



House of Commons  
Committee of Public Accounts

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# The free entitlement to education for three and four year olds

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Eighty-sixth Report of Session 2010–  
12

*Report, together with formal minutes, oral and  
written evidence*

*Ordered by the House of Commons  
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## Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine "the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit" (Standing Order No 148).

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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

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### Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Sonia Draper (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

### Contacts

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## Summary

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The Department for Education (the Department) wants all three and four year olds to receive high quality early years education. The primary purpose of this education is to support children's development. To achieve this goal the Department provides funding for local authorities to pay for three and four year olds to receive their entitlement to 15 hours of free education each week (the entitlement). The Department devolves delivery to local authorities and providers but it is responsible for the overall value for money from the system.

In 2011-12 the Department's estimated funding for the entitlement of £1.9 billion provided over 800,000 three and four year olds with access to free education; an estimated annual allocation of approximately £2,300 per child. The Department, working alongside local authorities and providers, should be commended for the work done over the past decade to increase the provision of early years education.

While the Department and local authorities have focused on ensuring places for children are available, there has been less attention on how value for money can be secured and improved. We are concerned that the Department has, as yet, done very little to understand the costs and outcomes in different local authorities and has not properly monitored how taxpayers' money has been spent. Witnesses assured us that this would improve.

Research suggests that high-quality early years education can have a lasting positive impact on educational achievement, but the higher the quality the greater the cost will often be, due to the extra cost of employing qualified staff. While there is evidence of educational improvement at age five, the evidence that this is sustained is questionable. The Department needs to do more to understand how educational benefits can be lasting and why outcomes at age seven have shown such little improvement.

There is not enough good information for parents to make informed choices about early years education. Data on performance of local providers is not easily available to parents and parents are too often unsure about what exactly their children are entitled to. We are particularly concerned at reports that some families are still not receiving the entitlement free of charge; it is important that all parents know what the entitlement is and that it should be provided completely free. It is not enough for the Department to respond to complaints. It must actively take steps to ensure parents enjoy their legitimate right to free pre-school education for their children.

The Department considers that early years education has the greatest benefit for children from disadvantaged backgrounds. However disadvantaged families have the lowest levels of take-up and deprived areas have the lowest levels of high quality services. The Department needs to identify and share good practice from those local authorities which are having the most success in increasing take-up amongst disadvantaged groups and providing high quality early years education. They should, in particular, learn from the

almost universal high quality of early years education offered by nursery schools.

On the basis of a Report by the Comptroller and Auditor General,<sup>1</sup> we took evidence from the Department for Education, as well as a panel of expert witnesses, on the free entitlement to education for three and four year olds.

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1 C&AG's Report, *Delivering the free entitlement to education for three- and four-year-olds*, Session 2010-12, HC 1789

## Conclusions and recommendations

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- 1. We welcome the fact that over 800,000 three and four year olds now receive an entitlement to free education.** The significant funding supplied by the Department, alongside the work of local authorities and providers, means that early years provision has expanded significantly since this policy was first introduced over a decade ago. The following recommendations are intended to push the Department, working with local authorities, to build on this success and improve the value for money of this important programme.
- 2. The Department has a limited understanding of how the funding it provides for early education is spent.** Until 2010-11 the Department did not have sufficient data to estimate spending on early years education and even now the data contains errors. The Department also has very little knowledge of how funding for specific purposes has been spent. The Department must collect and publish further information on spending and outcomes. This should include the results from funding supplied for specific purposes, such as increasing capacity and participation. It is important that proper systems and data are in place to monitor and assess the investment in two year olds properly.
- 3. The Department has not yet explored the reasons underlying the wide variations in local authority spend and performance and the opportunities to improve value for money that these imply.** Although the implementation of early years education is devolved to local authorities it is the Department which must understand and improve the value for money of the system nationally. The Department must analyse, and attempt to understand, the variations in spending and outcomes between different local authorities and types of provider. It should seek to understand better the relationship between funding and quality to ensure best value. In particular it must use the data it has to understand the impact of its initiatives, such as the local funding formula, so that it can improve outcomes for children. The Department should also identify and publish data which enables comparisons to be made and identifies best practice, enabling local authorities to benchmark their performance against each other. It should set out in its reply to us what it will do to ensure robust comparative data and how it intends to encourage best practice and ensure that local authorities work with and learn from each other.
- 4. There is insufficient information available to parents to allow them to make informed choices.** Parents do not have clear, comparable and up-to-date information regarding the performance of different providers. The Department should set out what information local authorities must make available to parents. This information must be clear and easily accessible.
- 5. Research shows very strong effects in early years. However there is no clear evidence from the National Key Stage One results that the entitlement is having the long term educational benefits for children that the Department intended.** There is evidence of educational improvement at age five, but Key Stage One results at age seven have shown very little improvement since 2007. The Department needs to better understand how the quality of early years education

supports lasting benefits and what happens in the early years of primary school to lessen the effect. The Department cannot yet be confident that spending on the entitlement is having lasting impacts on child development. The Department should identify how it will measure longer term impacts on children, and examine why measured improvements at age five are not feeding through to results at age seven.

6. **Disadvantaged families have the lowest levels of take-up of the entitlement and poorer areas have the lowest levels of high quality provision.** We are concerned that fewer disadvantaged families take advantage of the free education entitlements. There is a 9% gap in take-up of free places between disadvantaged families and other families. There is a clear correlation between lower quality provision and areas of poverty. The Department must capture and share practical examples of local authorities which have successfully increased take-up in disadvantaged groups. The Department should also state how it will use the funding system to raise quality in deprived areas.
7. **We are concerned that some providers may be excluding families which do not pay for additional hours.** In the Department's own survey of parents, some parents stated that they could not receive the 'free' entitlement without buying additional hours. One witness suggested that compulsory top-up fees were commonplace in some nurseries and we have seen other evidence of parents being asked for further payments. Such practices risk excluding poorer families from nurseries. Although the Department told us it has acted in response to approaches by parents we are concerned that it has not been more proactive in understanding the extent of this problem and tackling it. The Department needs to work with local authorities to better understand how common this problem is and to prevent it from happening.

# 1 Understanding the value for money of the entitlement

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1. The Department for Education (the Department) wants all three and four year olds to receive high quality early years education. The primary purpose of this education is to support children's development. All three and four year olds are entitled to 15 hours of free education for 38 weeks per year (the entitlement). The Department funds local authorities, who have a statutory duty to provide sufficient free entitlement places.<sup>2</sup>

2. The policy of providing free early years provision was first introduced over a decade ago and has been extended and expanded by successive governments. When the free entitlement was first introduced in 1998 it provided all four year olds with five 2½ hour sessions per week for 33 weeks of the year. In 2004 it was expanded to include all three year olds, and in 2006 it was extended to 38 weeks of the year. In September 2010 the entitlement was further extended with an increase in the entitlement to 15 hours per week.<sup>3</sup>

3. For 2011-12 local authorities spent an estimated £1.9 billion, drawing funding from the Department's Dedicated Schools Grant, to provide three and four year old children with their entitlement. This spend provides over 800,000 three and four year olds with access to free education; an average estimated annual allocation of approximately £2,300 per child. The Department's funding and work over the past decade, alongside that of local authorities and providers, has significantly increased the provision of early years education.<sup>4</sup>

4. While the Department devolves implementation to local authorities, it is ultimately responsible for the overall value for money from the system.<sup>5</sup> The Department told us that it assessed value for money through a "combination of take-up, quality and outcome".<sup>6</sup> We asked the Department if they had analysed the relationship between take-up levels of the entitlement and outcomes in different local authority areas, to see if there was any correlation. The Department explained that it hadn't yet done this analysis, but that it was working with the Office for National Statistics so that it could publish accurate data on take-up levels in different areas of the country.<sup>7</sup>

5. The National Audit Office (NAO) reported that, before 2010-11, the Department did not have the data to estimate spending on early years education and that current data is incomplete and contains errors.<sup>8</sup>

6. If less than the equivalent of 90% of three year olds use the entitlement in a local authority, the Department tops up the funding to encourage take-up and participation to

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2 C&AG's Report, para 1&5

3 C&AG's Report, Figure 2

4 Q 42; C&AG's Report, para 1,2&11

5 C&AG's Report, para 6

6 Q 42

7 Q 98

8 Q 60; C&AG's Report, para 18

90%. In 2011-12, 89 local authorities received £69 million of extra funding. The Department intends this funding to be used to help increase take-up and has advised local authorities to focus their resources on disadvantaged three year olds. However, the Department told us that it had not monitored this spending.<sup>9</sup> Between 2008-09 and 2010-11 the Department allocated £642 million of capital funding to increase capacity, primarily in the non-maintained sector. The Department did not require authorities to report on how this funding has been used and has not assessed whether the turnover of providers meant that some of their capital investment was wasted. The Chief Executive of the Pre-school Learning Alliance, which represents non-maintained providers, told us that he himself hadn't witnessed any waste of investment due to churn of providers, however he said that there was a question mark over whether this had been a sound investment.<sup>10</sup>

7. The NAO report shows that there are wide variations in both the funding and quality of provision in different local authorities. The relationship between funding and quality is not properly analyzed and understood. The Department explained that it could not account for the differences but said that it would now be working to analyse them.<sup>11</sup> The NAO work also showed that local authorities' spend on the entitlement, as a proportion of the Dedicated Schools Grant, varied significantly. The Department said that there would often be good reasons for the variations but acknowledged that it did need to understand whether the differences were justified.<sup>12</sup>

8. Understanding and learning from the variations between costs and outcomes provides an opportunity to improve value for money. If local authorities can compare their performance with each other they may be able to improve performance. The Department told us that in the past it hadn't made sufficient information available to allow local authorities to benchmark their performance with each other, but that it will be doing this now.<sup>13</sup> Our expert witness from Solihull Council considered that sharing of good practice should be at the Local Government Association and local authority level, and felt that the best way to encourage improvement was through peer-to-peer learning, with providers from different sectors working with each other.<sup>14</sup>

9. Expert witnesses agreed that the higher the skills and qualifications of the workforce the better the results, although this came at an extra cost.<sup>15</sup> We asked the Department about the tension between cost and performance—for example, qualified staff cost 28% more to employ, and qualified teachers can cost a further 50%. The Department agreed that teachers had an important role to play and noted that they could supervise more children than staff with lower level qualifications. It also believed that staff with the Early Years Professional qualification had been making a significant difference to children.<sup>16</sup>

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9 Qq 65, 66

10 Q 38; C&AG's report, para 4.11

11 Q 55; C&AG's report, Figure 8&13

12 Qq 81, 82

13 Qq 61, 88, 108, 111

14 Qq 25-30

15 Qq 2, 23, 24, 39

16 Qq 42-49

## 2 Maximising the benefits for all children

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10. In recent years results for children at age five have improved, but little improvement has been recorded in Key Stage One results at age seven. The Department accepted that there was strong evidence of the beneficial impact from the entitlement at age five but less clear evidence for later years. It explained that looking at assessment results was important but for longer-term impacts it was inconclusive because “as a child or young person goes through the system, so more and more factors pile on their success or otherwise”.<sup>17</sup>

11. Our expert witness from the Institute of Education said that the measures used at age five and at age seven were quite different, and that the Key Stage One assessment was now based on a teacher assessment. She wondered whether schools might assess at a local level at 5 to demonstrate greater added value for the school between Key Stage 1 and Key Stage 2.<sup>18</sup> She believed that there was strong evidence of long-term benefits of high-quality early years provision for children. Poor levels of vocabulary at age three had long lasting effects which could be addressed through the pre-school sector. Research had shown that high-quality early years provision had a long-term impact on reducing anti-social behaviour.<sup>19</sup>

12. The Pre-school Learning Alliance believed that in terms of long-term impact the importance of the investment was “beyond question”.<sup>20</sup> However the Chief Executive of Solihull Council felt that more needed to be done to answer the question as to whether the effects persisted over time. The Department accepted that it needed to do further research to gauge the longer term effect of investment in early years provision.<sup>21</sup>

13. The Department stressed that involving and working with parents was important to maximise the benefits for children. It explained that it was revising the Early Years Foundation Stage curriculum with the explicit purpose of making it more accessible to parents, and that it also wanted to see providers engage better with parents. The Department acknowledged that more needed to be done at all levels in the system so that parents were well informed.<sup>22</sup> The Department told us that it did want to make more information available to parents about performance of providers and of different local authorities, but that this would need careful thought as the information “will be quite complex”.<sup>23</sup>

14. The Pre-school Learning Alliance was concerned that many parents do not fully know or understand what the free entitlement to pre-school education comprised. The Chief Executive told us that he had recently looked at a nursery with his child and was told he must pay fees even though he just wanted the free entitlement. When he had questioned this, the staff member told him that it had thousands of children coming through its

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17 Q 112; C&AG’s report, para 13

18 Qq 1, 6-7

19 Q 24

20 Q 23

21 Q 25, 112

22 Qq 1, 48, 116

23 Q 61

settings every year and that none had been given the free entitlement without a payment of top-up fees from parents.<sup>24</sup>

15. The Department told us that it was wrong that some parents were having to pay top-up fees. The Department did not think this practice was widespread. When we provided further examples of similar problems found on Mumsnet the Department told us that it was ready to follow up the cases raised.<sup>25</sup> The Department told us that it had reacted when parents had approached it directly, or through their MP, with similar complaints. However, the Department had not followed up any cases from a parental survey which had identified this as a problem because the survey did not contain individuals' details.<sup>26</sup>

16. Research suggests that high quality early learning can have lasting benefits for children and that it can have disproportional benefit for children from disadvantaged backgrounds.<sup>27</sup> The Head of Rowland Children's Centre, Haringey told us that her nursery school was in an area of deprivation and that a third of the children had significant needs. She said that all children made progress and that this continued as they moved on to primary school. The children's centre was working with around three-quarters of all the families in their area (1,000 out of 1,300). The most recent available data from the Department's survey of parents showed that 77% of the most disadvantaged children accessed the entitlement, significantly lower than the average of 86% for all children.<sup>28</sup>

17. The NAO found that areas with higher levels of deprivation had lower levels of quality in their early years provision. The Department told us that reducing inequalities was critical and that the gap was closing. It also told us that its funding formula required all local authorities to provide more money for areas of deprivation while acknowledging that this varied widely between different local authority areas and was sometimes as low as 3 pence per child per hour. The Department believed that increased transparency would help improve the situation as it would encourage local authorities to improve their performance. It also believed the local authorities should consider removing funding from providers that fail to improve.<sup>29</sup>

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24 Q 22

25 Qq 71-77

26 Qq 134-137; C&AG's report, para 2.7

27 C&AG's report, para 4

28 Qq 16-18, C&AG's report, para 11

29 Qq 50-53, 67-70, 101-105; C&AG's report, Figure 7

# Formal Minutes

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**Wednesday 25 April 2012**

Members present:

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon	Mr Austin Mitchell
Jackie Doyle-Price	Nick Smith
Matthew Hancock	Ian Swales
Mr Stewart Jackson	James Wharton
Fiona Mactaggart	

Draft Report (*The free entitlement to education for three and four year olds*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 17 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eighty-sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report

[Adjourned till Thursday 26 April at 9.30 am

## Witnesses

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### Monday 12 March 2012

*Page*

**Neil Leitch**, Chief Executive, Pre-School Learning Alliance, **Mark Rogers**, Chief Executive, Solihul Council, **Professor Siraj-Blatchford**, Professor of Education, Institute of Education, London, and **Julie Vaggers**, Head of Rowland Hill Children's Centre, Haringey

Ev 1

**Ann Gross**, Director, Early Years and Special Needs, Department for Education, and **Tom Jeffery**, Permanent Secretary, Department for Education

Ev 9

## List of printed written evidence

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1 National Audit Office

Ev 21

# List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2010–12

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Multi-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
Twelfth Report	Central government's use of consultants and interims	HC 610
Thirteenth Report	Department for International Development's bilateral support to primary education	HC 594
Fourteenth Report	PFI in Housing and Hospitals	HC 631
Fifteenth Report	Educating the next generation of scientists	HC 632
Sixteenth Report	Ministry of Justice Financial Management	HC 574
Seventeenth Report	The Academies Programme	HC 552
Eighteenth Report	HM Revenue and Customs' 2009-10 Accounts	HC 502
Nineteenth Report	M25 Private Finance Contract	HC 651
Twentieth Report	Ofcom: the effectiveness of converged regulation	HC 688
Twenty-First Report	The youth justice system in England and Wales: reducing offending by young people	HC 721
Twenty-second Report	Excess Votes 2009-10	HC 801
Twenty-third Report	The Major Projects Report 2010	HC 687

Twenty-fourth Report	Delivering the Cancer Reform Strategy	HC 667
Twenty-fifth Report	Reducing errors in the benefit system	HC 668
Twenty-sixth Report	Management of NHS hospital productivity	HC 741
Twenty-seventh Report	HM Revenue and Customs: Managing civil tax investigations	HC 765
Twenty-eighth Report	Accountability for Public Money	HC 740
Twenty-ninth Report	The BBC's management of its Digital Media Initiative	HC 808
Thirtieth Report	Management of the Typhoon project	HC 860
Thirty-first Report	HM Treasury: The Asset Protection Scheme	HC 785
Thirty-second Report	Maintaining financial stability of UK banks: update on the support schemes	HC 973
Thirty-third Report	National Health Service Landscape Review	HC 764
Thirty-fourth Report	Immigration: the Points Based System – Work Routes	HC 913
Thirty-fifth Report	The procurement of consumables by National Health Service acute and Foundation Trusts	HC 875
Thirty-seventh Report	Departmental Business Planning	HC 650
Thirty-eighth Report	The impact of the 2007-08 changes to public service pensions	HC 833
Thirty-ninth Report	Department for Transport: The InterCity East Coast Passenger Rail Franchise	HC 1035
Fortieth Report	Information and Communications Technology in government	HC 1050
Forty-first Report	Office of Rail Regulation: Regulating Network Rail's efficiency	HC 1036
Forty-second Report	Getting value for money from the education of 16- to 18-year olds	HC 1116
Forty –third Report	The use of information to manage the defence logistics supply chain	HC 1202
Forty-fourth Report	Lessons from PFI and other projects	HC 1201
Forty-fifth Report	The National Programme for IT in the NHS: an update on the delivery of detailed care records	HC 1070
Forty-sixth report	Transforming NHS ambulance services	HC 1353
Forty-seventh Report	Reducing costs in the Department for Work and pensions	HC 1351
Forty-eighth Report	Spending reduction in the Foreign and Commonwealth Office	HC 1284
Forty-ninth Report	The Efficiency and Reform Group's role in improving public sector value for money	HC 1352
Fiftieth Report	The failure of the FiReControl project	HC 1397

Fifty-first Report	Independent Parliamentary Standards Authority	HC 1426
Fifty-second Report	DfID Financial Management	HC 1398
Fifty-third Report	Managing high value capital equipment	HC 1469
Fifty-fourth Report	Protecting Consumers – The system for enforcing consumer law	HC 1468
Fifty-fifth Report	Formula funding of local public services	HC 1502
Fifty-sixth Report	Providing the UK's Carrier Strike Capability	HC 1427
Fifty-seventh Report	Oversight of user choice and provider competition in care markets	HC 1530
Fifty-eighth Report	HM Revenue and Customs: PAYE, tax credit debt and cost reduction	HC 1565
Fifty-ninth Report	The cost-effective delivery of an armoured vehicle capability	HC 1444
Sixtieth Report	Achievement of foundation trust status by NHS hospital trusts	HC 1566
Sixty-first Report	HM Revenue and Customs 2010-11 Accounts: tax disputes	HC 1531
Sixty-second Report	Means Testing	HC 1627
Sixty-third Report	Preparations for the roll-out of smart meters	HC 1617
Sixty-fourth Report	Flood Risk Management	HC 1659
Sixty-fifth Report	DfID: Transferring cash and assets to the poor	HC 1695
Sixty-sixth Report	Excess Votes 2010-11	HC 1796
Sixty-seventh Report	Whole of Government Accounts 2009-10	HC 1696
Sixty-eighth Report	Ministry of Defence: The Major Projects Report 2011	HC 1678
Sixty-ninth Report	Rural payments Agency – follow up of previous PAC recommendations	HC 1616
Seventieth Report	Oversight of special education for young people aged 16-25	HC 1636
Seventy-first Report	Reducing costs in the Department for Transport	HC 1760
Seventy-second Report	Services for people with neurological conditions	HC 1759
Seventy-third Report	The BBC's efficiency programme	HC 1658
Seventy-fourth Report	Preparations for the London 2012 Olympic and Paralympic Games	HC 1716
Seventy-fifth Report	Ministry of Justice Financial Management	HC 1778
Seventy-sixth Report	Department for Business, Innovation and Skills: reducing bureaucracy in further education in England	HC 1803
Seventy-seventh	Reorganising Central Government Bodies	HC 1802
Seventy-eighth Report	The Care Quality Commission: Regulating the quality and safety of health and adult social care	HC 1779

Seventy-ninth Report	Accountability for public money – progress report	HC 1503
Eightieth Report	Cost reduction in central government: summary of progress	HC 1845
Eighty-first Report	Equity investment in privately financed projects	HC 1846
Eighty-second Report	Department for Education: accountability and oversight of education and children's services	HC 1957
Eighty-third Report	Child Maintenance and Enforcement Commission: Cost Reductions	HC 1874
Eighty-fourth Report	Adult Apprenticeships	HC 1875
Eighty-fifth Report	Department for Work and Pensions: the introduction of the Work Programme	HC 1814

# Oral evidence

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## Taken before the Committee of Public Accounts on Monday 12 March 2012

Members present:

Margaret Hodge (Chair)

Mr Richard Bacon  
Jackie Doyle-Price  
Matthew Hancock  
Meg Hillier  
Mr Stewart Jackson

Fiona Mactaggart  
Austin Mitchell  
Nick Smith  
Ian Swales  
James Wharton

**Gabrielle Cohen**, Assistant Auditor General, **Amyas Morse**, Comptroller and Auditor General, **Marius Gallaher**, Alternate Treasury Officer of Accounts, and **Julian Wood**, Director, were in attendance.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

#### Delivering the free entitlement to education for three- and four-year-olds

##### Examination of Witnesses

*Witnesses:* **Neil Leitch**, Chief Executive, Pre-school Learning Alliance, **Mark Rogers**, Chief Executive, Solihull Council, **Professor Siraj-Blatchford**, Professor of Education, Institute of Education, London, and **Julie Vaggers**, Head of Rowland Hill Children's Centre, Haringey, gave evidence.

**Q1 Chair:** Welcome to all of you. I apologise for running a little late, but we had to clear a whole load of reports. I do not know whether you are familiar with the way in which we operate in the Committee, but this early part of the evidence session is pretty short and brief. It is an opportunity for you, the experts. It has been difficult in this particular session to get the right people to talk to us. We want to know what you think are the key issues arising out of the Report and arising out of value for money concerns, which is the focus of this Committee, and we want to know what you would like to see reflected in the questions and in the Report that comes out of this Committee.

It is pretty much a free for all. We are not trying to catch you out in any way. It is for you to see what is missing, what is in there, and what is important. We try to keep it to about half an hour or three quarters of an hour, so tight contributions would be much appreciated. I should have started by welcoming the delegates from the Commonwealth Parliamentary Association who are here to hear our evidence session. Welcome to you all as well. I think that you are meeting various members of the Committee over your time here.

I will start with you, Iram, as you have been involved in monitoring this programme for many years. Talk to us a little about what went well, what went badly, what went right and what went wrong. What hit me when I read the report was why you were not seeing the impact of this investment in early years through to Key Stage One. Talk a little bit about what matters to you and then we will move on.

**Professor Siraj-Blatchford:** We have to look at what the starting point was. There was a huge investment

in early years and in early care and education, but the starting point was a very low base. It was not like contributing vast sums of money to the school sector or to higher education. There was enormous inertia, and we were building on a very poor and disparate system, which, as we know, is in the marketplace and we could not think of restructuring that system, as some countries have, into a largely maintained state provision where quality, training and so on could be regulated more easily. We are building on something that is fragmented and we have a range of providers. I also think that there has always been in our system a tension between the quantity of provision that we have needed, the demand for child care and the quality of the system—knowing what matters for young children's development—and the strong educational input that is required to have an impact on educational outcomes and language development. There has always been a tension there because of the policies around child poverty and getting mothers and fathers out to work or to study in preparation for work. Let me take one policy and give an example of the flexibility that can be applied to the hours that the children go to pre-school. The 15 hours can be used so that a child may go all day Monday and half day Tuesday so mum can study or work. From the centre's point of view, the continuity and planning for education which, as an intervention should be going in drip, drip, drip over a five-day period—we know from research that that benefits children more—is compromised. Every policy has a positive and weaker side.

You asked me quite specifically about the relationship between what we have been investing in in the Early Years Foundation Stage and the Key Stage One

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results. I think that that is a very complex question. We have had about three years of children who have been through the system—from 2009, where it will possibly begin to show. There have also been changes at Key Stage One that we have to take into account. For instance, the measures that we are using are very different: the measures for the Early Years Foundation Stage and looking at something different to the measures at Key Stage One. Even within Key Stage One there has been dramatic change over the past three years, from national assessments, which are reported nationally, to teacher assessments. That in itself, one might conjecture, is problematic because it might be that a school deflates their Key Stage One results because their value added is measured against that at Key Stage Two, so it is in the interests of primary schools not to over-estimate or even to give the accurate figures for children's achievements. Key Stage One headline results are looking at levels, and we have not looked in detail at whether there has been movement within the levels. There is some indication of marginal improvement in reading and writing scores, which has not really been picked up. It seems surprising to me that there is improvement in the Early Years Foundation Stage profile results, with a very small closing of the gap, and that there are improvements at Key Stage Two, but there would not be improvements at Key Stage One.

**Q2 Chair:** I suppose an interesting thing to comment on, particularly in a time of financial constraints, is that there is a complete correlation between qualification level and cost. If you are in a period of financial constraints, but your objective is to raise standards for children, particularly for the more deprived children, what comments would you have on that? What is the best way? Is it ratio? So you are maybe looking at ratios, or can one look at the qualifications? I notice that the presence of a teacher is much less prevalent than it was when I was around. What is it that really counts if the objective is to raise quality, which the Department still states as its prime objective, to raise standards for children?

**Professor Siraj-Blatchford:** Our study and other studies have shown that the qualification of staff matters. We have shown over and over again, not just in the EPPE 15-year longitudinal study, but in the millennium cohort study, where we have looked at quality, that there is a strong correlation between quality and the qualifications of staff. However, when staff are qualified, they have to be paid more. If you look at the correlation between mothers' education and children's achievement, it does go up as mothers' education goes up, but it shoots up when mothers' education reaches degree level. There is a massive gain to children in terms of their cognitive, social and behavioural development. It would not therefore be unsurprising that if we looked at graduates, that would be an important aspect to consider in terms of the work force. However—

**Q3 Mr Bacon:** I'm sorry. Could you repeat that—"It would not be unsurprising if that was something to consider when we look at graduates"? Could you say

that in English, without all the double negatives? I listened to it carefully, and I'm certain that I didn't understand you. I have two degrees, but I still didn't understand.

**Professor Siraj-Blatchford:** Having graduates working with young children is very important. If it is important for mothers to be graduates, and we can see the correlation that there is constantly an advancement for their children when they are assessed on cognitive, social and behavioural measures, it doesn't seem surprising that if we have a lack of graduates in the early years work force, our children are not doing so well.

**Q4 Mr Bacon:** So you meant that it would not be surprising.

**Professor Siraj-Blatchford:** I wanted to add that we did go down the road of a policy of supporting graduates who were not teachers. My personal view is that that is a mistake. We do provide standards for those graduates, which they have to achieve to work with young children, but they are not the same as graduates who are specifically trained to plan for children's learning, to assess children's development and to work with them as teachers in primary and secondary schools, with the aim of improving children's minds and educational development.

**Q5 Mr Bacon:** Are you specifically talking about graduates who have degrees other than in education versus graduates who have degrees in education?

**Professor Siraj-Blatchford:** One point is that we need graduates. The other is that what they graduate in is particularly important—people who have training that is specific to the role that they are doing for three or four years, not just graduates who have looked at horse dentistry or early childhood studies degrees—they are often very good, but they are quite often designed to support people to work for children, rather than with them—and then get some top-up training. That is not quite the same as doing a PGCE or a three or four-year BEd, which is focused on working with young children, on how we improve their language and on how we educate them.

My view is that we put an enormous amount of energy into three key areas. One is the curriculum, so children will have a basic entitlement of education in the six areas of the Early Years Foundation Stage. Secondly, we developed an Early Years Foundation Stage profile, which assesses the children at age five, in reception, to see whether they have achieved against those outcomes in the Early Years Foundation Stage. The third thing we have is a full-blown regulation system under Ofsted.

What we failed to get right in my view was a training system that supported the adults who worked with young children to deliver a high-quality pedagogical experience for children, because this is not just about having a curriculum and what children are entitled to have in there. It is also about the adult's ability to allow the child to access that curriculum in an appropriate way.

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**Chair:** I am conscious that we have the others to come in. Austin, is your question to one of the other witnesses?

**Q6 Austin Mitchell:** It is really this. You answered the question on why there has been no improvement in Key Stage One tests for seven-year-olds since 2007. You seemed to me to be saying that it is in the interests of the primary schools that they go to to play down the results so that they can improve their own performance. Is that what you were saying?

**Professor Siraj-Blatchford:** We are saying that is a possibility for some schools, because the value added is compared to Key Stage One results at Key Stage Two. There are a number of possibilities that we have not considered that might be the reason—

**Q7 Austin Mitchell:** What is the probability, then, as to why performance has not improved?

**Professor Siraj-Blatchford:** If you sometimes listened to the people I listen to discussing what their schools are doing, you would see that there is quite a high probability that some schools will not want to overestimate their results at Key Stage One. When the measurement has moved from assessing children on national assessments to teacher assessments, there is even more opportunity for flexibility in schools.

**Q8 Chair:** Let us move to two other providers. Julie Vaggers, you work in a children's centre in Haringey. That is one type. Then we shall come to Neil, who can talk about pre-school learning. Julie, do you want to say a little about what has worked for you and has not worked, where you think things went right and wrong and so on?

**Julie Vaggers:** My setting is a maintained one. It is a nursery school and a children's centre. We also have child care for children under three. We have a governing body; I am the head teacher. We have qualified teachers on the staff team, leading the practitioners in their work with the children. We are also a teaching centre, so we have an outreach function whereby we work with local private, voluntary and independent settings. We support the local authority in its work. We have very strong networks with a whole range of professionals and an outreach team who offer family support.

We are in an area of quite significant deprivation. At least one third of the children who come for the three-to-four free entitlement will have some significant needs—social needs or special needs. All the children who come to us do make progress by the time they leave us, and some make quite significant progress. In fact, we have noticed that those two-year-olds who are with us are entering now at a higher level into the nursery school and continuing to make that progress when they move on.

**Q9 Chair:** What has not worked? What have been your challenges?

**Julie Vaggers:** I wonder whether a lot of the funding that has gone into early years has been to increase child care and not necessarily about the education of children. It may well have really helped parents and

their needs in going back to work, but may have been so flexibly offered that it might suit those working patterns but might not be in the best interests of the child. Continuity of attendance is really important. We offer mornings and afternoons and we offer over two and a half days. We offer the option for parents to pay to extend those hours, but in our area that take-up is decreasing. Of the 50 parents we phoned last week, for places that are coming up, at least 30 said that they would no longer be able to afford to pay for any increase in those hours. What makes a significant difference with what we offer is that we have qualified teachers on the leadership team and in the nursery supporting the practice. In fact, that means that the two-year-olds, although the two-year-old funding does not allow for teacher input, do get that in our setting because we have the teachers there and that is making a difference.

**Q10 Chair:** So that would be your priority, rather than ratios?

**Julie Vaggers:** Yes, absolutely.

**Q11 Ian Swales:** A quick question from me, in particular about the aspect of being in a deprived area—I note from your CV that your area would be described as deprived. I am particularly interested in how you get to the harder-to-reach children; what the report talks about, and which is certainly so in areas that I am familiar with, is that the very children who probably need this provision most are the ones who often do not present for it. How do you deal with that?

**Julie Vaggers:** What has made a huge difference is combining services with the children's centre services. We have an outreach team who go out and knock on doors. We have antenatal services; parents will come to us before the baby is even born, so they become familiar with the setting and what we offer. We have a good network, as I said, with health visitors and other professionals, so they can identify children early; as soon as we have a vacancy, we let them know—

**Q12 Ian Swales:** Sorry to interrupt. Again, I am familiar with some of that, but what is the outcome? What proportion of children are coming through your setting who ought to be coming through? In other words, there will be some children who are simply not getting this input. What proportion do you think it is where you are?

**Julie Vaggers:** It is about 40%.

**Q13 Ian Swales:** Forty per cent are not getting—

**Julie Vaggers:** Forty per cent come from the most vulnerable.

**Q14 Ian Swales:** But my question is how many of the most vulnerable are not coming at all? What proportion?

**Julie Vaggers:** I do not know. I think that we have a lot of mobility in our area, so we have a lot of families—

**Q15 Ian Swales:** A lot of what, sorry?

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**Julie Vaggers:** A lot of mobility or population churn. So it could be that before we even know that we ought to be working with them, families have been moved out and rehoused.

**Q16 Ian Swales:** Can you even estimate? Is it 2%, 10% or 30%? I have absolutely no idea. I know what it feels like where I am, but I am interested to know what you think.

**Julie Vaggers:** Yes. Well, our reach for the children's centre is 1,300 families and we are currently working with about 1,000 of those families.

**Ian Swales:** So you think about 300—

**Chair:** They are not necessarily the hardest to reach.

**Q17 Ian Swales:** Okay. Having put all this policy and service in place, is it actually reaching the people it is supposed to reach? That is part of value for money.

**Julie Vaggers:** I am certainly more confident of that now that we have the integrated services and the support from our colleagues than I was previously.

**Ian Swales:** Okay. Thank you.

**Chair:** If you are having to do financial cuts, where is it going?

**Julian Wood:** Sorry, just to pick up on one point, analysis was done of the Department's own parent survey in 2009, which is obviously a year behind some of the data in here, which said that take-up rates for three-year-olds, for all children, was 86%, but for the most disadvantaged, which is a multiple measure, it was 77%, so it is—

**Chair:** A 9% difference.

**Q18 Ian Swales:** And a quarter not appearing. Does it feel like that where you are? That a quarter of the young people that you ought to see you are not seeing—that is what the data say.

**Julie Vaggers:** Possibly where we are situated, because the upper Lea valley has the highest level of temporary accommodation in the entire country.

**Ian Swales:** Okay. Thank you.

**Q19 Mr Jackson:** May I ask what “vulnerable” means? We cannot judge the efficacy of the policy against a wide, catch-all term. What does it mean to you?

**Julie Vaggers:** There is a tiered approach; it is like a triangle, so we have categories and thresholds that identify families. The top of that triangle would be the most complex cases, requiring multi-agency support—children at risk of going into care, or looked-after children who are already in the system—so they would be at the highest level. Then you have additional special needs; in our area, there is a huge number of children who have significant speech and language delay, which is a big focus of our work. Then it is down to the universal level, which is the bottom of the triangle.

**Q20 Mr Jackson:** What do you find is the issue with children whose first language is not English? That is a very significant issue in primary schools in Greater London and pockets around the country. In my constituency, 34% of primary school children do not

have English as an additional language. Is that reflected in the indicators of deprivation, or is it just what would be free school meals at primary level?

**Julie Vaggers:** I know that 40% of our children do not speak English as a first language. Not all of those children have difficulty acquiring English as a first language, but we do not have a predominant second language because such a range of other languages are spoken. I know the stresses and strains that a lot of our parents are under, and that talking with their children is not necessarily a priority. Part of our role is to work with parents so that they understand the importance of meeting and greeting their child when they come to collect them.

**Q21 Mr Jackson:** That is why I asked you. If the parents are not speaking English, it will be even more difficult for you to work with them to help the children. That is why I was wondering about the level of the challenge regarding children and parents who do not speak English.

**Julie Vaggers:** Yes, and we must do both; we must work with the children and with the parents alongside them.

**Q22 Chair:** Let's go to Neil Leitch. I want to hear from the Pre-school Learning Alliance, which has been around for ever and was the first player in the field of ensuring provision on a voluntary basis for children under five. As you reflect back on the introduction of this policy, from your perspective what have been the strengths, weaknesses and challenges for your members?

**Neil Leitch:** First, I come from a provider perspective; we have about 14,000 providers out there, voluntary and private, so it is a fairly representative view. Specifically focusing on your question, the acid test is if you removed that provision, what would be the position? I think that we are in an irreversible state. Despite the fact that the Department and the Government feel that the prime objective is not to assist parents with paying for their school or nursery fees, in reality we find that most parents value that. The main issue for us is that providers welcomed the Report, and its funding aspects in particular. For a long time, we have argued that there should have been an independent audit of funding levels. We have this continuous process from the outset where providers will tell you that there is inadequate funding, and in many cases the local authorities will argue the other way.

I thought there were a couple of damning comments within the Report. For example, in one case over a third of local authorities said that they had little knowledge of the provider cost, yet nearly three quarters felt ably qualified to declare that the level of funding allocated was adequate. That seems to be a conflict, which is a major concern.

We also had a position where it looked as if 89% or 90% of local authorities had compared the funding level that they were offering with other local authorities, but very few had compared costs. Again, I felt that was quite unhelpful. We seem to have a perpetual position whereby we are almost aligning

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ourselves on a fee basis, but with little regard to the costs. That was a concern to us; frankly, we do not think that the costs cover the position.

Another point that is—dare I say?—perhaps of more concern to the Alliance than to the providers is that of parental awareness. We think that parents generally are in the dark about the offer; I do not think many parents are aware that the 15 hours should come unencumbered. I can only demonstrate it from a practical experience that occurred to me. The second time around I have a three-year-old. I went to the nursery five weeks' ago. I looked at it—fantastic. “Do you participate in free entitlement?” “Yes. Three mornings a week—15 hours.” “Great, thank you.” “There are the forms; there are the fees.” “I just want the free entitlement.” “You can't have the free entitlement. We charge top-up fees. Fifteen thousand students and parents go through our settings every single year. Not a single parent has ever been given free entitlement without paying top-up fees.” The fear I have, in fairness to providers, is that if parents were acutely aware of what their entitlement was, and they were given it, the system would crumble. I think that is a major concern that providers and the Alliance would have. They were probably the key factors for us.

**Chair:** I do agree with that a lot, and I think those are questions that we will ask in the later sessions, so that is really helpful.

**Q23 Matthew Hancock:** We are obviously concerned about the value for money of delivery of this, and I think there is a very broad acceptance of the evidence that shows the importance and the sort of strategic, long-term value for money, from a generational perspective, of investing in early years. On the point about graduate employees, obviously, as you said, it is more expensive to have people who are graduates. Value for money is all about balancing the greater expense against any impact that you get from the uplift in skill level that you might get through a degree. I just wondered whether on balance—on value for money grounds, as opposed to simply the grounds of whether graduates are better or not—they are worth it. Mr Leitch, do you want to comment on that?

**Neil Leitch:** The evidence shows that a highly skilled work force delivers better results, so I do not think we are calling that into question. The reality is you have to fund it; but the investment in terms of social impact later on, I think, is beyond question now, so in reality I think we have to be brave enough to accept the fact that it costs to deliver good child care and if we are prepared to make the investment the return will come further down the line.

**Q24 Chair:** Iram, do you want to comment on Matt's specific question, from the research?

**Professor Siraj-Blatchford:** I do not think that every person working with young children has to be a graduate. The models we have show that some of the highest quality providers, such as nursery schools, worked on the basis of one graduate and one NNEB—nursery nurse, two-year further education child

development training. These kind of partnerships have worked very well for decades.

The evaluation that I undertook for Wales of the Early Years and Foundation Phase, which goes from three to seven, actually showed that they have lowered ratios across all the sectors for three to five-year olds to one adult to eight children; but in the two years of the evaluation the standards fell because the amount of money allocated for additional adults only attracted very lowly qualified or unqualified people. So quite often there might be a replacement of a graduate with two or three less qualified people; so even with lower ratios you have lower standards—but it is a very popular policy.

The issue for us is “What is the optimum?” because obviously the ratios and the training are confounded. We tend to have relatively low ratios in early years, apart from in reception classes in England, and we have to look at the pattern of training that we want for our children, and to ensure that children are getting an entitlement in the quality of adult that they are with—not just the curriculum, but in relation to the kind of pedagogy they are getting, as well: the kind of teaching at that level.

There are really critical issues in terms of what we know now about brain development—about early development. I think the argument has been won that early years is important, but it is particularly important for not just children under five but children under three, and we have, coming on board, the policy for two-year-olds, and we cannot really afford to get that wrong. We had the choice of strengthening the entitlement for three to five-year-olds in terms of quality, but we have also chosen to fund a very large number—40%—of two-year-olds from the most vulnerable or neediest communities, and what we provide for those two-year-olds has to be very carefully looked at. In our studies, we had, for instance, children who came in with high levels of antisocial, worried, upset behaviours. Now our study at age 11–14 shows that when some of those who had the worst behaviours and quite pathological characteristics—arson, trouble with the law—went to high-quality settings, which tended to be with highly trained staff, their antisocial, worried, upset behaviours diminished much more. How we evaluate the cost of that is, I guess, an economic question for economists to work out over a period of time, and some studies have attempted to do that, such as HighScope and others.

The point I am making about the under-threes is that we now also have a great deal of information about children's language development, and we know that if children do not have sufficient vocabulary by the age of three, it will impact very negatively on their reading scores at age 10. We know this, and we know that there are children in vulnerable communities who have high levels of risk—maybe because of low birth-weight, living in poverty, having English as a second language or having a special need that is not picked up—and who will not catch up if they are not given early intervention. Many of those children simply do not have the vocabulary or the language, because of their circumstances at home. Their only other chance

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for that opportunity is when they hit the state system, the voluntary system or the private system and they have a second chance to catch up before starting school. This whole issue of having a level playing field at school rests with the pre-school sector.

**Chair:** Meg, I am conscious we have not brought Mark Rogers in yet. I do not know whether you want to bring him in.

**Meg Hillier:** One of my questions may well be something Mark wants to come in on. I am not sure which one of you wants to take this question—

**Chair:** Let's try Mark.

**Q25 Meg Hillier:** Well, let's deal with this first question. It is interesting that even the title of the Report talks about education for three and four-year-olds. When each Government announce what they are going to give to under-fives, most parents think, "Whoopee, some child care"—I am perhaps speaking for myself a bit, but you are thinking about how you are going to work and how you are going to juggle things. Do you think different Governments have done enough to communicate that this is about education and why that is important? In terms of value for money, is it possible to make a judgment about whether it is better to have a working parent in the household and, therefore, to combine, as you described, Professor, the days and hours in a way that works for their work, or is it better to spread the time over the week and to invest in that child? Is it possible to make that correlation? It is a bit of an impossible question to answer, I guess. Mark, perhaps we can start with you.

**Mark Rogers:** I will come back to the second question in a moment. I suspect there is not enough explanation of what the education offer is. This is not just about explaining that it is education, because it is much more than that, isn't it? The age and the stages that we are talking about with these children mean that we are not talking about what most people might perceive education to be. A much better set of explanations is probably required around what this offer is actually about.

How you juggle your expectations between child care—as in just having your child looked after versus something more productive taking place—is just another layer of complexity. From my perspective, I would say very clearly that it is really important to explain that a whole set of developmental opportunities are available. Clearly, you would not use that language—I suspect it would turn most people off—but there is a whole range of opportunities available through the early education offer that are nothing to do with chalk and talk, as we might have conceived it in the past.

I want to return to some of the qualification versus quality issues. It is really important to appreciate that there are many ways of achieving similar ends, and that qualification is not everything; it might be an important signifier of some basic knowledge, but we are actually looking for some expertise. More than that, we are looking for an ability to relate to children and to develop empathy with them and their parents and carers. In terms of explaining what this offer is

about, we have not done anything like enough to show that it is not the formality of education, as it becomes when you move into Key Stages Two, Three and Four; it is very much about developing a set of social relationships in a setting that of themselves will give a whole range of opportunities.

On your second question about how on earth you might measure the value for money from that, whether or not you agree with the measures that are presently used, let us say that we carry on using those. What we have to look for in terms of value for money is whether we are improving the levels of consistency in terms of uptake of this offer, which is a key message of this Report. Are we increasing the levels of consistency around the quality so that you get a good educative experience that allows you to demonstrate a set of attitudes, behaviours and competences as you go through this experience? In due course, there should be some longitudinal measurement, particularly around behaviours and attitudes as opposed to competences, that we should be looking at to answer this Key Stage One question: does the effect of this offer persist over time?

Perhaps the other point I would make, because I do not think it has been brought up explicitly yet, is that I still do not think that enough is done both at the—sorry to use jargon—macro and micro levels to share what works best. I am not making a criticism of any particular sector or setting, but what we know from other areas of activity is that you get a better bang for your buck if those who have the most effective practices are working with those who need to develop their practices.

**Q26 Chair:** Why didn't you do that through the LGA? It hits you right through this Report that some local authorities spend much less. Let us look at the scattergram on page 34, on which I am sure we will concentrate. We do not understand why some spend more and get less. That is your role, if I may say so.

**Mark Rogers:** Madam Chairman, absolutely. We want to rise to that role. What I would say is that it is not just about orchestration at the LGA level or even about orchestration at the local authority level. What we know is that peer to peer support is what works best in terms of driving improvement. Actually, yes, we could give encouragement to settings to work with one another, but they need to want to do that themselves as well.

**Q27 Chair:** That is opting out of it a bit.

**Mark Rogers:** I disagree that it is opting out. I actually think that there is a growing body of evidence that it is the improvement that is driven from within and between settings that makes the most difference. We are certainly seeing that in the maintained education sector.

**Q28 Meg Hillier:** But that is assuming, Mr Rogers, that they want to do it. I have so many anecdotes from Hackney, but certainly socialisation makes a difference. There was a child I saw the other week who, in year one, was going into an educational setting for the first time. That is a huge challenge for

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the school. The nursery providers are really struggling. Some of them want to do good quality stuff, but they are still struggling to find the time to do that sort of partnering. There are probably still a few others out there—for example, looking at this chart—that are piling it high, selling it cheap and not doing a terribly good job. I know that Ofsted comes in under certain settings and there are other inspection regimes, but it is not good enough for the Local Government Association to sit there and say, “Well, they have to want to do it.”

**Mark Rogers:** I am not entirely sure that is what I am saying. Of course the Local Government Association and those other bodies working with it want to drive a great deal more sharing of good practice. What I am observing though is that if that motivation is not intrinsic to the setting itself, there is something missing from the equation. One of the things I would argue for is that we have not yet worked out the best ways of incentivising that kind of behaviour in and between settings in order to set a standard that there is an expectation that you cannot avoid around sharing practice within and between settings.

**Q29 Meg Hillier:** So incentivisation means paying for people like Julie to go and take time out.

**Mark Rogers:** Yes, absolutely. There is a spectrum of incentivisation—from giving people more money to do certain things through to actually explaining the benefits of collaboration and working in larger units, rather than single settings. It is not all about money; it is much more about forming professional alliances between settings and across the sectors, not just between the private, the voluntary or the maintained settings. We need to have a whole network of good practice sharing. The benefits of that are perhaps that non-contact time is made available for that kind of learning and sharing to go on. I just do not think there is enough of that. The LGA, which I am representing, would argue very strongly that of course that should be encouraged, but you also need to build it into the expectations of the providers themselves, each and every one of them, that that is what they should be doing, because it is known to be an effective way of raising standards.

**Q30 Meg Hillier:** Do you think the consequences are enough? I will perhaps throw that one to some of the others as well. If they do not do it, are the consequences for the providers serious enough?

**Mark Rogers:** One of the consequences will be, if you are effectively monitoring quality you will probably find better quality in those that are collaborating—those that are taking development the most seriously.

**Q31 Meg Hillier:** What about those who are not a good quality provider and are not making great strides in that direction? What would happen to you? Parents are so desperate for child care they will still buy it somewhere along the line—somebody will buy it.

**Mark Rogers:** It varies. There are some areas where I guess there is probably actually over-supply, so there is some choice in some areas.

**Meg Hillier:** Not in London.

**Mark Rogers:** Indeed. Of course, I have to be careful because I do not come from London.

**Q32 Meg Hillier:** The professor made a serious point about possibly, in some settings, schools assessing their pupils at the end of the foundation stage.

**Professor Siraj-Blatchford:** At the end of Key Stage One.

**Meg Hillier:** At a lower level than they really were in order to make themselves look good later. I am paraphrasing, I know, Professor. Mr Rogers and Mr Leitch, from your perspective, have you experienced that?

**Neil Leitch:** My natural reaction is that if that is happening, it is awful practice. I cannot understand why anybody would want to do that, full stop. Realistically, to try and give a provider perspective, we have been concerned for years and years and years that the transitional arrangements are ineffective, because we seem to think that much of the work that is done—the observations and so on—is lost.

I spoke with a nursery provider the other day who was absolutely in awe of the fact that she had developed a great relationship with a school, because they were taking notice of all the documentation and information that was passed across. I was amazed that she was in awe, because you would think that that should be the norm. But many providers tell us that is not the norm, so something is happening at that particular point. In some instances, children go, first of all, into a different physical environment, which is bad enough. Then, in many instances, they go into a different learning environment. So I cannot say that I am overly surprised if that continuity is not embedded, and that there is in fact a drop-back at that particular point in time. I cannot evidence that; it is just a gut reaction that tells me that something—Obviously, if there is progression up until the foundation stage and then thereafter it just plateaus, then something is wrong.

**Meg Hillier:** In Hackney, it doesn't seem to, I have to say.

**Q33 Austin Mitchell:** The peer pressure, which Mr Rogers placed an emphasis on, always works in favour of the middle class to the disadvantage of the less privileged areas. That must be the case in Solihull. How do you bring these benefits to the underprivileged areas and the underprivileged groups?

**Mark Rogers:** I think I was suggesting that the peer to peer pressure is actually between the professionals in the settings. We are not relying on the parents to create that pressure; we should be expecting the settings to create that expectation.

**Q34 Austin Mitchell:** But the professionals have got to interest the parents in what is available and get them to come and bring their kids. They have a much tougher job doing that in the underprivileged areas than in the middle class areas.

**Mark Rogers:** Okay. The statistics would bear you out. I am not sure that I necessarily agree with the philosophy behind that, but the statistics would say that uptake is lower in areas of deprivation. Again, this is back to an earlier point. We need to be doing

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more to go out and have bespoke approaches with families that explain to them what this is, what the benefits are, and to draw them in—and not just to draw the child in, but to draw the whole family in. That was the whole point about Sure Start centres.

**Q35 Austin Mitchell:** The money isn't ring-fenced. Does Solihull spend all the money it gets for nursery education on nursery education? Does it spend more, or does it spend less?

**Mark Rogers:** I don't know because I didn't come with that information today, but I think the point about ring-fencing—

**Q36 Austin Mitchell:** Wouldn't the ratepayers want to know?

**Mark Rogers:** What the ratepayers would want to know is about other things completely, because we are talking DSG here, aren't we? What parents who access this offer would want to know is: is the quality of the provision good and has it sustained that quality over time? That is what they are going to want to know. They will want to see how accessible it is and how flexible it is to meet their need.

**Chair:** I think they might also want to know how much goes in on it.

**Q37 Fiona Mactaggart:** I have another money question. The Department has allocated £642 million of capital since 2008, basically to provide provision and capacity in the private sector. One of the things that we know is that there is huge churn among those providers and that a number of them stop providing, for one reason or another. I wonder if you know how much of that capital—perhaps in your authority or in a region that you might be aware of—has been lost to provision for children at this age?

**Mark Rogers:** I wouldn't know the answer to that question. I am not even sure—

**Q38 Chair:** What do you feel, Neil, from your perspective?

**Neil Leitch:** I think there is churn, but quite often you see a reformation, so actually in terms of capital investment if it is investment into the buildings often they are indeed utilised, and they have restrictive covenants and the purpose is restricted, so therefore they are often, I guess, reused for childcare. So I can't say that I have witnessed, if you like, an erosion of that capital investment. You might argue whether it was a sound capital investment and whether it went in the right direction, but I would suggest that that is a slightly different question.

**Q39 Chair:** We will have to move on. Is there anything you feel that you would have wanted to say that you have not had the opportunity to say? Very

quickly, Julie, is there anything that you think is important?

**Julie Vaggers:** Just going back to the level of quality and training that staff have, I think that you get a great deal of value for money from the more highly qualified staff, because they do so much more than you would think from their job description. They will carry out research and support practitioners both within their setting and outside of that setting. So they will practise and they will also teach adults. And they will work with parents when they first start, and those parents may just be relieved that their child is going somewhere and that they will be safe and happy. The staff member will then start to work with the parent to define what education is in the early years.

**Professor Siraj-Blatchford:** One of the striking facts in the Report is that nursery schools are so good. Many of them now are children's centres, and they exemplify the ratio of qualified staff that we have talked about. When I was the president of the British Association for Early Childhood Education, we commissioned a report looking at nursery schools and at what was unique about them that gives this outcome. Okay, the Report says they are expensive as well, but there is an awful lot in the leadership. It is not simply the quality of the staff and teaching; it is also bespoke early years leadership, because you don't see that level of quality in nursery classes necessarily, because the leadership is again pushed by a primary agenda rather than the learning of young children. We are not using our nursery schools to lead quality in the way that we could.

We have a limited amount of funding. Maybe we cannot roll out a huge graduate training programme, but we can certainly learn from our leaders, and I have been responsible for redrafting the standards for leadership in early years for the National College for School Leadership and I can see that the people who will be able to deliver that the most easily are the people who are heads of nursery schools.

**Mark Rogers:** I think that more work should be done to understand those things that haven't worked well enough so far before we get too far ahead with the two-year-old offer.

**Q40 Chair:** Can you deliver the two-year-old offer?

**Mark Rogers:** Yes.

**Neil Leitch:** I think it's just an emphasis on parental awareness again, to come back to that point. I think that if parents were aware of what was on offer, we would have a greater take-up.

**Q41 Chair:** Thank you very much. I am sorry that it's short, but it's an innovation that we are trying, just to give us a better understanding when we then interview officials. So thank you, all of you, for your time and excellent evidence.

### Examination of Witnesses

*Witnesses:* **Ann Gross**, Director, Early Years and Special Needs, Department for Education, and **Tom Jeffery**, Permanent Secretary, Department for Education, gave evidence.

**Q42 Chair:** Welcome. Good to see you both. Let me start by saying that, in a sense, this is a success story. Starting from a low base, there has been a huge amount of development and provision and take-up, so the background against which the questioning comes this afternoon is a “Well done” to the Department for having achieved what you have over the last decade or so.

I am going to start probably with a hard one, because we are in tough economic times and we are looking at value for money. We had a little bit of a discussion before, around what really matters for quality for children. I notice that there is less emphasis on qualified teachers and staff in early years settings than there might have been three or five years ago. What is it that provides value? How do you assess value? The vision on page 5 is “for all three and four-year-olds to have access to high-quality early years provision that helps them reach their full potential”. If that is your vision and money is tough, how do you get the best value for it?

**Tom Jeffery:** We do assess value for money through that combination of take-up, quality and outcome, and within quality the standards that are met through the early years foundation stage are one element and the qualifications and qualities of staff are another. So there is a continuing emphasis on the qualities of practitioners in the early years.

There is a set of questions around that, some of which are being addressed by Professor Cathy Nutbrown, who, following Dame Clare Tickell’s report of the foundation stage, is doing a wide-ranging review of qualifications and the standards of the work force. She will issue some interim findings shortly and will address quite a range of the issues that you were just discussing, about the entry level, about the qualifications of the generality of staff, is level 3 right, is the right thing being done for staff within level 3—should it be more concentrated, like nursery nurse provision?—what is the relationship between the early years professional, which is the graduate-level qualification that we have had for some while and have expanded quite significantly, and qualified teacher status and teachers in early years settings? All these things are absolutely part of policy at the moment. It would be wrong to pretend that they do not have significant financial implications, particularly in the present circumstances.

**Q43 Chair:** In an odd way, I am asking about what you know so far, rather than trying to find out where policy is going. So it is really, what gives? What is it that makes for a really high quality to meet the Department’s stated vision? In the current climate, how will you keep that going? What is it?

**Tom Jeffery:** Ann may wish to add to this, but I think it is the quality of what is done face to face with children.

**Q44 Chair:** So does that mean the qualifications? Which are more expensive?

**Tom Jeffery:** Qualifications have a bearing on that. Some qualifications will be expensive.

**Q45 Chair:** A graduate is more expensive and a teacher is jolly well more expensive.

**Tom Jeffery:** By and large, that’s right.

**Q46 Chair:** Julian said 75% more expensive.

**Julian Wood:** Well, not quite. I think in the Report we talk about qualifications for a professional being 28%—these are estimates, not hard and fast—and teachers can be up to another 50% on top of that.

**Tom Jeffery:** Early years professionals, I took that to be the 28% figure in the Report—

**Q47 Chair:** I think he didn’t talk about teachers. The figure you gave me on teachers before the hearing was what?

**Julian Wood:** We say in the Report it is about an extra 50%. It can be. That is the point—to be clear that these are estimates, not hard and fast figures.

**Q48 Chair:** I accept that, obviously. Broad brush.

**Tom Jeffery:** Obviously, they are important, but the quality of the work in the setting, and, very importantly, the quality of the relationship with parents and the family in the home, and the degree to which what goes on in the setting can be taken up and taken forward in the home, is also extremely important. The ability to understand where a setting is doing well and where it needs to do better—self-evaluation—is important. Those are things that Ofsted talks about when it is evaluating settings. Those are some of the things that need to improve when a setting is no more than satisfactory.

**Q49 Chair:** Ann, what is your bottom line on all this?

**Ann Gross:** I think Tom is right. The key issue is the quality of the interaction between adult and child. We know that teachers play an important role. The ratios already reflect the fact that if you have a more highly qualified member of staff—a teacher—you can have a ratio of 1:13 for 3 to 4-year-olds. If you have a member of staff less qualified than that, the ratio is 1:8, so, to some degree, we already build that in. My second point is that the Early Years Professional qualification, which we have introduced over a number of years, is being shown to have been making a significant difference for children. The evaluation published last summer by the University of Oxford and the Institute of Education showed that early years professionals were really having a significant impact on children’s development, particularly on children’s language and communication skills. We are positively encouraged by that finding.

**Q50 Ian Swales:** On the issue of quality, one concern shown in the Report is the variability across areas. Paragraph 2.9 talks about the range of “good” or “outstanding” from Ofsted, ranging from 64% to 97%, by local authority. Coming from an area of quite high

deprivation, figure 7 is particularly concerning. It shows an almost exact correlation—you get good provision or better provision where there is low deprivation. It is almost a straight line to worst provision—the most deprivation. How do you account for that? Is it hard to get an “outstanding” in a deprived area, even if you are the same staff with the same setting? Ofsted should surely allow for that.

**Tom Jeffery:** We, too, are concerned about the difference in standards between different areas. The gap is closing. It has fallen from a gap of about 12% to 8% in Ofsted’s most recent assessments, but we do need to do more to incentivise quality in less advantaged areas. Where a setting—whether it is in a less or more advantaged area, but definitely in a less advantaged area—is satisfactory, local authorities need to work with that setting and not fund it unless it improves.

**Q51 Ian Swales:** Can you clarify those figures? You said the difference had fallen from 12% to 8%. What does that measure? How do we relate that to figure 7, for example, which shows somewhere just over 10% between the best and the worst?

**Tom Jeffery:** It is the comparison in Ofsted’s most recent report.

**Q52 Ian Swales:** Between?

**Tom Jeffery:** Between 2010–11 and 2009–10.

**Q53 Ian Swales:** But you said the gap is closing. What gap are we talking about?

**Tom Jeffery:** The gap between the proportion of settings regarded as good or outstanding in disadvantaged areas and those in advantaged areas.

**Q54 Ian Swales:** Would that relate to this 10.6% difference on this graph? Is that measuring the same thing?

**Tom Jeffery:** It definitely relates to it—it is the same point—but it is not quite the same period.

**Q55 Ian Swales:** Okay. I have a supplementary question on that. The other interesting thing—again regarding quality—is figure 13. It is absolutely staggering when you think we are a value for money Committee and we are looking at a correlation between quality and funding. As an engineer, I can tell you there is no line that fits those points. How do you account for this picture?

**Tom Jeffery:** We need to account for the picture. I cannot account for the picture straight off. We value the work of the NAO—the Chair was very nice about the work of the Department to date. We think that this Report is extremely valuable. It raises a host of important questions and we need to address it. We address these questions through the quality of information that we are able to put out into the system. With our experts—with all concerned in the system, including the experts who were witnesses just now and local authorities—we work really hard to understand these relationships. I don’t think we have had, until recently, all the data that allows us to work on those relationships. That is one thing we will do, following on from the Report.

**Q56 Ian Swales:** The question is, have you looked at any of this? It is one thing to look at it all, but have you looked at any of it to say, “This is the picture starting to emerge”? Surely, when you saw this, you would start asking questions, wouldn’t you?

**Matthew Hancock:** I think this is an opportunity as well as a problem, if we can get into the bottom right-hand corner. The highest-quality one is below average funding. The third highest one is at almost a quarter below average funding. It is amazing. Can we have case studies?

**Ian Swales:** I do not want to lead the witnesses, but for example, is the higher funding going to deprived areas, or what? What is going on here?

**Tom Jeffery:** There is a relationship, to some degree, of higher funding going to more deprived areas. There is not quite such a direct relationship, as I understand the National Audit Office’s work, between that and quality.

**Q57 Ian Swales:** I am thinking about one of the comments that the previous witness made about the issue of parental contribution. Is that part of this? This figure talks about funding, but it does not talk about overall expenditure. Is it that some places are high-quality because they are actually spending more money, but more of it is coming from parents? Is that part of the answer?

**Tom Jeffery:** Ann, do you want to answer that?

**Ann Gross:** I am wondering if that’s a point Julian might address.

**Julian Wood:** That is very kind of you. I think the answer to that is that it could well be, but we don’t know. For the purpose of introducing some sobriety into the discussion of figure 13, I think Mr Hancock’s point about the potential opportunity is precisely the way that we would place this. I think that what Mr Rogers was saying before, about the opportunity to learn from practice that is already occurring and understand more what it is that is creating this distribution, could potentially help move that graph.

**Q58 Ian Swales:** That 97% is the one referred to earlier in the Report. Which authority is the one that is 97% quality, as a matter of interest, just so we have an idea?

**Julian Wood:** It is Richmond upon Thames.

**Q59 Matthew Hancock:** What are the second and third?

**Tom Jeffery:** I should be very surprised if one wasn’t Solihull, Mr Rogers’s authority.

**Chair:** No, it is not.

**Julian Wood:** What I don’t want to do is get into a position of going right the way round the Wrekin.

**Q60 Chair:** The interesting thing is that if one did have that knowledge, of which I have a little bit, there is no way of defining why. It is a mix of urban and rural, Labour-controlled and Conservative-controlled. There is no logic to it.

**Matthew Hancock:** Lib Dems?

**Chair:** And Lib Dems. I am a bit taken aback that you don’t understand this better, to be honest. I am a bit taken aback by the criticism in the Report that you

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do not have the data, and I do not understand why. If there is one thing the Department should be doing in this very decentralised world, you ought to be able to monitor what is happening out there in what is still a relatively new and underdeveloped offer. If you are not monitoring, I am worried. I am concerned to find in the Report that there is not much better data and monitoring, and Neil made the point that it is not available to parents.

**Ann Gross:** On the data point, this is the first year in which the new funding system has been fully operational. The early years single funding formula has only been fully in operation this year, in all local authorities. That is giving us a much better understanding of how local authorities are using their money and how they are deploying it. The returns that we are getting from local authorities now are enabling us to do just that sort of analysis. I wish we could have done it before, but it is really only over the past two years that this sort of work has been possible. What we are planning to do over the next few months is make available to local authorities much more granular information by way of benchmarking data.

**Q61 Chair:** What about parents?

**Ann Gross:** We would want to make it available to parents too. Some of it will be quite complex, so we need to think about it, but the intention is to make that information publicly available so that local authorities can compare and challenge their performance against that of their peers, and that we are able to have some of those conversations as well.

**Q62 Fiona Mactaggart:** I was looking at the figure in paragraph 4.20 of the National Audit Office Report, which says:

“Less than 40 per cent of local authorities had analysed whether the child had used the entitlement.”

I want to know whether your present figures tell you if an entitlement is being used, rather than just paid for.

**Tom Jeffery:** Our figures do suggest that entitlements are being used.

**Q63 Fiona Mactaggart:** Sorry. You said “suggest”. Do you know whether entitlements are being used, and do local authorities have to know they are being used?

**Tom Jeffery:** Yes, because they have to count the number of children in the setting.

**Q64 Fiona Mactaggart:** So they do, in the new figures.

**Ann Gross:** They do.

**Q65 Fiona Mactaggart:** One of the things that happens when fewer than 95%, as I recall, of places are taken up is that you offer a top-up to local authorities to use to reach into harder-to-reach places. Yet there is no requirement that it is used in that way. How do you make sure it is, or how much of it has been?

**Tom Jeffery:** In the past, it is correct that we have had a 90% aspiration for take-up by three-year-olds, and we calculated for the National Audit Office that £69 million had gone in to drive that. That has been the

position for some while, and it was put in originally, I think in 2003, to push the system on as we introduced the offer for three-year-olds. It is absolutely, as the NAO recommends, for consideration whether we should stop doing that now. We have to guard against any destabilisation in the system of taking money out and putting it elsewhere, but it is only a very small proportion of the Dedicated Schools Grant, so we will actively consider doing away with that. It has been used within the Dedicated Schools Grant, because that is where it sits. It is being used for other schools purposes if it has not been used in those 89, I think it is, authorities to drive that take-up towards 90%.

**Q66 Chair:** But the Report says you haven't monitored it.

**Tom Jeffery:** We haven't monitored it. It is a calculation we did within the many billions within the Dedicated Schools Grant as to how much would have gone to those authorities that had not reached 90% on three-year-olds. It was not a specific grant for that purpose.

**Q67 Fiona Mactaggart:** If we look at figure 15, it is an overwhelming view that deprivation of a child's home location has a very significant effect on variations in outcomes. How is that factor reflected in your funding formula?

**Tom Jeffery:** In the funding formula we say that local authorities should always set a factor for deprivation.

**Q68 Fiona Mactaggart:** But the variation is between something like 3p and 70 something p. How can it be that huge?

**Tom Jeffery:** There has been, in the first year when every local authority has had a single funding formula, considerable variation. In some places, it represents a significant sum, and in others it does not. I think this is another example of where transparency and our being really clear about how local authorities are setting funding formulae, and getting them to compare that among themselves, and to show that to parents is really important. That is what we intend to do.

**Q69 Fiona Mactaggart:** Are we going to publish a national league table of who is the 3p and who is the 79p?

**Tom Jeffery:** We are going to publish data which every local authority and parent can see.

**Q70 Chair:** You will publish data, or they will publish data?

**Tom Jeffery:** I think we will publish the data as a national publication, but then, as Mark Rogers was suggesting, we all need to work together to understand the implications of it, and there are forums in which we can work and will work with local authorities, the LGA and others, to highlight what is good and where is good, and to work on how we can spread that better practice more widely.

**Q71 Fiona Mactaggart:** You might have been as concerned as I was to hear that in many settings, parents are automatically expected to pay for top-up.

We know that the parents who live in very deprived areas will be excluded from that. What are you doing to prevent that?

**Tom Jeffery:** That is wrong and they should not be expected to pay top-up to take up their free entitlement. Their free entitlement must be free.

**Q72 Fiona Mactaggart:** I said what are you doing to prevent it.

**Tom Jeffery:** If anybody, including Mr Leitch, would like to give us those examples, we will pursue them with the local authority concerned.

**Q73 Chair:** What do you do about it?

**Tom Jeffery:** We generally have been successful in identifying where that is going on—I do not think that there have been that many instances. Ann may know of some—and they have stopped it.

**Q74 Chair:** I went on Mumsnet this morning, just by chance, and I found one conversation. One woman had two girls who both attend a private nursery for 14 hours each week. She was signed up to the Government scheme, which supposedly provides free places. “I have just been billed for over £1,000 for this term for both of them.” she said. “The thing is,” she said, “I like the nursery. My daughters are happy there, so I veer between thinking that I just won’t pay the amount—it is labelled voluntary but you get an invoice and are chased if you don’t pay—reporting the nursery to the council or just leaving and trying to find somewhere else.”

**Q75 Matthew Hancock:** She is not from Richmond, is she?

**Q76 Chair:** She is in Oxfordshire. Then it goes on. She was not the only one. “My son’s old nursery was doing something similar. Basically, the free allowance was stipulated from 9 to 12 five days a week. If my son did the 15 hours over three days, his free allowance was still just between 9 and 12, so I had to pay the top-up myself.” Another one said, “Mine went to a private Montessori nursery, which was still getting the scheme, while my nephew went to a local free one.” Someone else said, “It is so awkward to refuse to make voluntary payments when you are told that the Government funding is inadequate.” Another one said, “Each term we get a note about our ‘donations’ making up the shortfall. I feel a mix of sympathy and rage.” Another one, “My grandson was signed up to attend a private nursery”—this is a terrible story—“and the school is signed up to the Government scheme to provide 15 hours of free provision for three-year-olds up to the term of their fifth birthday. They sent a bill for £700 several weeks prior to him actually starting, even though he was only due to attend two full days a week. Obviously, my daughter was expected to pay for the extra “compulsory” snacks/lunches/extra hours, but the school refused to budge on the amount they were charging for the top-up costs.” It goes on and on. This is much more prevalent than you think. That is literally one conversation on Mumsnet.

**Tom Jeffery:** We are, as I say, ready to follow up these issues.

**Q77 Chair:** Have you looked at Mumsnet?

**Ann Gross:** I have not looked recently.

**Tom Jeffery:** But if you pass us those, we will follow them up.

**Chair:** You do not need these. Honestly, it’s up there. It took me two seconds to find it this morning.

**Ann Gross:** The Department does talk to Mumsnet and Netmums. Perhaps we should follow up this conversation.

**Q78 Austin Mitchell:** What are you doing about these voluntary donations and requirements?

**Tom Jeffery:** It depends. I do not know in those circumstances whether those people want to take just their free hours or whether they are taking their free hours and then there are additional hours, and they are finding the charges for those additional hours to be quite high.

**Q79 Austin Mitchell:** Who should do something about it? The local authority?

**Tom Jeffery:** The local authority should absolutely do something about it. If it is found that it has not—

**Q80 Chair:** And if they do not?

**Tom Jeffery:** We will act with the local authority and talk to them and we will make sure that progress is made.

**Q81 Ian Swales:** Figure 8 shows that some local authorities are only giving half the money to the scheme compared with others. The worst case is only a third of the top case. It is one thing to give these examples of schools that are doing this, there may well be a correlation between that kind of issue that the schools are facing and local authorities not giving the right amount of funding—I do not know what the right amount is, but clearly there is a big variation. What, if anything, are you doing about the local authorities? This may be the problem that local authorities are inadequately funding, as we heard in the previous conversation. What does figure 8 say to you and what are you doing about that?

**Tom Jeffery:** Figure 8, I think, begins to illustrate further the point that Ann was making, that in the last year, for the first full year of a single funding formula, we have been able to understand more fully what percentage of the Dedicated Schools Grant each local authority gives to the free entitlement. The central amount is between 4% and 6%. There are outliers, which will be interesting to look at with the NAO and others as we get further into this information, which we would like to do to follow it up.

**Q82 Ian Swales:** The key is “central amount”. Six per cent is 50% more than 4%. Even that is a big difference. If you do the maths, I think I’ve got that right. You might say, “Oh well, that’s the middle band”, but even that’s quite a big variation. As Ms Mactaggart said earlier, in some cases it is almost nothing, and in other cases it is much higher. What

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are you going to do, and what should you be doing about such variation?

**Tom Jeffery:** There will be some variation for good reason.

**Ian Swales:** We accept that.

**Tom Jeffery:** Local markets will differ. Places, geographically and cost-wise, differ. All of us—not just Government, but the whole community concerned with this—need to understand whether those differences are justifiable and reasonable or whether they reflect a less full calculation of what the cost should be.

**Q83 Ian Swales:** My last question on this, just relating back to the Chair, is that as you take up these cases that she refers to, and many others, will you also be checking those cases off against what the local authorities are doing? It's okay demonising the schools, but it may be that they are not actually getting the money that other schools are getting.

**Tom Jeffery:** If it were found to be a systematic relationship between underfunding and the apparent denial of the free entitlement, then yes, we would follow that up. Absolutely.

**Q84 Matthew Hancock:** I will follow on precisely on this. It is only by reading figures 8 and 13 together that you realise the amount that needs to be learned here. In figure 8, as you say, there may be good reasons for the difference in funding, but figure 13 brings that together with the quality outcomes data, which are critical. I am a bit surprised that there is a reluctance to name the different local authorities. Are the names of the local authorities in all the dots on these charts in the public domain?

**Tom Jeffery:** If you will forgive me, I think they are the NAO's charts.

**Julian Wood:** This is our analysis. It's not in the public domain, because it was created bespoke for this.

**Q85 Mr Bacon:** What is the objection to putting these figures in the public domain?

**Matthew Hancock:** All the names of the dots should be in the public domain, shouldn't they, if we want to learn?

**Julian Wood:** I personally have no fundamental objection to that. I think the only point, as I mentioned to the Chair before, is that we produced a national Report—

**Q86 Matthew Hancock:** I don't know what the bureaucratic reasons are. It seems that the Department should also be in favour of this being in the public domain, because you want to be able to analyse them, as you were saying earlier.

The line of questioning I wanted to go down is this—

**Amyas Morse:** We are fine with you putting them into the public domain.

**Q87 Matthew Hancock:** Okay. Are you going to put them in the public domain?

**Amyas Morse:** The reason why we didn't, Matt, if I may just be clear, is that we thought we would all be sitting around looking at league tables rather than at

the big picture, which is what we want people to look at.

**Q88 Matthew Hancock:** I entirely understand the reason. Is the Department going to put them in the public domain?

**Tom Jeffery:** Yes. We are going to put lots of information in the public domain for what we call benchmarking, so one layer can look against another. I think this is a sort of a sophistication of that. It takes the relationships between others and plays them out, so it is useful information.

**Q89 Matthew Hancock:** In this field of early years, we have a model where there are lots of different providers—state, voluntary and private. This is a model that is increasingly being used in different areas of public services, so I think that the lessons that you can learn from analysing things like figure 13 are not only important for improving the value for money of delivery in this area, which is driving those dots to the bottom right—I'm not saying that they should have lower funding per se, but you should get more out of each pound of funding—but lessons more broadly, because there is such a rich array of providers. I am interested in what analysis you have done of the different types of providers and of the different contracting that you do with providers, to learn lessons for how you can do that better in what is a diverse delivery model that is increasingly going to be seen in welfare to work, in the health service, with academy schools and free schools and in other areas.

**Tom Jeffery:** I think, if I may, the difference between those and this arrangement is the local authority, which is setting rates and in effect contracting with providers. It is not we as a Department—

**Q90 Matthew Hancock:** No, but through the local authorities the state, in whatever guise, contracts with a huge array of providers.

**Tom Jeffery:** It does.

**Q91 Matthew Hancock:** So I do not mind whether it is local authorities; the government, whether local or national, are doing that contracting. So, instead of saying, "What is the difference between all these different policy areas?" can we look at the similarities? What lessons do you draw from the array of different providers you have got? Are there some types that are better? Are there some types where you do not get such good value for money?

**Tom Jeffery:** I think it is that relationship, isn't it? If we concentrate in this instance on what is the value for money vis-à-vis the quality, say, of a nursery school and all of the qualified staff who are working in it, against the difference made by a private and voluntary nursery which is a good deal less expensive, but has greater—

**Q92 Matthew Hancock:** Precisely. That is my question. What is the answer?

**Tom Jeffery:** Well, that is what we need to do by analysing these figures, and we have just got these figures and we will analyse them, and we will—

**Q93 Matthew Hancock:** Okay; so what you are saying is the first step is getting the data out there.

**Tom Jeffery:** Yes it is.

**Matthew Hancock:** And now we need to go and learn from it.

**Q94 Chair:** Sorry to interrupt, Matt, but para 3.23 on page 28 does a little bit of this analysis of cost per hour and then looks at outcomes. I think this is the challenge and the dilemma you face. I have an obsession about maintained nursery schools, because they are rather good: if you look at what it says about who gets good or outstanding it is “96 per cent for maintained nursery schools, 76 per cent for maintained nursery classes, and 78 per cent overall for non-maintained providers”. So you have got an indicator there of much better quality with the most expensive provision; and I just don’t know what you are going to do with that knowledge, which was reiterated in the evidence we had before, given the financial circumstances in which we are.

**Tom Jeffery:** I think there are some important things we can do with that knowledge. I think there are 420 nursery schools—

**Chair:** Tiny—1.5%, or something.

**Tom Jeffery:** They are not evenly spread across the country, but where they exist they can have a really powerful influence for the good more widely in their areas and probably beyond.

**Matthew Hancock:** Yes, but, although there may be people on figure 13, in the top right-hand corner, where you would hope that higher funding led to higher quality, is there a breakdown going to be available of figure 13, not by local authority—not intermediated by local authority—but by provider? That is the sort of information: I know that there would be a lot of dots on the chart, but you could find a way of presenting it, I am sure. If not, the NAO will be able to help, because they are really good at it. You would be able to learn some of the lessons. If you take out the local authority layer, will you have more of an upward-sloping curve? Where are the best examples, down in the bottom right-hand corner, who do more with less, that we can learn from, and try to bring those lessons in; and where are the high-cost, low-quality ones that we really need to get a grip on and move down to the right?

**Tom Jeffery:** One of the things we would like to do, following on from this Report, is to work closely with the National Audit Office to understand this set of figures and some others in the Report, which are groundbreaking work which they have done. They have done groundbreaking work on inspection, for example, and those offering the free entitlement; so we would want to do both those things.

If I may, on the Chair’s point about nursery schools and their influence, it is a serious piece of work, which we are taking forward through teaching centres. Julie Vaggers and her school are part of a teaching centre, working with Pen Green—the child research and children’s centre in Corby—which has a national influence, to understand how they can get all their expertise and spread it, both locally and nationally. We are funding 10 such teaching centres<sup>1</sup>. They involve

nursery schools. It is really important that we get the greatest value from the money going into those nursery schools. It is really important for their own children, but it is really important that it is spread, and benefits much more widely.

**Q95 Amyas Morse:** I want to say that, yes, we feel as if we can contribute some more, particularly on some of this information—not surprisingly, since we prepared it—and we are happy to co-operate with the Department in answering any inquiries that the Committee may make. Thank you very much. For information, we have a study that has started now, although it may take a few months. We are looking at how the development of the various markets is going to drive value, and how to try to identify value in that development. When is a market efficient or not?

**Q96 Matthew Hancock:** If you can answer that question, you’ve answered the problem of economics.

**Amyas Morse:** No, not at a theoretical level, but perhaps by outcomes.

My final comment, which you may have noticed in the Report, is that we didn’t get a very satisfactory response from some of the providers about their costs and amount of contribution. I was listening with interest to the witnesses, and we heard a strong and consistent message about whether private providers are generally being adequately funded. It would be good to try and work together and get to the bottom of that question, so that we know whether providers are adequately funded, or could manage with their funding, or whether the message that we received is really the case. That would be a helpful question for the Department to address.

**Tom Jeffery:** We would very much welcome that. We are doing further research into that question at the moment, and one of our voluntary partners, 4Children, is working with us on the business basis of private providers. If we could bring a range of information together, that would be good. There is an important point about this not being a one-size-fits-all national picture, and we need to take advantage of the greater clarity that we are getting through single funding formulae across the country to understand why some might be efficient and right, and some might not.

**Q97 Matthew Hancock:** In a sense, that is an opportunity as well as a difficulty, and we would push you harder to exploit it.

**Tom Jeffery:** We do agree that this Report is an opportunity and comes at a really opportune moment in the development of this system. In all sorts of respects we want to develop the information and spread it more widely and understand it better.

**Q98 Meg Hillier:** First, at figure 13 our first recommendation may be emerging on publishing data. It is a nightmare for parents to understand what they are getting, and usually it is what is near and what is offered—you don’t usually get a choice. I want to ask you about entitlement take-up, which obviously varies across areas and can be as low as 77% or as high as 97%. Have you, or will you, be monitoring how the entitlement take-up is being used, together with Key

<sup>1</sup> We are, in fact, now funding 15 teaching centres

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Stage One results in those local authority areas, to see whether there is a direct correlation as the NAO Report sort of suggests? I am not sure that that is true in every area.

**Tom Jeffery:** We can do that analysis, and we want to publish the take-up data in future. We have not published the data at local level before, because we were discussing issues about the reliability of local populations with the Office for National Statistics—not the reliability of children taking up the offer, but the population. We are working hard with the ONS to publish those data, and I think that the ONS gave the NAO some of the data to work with to write this Report. That was extremely helpful, and I understand that the ONS is ready for us to make that public on a local authority basis. That will allow us and local authorities to pursue the issue.

**Q99 Chair:** What is interesting about this is that you will publish, which will be great, and you'll have a better analysis than you do today, which will also be great. You will then have some local authorities with figures as bad as 62%—I don't know how low they go for three-year-olds—which is bad. We know that if we can get children who are in more challenging circumstances into a high-quality setting, that really makes a difference. What are your levers?

**Tom Jeffery:** There are a number of levers for tackling that lower take-up among more deprived groups. I think the role of the children's centre is crucial. They will, after all, be dealing with those families and those children from a very early age. Julie Vaggers was beginning to illustrate some of that, I think.

We are introducing a payment-by-results system for children's centres and the results will, in all likelihood, include the take-up of the two-year-old offer and three and four-year-old entitlement. The two-year-old offer is itself a driver of higher take-up among the less advantaged.

We want the local health system to work closely with those children's centres and local health visitors, as those numbers expand, to have a major influence on take-up. We are funding the Daycare Trust, for example, for a whole system of parent champions—volunteers—who will outreach to communities to drive the take-up. We will work with the whole system to ensure that we get real progress on take-up among the disadvantaged.

**Q100 Chair:** But the onus, at the end of the day, is on local authorities, isn't it? I hear what you say about children's centres—you can do a bit of payment-by-results there, which I will watch with interest—but it is on local authorities. If a local authority just does not bother—we both have the figure 13 and the funding figures that we have talked about.

**Q101 Ian Swales:** This is what I wanted to come in on. At paragraph 2.12, it mentions that the Childcare Act 2006 places a statutory duty on local authorities to reduce inequalities. As figure 7 shows, we have quality of providers going down by level of deprivation. Elsewhere in the Report it talks about lower take-up, so you could argue this whole scheme is actually widening the difference—the inequalities.

If you say, "Well, we're giving all this provision differentially to better quality and to larger numbers of better-off children", we're actually widening inequality. This is critical for local authorities to jump all over, isn't it? Why are they not doing it? If it is a statutory duty, what remedies have you got to, if you like, force them to do what, apparently, the Childcare Act tells them to do?

**Tom Jeffery:** It is critical. It is for local authorities. Actually, on the outcomes at the foundation stage, we are closing inequalities, both between disadvantaged areas and between higher-achieving and less higher-achieving children, but that does not take away for a moment our desire to drive up take-up and to level up take-up. Our approach to that now is this transparency of data and working with local authorities on that transparent data, so that one can work with another to secure that improvement.

**Q102 Ian Swales:** Just another point on this, not only because of my own area, but my daughter-in-law is on the board of a children's centre in another deprived area. Any system that depends on parental choice or initiative, or whatever, automatically tends to work against the most deprived areas, because you have parents with low educational achievement themselves, or who do not speak English. Of course, some children have no parents, etc., etc.

The earlier witnesses talked a lot about outreach work. How much are you driving that and how are you checking it is happening, and how are you funding it, and so on? It seems to me that anything that depends on parental proactivity is automatically leaving a certain section of the population behind, sadly.

**Tom Jeffery:** It may well leave isolated pockets if local services do not reach out to them. That is exactly what Sure Start children's centres are doing. It is what the best nursery schools and others do.

**Q103 Ian Swales:** But go to any Sure Start children's centre and they will tell you, they do not reach some of the—

**Q104 Chair:** They've cut the outreach.

**Q105 Ian Swales:** It is not just that. They never have reached some of the most needy children, because you have to have some initiative to go there in the first place.

**Ann Gross:** I think we all recognise that it is probably the most challenging issue that we face in the early years world. Children's centres clearly play an important role and work very hard at reaching families in their local areas. We also see a critical role for the health service, for health visitors working closely with children's centres, engaging with families.

One of the most challenging things is that for the most disadvantaged, it does have to be about personal contact and word of mouth. I have seen and heard from local authorities who are doing lots of really careful work in this area. The Report would suggest that they are not all doing that and some have a way to go, but we think that the answer is greater transparency about performance and continued focus on the issues, and continuing to monitor, so getting a

better focus on the data—us in the Department and local authorities as well—is going to be critical. Mark Rogers’s commitment to working on this through LGA and peer review was helpful.

**Ian Swales:** Thank you.

**Q106 Meg Hillier:** Just going back to entitlement, we heard earlier some quite compelling evidence that if it is spread over a week—five days a week—as an intervention, it is much better for Key Stage One results. Do you do any analysis, or are you planning any if you do not, of how that entitlement is being used by parents?

**Ann Gross:** We already know some things about how it is used. We know that over 80%—about 86%—of parents take up the full entitlement. The balance take up less than their 15 hours. I do not think we have data centrally that tell us about the patterns of provision that people are choosing, and I suspect there will be quite a lot of variation in that. Some families will choose a regular morning or afternoon session, both because they think it works for their children and they may know that it is effective. Others may value some more flexibility, so that it fits in with their working patterns. This is an area where there does need to be a careful balance between what is most effective in terms of child development and what helps families balance their working and family life.

**Q107 Meg Hillier:** Absolutely. Parents have to ultimately make the choice. But in terms of looking at figure 13, it would be interesting, wouldn’t it, to know whether there was any pattern—

**Ann Gross:** It think it is an interesting question.

**Q108 Meg Hillier:** Of parents’ choices that actually influence some of this outcome. Perhaps not that one, but the one about Key Stage One.

I do not know if you monitor at all the fees charged, because it is interesting, looking at this scale of fees. In Hackney, our scale is between £3.90 and £4.32 an hour, though they are due to go up. I do not know if any monitoring has been done nationally about fee changes or fee structures and take-up. On local authorities, when Mrs Hodge was leader of Islington she introduced a sliding scale depending on income, which had the benefit also of mixing up abilities. That meant that people could pay—I do not know what the effect or impact on take-up was. Do you look at that at all, because obviously it is centrally funded, a large chunk of it, and that difference can make the difference to parents?

**Ann Gross:** My understanding, though colleagues may correct me if I have got this wrong, is that we do have some of that information from the pathfinder local authorities who worked on the introduction of the early years single funding formula, so we could see the range of rates and charges that different sorts of providers were using in the authority. It is the sort of information that we will be making available through the benchmarking data.

**Q109 Meg Hillier:** It can be quite sensitive and it can make a big difference to the mix. One of the other issues is whether you have looked at the quality of

mixed versus disadvantaged only. It is interesting that the Government’s policy choice is focusing on the most disadvantaged two-year-olds. We are going to move to a situation where we will see if it works, which of course we all hope it does. In under-fives education, where there are two-year-olds in a class there will be more of them who are disadvantaged compared with the other groups, where you will see the normal social mix. It would be interesting to see whether that has a difference on the quality overall of the care, because that could be a more challenging group to deal with. I do not know if you are planning to investigate those—what could be perverse—outcomes from what is a well-intentioned policy.

**Tom Jeffery:** Do you mean the mix within a setting?

**Q110 Meg Hillier:** Put it this way. When Islington council took away children’s centres—well, they weren’t children centres then—from social services, there were children who were known to social services—the most disadvantaged—concentrated in those centres and, after introducing a staggered fees policy, the mix overnight became comprehensive. So you would have children whose parents were really struggling, for whatever reason, and were disadvantaged alongside working parents, parents who were studying and parents paying full fees because they were above a certain level. That meant you got a whole different type of outcome, compared with the social services-focused centre.

**Tom Jeffery:** We would definitely want to monitor that and evaluate it, because there is a good deal of evidence, isn’t there, that a certain degree of social mix is very good for those disadvantaged small children. We would want to keep our eye on that, yes.

**Q111 Meg Hillier:** I am very heartened by that. Finally, again going to what parents might expect, in figure 14 there is analysis of what local authorities have done about benchmarking comparisons of performance. It is quite shocking that in terms of costs—we heard this earlier from some of the witnesses—30% looked at only regional data when benchmarking and 19% used a wider range of data on the cost of provision, which comes to about 50%, so half did not look at benchmarking costs. Is that something that concerns you? Government cannot completely control this, but what are you trying to do to look at that? That is a really key issue for parents who are struggling to pay for child care, and it does not look like it is being done very well locally.

**Tom Jeffery:** I think that there has not been sufficient benchmarking across a whole range of factors to date. That is not necessarily the fault of local authorities, as it were; I think that we have not made sufficient information accessibly available for them to work on it, but we will now, and this gives us a very good start. We do have the fora, including something called the Children’s Improvement Board, which brings a lot of local authorities, the LGA, directors of children’s services and ourselves together, and this is just the sort of issue that we would want to look at in that board. Then we will see how localities may want to pull in support from those who are doing better in order to improve.

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**Meg Hillier:** Thank you. I think it is true that most parents do not choose on cost but on what is offered, and if you get one place, you are very lucky really. So it is a sort of false thing to suggest that the market alone will decide that. Thank you.

**Q112 Austin Mitchell:** I am glad to hear an avowal there of improved performance, because this is a good scheme. On a priori grounds, it must have beneficial effects in terms of vocabulary, socialisation, mixing, getting them out of the home and all of that, so one wants to support it, but we do not seem to have the information. You cannot show the long-term benefits or how they have been obtained. The argument, surely, must be for light, more light, because you have a strange contrast between this area, where we are deprived of information, and later education in schools, where league tables pour out and parents are asked to campaign for local authorities to do more and to divert all the money to the schools and to choose between the schools on the basis of their performance. Here, the money is not ring-fenced, and you do not know who is spending above the line and who below the line, and spending seems to vary from 62% and 90% of what they are getting—there is no correlation between that and actual performance. Surely, there are things that we need to know. We cannot do league tables, so we do not know, for instance, whether it is better to have nursery classes in schools or whether the private providers put on a better performance, and we do not know how to help make it better. In theory, underprivileged people are more likely to benefit but less likely to take it up, but we do not know what the numbers are compared with the middle classes. We do not know whether the quality of provision is less adequate in underprivileged areas, and whether less money is being spent there when we should be spending more, although the Government in secondary education are spending more in the underprivileged areas. We do not have all this basic information. You are going to have to pull your socks up massively, in terms of the information and the analysis of what is coming in, aren't you?

**Tom Jeffery:** One of the key themes of this report is that we need to use information better across the system, and by “we” I mean central Government, local government, settings and exchanging information between settings—I completely accept that. I think that we have strong evidence that the system is producing better outcomes at five, and children are coming through their reception class better equipped—

**Austin Mitchell:** But not, apparently, at seven.

**Tom Jeffery:** But then there is a key issue around demonstrating the sustained success of the system, which we completely accept. This was something recognised by Dame Clare Tickell in her review. She said that there was a “disconnect” between the system and that there needed to be a “clear developmental pathway”—those were her words. We need to put that in place through a reformed foundation stage profile based on simpler early learning goals that are more readily understandable, particularly for parents, and through a phonics tests at six, which comes in this year. We then need to move on to a revised national

curriculum and revised assessment arrangements. Dame Clare called for that, and we have had the experts working on the national curriculum also working on the early learning goals. We will seek to achieve those things. I do not think that will be enough in itself to demonstrate the particular difference which this investment in early education will make, because as a child or young person goes on through the system, so more and more factors pile in on their success or otherwise. We need further research, with the sort of quality which EPPE brought to our understanding, to gauge how far this investment in early years provision has a sustained effect over time.

**Q113 Austin Mitchell:** And how much it provides value for money.

**Tom Jeffery:** And how much it provides value for money.

**Q114 Fiona Mactaggart:** I am concerned about how you measure quality. Ofsted inspections happen four years apart, so no nursery setting is ever going to have the same child in it in two consecutive inspections, unless the nursery is very bad and Ofsted comes back. From the evidence we heard earlier, which you also heard, it seems to me there are other proxies for quality, in terms of qualified staff, nursery school leadership and so on. I wonder how seriously you take those proxies when it comes to funding, because they sound more sensible than using Ofsted judgments.

**Tom Jeffery:** We will say in our forthcoming statutory guidance that local authorities should be clearer about the quality systems they are using locally. When a setting is satisfactory, they should ensure that that setting takes certain steps to improve, and figure 12 shows some of them. A number of systems are used locally, and I do not know whether you, Ann, want to something more about them.

**Ann Gross:** Yes. In future, we propose that if local authorities want to fund a setting to deliver the free entitlement, and it does not have a good or outstanding rating, it should be able to demonstrate one or more of a basket of indicators. Those would be some of the things you have just suggested—levels of qualification of the work force, being part of a quality assurance network locally or making use of particular quality scales. We expect local authorities, in future, to publish that information on their directory of providers, so that it will be much more available and open for people locally to see.

**Q115 Fiona Mactaggart:** I am glad to hear that. I just feel that there is not enough information out there for parents about quality. If you look at the HighScope research, which Professor Siraj-Blatchford referred to earlier, it is clear that it is not enough just to provide a setting; it is the curriculum and the organisation that go on in that setting that make the real difference to children's success in later life.

**Ann Gross:** Absolutely.

**Q116 Fiona Mactaggart:** And it seems to me that the Department is not doing enough to get the message out to parents that getting these things every

day is significant. What are you planning to do to help parents play a bigger role in enabling their children to succeed in the earliest years? That is what parents want to do.

**Tom Jeffery:** One important thing we are doing, on Dame Clare's advice, is revising the Early Years Foundation Stage explicitly to make it much more understandable for parents. In its first two years or more, it was a very comprehensive system, but there is no denying its complexity. The reforms Dame Clare is suggesting should make it much more accessible to parents. Then, we need to work through our voluntary sector partners and others to help local settings engage better with parents. As I said earlier, one of the determining characteristics of an effective—a good or outstanding—setting is that it works all the while with parents.

**Ann Gross:** Yes, I think you are right. One of the most effective ways of getting that message over is through what happens locally and how people working in the early years engage with and communicate to parents—whether that is in children's centres, nurseries or primary schools. What we want to do is to have some clear messages that go out through all levels of the system—through settings and through the work that we are doing through various of the voluntary sector partners that we support.

**Q117 Chair:** I want to ask very briefly some final questions. In the evidence we got before, it was clear that a couple of the people giving the evidence said that flexibility was at the expense of quality. Going back to your own mission—or vision—statement, given that the main purpose of this policy is to achieve the quality, what are you doing about that knowledge?

**Tom Jeffery:** It's very controversial territory, isn't it? We will look at the effect of increasing flexibility, because we are increasing flexibility and we may increase it more.

**Q118 Chair:** Even though that might hurt children's progress?

**Tom Jeffery:** There's a trade-off, I think, between take-up and flexibility. If we can get more children, and certainly the more disadvantaged children, involved through greater flexibility—

**Q119 Chair:** They are the ones who benefit the most from having regular, everyday help and support in developing their skills.

**Tom Jeffery:** I do think that the short answer to this is that we must look at it very closely.

**Q120 Matthew Hancock:** Hold on, just a minute; I do not understand this. You are saying that quality is affected both by take-up and by flexibility and times in the week. So if we want to get the best outcome, especially for disadvantaged children, we need to balance whether they are going to turn up, with the quality of what happens if they do turn up.

**Tom Jeffery:** I wasn't completely pre-judging the quality of what would happen if they turned up and they had a very flexible arrangement, but I was saying that their turning up might be better than their not turning up at all.

**Q121 Chair:** Have you got evidence for that? Does the evidence suggest that?

**Ann Gross:** Some of the work we did through our pathfinder authorities suggested that there was a very small increase in the level of take-up by allowing greater flexibility.

**Q122 Chair:** That wasn't sustained, though, was it?

**Ann Gross:** No, that's right. We haven't seen it come through into the system as a whole, although it is still very early days. Generally, we take the view that parents are the best people to judge what will work for their children, while recognising that parents need to have good information to do that. Underlying all of this is our view that we need to ask parents—

**Q123 Chair:** Sorry to dominate this a bit, but also underlying that is the knowledge that the children from the most disadvantaged families are the least likely to go. So if you give parental preference and therefore flexibility of choice, it might be at the expense of the quality of the outcome for those children from disadvantaged families in disadvantaged areas.

**Ann Gross:** I think that, in many ways, professionals on the front line are the people who can help families with those choices best. Some families will have to make difficult trade-offs between their working patterns and their take-up of the offer, but we think that front-line professionals who are working with families day to day and who understand the realities of people's lives are probably best placed to help them.

**Q124 Meg Hillier:** Is it not an important issue on the margins for all working parents, but particularly for the lowest paid, that if you regularly work a shift at McDonald's or Tesco in the mornings while your child is at nursery, you may have to pay travel costs both ways and maybe an extra cost to the nursery depending on where it is? However, if you combine it all into one end of the week, it is cheaper for you. Those things make a very big difference. The difference between the price of four pints of milk in Iceland and Tesco in my constituency is about 20p. Those are the kinds of margins people are looking at. Has any thought been given to giving—even as a discretionary fund—a boost to those areas where there are parents who are living that life every day and making those judgments for that reason: to help them provide better five days a week?

**Tom Jeffery:** I don't know about support for parents, but there is scope in the funding formula for additional payments for the flexibility offered by the setting to encourage quality provision when it is provided across more flexible hours.

**Q125 Ian Swales:** Can I ask a related question? My children are way grown up now; I am into the stage of having grandchildren who are relevant to this.

**Matthew Hancock:** You don't look it.

**Ian Swales:** I am. I have one of three who is going through it right now. On the two-year-old situation, how proactive will the Department be in making sure that the right two-year-old provision is available? I suppose that it is obvious that there is quite a

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difference between the needs of a two-year-old and a three-year-old. Simply extending traditional schooling downwards, for example, will not work. How confident are you? I know that the chief executive from Solihull gave us a one-word answer. He is obviously extremely confident. Is everywhere going to be like Solihull, or do you have real concerns? In particular, will the Department need to put capital proactively into some areas to ensure—we seem again to be talking particularly about disadvantaged areas—that the Government’s policies can be implemented?

**Tom Jeffery:** We will be and have been very proactive with the system in developing what is called the two-year-old offer. It has been around for a little while now, and we have done a series of pilots with local authorities to see how we can deliver for what, against the ambition, is quite a small number—20,000. We are about to launch further pilots with a wide range of local authorities to look at all the issues involved in taking this to considerable scale. We will work with, and we have arrangements with, the Children’s Improvement Board, which I referred to earlier, and with which Mark Rogers happens to be closely involved. The board will work across the piece on developing the two-year-old offer.

**Q126 Ian Swales:** Remember that this is particularly about value for money. What are you learning about the funding requirements? Are you satisfied that the policy makers have the right picture of what this will cost?

**Tom Jeffery:** Ann might like to say something about what we are learning so far from the pilots that we have set up.

**Ann Gross:** The piloting that we have done over four years has been evaluated and shows positive evidence of the impact of high-quality early education on children’s development at the age of two. It did show that you need to have the right sort of education on offer. As you say, it is not about extending formal schooling down the age range, but about providing that sort of supportive interaction with well-qualified adults. That is really what is effective with two-year-olds. What we are going to be doing now through the further trial authorities is looking very hard at what needs to happen to enable local authorities to roll out that approach more widely.

We are inviting applications from local authorities at the moment. One thing we hope they will do is test out, perhaps in part of their area, whether they can put in place the offer for all eligible two-year-olds. We are going to look at what needs to happen in terms of funding for settings, availability of settings and work force to make that happen.

**Q127 Chair:** Is the funding per hour more generous for two-year-olds than it is for three-year-olds?

**Ann Gross:** Yes, because obviously, two-year-old provision operates to a higher staff-child ratio.

**Q128 Meg Hillier:** One of the problems that has arisen in my area, which has some very good under-fives provision, is that in schools—that is particularly where I have picked it up—that have provision for three and four-year-olds, because of the need to

provide the 15 free hours entitlement and, of course, the desire, particularly in my area, to focus on the most disadvantaged, the number of full-time places has shrunk dramatically. In fact, they are non-existent in many schools.

That has a particular effect on working parents, but some children would fit very well into the full-time model as they approach reception. People perceive it as “Oh, well, some qualify and some don’t.” It is quite a stark division. If you are a working parent, you have to find alternative care. You cannot chop and change very easily between a bit of provision in the school and then something else in the afternoon. It is very expensive and complicated to do that, so working parents tend not to have the option. They have to go somewhere else if they can afford it. If they cannot afford it, many just find all sorts of complicated ways to juggle hours. Have you looked at that? Your job, quite rightly, is to look at the education of these young people, but do you talk to BIS and other Departments, for instance, about the impact of your policies on parents? Parents’ working is pretty important to households and to children’s opportunities, but it is also very important to the economy. I do not know if you have those wider conversations, and if you have picked up these perverse outcomes as well.

**Tom Jeffery:** We do have those wider conversations, not least because a lot of what we are doing here is the Department for Education’s contribution to a wider social policy agenda, particularly child poverty. The particular instance you cite is one that is very difficult if we are seeking to increase the numbers taking up when there is a limit on the capacity in which they take it up. I don’t know if Ann wants to comment on that.

**Ann Gross:** Well, we are still seeing an expansion in numbers of providers of early years and child care, but I think you are right. We have seen a bit of a rebalancing towards parents taking up sessional provision. I am sure that there are a number of factors influencing that. What we do know, for example, is that most children’s centres in disadvantaged areas are still offering full day care, so it is available for parents, but it may be that at the moment parents are having to make more difficult choices about how much of that day care they are able to take up.

**Q129 Meg Hillier:** I appreciate it is challenging, but when you are going to expand the under-two-year-olds offer, the danger is that it is like gold dust to get a place for under-threes at the moment. If you then make that the entitlement, the full-time places effectively get watered down and that could have a very big impact on parents and household income.

**Tom Jeffery:** But it’s something that we must look at in the pilots to which Ann was referring.

**Q130 Meg Hillier:** So you will be including that kind of granular level of detail?

**Tom Jeffery:** We will understand the full implications of the two-year-old offer itself and on the wider system.

**Meg Hillier:** That is just so important. My criticism of the Education Department is that it focuses so much on education—which is, of course, its job—that

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sometimes it forgets that there are real people involved, and that these things will make a very big difference to families. I shall reassure my families, Mr Jeffery, that you are taking this seriously.

**Q131 Chair:** Can I ask a very final question, which is: can you give us any examples of when you have intervened on local authorities where they have failed to uphold their statutory duty, and what you did?

**Tom Jeffery:** We can.

**Ann Gross:** We have examples of cases where members of the public have raised with us concerns about top-up fees, or the ways in which local authorities are taking forward their sufficiency duties. What we do in those cases is contact officers in the local authority. We find out what has been going on and ask questions. If necessary, we write formally to remind local authorities of their statutory duties.

**Q132 Chair:** And on quality or quantity, or take up?

**Ann Gross:** We haven't formally intervened case-by-case on those factors. What we think we are doing at the moment is putting in place the building blocks of greater transparency and better data which will enable us to have those conversations going forward.

**Q133 Chair:** And you can write formally to an authority, and then?

**Tom Jeffery:** Well, the Secretary of State ultimately has powers of issuing directions, but we have not got to that point.

**Q134 Ian Swales:** Just on that point, Chair, in fact paragraph 2.7 says that the Department did a survey and mentioned that parents stated that one of the reasons they did not get full entitlement was, "That they could not receive the entitlement without purchasing additional hours". That is actually in the Report. Did you take up every case in which the parents said that? Have you got any examples?

**Chair:** My Mumsnet cases—I am going to give those to them afterwards.

**Ian Swales:** The Department already has cases, but yes. Have you actually taken all the cases up and contacted the authorities and so on?

**Ann Gross:** I don't believe we have.

**Q135 Ian Swales:** This is your own—this is not NAO work, this says "the Department's survey", so

parents are telling you this information. How come you don't use it?

**Tom Jeffery:** When parents approach us, directly or through a Member of Parliament, then we will follow it up. We have followed a number of such issues up.

**Q136 Ian Swales:** But you just said that you had not followed these.

**Ann Gross:** In the case of the survey, I understand that we have not followed up all of those individuals, but when we receive letters or e-mails—direct representations from members of the public—then we do follow them up.

**Q137 Mr Bacon:** Why didn't you follow up the ones in the survey?

**Ian Swales:** Isn't the survey equally valid, if you asked people and they gave you that information?

**Ann Gross:** I believe that it is because it was a research project, and I do not think that we have the individual details of the people involved.

**Ian Swales:** Okay. That is clearly an issue.

**Q138 Chair:** Okay. I think all this demonstrates the importance of extra information. I think parents, from what I can see from the Mumsnet work I did this morning, just don't know—they don't know what they are entitled to. You will only get the very occasional one that comes to the Department, I would have thought.

**Amyas Morse:** Chair, I just wanted to mention that this is likely to be Mr Jeffery's only appearance before us.

**Chair:** Is it? No, we will have him back. Are you leaving?

**Tom Jeffery:** No, but Chris Wormald takes over as permanent secretary of the Department in a fortnight's time.

**Chair:** Don't worry, we like to have people who are responsible and accountable for giving us evidence, so whatever the traditions will be, I have no doubt that if we look at further areas we would welcome you back.

**Q139 Mr Bacon:** What will you be doing next, and then we can make a special effort to look at that area?

**Tom Jeffery:** I shall be following up some of the commitments that Ann and I have made now.

**Chair:** Okay. Thank you very much indeed.

**Written evidence from the National Audit Office****FREE ENTITLEMENT TO EDUCATION FOR 3 AND 4 YEAR OLDS: FURTHER DATA**

I am following up on a request for further data made in the briefing immediately before the 12 March PAC hearing, "Delivery of the free entitlement to education for three- and four-year-olds". For the main performance measures used in our report we have pulled out data on the performance of the local authorities that map most closely to your constituencies, as follows:

1. Take-up and quality data.
2. Outcomes data (Early Years Foundation Stage Profile).
3. Funding data.

Please note that funding data, as used in the analysis in our report, is only available for the 71 pathfinder authorities who implemented the local funding formula by April 2010.

I hope that this additional data will be of use to you. Please get in touch if you would like to discuss it further.

**1. TAKE-UP AND QUALITY DATA**

<i>Member</i>	<i>Constituency</i>	<i>Local authority</i>	<i>Take-up of free early education in January 2011<sup>1</sup></i>		<i>Overall take-up</i>	<i>% good or outstanding</i>	<i>Quality (Ofsted ratings)<sup>2</sup></i>
Margaret Hodge	Barking	Barking & Dagenham	79	104	92	92	70
Richard Bacon	South Norfolk	Norfolk	99	100	100	100	77
Stephen Barclay	North East Cambridgeshire	Cambridgeshire	101	99	100	100	79
Jackie Doyle-Price	Thurrock	Thurrock	99	96	98	98	81
Matthew Hancock	West Suffolk	Suffolk	96	96	96	96	83
Chris Heaton-Harris	Daventry	Northamptonshire	96	102	99	99	78
Fiona Mactaggart	Slough	Slough	98	109	103	103	82
Meg Hillier	Hackney South & Shoreditch	Hackney	90	97	93	93	74
Austin Mitchell	Great Grimsby	North East Lincolnshire	97	102	100	100	76
Ian Swales	Redcar	Redcar & Cleveland	101	100	101	101	87
James Wharton	Stockton South	Stockton-on-Tees	99	108	103	103	85
Stewart Jackson	Peterborough	Peterborough	101	111	106	106	77
Nick Smith	Blaenau Gwent	n/a <sup>3</sup>					
Figures for England:			93	98	95	95	78

*Notes*

<sup>1</sup> Take-up of free early education includes children accessing reception. This is Departmental data, using take-up data from early years and schools censuses and population data based on ONS estimates for local authority areas. These may be over 100 due to children from outside the LA area attending providers within the LA area, or where it has not been possible to estimate the local population with sufficient accuracy.

<sup>2</sup> Ofsted ratings include the most recent inspection for providers of the free entitlement inspected between September 2008 and March 2011.

<sup>3</sup> The NAO report only covered the free entitlement in England.

## 2. OUTCOME DATA (EARLY YEARS FOUNDATION STAGE PROFILE)

Member	Local authority	% of children achieving a good level of development <sup>4</sup>		attainment gap <sup>5</sup>	
		2009	2010	2009	2010
Margaret Hodge	Barking & Dagenham	47	51	33.5	34.8
Richard Bacon	Norfolk	48	50	35	31.6
Stephen Barclay	Cambridgeshire	50	55	32.2	32.3
Jackie Doyle-Price	Thurrock	45	50	36.5	31.9
Matthew Hancock	Suffolk	46	50	35.2	33.6
Chris Heaton-Harris	Northamptonshire	54	58	31.5	31.1
Fiona Mactaggart	Slough	46	48	36.9	35.8
Meg Hillier	Hackney	35	48	36.6	31.9
Austin Mitchell	North East Lincolnshire	44	57	36.4	29.2
Ian Swales	Redcar & Cleveland	48	51	32.6	31.8
James Wharton	Stockton-on-Tees	63	61	33.3	34.4
Stewart Jackson	Peterborough	48	50	34.9	34.4
Nick Smith	n/a				
Figures for England:		52	56	33.9	32.7

## Notes

<sup>4</sup> A good level of development is defined as achieving at least 78 points across all scales for the Early Years Foundation Stage Profile and at least 6 (out of 9) in each of the scales associated with Personal, Social & Emotional and Communication, Language & Literacy.

<sup>5</sup> The attainment gap is defined as the difference between the median score for the whole population to the mean score of the lowest 20% of achievers

### 3. FUNDING DATA

Additional funding data is only available for local authorities that were pathfinders in 2010–11.

<i>Member</i>	<i>Local authority</i>	<i>% of DSG spent on free entitlement</i>	<i>% of free entitlement funding distributed through base rates<sup>6</sup></i>	<i>funding per hour</i>
Richard Bacon	Norfolk	4.6%	94.3%	£3.68
Stephen Barclay	Cambridgeshire	5.5%	86.8%	£4.28
Jackie Doyle-Price	Thurrock	4.7%	92.0%	data not available <sup>7</sup>
Matthew Hancock	Suffolk	5.4%	95.4%	£3.65
Fiona Mactaggart	Slough	6.9%	36.7%	£5.13
James Wharton	Stockton-on-Tees	5.6%	88.1%	£3.85

#### *Notes*

<sup>6</sup> Remaining funding is distributed through supplements or lump sums (see Figure 11 of NAO report).

<sup>7</sup> Funding per hour data for Thurrock is not available because the Section 251 data return from the local authority was incomplete.

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