially viable, a number of providers were particularly concerned about charging for essentials such as sun cream and nappies. The notion of charging for food provision was regarded as problematic to interviewees for a variety of reasons.

Providers raised the issue of letting parents choose between paying for cooked meals and sending children in with a packed lunch for no charge. This reportedly presented a number of potential challenges. These include managing allergies and different dietary needs, the added complication of what would otherwise be a simple routine for young children, finding cold storage space for lunch boxes and making sure that packed lunches supported a healthy and balanced diet:

"Apparently you can charge for meals, but then you've got to allow parents to bring in packed lunches. But then you've got some children with severe allergies. It's better for us for children to have food that is prepared, it all comes out on the red mats, with the child's picture and his name that he's written, it makes it a lot easier." Provider H

As highlighted in the previous sections, many settings use lunch times as a social and educational opportunity for children. Providers and parents were concerned about certain children missing out on those opportunities if their families could not afford to pay for the meals:

"It's about bringing children together, not ostracising them. These children are socially sometimes not in the right place, and we're trying to build their self-esteem and confidence and the next point they're sitting on a separate table because we can't mix the two foods. So what does that do to their self-esteem? It's the greatest gift you can give them." Provider F

"Lunch is a big thing. Whether we're paying or not, every child should be treated the same." Focus Group A

One provider pointed out that a choice between paying for a cooked meal and paying for a packed lunch would be equally unaffordable for some families:

"A lot of families we cater for can't afford sandwiches. They're on the bread line. They're going to food banks." Provider P

Providers in more affluent areas said they would be able to use additional charges to subsidise discretionary meals and activities for parents who could not afford them. However, for those in areas with more disadvantaged families, the opportunities to charge for any additional services were said to be more limited.

"We have thought about charging for meals and additional activities but in their area, this might not be a viable option because many of the parents we cater for may not be in a position to pay for a full range of additional activities and services." Provider E

Recommendation

We call on the Government to give clearer guidance to providers on delivering the 30 hour offer including clarification on charges to parents for additional hours, activities and services.

Each of the providers we spoke to discussed the potential for cutbacks to impact on a number of the pressure points outlined above. It was also described how the combination of these effects, and the tendency for further knock-on effects, compounded the impact of funding pressures on the provision of quality in childcare.

In April 2017, a newly launched national early years funding formula will allocate an hourly rate for each local authority to pay providers for free childcare places. The Government will also introduce a requirement for local authorities to use a universal base rate for all providers. The changes mean that while many providers will see a rise in funding rates, a significant proportion of maintained settings are likely to experience reductions as they are commonly favoured by existing local arrangements.

However, compared with private, voluntary and independent (PVI) settings, delivery costs are commonly higher for local authority-maintained settings, as they often have higher pay rates and higher qualified staff and are required to adhere to the school admissions code. This means they must prioritise those with the highest needs, implement inclusive policies for children with SEND, and meet higher staff qualification requirements. For maintained settings, there may be challenges in dealing with funding reductions while maintaining quality requirements. As maintained settings are predominantly used by families on lower incomes, there is a risk that children from the most disadvantaged backgrounds will lose out.

Alongside these concerns, providers pointed out that they were facing a number of additional funding pressures including rising statutory minimum wages, which by 2020 will increase to £9 per hour for workers aged 25 and over, requirements to implement pension auto-enrolment schemes, rising business rates, and continuing rent increases. In light of these additional cost pressures expected over the coming years, one provider described the lack of an annual review of the funding rate as *"quite scary"*, a concern that was echoed by a number of others.

Some of the providers we spoke to were confident that their delivery costs would be adequately covered by the new rate, and were optimistic about the funding implications of the 30 hour offer. However, many were anxious about the impact on their budgets, and reported being forced in many instances to choose between offering the 30 hour entitlement and compromising quality due to the possible effects of the funding constraints outlined above.

Recommendation

We call on the Government to commit to an annual review of funding levels for early education informed by evidence gathered with local authorities on the cost of delivering high quality early education across the country.

4. Conclusions

This report has drawn on interviews and focus groups with parents, providers and local authority early years teams to find out what quality means to these groups, and how they anticipate the 30 hour offer to impact on their conditions and priorities. During the discussions, respondents indicated a number of fundamental conditions for quality. These included the standards of the staff and the ways in which they were able to build strong relationships with parents and children, the quality of the resources, environment and activities available, and the value of local services in delivering a broader strategy of support to children and families.

The participants also highlighted a range of ways in which these criteria for high quality could be affected by the 30 hour offer when it is rolled out nationally later this year. While parents pointed to benefits of the extended entitlement including the potential to improve the quality of life for the families who take-up the offer, the discussions also raised a number of serious concerns. These included the impact on the availability of childcare within the local market, additional administrative challenges for providers, pressures on local services, and new funding constraints, which could in turn compromise childcare quality in ways that mattered the most to those involved in the research.

A key theme to emerge from the discussions was that the 30 hour offer might have the biggest impact on children from disadvantaged backgrounds and those with SEND. This is partly because many of the conditions for quality childcare were regarded by interviewees as being especially valuable for these groups, but there were also concerns that the policy would raise new barriers further restricting their access to childcare places. In addition, interviewees raised the possibility that many providers would have to adopt new charging arrangements that would exclude or segregate children from families on low incomes. For these reasons, the quality and availability of childcare for the most vulnerable children was regarded as being most at risk.

High quality early education and childcare can have a fundamental impact on the children that use it. It allows them to make important social, emotional and cognitive developments early on and be ready for their first years in school. For children from disadvantaged backgrounds who are most likely to fall behind in early years, access to excellence is vital for helping them to catch up with their peers. The findings of this report highlight that the 30 hour offer presents a number of serious challenges to the provision of quality childcare for all children. The Government needs to act to make sure that these challenges do not prevent any child from accessing high quality early education.

Recommendation

We call on the Government to make sure that evaluation of the roll out of the 30 hour offer measures: effect on parental employment levels; the achievement gap between disadvantaged children and their peers; uptake of early education by children with SEND; uptake of early education by disadvantaged two year olds; costs of childcare outside the free entitlement; and sufficiency of local provision for early years childcare and the free entitlement.

Methodology

The research used a mixed method approach to data collection, drawing from four focus group sessions, 18 semi-structured interviews with childcare providers, and an additional nine interviews with key informants from local government, academia, and other charitable organisations.

Due to the investigative nature of the research, the study employed qualitative as opposed to quantitative research methods, as these permit a greater degree of exploratory depth in responses, providing participants the space to elicit arguments and recount stories that provide a richer and more illuminating set of data.

Providers were recruited using an opportunity sample and contacted through online databases hosted by local Family Information Services. In order to capture a broad range of views, a diverse mix of settings were approached. Of the 18 providers that took part, 4 were local authority maintained settings, 1 was managed by an independent school, 11 were privately owned, and 2 were run by childminders. The sizes of the settings ranged from small providers with just 6 places to much larger settings that offered places to 180 children. The settings were sited in a variety of locations across 12 local authorities in England, from inner-city to rural, and from disadvantaged to affluent areas. Seven of the provider interviews took place in person and the rest were conducted over telephone. Four of the settings were in areas that were taking part in the 30 hour pilot, and one was in an early innovator area.

Focus group participants were recruited through contacts with the Family and Childcare Trust's Parent Champions (volunteers who work with other parents to talk about childcare and other family services) and also through the childcare settings that were recruited for the provider interviews. Although parents from rural areas were absent from the focus group sample, in other ways the focus group participants represented a diverse mix of parents, from a range of ethnic and socioeconomic backgrounds. The focus groups took place in Nowell Mount in East Leeds and Kingswood in North Watford (Hertfordshire, one of the pilot areas). There were two focus groups in Southwark in South East London.

Transcripts and field notes were analysed and coded thematically. Phrases and patterns of meaning were systematically noted as they emerged from the data, in order to draw out key themes from the conversations.

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About the Family and Childcare Trust

The Family and Childcare Trust aims to make the UK a better place for families. We are a leading national family charity in the field of policy, research and advocacy on childcare and family issues, with over 40 years' experience. Our on-the-ground work with parents and providers informs our research and campaigns. We focus on the early years and childcare because they are crucial to boosting children's outcomes throughout life and supporting parents to work.

