



Government support for childcare and childcare reform under the Coalition Government

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This note provides an overview of Government childcare policies since 2010. It is one of two notes that replace a previously existing note on support for childcare since 1997. The other, SN06382, provides information on support for childcare under the Labour Government in office from 1997-2010.

This note gives an overview of Government policies on childcare since 2010. It covers:

- Early years provision
- Local authority duties in relation to childcare provision
- Extended schools
- Tax relief for childcare
- Help with childcare costs through tax credits and predecessor programmes
- Proposals for providing help with childcare costs under Universal Credit

For ease of reference, there is some repetition of material contained in the Library note on childcare policy under the Labour Government, where the policy of the previous Government is required as background.

The sections on early years provision, local authority duties and extended schools cover England only. The sections on tax relief and tax credits apply to the United Kingdom as a whole. The childcare provisions in Universal Credit will apply across England, Wales and Scotland. Social security is a transferred matter under the *Northern Ireland Act 1998*, although there is a long-standing policy of parity in this area. A *Welfare Reform Bill* is currently before the Northern Ireland Assembly.

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1 Early Years Entitlement¹

The Government is in the process of rolling out an entitlement to 15 hours a week of pre-school education to all disadvantaged two year olds, in addition to the 15 hours already available for children of [three and four years of age](#).²

In 2008, the then Labour Government announced its intention to roll-out, stage by stage, an offer of free learning to all two-year-olds across the country.³ The first stage of the extended offer was to provide 10 or 15 hours of high-quality childcare a week alongside family support for most disadvantaged two year olds in every local authority in the country. In 2008-10,

¹ By Robert Long, Social Policy Section

² DfE, [Early learning for disadvantaged two-year-olds](#)

³ The offer was made following pilots that had been running since 2006; see: DCSF, [The Children's Plan – Building brighter futures](#), December 2007; Cm 7280, paras 3.41-42

£137 million was allocated to support the initial offer and to test differing models of delivery to inform a wider roll-out.⁴

In November 2010, the Coalition Government stated its intention to legislate so that '20% of the most disadvantaged two-year-olds receive 15 hours of free early education a week'. In his 2011 Autumn Statement, the Chancellor announced that the reach of the scheme would be increased to 40%:⁵ funding for the 20% most disadvantaged two year olds would be available in 2013, with the scheme extended to the next 20% most disadvantaged in 2014.⁶

The Department for Education (DfE) issued a consultation document, *Supporting Families in the Foundation Years: Proposed Changes to the Entitlement to Free Early Education and Childcare Sufficiency* in November 2011. The document set out "proposals on the new entitlement for two year olds from September 2013, including which children will be eligible," and was open to responses until 3 February 2012.

While the policy came into effect in September 2013 (for the 20% most disadvantaged two-year olds), the DfE has stated that all local authorities in England "have been delivering a targeted offer of between 10 and 15 hours' free early education to some of the most disadvantaged two-year-olds since September 2009."⁷

In May 2012, the Government confirmed that the eligibility criteria for qualifying as the 20% of most disadvantaged children will be two-year-olds who live in households which meet the current eligibility criteria for free school meals, along with children who are looked after by the state. It has subsequently announced the eligibility criteria for the expansion of the entitlement for two year olds in September 2014:

From September 2013

From September 2013, around 130,000 2-year-olds are eligible for 570 hours per year of funded early education.

All 2-year-olds who are looked after by their local authority are eligible.

2-year-olds whose family receives one of the following are also eligible:

- income support
- income-based Jobseeker's Allowance (JSA)
- income-related Employment and Support Allowance (ESA)
- support through part 6 of the Immigration and Asylum Act
- the guaranteed element of State Pension Credit
- Child Tax Credit (but not Working Tax Credit) and have an annual income not over £16,190
- the Working Tax Credit 4-week run on (the payment you get when you stop qualifying for Working Tax Credit)

⁴ DCSF Written Statement, *Free Entitlement for Three and Four Year-olds*, 7 November 2007, c2-3WS

⁵ [HC Deb 29 November 2011 cc809–810](#)

⁶ DfE, *Early learning for disadvantaged two-year-olds*, website [taken on 30 January 2012]

⁷ DfE, *Early learning for disadvantaged two-year-olds – implementation plan*

We set out the eligibility criteria for the first phase of early learning for 2-year-olds in the local authority [October 2012 regulations](#).

From September 2014

From September 2014, 2-year-olds who meet any 1 of the following criteria will be eligible:

- if they meet the eligibility criteria also used for free school meals
- if their families receive Working Tax credits and have annual gross earnings of no more than £16,190 per year
- if they have a current statement of special educational needs (SEN) or an education, health and care plan
- if they attract Disability Living Allowance;
- if they are looked after by their local authority
- if they have left care through special guardianship or through an adoption or residence order

We will confirm the benefits and earnings criteria for families on Universal Credit at a later date.

We will publish estimated numbers of eligible children with the 2014 to 2015 local authority funding allocations in autumn 2013.

Eligible providers

Registered providers that follow the early years foundation stage (EYFS) are able to deliver funded places to eligible 2-year-olds. This includes schools and childminders. Childminders must be Ofsted registered. but there is no national requirement for them to be part of a childminding network.⁸

The Government has published [statutory guidance](#) for local authorities on free childcare provision for three and four year olds, and the 20% most disadvantaged two year olds, which came into effect on 1 September 2013.

1.1 Funding

Since 2011, funding for the free learning for disadvantaged two year olds has been made available to local authorities through the Early Intervention Grant (EIG). This Grant is not ring-fenced, so it is up to local authorities to determine what funding they put to this purpose because “the Government believes that local authorities should be free to take their own decisions about how much to spend on their local needs and priorities.”⁹

In 2011-12 DFE invested £64m in 2011-12 for two-year olds early education. In subsequent years the funding will amount to £291m in 2012-13; £534m in 2013-14; and £760m in 2014-15. The DFE explained that ‘this gradual increase of funding is to allow authorities time to build quality and capacity, particularly in disadvantaged areas.’¹⁰

⁸ Department for Education, [Early learning for 2-year-olds: Information for LAs](#), 2 September 2013

⁹ Department for Education, [Early intervention Grant and free early education places for disadvantaged two-year-olds – Frequently Asked Questions](#)

¹⁰ *Ibid*

From 2013-14 funding for two-year-olds will be included within the ring-fenced Dedicated Schools Grant.

The DFE website notes that:

Funding

Local authorities should fund early learning places for 2-year-olds in:

- any setting rated 'good' or 'outstanding'
- settings rated 'satisfactory/requires improvement', only in areas where there is not sufficient 'good' or 'outstanding' provision
- new settings registered with Ofsted until their first full Ofsted inspection judgement is published

Local authorities are responsible for securing alternative provision and should withdraw funding if a provider offering early learning places for 2-year-olds is rated 'inadequate' by Ofsted at a later date.¹¹

2 Extended schools¹²

2.1 Introduction under the Labour Government

Under the extended schools programme the Labour Government wanted all schools to offer access to extended services. The aim was for schools to offer a range of services before and after the school day to help meet the needs of children, families and the wider community. Extended services may include childcare before and after school, breakfast clubs, after school clubs, specialist services, family support such as parenting skills classes, and community access to school sports facilities etc.

The Labour Government made explicit that the full core offer of extended services consisted of five elements.

- a varied range of before and after school activities including study support in a safe place to be for primary and secondary schools;
- access to childcare, 48 weeks a year for primary schools;
- parenting and family support;
- swift and easy access to specialist health and social care services; and,
- community use of facilities including adult & family learning and information, communication and technology.

2.2 Developments under the Coalition Government

The 2010 Comprehensive Spending Review announced that the amounts of extended services funding then provided through the Department's Standards Fund would form part of the overall schools revenue funding from April 2011. This has meant that there is now no specific amount earmarked for extended services.¹³ It is up to school leaders and their partners locally to decide what services and activities should be offered. As part of their

¹¹ Department for Education, [Early learning for 2-year-olds: Information for LAs](#), 2 September 2013

¹² Christine Gillie, Social Policy Section

¹³ HC Deb 1 March 2011, cc344-5W

wider strategies to raise standards for the most disadvantaged children, schools can also use Pupil Premium funding on extended services.

Chris Ruane: To ask the Secretary of State for Education what steps he is taking to ensure all children have access to extended school provision. [92355]

Sarah Teather: Funding for extended services is included in the Dedicated Schools Grant, but it is for schools to decide what services they will offer based on the needs of their pupils.

As part of their wider strategies to raise standards for the most disadvantaged pupils, schools may also wish to consider using some of their Pupil Premium funding on extended services.

The Department has awarded grants to Children's University and ContinYou, over two years, 2011-13, to support the development of extra curricular and learning opportunities either side of the school day.¹⁴

The DFE published data on [schools providing access to extended services as at June 2010](#). As this noted, schools were not expected to provide services alone, or necessarily to deliver them on site. Instead, they could work in partnership with local authorities, other schools (in clusters) and local partners including private and voluntary sector, Primary Care Trusts, health and social care services and community organisations and, where appropriate, direct parents to existing services. As at 10 June 2010, nationally the percentage of schools offering access to extended services was 98 percent. The percentage of schools offering access to extended services by local authorities ranged from 89 percent to 100 percent.

In September 2011, the DFE published an overview of the research evidence on the outcomes that extended services can produce: [Extended services in practice - A summary of evaluation evidence for head teachers](#).¹⁵ The report, which was commissioned before the present Government came to power, drew on the work of the national extended services evaluation, which ran between 2009 and 2011, and also incorporated the findings of earlier evaluation evidence. Although the report noted that the evidence was not perfect and that there were some ambiguities, nevertheless, it highlighted that extended services provision can have important positive impacts on children, families, communities, and on the schools themselves.

The Government has emphasised that it wants schools to decide which extended services to offer. As part of their wider strategies to raise standards for the most disadvantaged children, schools can use Pupil Premium funding on extended services.

Chris Ruane: To ask the Secretary of State for Education what steps he is taking to ensure all children have access to extended school provision. [92355]

Sarah Teather: Funding for extended services is included in the Dedicated Schools Grant, but it is for schools to decide what services they will offer based on the needs of their pupils.

As part of their wider strategies to raise standards for the most disadvantaged pupils, schools may also wish to consider using some of their Pupil Premium funding on extended services.

¹⁴ [HC Deb 31 January 2012 c630W](#)

¹⁵ [Research Report DFE – RR155](#)

The Department has awarded grants to Children's University and ContinYou, over two years, 2011-13, to support the development of extra curricular and learning opportunities either side of the school day.¹⁶

The Government set out its policy as follows:

Mrs Hodgson: To ask the Secretary of State for Education what steps his Department has taken to encourage schools to (a) provide and (b) host (i) breakfast clubs, (ii) after school clubs and (iii) holiday activities since the end of his Department's funding for wraparound childcare. [128774]

Elizabeth Truss: The Government want schools to decide which extended services to offer based on the contribution they are making to improving pupil outcomes, particularly for disadvantaged pupils. The funding for extended services was mainstreamed into the Dedicated Schools Grant from April 2011 following the spending review.

The Childcare Commission is looking at how to improve the accessibility of child care for working families. This will include child care for the over-fives, particularly the wrap-around child care that many families need before school, after school and in the holidays. The intention is to identify ways to enable parents and other volunteers to set up the schemes they want in their area; and to promote partnerships between schools and voluntary and private providers. The Commission will report later in the autumn.¹⁷

And:

Dan Jarvis: To ask the Secretary of State for Education what steps his Department plans to take to ensure that young people are provided with out of school services. [172086]

Elizabeth Truss: Local authorities have a number of existing responsibilities for out of school services. For example, they have a legal duty to secure, so far as is reasonably practicable, sufficient child care for working parents or parents who are studying or training for employment. The Government is also introducing new responsibilities that will strengthen out of school services. For example, under the provisions in the Children and Families Bill, from September 2014, local authorities will have to involve families and young people in producing a 'local offer', which sets out the services that will be available for children and young people with special educational needs (SEN) in their area.

Schools have the freedom to choose which out of school services they provide or link with, including youth services, because they understand the needs of their pupils. They do have certain duties, however, such as using their 'best endeavours' to identify and meet the needs of pupils with SEN.

The Government is encouraging, and making it easier for schools to do more, such as: providing out-of-hours and holiday care; using their increased freedoms in the use of alternative provision to meet pupils' needs; and taking up the opportunity of joining the joint Department for Education and Ministry of Defence Cadet Expansion Programme to develop their own military cadet force as part of school life.¹⁸

¹⁶ [HC Deb 31 January 2012 c630W](#)

¹⁷ [HC Deb 27 November 2012 c330W](#)

¹⁸ [HC Deb 25 October 2013](#)

The DFE's *School Governors' Handbook*, published in May 2013, provides guidance on schools provision for extended services. Relevant extracts are reproduced below, with references to relevant statutory provisions.

6.3.2 Use of premises for extended activities and community services

Schools can accommodate extended and community services. Examples include after-school clubs, adult education, out-of-school childcare (including breakfast clubs and holiday care), sport and youth clubs. Some schools offer or rent out their facilities to voluntary organisations.

These arrangements can benefit schools, their pupils and parents, and their local communities. Schools offering extended services may benefit from improved behaviour and attendance. These arrangements can also enable schools to make the best use of their facilities, which may otherwise be underused before and after the school day and in school holidays.

Governing bodies may not use their delegated budget shares for anything other than the purposes of the school. The term 'purposes of the school' would normally be interpreted as including all activities that bring an educational benefit to pupils at the school. The term also includes spending on pupils registered at other maintained schools and providing community facilities for charitable services Footnote 81 (see below).

Governing bodies can charge for the provision of extended and community services Footnote 82.

An academy trust's Articles of Association set out the powers that the trust may exercise in pursuit of its charitable object. The current model articles allow the academy trust 'to provide educational facilities and services to students of all ages and the wider community for the public benefit'.

Academies should also consult their funding agreement. The current model funding agreement says that the academy 'will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community'. The funding agreement will set out how the grant available from the Secretary of State can be used.

Footnotes

81 See section 27 of the Education Act 2002.

82 See section 27(3) of the Education Act 2002.

And:

6.4 Provision of childcare and other community services

Many schools and academies offer comprehensive programmes of before and after school and holiday care, and other activities, throughout the year. These programmes support pupils and parents, place the schools and academies at the hearts of their communities, and can generate profits which can be reinvested to improve services.

In deciding what, if any, extended activities to offer and in making decisions on the form any such activities should take, governing bodies should:

- make sure that extended activities or services benefit the public and any profits made are reinvested in the service or in the school;

- make sure that in providing extended activities or services, these do not conflict unduly with their statutory duties, in particular their duty to promote high educational achievement in the school;
- consult the LA, school staff, parents of its school's registered pupils and anyone else the school considers appropriate, given the nature of the service. This should include some or all of the registered pupils where appropriate, particularly in view of their age and understanding;
- refer to any advice given by the LA and to guidance issued by us; and
- make sure that any childcare for children under the age of three provided by the school is registered with Ofsted, and any other childcare provided is registered where necessary or appropriate.

Academy trusts may choose to run extended services and provide childcare, as well as run nurseries and children's centres. This may, however, require a change to their Articles of Association. Academy trusts are advised to contact the EFA who will advise.

And:

6.4.2 Restrictions on extended activities

A governing body cannot engage in any activity that might interfere with its duty to promote high standards of educational achievement at the school. The governing body's use of the power is also subject to any limits or restrictions contained in the school's instrument of government or in its trust deed (if it has one) and to any local directions issued by the LA regarding the control of school premises.

Before carrying out any plans to provide facilities or services using the power in section 27 of the Education Act 2002, the governing body must consult with the LA, school staff, and parents of its school's registered pupils. The governing body can also consult some or all of the registered pupils, where the governing body considers this to be appropriate in view of their age and understanding and where the exercise of the power would affect those pupils, and anyone else that the governing body consider appropriate.

2.3 School provision of community services

Section 88 of the *Children and Families Act 2014* removed previously existing duties on school governing bodies in England to consult local authorities, parents and staff, and have regard to advice and guidance given by the local authority or the Secretary of State, before offering facilities or services (such as school-based childcare) to the community. The Government saw this as a means of reducing bureaucracy for schools.¹⁹

The following written answer to a PQ sets out what steps the Government is taking to encourage schools to make facilities available to the community outside school hours.

School Facilities: Community Use

Justin Tomlinson: To ask the Secretary of State for Education what steps he is taking to encourage schools to make their facilities available for community use outside school hours. [901004]

¹⁹ [Public Bill Committee, Children and Families Bill, 17th sitting, 23 April 2013 cc 670-1](#)

Elizabeth Truss: Out-of-hours and holiday child care provided by schools as community services have an important role to play in increasing the amount of affordable and flexible care. We need more schools to be offering this sort of community facility.

The Government is removing unnecessary red tape, increasing freedoms, and helping schools to understand how to provide community facilities.

For example, we are aligning staffing and qualification requirements with the school day; removing the need for schools to consult when introducing community facilities, or have regard to guidance from the Secretary of State or local authorities; clarifying the rules on charging for community facilities; and helping schools to learn from those who have done it successfully.²⁰

3 Tax relief for childcare²¹

In general childcare or home help services are not tax deductible. Although there has been some debate as to the merits of making childcare fully tax deductible, governments have resisted this on the grounds that it would be relatively expensive and that it would be poorly targeted, as it would be of no value to parents whose incomes were too low to be paying tax.²²

However, there are two limited forms of tax relief to encourage employers to give help to their employees with childcare costs. First, if an employer establishes a nursery or playscheme for their employees, the employees who use it are not taxed on the value of this benefit as part of their earned income, unlike other fringe benefits. Second, if an employer subsidises employees' childcare costs – by means of a contract with an approved childcarer or providing childcare vouchers for the purpose of paying an approved childcarer – tax relief is given up to a set weekly limit. This relief was introduced in April 2005: the first £50 a week of contracted childcare or vouchers would not be charged income tax or National Insurance contributions (NICs). Since April 2006 the weekly limit has been £55. General guidance for parents on these reliefs is collated on [HM Revenue & Customs' site](#).²³

In September 2009 the then Prime Minister, Gordon Brown, proposed that this relief should be withdrawn to fund the extension of free childcare for two year olds. The proposal proved highly contentious and in December 2009 Mr Brown announced that the relief would be retained, but, from April 2011, it would be restricted in value so that all new voucher recipients would get the same amount of tax relief, to ensure that higher rate taxpayers did not benefit disproportionately.²⁴ In its first Budget in June 2011 the Coalition Government confirmed that it would take this measure forward;²⁵ provision to this effect is included in the *Finance Act 2011* (specifically clause 35 & schedule 8). The new income tax limit applies to taxpayers paying income tax at the 40% higher rate or the 50% additional rate who join employer-supported childcare schemes on or after 6 April 2011. At the time it was estimated that this change would raise £15m in 2011/12, rising to £40m in 2012/13.²⁶

²⁰ HC Deb 11 November 2013 cc 507-8W

²¹ Antony Seely, Business and Transport Section

²² The current Government's position was given in answer to a PQ: HC Deb 18 January 2012 c833W.

²³ in particular see, [Childcare provided by employers – leaflet IR115](#), April 2013

²⁴ HC Deb 14 December 2009 c846W

²⁵ *Budget 2010* HC 61 June 2010 para 2.123

²⁶ HM Revenue & Customs, [Reduced childcare relief for higher earners \(TIIN 8275\)](#), 23 March 2011

Further details on the introduction of the existing relief for employer-provided childcare and the restriction introduced from April 2011 are given in a second Library note.²⁷ In March 2013 the Government announced that it will seek to phase in a new scheme for tax-free childcare from autumn 2015. This is discussed in detail in section 4 of this note.

4 Tax-free childcare²⁸

On 19 March 2013 the Government announced that it will seek to phase in a new scheme for tax-free childcare from autumn 2015. To be eligible, families would have to have all parents in work, with each earning less than £150,000 a year, and not in receipt of support for these costs from tax credits or, when introduced, Universal Credit. Families would receive 20% of their yearly childcare costs up to £6,000 per child. It is anticipated that initially families with children under 5 would be able to make a claim, but that in the longer-term the scheme would be extended to include children under 12. From the start of the new scheme, the current relief for employer-provided childcare would be retained only for existing members. Those in receipt of this tax relief would be able to move over to the new scheme, if they met the qualifying criteria, but could not benefit from both schemes.²⁹

The Government has made provision for HM Revenue & Customs to begin preliminary work on the scheme. This has been done through 'paving legislation', included in the *Children & Families Bill 2013-14*, without which HMRC could not spend any money on preparations, such as the design of IT systems.³⁰ This was introduced at the report stage of the Bill on 11 June, and approved without division.³¹

A consultation on the operation of the scheme ran from 5 August to 14 October 2013. The [announcement](#) of the consultation listed three central design features for the scheme:

- While the Tax-free Childcare scheme is being introduced to support only families where all parents are working, there will be some exceptions to this. Parents on paid maternity, paternity and adoption leave will be eligible to continue receiving Tax-free Childcare for any children they already have; and couples in which one parent works and the other is in receipt of contributory Employment and Support Allowance or Carers' Allowance will also be eligible for the scheme.
- The eligibility of children will be aligned to the school year so that children in the same year at school will be treated consistently under the scheme and parents can receive support with their costs for the whole school year. All children born after August 2010 will be eligible.
- The government intends to deliver Tax-free Childcare through online voucher accounts run by private sector voucher providers. The government wants parents to have a choice of voucher providers and for them to be able to switch between them with minimal fuss and cost.³²

²⁷ [Tax relief for childcare](#), Library standard note SN19, 21 August 2013

²⁸ By Robert Long, Social Policy Section

²⁹ HM Treasury press notice 29/13, [New scheme to bring tax-free childcare for 2.5 million working families](#), 19 March 2013

³⁰ The use of paving legislation of this type is not particularly common, though generally it is uncontroversial. Sometimes this is done with provision in the annual Finance Bill, sometimes in separate legislation. Some examples are discussed in the Library paper for the second reading debate on what became the *Planning-gain Supplement (Preparations) Act 2007* ([Library Research paper 07/4](#), 10 January 2007 pp30-42). The Act allowed HMRC to spend money on the development of a proposed 'planning gain supplement', although, as it transpired, the Labour Government decided it would *not* introduce this new charge in October 2007.

³¹ HC Deb 11 June 2013 cc222-240

³² HM Treasury press notice, [Tax-Free Childcare scheme: government asks for parents' views](#), 5 August 2013

The announcement also set out a confirmation of the scheme’s intended structure, eligibility criteria, and timetable for introduction:

The document also proposes that the scheme will be aligned to the school year so that children in the same class are treated consistently and confirms that:

- The new Tax-free Childcare scheme will cover 20% - equivalent to the basic rate of tax - of working families’ childcare costs up to a limit of £6,000 per year per child, i.e. £1,200
- In the first year of the scheme, starting in autumn 2015, children born in or after September 2010 will be eligible (i.e. under five and younger five year-olds). This will increase to 6 in the second year, and so on until children under 12 are eligible. Once the scheme has been fully phased in, eligibility will end in the September following the child’s 11th birthday.
- To be eligible for the scheme, families will have all parents in work, with each earning less than £150,000 per year, and will not already receive support through tax credits (or Universal Credit in the future) or the current Employer Supported Childcare scheme.
- The scheme will be run through online voucher accounts.³³

The full [consultation document](#) provides further detail,³⁴ including a prospective timetable for the scheme’s introduction:³⁵

Period	Milestone
August to October 2013	Consultation with family groups, childcare providers, voucher industry, employers and payroll industry, and other interested stakeholders
Autumn 2013	Consultation results published with detailed proposals of scheme operation
Autumn 2013 to winter 2014	Systems specifications work in cooperation with industry Draft legislative bill prepared and consulted upon
Spring to autumn 2014	Systems development (design and build) by the Government and voucher providers proceeds in parallel
Summer 2014 to spring 2015	Legislation passes through Parliament
Autumn 2014 to summer 2015	Systems development (testing and refining) by the Government and voucher providers proceeds in parallel
Autumn 2015	Scheme goes live

5 Support for childcare through tax credits and predecessor programmes³⁶

5.1 The situation up to April 2011

Help with childcare costs for working families was first given in October 1994 as part of the **Family Credit** system, in the form of a childcare disregard. The maximum weekly amount that could be offset against earnings for Family Credit purposes was increased from £40 a week to £60 in April 1996, and to £100 a week (for families incurring childcare costs for two

³³ Ibid.
³⁴ HM Treasury and HM Revenue and Customs, *Tax-Free Childcare: consultation on design and operation*, August 2013
³⁵ Ibid., p8
³⁶ Steven Kennedy, Social Policy Section

or more children) in June 1998. This applied to costs in respect of childcare for children under 11.

The **Working Families' Tax Credit** (WFTC), which replaced Family Credit from October 1999, also included a more generous childcare tax credit which covered up to 70 per cent of eligible childcare costs of up to £100 per week for one child and £150 for two or more children. This applied to costs in respect of children under 15 (or 16 if disabled). The maximum eligible childcare costs were increased in 2001 to £135 a week for one child and £200 for two or more children.

The **Child and Working Tax Credits** replaced WFTC from April 2003. Assistance is available in respect of children up to the age of 15 (16 if disabled). The childcare element – part of the Working Tax Credit – was initially worth up to 70 per cent of eligible childcare costs of up to £135 a week for one child and £200 for two or more children. In April 2005 the ceilings on eligible childcare costs were raised to £175 and £300 a week respectively, and from April 2006 the maximum proportion of costs covered by the childcare element increased to 80 per cent. By the end of the Labour Government's term in office, therefore, the childcare element was worth a maximum of £140 for childcare for one child and £240 for two or more children.

Further background information on the childcare element – and how it fits into the wider tax credit system – can be found in a Library standard note, [Tax credits and childcare costs](#).

From October 1994, additional help with childcare costs has also been available via the **childcare disregards in Housing Benefit and Council Tax Benefit**. By 2010-11, families could have eligible childcare costs deducted from net earnings when calculating their entitlement to HB and CTB. The disregard covered costs of up to £175 a week for one child, or £300 for two or more children. Eligible childcare, and the working hours thresholds, were the same as for the WTC childcare element.

The combination of the WTC childcare element, and the HB/CTB childcare costs disregards, meant that by 2010-11 some families could have up to 97% of their eligible childcare costs covered.³⁷ In 2011, the Government estimated that around 100,000 families received support for childcare costs from both the WTC childcare element and one or both of the childcare disregards available through Housing Benefit and Council Tax Benefit.³⁸

5.2 Changes to the childcare element of Working Tax Credit from April 2011

In the run up to the introduction of Universal Credit (see section 6 below), the current Government has made various changes to tax credits, including to the childcare element of Working Tax Credit.

The Childcare element of the Working Tax Credit provided help with up to 80% of eligible childcare costs. The October 2010 Spending Review announced that from April 2011 the percentage of childcare costs covered by the childcare element would be reduced to 70% (the rate which had applied from 2003-04 to 2005-06). The change was expected to result in savings of £405 million a year by 2015-16.³⁹

³⁷ Section 10.6 of Library briefing SN06548, *Draft Universal Credit Regulations 2013*, explains the combined effect of the WTC childcare element and the HB/CTB childcare disregards in more detail

³⁸ HC Deb 12 July 2011 c237w

³⁹ Budget 2011, HC 836 2011-12, Table 2.2

The number of families benefiting from the childcare element of WTC increased from 318,000 in April 2004 to 493,000 by April 2011; over the same period the average amount of help with childcare costs increased from £43.67 a week to £69.23 a week. By 1 April 2012 however, the number of families getting help with childcare costs had fallen to 455,000, and the average weekly payment was £58.25. At December 2013, 422,000 families were getting help with childcare costs and the average weekly payment was £59 a week.⁴⁰

6 Support for childcare under Universal Credit⁴¹

Universal Credit is to replace a range of existing means-tested benefits and tax credits. It is currently received by a small number of claimants in certain “pathfinder” areas. The government hopes that most claimants of existing benefits will have been moved onto Universal Credit by the end of October 2017, but the precise timetable is uncertain.

Support for childcare costs is to be provided as a separate element within Universal Credit, in broadly the same way as the WTC childcare element. A key difference is however that parents working fewer than 16 hours a week will be able to get help with childcare costs. Other differences between childcare support in Universal Credit and the WTC childcare element include:

- Under UC, payment will be based on the actual amount people spend on childcare each month
- UC will offer help with the upfront costs of childcare in the month before work begins, and support will continue for the first month after someone becomes unemployed, to help people prepare for a new job or adjust to a period of unemployment.

The box below – from the Government’s consultation paper on *Tax-Free Childcare* published in August 2013⁴² – sets out how eligibility for the childcare element is determined.

Box 6.A: The childcare element of Universal Credit

The childcare element of Universal Credit is intended to help parents access the labour market.

- Working parents on Universal Credit can receive the childcare element for any number of hours worked; there is no minimum number of working hours required.
- The childcare element is paid to people who are newly unemployed, or due to start work soon.
- The childcare element is paid based on the actual childcare costs people report during their monthly assessment period. This includes deposits, up-front fees and other routine costs.

⁴⁰ HMRC
⁴¹ Stever
⁴² HM Tr
 August

tion,

The childcare element is paid to a single person who:

The most significant change brought about by Universal Credit is the extension of childcare support to parents working less than 16 hours a week. The removal of the requirement to work at least 16 hours a week is intended to “provide an important financial incentive to those taking their first steps into paid employment.”⁴³ For instance, jobless lone parents considering taking a mini-job (of 15 hours per week or less) may currently find that the impact of unreimbursed childcare costs, coupled with the withdrawal of means-tested out-of-work benefits, more than outweighs the gains from paid employment (in other words, their “participation tax rate” is greater than 100%, meaning that taking a job results in a reduction in disposable income). The extension of the childcare element to workless parents taking on mini-jobs is intended to increase their chances of experiencing a gain in their disposable income: the DWP estimated that as a result of this around 100,000 extra families could be eligible to receive childcare support.⁴⁴

In order to fund this extension of childcare support, the Government initially said that it was making available an additional £300 million per year, compared with current spending levels

⁴³ DWP *Universal Credit impact assessment*, December 2012, p15

⁴⁴ Cm 8537 *Govt response to the Work and Pensions Select Committee's third report of Session 2012-13: Universal Credit implementation: meeting the needs of vulnerable claimants*, Feb 2013, p 17

on childcare support (around £2bn).⁴⁵ The Government has subsequently revised its estimate of extra expenditure on childcare down to £200 million.⁴⁶

Universal Credit will provide support for childcare costs in the form of a childcare element which is structured in the same way as WTC childcare element, except that the caps are expressed as monthly rather than weekly amounts. The Government originally proposed that it would cover 70% of childcare costs for all eligible families, giving a maximum monthly award of £532.29 for one child and £912.50 for two or more children (at 2013-14 rates). However, welfare rights organisations and others pointed out that, for some families, this would provide less support for childcare expenses than they currently receive because in UC there is no equivalent of the Housing Benefit/Council Tax Benefit childcare disregards (see section 5.1 above). Working Tax Credit currently covers up to 70% of eligible childcare costs, but families also in receipt of Housing Benefit can get a further 19.5p per £1 of eligible childcare costs covered. As a result, some families can currently get help with almost 90% of their childcare costs.⁴⁷

To mitigate the losses to families currently getting help with childcare costs through WTC and HB/CTB, some organisations argued for an across the board increase in the proportion of childcare costs covered by Universal Credit. The Children's Society, for example, recommended increasing the percentage of childcare costs covered by UC from 70% to 80% (i.e. the percentage covered by WTC childcare element from April 2006 to March 2011). This would raise the maximum help provided for one child to £608 per month, and for two or more children to £1,040 per month (at 2013-14 rates).⁴⁸

In response to the Work and Pensions Committee's observation that under UC the level of support for some families currently benefiting from the HB/CTB childcare disregards would be less, the Government said:

The single taper and simplified structure of work allowances is fundamental to people understanding that they are better off in work. Of course, in creating a simpler system, there will be a minority of claimants whose entitlement is lower and Transitional Protection will be in place for people who do not see a significant change to their circumstances, which will help mitigate this impact. But overall, the advantage will be provision that is simpler, fairer and more generous than anything in the current system.⁴⁹

Proposals for additional, more targeted help with childcare costs for some families were however announced in Budget 2013.

6.1 Additional support announced in the 2013 Budget

Budget 2013 announced that the Government would reallocate an additional £200 million from existing social security budgets in order to provide further help with childcare costs through Universal Credit for certain families:

⁴⁵ [Universal Credit Policy Briefing Note 10: Childcare](#) 10 October 2011, pp.29-30

⁴⁶ Cm 8537 [Govt response to the Work and Pensions Select Committee's third report of Session 2012-13: Universal Credit implementation: meeting the needs of vulnerable claimants](#), Feb 2013, p 17

⁴⁷ Council Tax Benefit was abolished from April 2012, but prior to then the additional childcare disregard in CTB meant that some families could get help with up to 95.5% of their childcare costs.

⁴⁸ Children's Society, [The Parent Trap: Childcare cuts under Universal Credit](#), September 2012

⁴⁹ Cm 8537 [Govt response to the Work and Pensions Select Committee's third report of Session 2012-13: Universal Credit implementation: meeting the needs of vulnerable claimants](#), Feb 2013, p 17

1.182 The Government will also increase assistance for parents who receive childcare support through Universal Credit, which in due course will replace tax credits. Households eligible for tax credits already receive support for 70 per cent of their childcare costs up to a cap. **Budget 2013 announces that an additional £200 million will be provided to increase childcare support in Universal Credit.** This is equivalent to covering 85 per cent of childcare costs for households qualifying for the Universal Credit childcare element (where either a lone parent or both parents in a couple pay income tax). This will improve work incentives and ensure that it is worthwhile for low and middle income earners to work up to full-time hours. This additional £200 million is planned to be phased in from April 2016 as childcare support moves from tax credits into Universal Credit and it will be funded from within social security budgets at the time.⁵⁰

Further information on the Government's thinking is given in the August 2013 consultation paper on Tax-Free Childcare.⁵¹ The consultation paper notes that for parents who are already in work, the additional costs of childcare to cover extra hours worked can be a financial barrier to work and that, for some, the addition costs can exceed the additional net earnings. It adds:

6.12 In order to help people overcome this, and to provide a clearer incentive to progress up to full-time hours of work, the Government is proposing an increase in childcare support for households on Universal Credit where both earners pay income tax. This should be particularly beneficial for lone parents who may not find it worthwhile to progress beyond part-time hours, and second earners, where the main earner is already in work and at a level of earnings close to, or above, the family's work allowance.

6.13 The new offer will mean that from April 2016, if both parents in a couple, or a lone parent, earn an amount equivalent to the monthly Income Tax Personal Allowance, they could claim 85 per cent of childcare costs (instead of 70 per cent) up to the current limits. This is expected to provide additional support to 200,000 families when fully implemented. The extra 15 per cent of support has been set at the level that can be met from the £200 million additional funding announced at Budget 2013. Universal Credit claimants who are not earning above this monthly threshold will still receive the 70 per cent level of support, up to the monthly limits.

The Government believes that the rules on 85% support for childcare costs should be easy for potential claimants to understand, and easy to administer. It proposes that:

- Eligibility would be based on dividing the Income Tax Personal Allowance by twelve to produce a monthly income threshold, above which the higher award would be triggered (for example, if the Personal Allowance was £10,000, then the threshold would be set at least £833.33);
- The monthly income threshold would be based on gross taxable earnings, before certain deductions, allowances and restrictions in tax codes are taken into account;
- A lone parent would need to be earning above this threshold for the household to qualify for 85 per cent support;

⁵⁰ Budget 2013, HC 1033 2013-14; original emphasis

⁵¹ HM Treasury and HM Revenue and Customs, [Tax-Free Childcare: consultation on design and operation](#), August 2013

- For a couple, both partners would need to be earning above this threshold in each month for the household to qualify for 85 per cent support;
- Existing exemptions to the requirement for both partners in a couple to be working would apply in the same way (eg households with disability or caring responsibilities would need only one parent earning enough to pay tax in order to receive 85 per cent childcare support)

The consultation paper gives worked examples of how 85% childcare support would operate.⁵²

The additional resources for childcare have been welcomed by welfare rights organisations and others, but some believe the proposals as they stand could have undesirable effects. Citizens Advice argues that the proposals could create a system that is “more complex, less flexible and is not targeted at those who are most in need.” It points out, among other things, that

- Parents earning at or near the National Minimum Wage would have to work significantly longer hours than parents with a higher earning potential, in order to reach the tax threshold and benefit from 85% childcare support.
- A second tier of support adds to the complexity of the system, making it more difficult for parents to assess whether taking on more hours would leave them better or worse off.
- Tying the threshold to the personal tax allowance means that some parents could experience a sudden and dramatic loss of income if the tax allowance is raised.

Citizens Advice believes that using the additional £200 million to increase the proportion of childcare costs covered for all parents would be a better use of the resources. It calculates that the additional £200 million could provide support of 78% of childcare costs for all Universal Credit claimants. However, it recommends that in order to make work a “viable and beneficial option” for parents, all UC claimants should receive at least 85% support with their childcare costs.⁵³

The Low Incomes Tax Reform Group (LITRG) believes that that the proposal to increase childcare support through UC to 85% for those paying tax is

... unfair, almost certainly unworkable and will damage work incentives for some of the lowest paid. Instead we think that using the additional funding to increase everyone’s childcare help to 80% would be fairer and less complex both for the Department for Work & Pensions (DWP) to administer and for claimants to understand their position.⁵⁴

6.2 Childcare support through Universal Credit and Tax-Free Childcare

The Government proposes that Tax-Free Childcare (see section 4 above) will only be available to families not receiving tax credits or Universal Credit. However, it acknowledges that some families could potentially be eligible for support from both systems, and that

⁵² See Box 6.B, p52

⁵³ Citizens Advice, *A better way to allocate the additional money committed in the 2013 Budget*, updated 28 November 2013; and *Support for childcare costs in universal credit*, 28 November 2013. See also Citizens Advice, *Tax Free Childcare: consultation on design and operation*, 9 December 2013

⁵⁴ *Tax-Free Childcare: consultation on design and operation: Response from the Low Incomes Tax Reform Group (LITRG)*, 15 October 2013, para 1.9

whichever system is the most advantageous for a particular family could change from month to month according to their circumstances. The Tax-Free Childcare consultation paper proposes that families in this situation be given a choice about whether to claim UC or Tax-Free Childcare. It seeks views on how families might be helped to make an “informed and supported choice”, on how the burden of switching might be minimised, and on whether there should be a limit on the number of times a parent can switch.⁵⁵

7 Childcare Commission⁵⁶

In June 2012 the Prime Minister launched a [Commission on Childcare](#), to look at how to reduce the costs of childcare for working families and burdens on childcare providers. The announcement stated that the Commission would report in the autumn.⁵⁷

The Commission’s [terms of reference](#) stated that it would “look at how to improve the affordability and accessibility of childcare for working families.” In particular, the Commission announced that it would:

- *Look at ways to encourage the provision of wrap around and holiday childcare for children of school age:* through enabling parents and other volunteers to set up the schemes they want in their area; partnerships between schools and voluntary and private providers; and encouraging more schools to follow the example of many Free Schools and Academies in finding innovative ways of providing childcare before and after school hours;
- *Identify any unnecessary regulation:* assessing the impact of regulation on the childcare market and how we might reduce burdens on providers without compromising safety or quality, particularly for wrap around and holiday childcare; and
- *Examine the evidence on the role of childcare in supporting families to move into sustained employment and out of poverty:* assessing evidence on the range of factors which influence decisions that parents make about their working lives; and the implementation of government support to meet working parents’ need for affordable and flexible childcare that reflects modern working patterns.⁵⁸

In July 2013 the Government published [Evidence to Inform the Childcare Commission](#), a research report in three parts that provided information on:

- International evidence on childcare policies and practices;
- A comparison of international childcare systems;
- Parents’ views and experiences of childcare in England.⁵⁹

A [summary of responses](#) to the Commission’s call for evidence was also published in July 2013.⁶⁰

⁵⁵ HM Treasury and HM Revenue and Customs, [Tax-Free Childcare: consultation on design and operation](#), August 2013, pp53-57

⁵⁶ By Robert Long, Social Policy Section

⁵⁷ Department for Education, [Commission on Childcare](#), 19 June 2012

⁵⁸ Department for Education and Department of Work and Pensions, [Commission on Childcare: Terms of Reference](#), July 2012

⁵⁹ Department for Education, [Evidence to Inform the Childcare Commission](#), 16 July 2013

⁶⁰ Department for Education, [Childcare Commission Call for Evidence: Summary of Responses](#), July 2013

8 Nutbrown Review of Early Education and Childcare Qualifications

In October 2011, the [Department for Education](#) commissioned Professor Cathy Nutbrown, an expert in early childhood education from the University of Sheffield, to lead a review of the training, qualifications and career opportunities of people working in early education and childcare.⁶¹ The full terms of reference of the review are available on the [DFE website](#).⁶²

Professor Nutbrown's final report was published in June 2012.⁶³ Evidence collected during the review showed:

- Dramatic growth in the number of early years qualifications from around three in 1980 to many hundreds today;
- A smaller number of qualifications, that can still be taken today, that count as 'full and relevant'⁶⁴;
- A lack of trust amongst employers as to which qualifications properly equip potential staff to work effectively;
- Confusion amongst potential students and learners about which qualification to choose and how it will help their careers;
- Broad agreement that there needs to be standardisation to ensure consistency in qualifications, but concern about moving to a single qualification.

In the foreword to her report, Professor Nutbrown stated:

Our present qualifications system does not always equip practitioners with the knowledge and experience necessary for them to offer children high quality care and education, and to support professional development throughout their careers. [...]

The quality of children's experiences are at the core of this report and an important part of this is the status of the early years workforce in society. [...]

I recognise that the current economic climate means the sector, government and parents are all under financial pressure. However, the many responses to my call for evidence have demonstrated the increasing professionalism of the early years sector, which means it can, with support from government, bring about change.⁶⁵

The report concluded that the current Level 2 qualification was not 'sufficient to equip a practitioner for work in the early years'. It therefore recommended that by September 2022, all staff working within the Early Years Foundation Stage Framework (EYFS) should be qualified to a minimum of Level 3. The report also recommended that Level 3 qualifications to be strengthened to include more on child development and play; special educational

⁶¹ Department for Education, [Review to improve training and qualifications for people working in the early years](#), 28 October 2011

⁶² Department for Education, [Nutbrown Review: Terms of Reference](#) [retrieved 27 November 2013]

⁶³ Professor Nutbrown, [Foundations for Quality](#), June 2012

⁶⁴ The Teaching Agency are responsible for assessing whether a particular qualification should allow a member of staff to count in the staff:child ratios specified in the Early Years Foundation Stage (EYFS) framework – so, essentially, whether that qualification properly equips a person to work effectively with young children. The Teaching Agency judge qualifications against a set of criteria, which they hold, called the 'full and relevant' criteria.

⁶⁵ Ibid., p2-3

needs and disability; inclusivity and diversity, and a focus on the birth to seven age range. The report also says that plans for a single early years qualification should be “abandoned”.⁶⁶

To boost the quality of early years students, the report recommended that Level 2 qualifications in English and maths must be achieved before students begin a Level 3 early education or childcare course. Only settings rated good or outstanding by Ofsted should be used to host students on placement.

In an attempt to raise the status of the sector, the review called for the establishment of an early years specialist route to qualified teacher status (QTS) to bring the profession more in line with teaching. This would eventually replace current routes to the early years professional status.

The Nutbrown review also examined the issue of staff-to-child ratios in childcare settings. The reviews argued staff included in the EYFS ratios should possess at least a ‘full and relevant’ Level 3 qualification.⁶⁷

Professor Nutbrown states that if all her recommendations were accepted by Government and implemented, proposals for a license to practice for early years staff to be introduced would be unnecessary.⁶⁸

The Government’s response to the Nutbrown Review was published in its *More Great Childcare* report in January 2013 (see following section).

9 More Great Childcare and More Affordable Childcare

9.1 More Great Childcare report

In January 2013 the Government published a report, *More Great Childcare*, aimed at improving the quality of childcare in the UK. This included the Government’s response to the [report by Professor Cathy Nutbrown](#) on early education and childcare qualifications. The Government’s response to Professor Nutbrown’s report was broadly positive, rejecting only two of its 19 proposals; the remainder were accepted at least in principle, or left under consideration subject to consultation.⁶⁹ In March 2013, Professor Nutbrown published *Shaking the Foundations*, an article critical of aspects of the Government’s response to her report.⁷⁰

More Great Childcare set out proposals to:

- build a stronger, more capable workforce, with more rigorous training and qualifications, led by a growing group of Early Years Teachers;
- drive up quality, with rigorous Ofsted inspection and incentives for providers to improve the skills and knowledge of their staff;

⁶⁶ Ibid., Recommendation 3

⁶⁷ Para 2.48

⁶⁸ Pages 62-63

⁶⁹ Department for Education, *More great childcare: Raising quality and giving parents more choice*, p41-45

⁷⁰ Professor Cathy Nutbrown, *Shaking the foundations of quality? Why ‘childcare’ policy must not lead to poor quality early education and care*, March 2013 (published on the University of Sheffield website). See p8-10 on ratios

- attract more, high quality providers with new childminder agencies, which will recruit new people, train and guide them and lever up quality in an area of the sector that has lagged behind;
- free providers to offer more high quality places, with greater flexibility to invest in high-calibre staff and more choice for parents.

Provisions to introduce childminder agencies were included in the *Children and Families Bill* currently before Parliament. The Library [research paper](#) on the Bill, RP 13/11, provides more detail (see section 5.3 of the paper).

The Government ran a consultation on Early Years Teachers' standards between March and April 2013,⁷¹ and a set of standards, including the Government's response to the consultation, was published in July 2013.⁷² The standards became effective in September 2013.

Staff:child ratios

The *More great childcare* report included proposals to alter staff:child ratios for childcare settings.

Shortly after the publication of *More great childcare*, the Minister, Elizabeth Truss, gave a [speech](#) at Policy Exchange which included comment on the issue of childcare ratios:

[...] we are encouraging nurseries to use their professional judgement and enjoy greater flexibility. Where there is an Early Years Educator leading a group of children, we plan to allow ratios for two-year-olds to rise from four children per adult to six children per adult. And for ones-and-under to rise from three children per adult to four children per adult.

We are not changing the ratios for three and four-year-olds but we would like to see more nurseries in the private and voluntary sector using the full allowance of 1:13 with a teacher to have traditional-style nursery classes. Many of our leading providers are successfully delivering this model, including Durand Academy.

[...]

We also want to give childminders more flexibility. At present the ratio of one child under the age of one per childminder means that twins are a no-no without special permission. The limit for under-fives is three children – which is fewer than many families have to cope with.

This gives rise to the situation I saw where two qualified childminders are looking after six children between them, where if they need a pint of milk one of them has to drag three children to the shop to comply with the rules.

In France a childminder can look after up to four children under five. In Denmark they can look after five. There are no ratios in Sweden.

We will bring our rules in line with France so that childminders can look after up to four under-fives of which no more than two are under one. This is of course a maximum not

⁷¹ Department for Education, [Proposed Teachers' standards \(Early Years\)](#), March 2013

⁷² Department for Education, [Teachers' standards \(Early Years\)](#) and [Standards for Early Years Teachers: Government response to the Consultation on Teachers' Standards \(Early Years\)](#), July 2013

a requirement and we would expect childminders to do what they or their agency are comfortable with.⁷³

The Government consulted on the issue of altering staff:child ratios between 29 January and 25 March 2013. The [consultation document](#) sought views on “how best to link higher ratios to higher quality and what qualification requirements should support his additional freedom.”⁷⁴

These proposals proved to be highly controversial. Professor Nutbrown’s [Shaking the Foundations](#) article included criticism of the Government’s proposals on childcare ratios.⁷⁵ Labour Members tabled new clauses to the *Children and Families Bill* during its Committee Stage to oppose these changes, although measures relating to the issue had not been part of the Bill as presented. The Committee divided on the issue and the new clauses were defeated.⁷⁶ The issue was also discussed during the Bill’s Report Stage;⁷⁷ new clauses were tabled in opposition to the ratio changes and defeated.⁷⁸

However, during the Report Stage debate, the Children’s Minister, Elizabeth Truss, announced that the planned changes to staff:child ratios would not be proceeding:

As the House knows, we have proposals, on which we have consulted, for providers with highly qualified staff to be able to operate more flexible staff-to-child ratios, in line with best practice in leading European countries such as France, Holland and Germany. I highlight the fact that these proposals would be entirely optional for nurseries and are about empowering the front line.

The proposals received support from, among others, Sir Martin Narey, formerly of Barnado’s, and Sir Michael Wilshaw of Ofsted. I firmly believe that these flexibilities would allow nurseries to offer more choice of high-quality child care places to parents, invest additional revenue in attracting the best staff, and reduce costs for parents. However, as I made clear on the media this morning, it has not been possible to reach cross-Government agreement, so we are not proceeding with this reform.

That will not stop me working to make affordable, quality child care available to all. I am absolutely committed to this goal.⁷⁹

9.2 **More Affordable Childcare report**

In July 2013 the Government published [More Affordable Childcare](#), which set out Government plans that aimed to:

- help families to meet the costs of childcare
- increase the amount of affordable provision
- give parents the right information so they can make informed choices about childcare⁸⁰

⁷³ Department for Education, [Elizabeth Truss speaks at the Policy Exchange on childcare](#), 30 January 2013

⁷⁴ Department for Education, [Consultation on Early Education and Childcare Staff Deployment](#), January 2013

⁷⁵ Professor Cathy Nutbrown, [Shaking the foundations of quality? Why ‘childcare’ policy must not lead to poor quality early education and care](#), March 2013 (published on the University of Sheffield website). See p8-10 on ratios

⁷⁶ House of Commons Library, [Children and Families Bill Committee Stage Report](#), RP13/32, p35-36

⁷⁷ HC Deb 11 Jun 2013 c222-240

⁷⁸ Ibid. c268

⁷⁹ Ibid. c222

⁸⁰ Department of Education, [More Affordable Childcare](#), 16 July 2013

The publication was a response to the Childcare Commission, and also aimed to build on the announcements contained in *More Great Childcare* earlier that year.⁸¹

The report included plans to:

- Introduce a new scheme for tax-free childcare to families where both parents (or the lone parent) work;
- An extra £200million of additional support for childcare within Universal Credit from April 2016;
- Amend the law so that local authorities cannot refuse to offer to fund a place at an early education provider rated good or outstanding by Ofsted if an eligible child wants to take up a place there ;
- Set out guidance on early education to set out the expectation that local authorities should only fund early learning places for two-year-olds in settings judged to be 'good' or 'outstanding';
- Reform early education funding so that it is simpler and more transparent and to ensure that more funding goes directly to providers;
- Offer £2million over the financial year 2013-14 to help people set up new childcare businesses;
- Reform childcare registration with a stronger focus on child safety and welfare;
- Raise the threshold so that the requirement to register with Ofsted commences after three hours of regular care, rather than two, to encourage informal childcare;
- Give maintained schools in England the freedom to set their own school year;
- Ask an independent organisation to work with parents to find out what they think of the current information sources and make recommendations in spring 2014 about which channels are most useful to parents and how services might be improved.

10 Sufficiency of childcare: removal of local authority duty to assess

Section 6 of the *Childcare Act 2006* puts local authorities under a new duty to secure, so far as is reasonably practicable, that the provision of childcare (whether or not by them) is sufficient to meet the requirements of parents in their area in order to enable them to work or undertake education or training leading to work. Section 11 of the 2006 Act gives local authorities a related duty to undertake childcare sufficiency assessments, a duty that came into effect in April 2007. The departmental guidance on [sufficiency assessments](#) provides an overview of the section 11 duty, under which an assessment must be carried out every three years:

Section 11 of the 2006 Act places a duty on local authorities to have undertaken a childcare sufficiency assessment, in accordance with regulations and having regard to this guidance document, within one year of the duty coming into force. This assessment is a necessary first step towards securing sufficient provision, enabling

⁸¹ Ibid., p10

local authorities to identify gaps and establish plans to meet the needs of parents so that they can fulfil their Section 6 childcare sufficiency duty.⁸²

In November 2011, the Government launched a consultation on early education which, amongst other topics, sought opinions on whether statutory guidance on for local authorities relating to childcare could be reduced by removing the child sufficiency assessment.⁸³ The paper proposed a “more frequent, simpler report” to enable parents to hold local authorities to account in fulfilling the sufficiency duty, and that local authorities should prepare an annual report to achieve this.⁸⁴

The subsequent Government response to the consultation noted support for both the annual report and the repeal of the sufficiency duty, and stated that it would “seek a legislative vehicle to repeal this duty at the earliest opportunity and introduce the new annual report in the statutory guidance.”⁸⁵

Provision to remove the existing duty on local authorities to assess the sufficiency of childcare provision in their area was included in the *Children and Families Bill* announced by the Government in the Queen’s Speech in May 2012.⁸⁶ Section 5.1 of the Library research paper, [RP 13/11](#), produced for the Second Reading of the Bill, provides further information.

⁸² Department for Education and Skills, *Childcare Sufficiency Assessments: Guidance for Local Authorities*, p3

⁸³ Department for Education, *Consultation launched on free early education*, 11 November 2011

⁸⁴ Department for Education, *Supporting Families in the Early Foundation Years: Proposed Changes to the Entitlement to Free Early Education and Childcare Sufficiency*, November 2011, p16-17

⁸⁵ Department for Education, *Government response to Supporting Families in the Foundation Years: Consultation on Proposed Changes to Free Early Education and Childcare Sufficiency*, p17

⁸⁶ The House of Commons Library Research Paper prepared for the Bill’s Second Reading in the Commons, [RP 13/11](#), provides further information. See section 5.3 of the paper