



## DEBATE PACK

Number CDP-0219, 18 November 2016

# E-petition 132140 relating to free childcare

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## Summary

### E-petition 132140 relating to free childcare

On Monday 21 November MPs will debate e-petition 132140 in Westminster Hall. The Petitions committee has agreed to a debate being held on this petition, after it attracted over 100,000 signatures on the petitions website. The petition title is [\*Free childcare when both parents are working. Not just those who are on benefits.\*](#)

The debate will be led by Helen Jones MP, a member of the Petitions Committee.

Watch the debate online at [parliamentlive.tv](http://parliamentlive.tv)

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

# 1. E- Petition

A petition *Free Childcare when both parents are working. Not just those who are on benefits*. Was started on 10 June 2016 the petitions reached over 100,000 signatures by 14 October and 127,178 signatures by 18 November.

The following is the text of the petition as it appears on the [petitions website](#)

Free childcare is in place for 2 year olds where the parents have low income and mostly on benefits and don't work. If the parents are not working then their children don't need childcare. My husband and I work very hard to provide for our family but have to pay huge amount of money for childcare.

When childcare is paid for when both parents are working it makes a huge dent in income, we could do with the help. All children deserve this, It seems as though I would be better off not working.

## Government Response

The Government responded as follows:

We give low-income 2-year-olds from working and nonworking households free early learning because they can arrive at school behind better-off children, and this helps to bridge that gap.

The first few years of a child's life are fundamentally important. Evidence tells us that they shape children's future development; influence how well children do at school; their on-going health and wellbeing; and their achievements later in life. It helps to promote a child's physical, emotional, cognitive and social development.

This Government believes that no child should be held back in life because of their background. We want to support everybody to go as far as their talents will take them. Participation in early education at age two delivers greater benefits to disadvantaged children than early education at age three or four, but this group are less likely to access formal early education than their more affluent peers. The early learning for two-year-olds programme is therefore intended to help close this unfair gap. The two-year-old entitlement is in place to close the attainment gap between the most disadvantaged and their better off peers, rather than to act as a work incentive.

However we do clearly understand the impact the cost of childcare can have on parents, and that's why we are supporting parents with high childcare costs and investing in childcare at record levels. Total government spend on childcare support will increase from £5 billion in 2015-16 to over £6 billion by 2019-20. We are spending this on the current free 15 hours a week for three and four-year-olds and the most disadvantaged two-year-olds; the early years pupil premium for disadvantaged three- and four-year-olds, as well as providing 30 hours of free childcare for working parents of three- and four-year-olds from September 2017.

We are also introducing Tax-Free Childcare, which, from early 2017, will save around 2 million families up to £2,000 per child on their annual childcare bill for children aged under 12 (or £4,000 for children with special educational needs or disabilities up to the age of 17). In addition, the childcare element of Universal Credit provides up to 70% of eligible childcare costs (to a maximum limit of £532.29 for one child and £912.50 for two or more children). For parents in receipt of Universal Credit this rose to 85% of eligible costs from April 2016, with the maximum limits increasing to £646.35 for one child and £1108.04 for two or more children.

Department for Education

## 2. The Petitions Committee

### Public online engagement in advance of the free childcare debate

The Petitions Committee has said it will “do all it can to maximise the potential for petitioners and other members of the public to be involved with debates on petitions.” With this in mind, the Committee asked members of the public to share their stories of childcare on Facebook. The discussion asked the public to consider whether the Government is giving parents the right support with childcare costs. The Chair replied to fourteen of people about their experiences.

The [discussion page on Facebook](#) received **33,303** comments, and the discussion reached over **492,300** Facebook users. Over **2,200** people ‘shared’ the event with their Facebook friends, and a further **19,000** users posted about the discussion in one way or another.

The Committee also created a [specialist page on the Early Years Foundation Stage Forum](#), a site that hosts discussion between childcare professionals.

The Committee asked people to respond to three questions:

1. How easy is it to find suitable childcare?
2. What are your thoughts on the cost of childcare? Is the Government giving parents the right support with childcare costs?
3. Are there problems with the availability of qualified childcare staff?

The Committee received a number of responses from people who work in various aspects of the childcare profession, as well as parents.

### Summary of key points made on Facebook and the Early Years Foundation Stage Forum

#### Affordability

An overwhelming number of respondents stated that childcare was simply too expensive. Many felt that the cost of childcare put unnecessary financial stress on their families. A large number of respondents felt that the Government does not do enough to help families with childcare costs. This was particularly a concern among low-income families who do not qualify for free provision for 2 year olds. Some examples include:

“Childcare costs are extortionate! I am a secondary school teacher and my husband works for the NHS. For the past 3 years my husband and I have been paying approx. £900 a month for 3 days (a week) care for our son . . . our childcare fees are higher than our earnings.” – *Kate Parsnips*

“The way the current system is set up honestly feels like we as a family are being financially punished for trying our best to keep our livelihoods and by creating good working role models.” – *Kerry Merchant*

“I work a 42.5 hour week on minimum wage, my partner used to work similar hours, again on minimum wage . . . [because of childcare costs] we cannot save for our wedding, to buy our own home, our future.” – *Jamie Alexander Hall*

“There needs to be a better system in place for childcare for working parents . . . right now my son and I would be a lot better off if I get

demoted and take a pay cut.” – *Rafike Defreitas Samuel (Single mum and military servicewoman)*

“My family cannot afford for me to go back to work full time. I left a good job with a great salary to work part time on a fraction of my previous hourly rate, as childcare is such a big issue for us. We have to pay for all of our childcare as we have no family nearby who can help and we do not qualify for free childcare or any form of extra support.” – *Louise Ayliffe*

### Flexibility

Many respondents felt that existing childcare provisions do not fit around life in full-time employment. A large number of parents said that they had to cut back hours or give up careers entirely in order to have suitable childcare arrangements. Those with irregular working hours, particularly shift workers in public service jobs, noted that they struggled to find adequate childcare, and many suggested that the Government does not do enough to accommodate the childcare needs of those who work outside of the regular 9 to 5. Here are some examples:

“As a nurse working shifts and full time hours for the NHS, it has been impossible to find appropriate childcare for my two year old. I attempted to reduce my hours last year, but as I am the main wage earner we could not afford our outgoings.” – *Katie Veal*

“While I was serving in the RAF and my wife was a full-time teacher, we often found it hard to find suitable childcare, that we could afford, that would allow her to do the hours required to carry out her role effectively and also allow for the flexibility that life in the Armed Forces requires” – *Brian Smith*

“I’m a nurse and my husband also works shifts. For us the struggle with childcare is finding something affordable and flexible. We live far away from family so don’t have the option of using them to help.” – *Angela Sowden*

“Although there seem to be plenty of nursery choices in my area the hours they offer are not long enough, I’ve therefore had to go back to work part time as I have an hour commute to my work place.” – *Alisa Linger*

### Quality and availability

Both parents and childcare professionals were concerned about the quality of childcare provision in the UK, and the availability of childcare as a whole. Parents felt that the quality of affordable options was poor, and that demand for quality early years provision far outstripped supply. A number of childcare professionals agreed that the availability of quality childcare provision is decreasing, but many felt that this was because the Government has failed to fund the childcare industry sufficiently. Subsidies and wages for childcare professionals are low, but qualifications and childcare materials are high. Childcare professionals felt that the Government were to blame for the decreasing availability of quality childcare provision. Here are some examples:

“In some areas the government pay just £3.77 an hour, do you really think that is enough to care for, nurture and educate your child . . .to be

an outstanding nursery, staff must have child free time to plan, prepare and assess, how is this covered in £3.77?" – *Lisa Taylor*

"Staffing is an issue because we are unable to compete with attractive salaries due to underfunding and rising costs. This is unsustainable. We cannot continue to supply the highest quality staff at the lowest possible rates!" – *Finleysmaid (Early Years Foundation Stage Forum)*

"The lack of suitable qualified staff will potentially have a huge impact on providers being able to provide 30 hours per week childcare from September 2017." – *Grumpymum (Early Years Foundation Stage Forum)*

"The biggest problem I've experienced is that the number of quality childcare providers is hard to come by . . . when we put our child into a provider, we want to make sure the environment they are in allows them space to move about and explore, has a safe outdoor space for the children, and the staff that work there care about the development of all the children under their care." – *James Christie*

### 3. Policy background

#### Government funded childcare for young children – current and planned

At present, in England the Government funds 570 hours of free childcare a year and during no fewer than 38 weeks in any year (often taken as 15 hours of free childcare over 38 weeks) for:

- all 3 and 4 year olds; and
- eligible 2 year olds (see section 2.2 below).

These provisions are legislated for in the *Childcare Act 2006* as amended and the *Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2014* (SI 2014/2147) as amended. The Department for Education has also published [Early education and childcare – Statutory guidance for local authorities](#) (September 2014).

From September 2017, eligible 3 and 4 years old whose parents are in qualifying work will be entitled to (or for a period equivalent to) 30 hours in each of 38 weeks in any year. For more information, see the Library briefing paper [Children: Introduction of 30 hours of free childcare \(England\)](#).

#### Which two year olds are eligible for 570 hours of free childcare?

The Government provides free childcare of 570 hours of free childcare a year for 2 year olds who meet at least one of the following eligibility criteria:

- they meet the criteria used to determine eligibility for Free School Meals [i.e. their parent or carer is eligible for:]
  - Income Support;
  - income-based Jobseeker’s Allowance (JSA);
  - income-related Employment and Support Allowance (ESA);
  - Universal Credit;
  - the guaranteed element of State Pension Credit;
  - support through part 6 of the Immigration and Asylum Act;
  - the Working Tax Credit 4-week run on (the payment you get when you stop qualifying for Working Tax Credit);<sup>1</sup>
- their families receive Working Tax Credits and have an annual gross income of no more than £16,190 per year;
- they have a current statement of Special Educational Needs or an Education, Health and Care plan;

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<sup>1</sup> GOV.UK, [Help paying for childcare – 2. Free childcare and education for 2 to 4-year-olds](#), webpage

- they are entitled to Disability Living Allowance;
- they are looked after by a local authority;
- they are no longer looked after by the local authority as a result of an adoption order, a special guardianship order or a child arrangements order which specifies with whom the child lives.<sup>2</sup>

## Announcement and roll-out of the new policy and legislation

In the April 2011 strategy document, *A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives*, the Government stated "We are extending the offer of 15 hours a week free early education for the most disadvantaged 2 year olds, from 20,000 to 130,000 children from 2013".<sup>3</sup>

In the 2011 Autumn Statement, it was announced that the Coalition Government would "invest a further £380 million a year by 2014-15 extending to 130,000 more disadvantaged two year olds the offer of 15 hours free education and care a week".<sup>4</sup>

## September 2013 – launch of free childcare for the 20% "most disadvantaged" two year olds

The *Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012* (SI 2012/2488) legislated for the provision of free childcare for 2 year olds whose family had a low income, or who were a "looked after child" i.e. in local authority care pursuant to a care order, or provided with accommodation by a local authority for a continuous period of more than 24 hours.

A press release was issued on 2 September 2013, entitled [Free childcare extended to working families on low incomes](#).

## September 2014 – launch of free childcare extended to the 40% "most disadvantaged" two year olds

New regulations – the *Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2013* (SI 2013/3193) – replaced SI 2012/2488 to make provision to extend the eligibility criteria in respect of two year olds, so as to also include those who:

- the parent of the child is entitled to working tax credit under Part 1 of the Tax Credits Act 2002 by virtue of an award which is based on an annual income not exceeding £16,190"
- have a current statement of Special Educational Needs or an Education, Health and Care plan;

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<sup>2</sup> Department for Education, [Early education and childcare – Statutory guidance for local authorities](#), September 2014, pp6–7, para A1.2

<sup>3</sup> HM Government, [A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives](#), Cm 8061, April 2011, p43, para 3.30

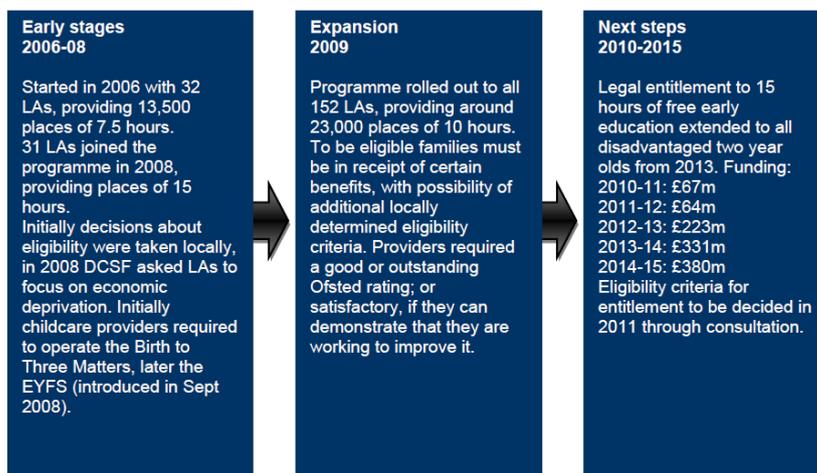
<sup>4</sup> GOV.UK, [Autumn Statement 2011](#), Press release, 29 November 2011

- are entitled to Disability Living Allowance;
- are no longer looked after by the local authority as a result of an adoption order, a special guardianship order or a child arrangements order which specifies with whom the child lives.<sup>5</sup>

A Government press release entitled [Number of 2-year-olds eligible for free childcare to double](#) was issued in August 2014, which noted that the Government was “launching a campaign today to encourage parents in areas of low take-up to get in touch with their council and take up their free entitlement”.

## Background to the policy – piloting from 2006 to national roll-out

A Department for Education (DfE) research report published in June 2011 (i.e. before the 2011 Autumn Statement announcement) provides a helpful summary of the development of free childcare policy for two year olds, from piloting to national roll-out:<sup>6</sup>



## Government rationale for free childcare for some 2 year olds

In a September 2012 press release, the then Coalition Government stated in a press release that “Children from disadvantaged backgrounds are known to be more at risk of poor development, with evidence showing that differences by social background emerge early on in life. High quality early education can make a difference to a child’s progress and the additional Government money will help to make sure children from poorer families do not lose out”.<sup>7</sup>

The then Deputy Prime Minister, Nick Clegg, added:

<sup>5</sup> SI 2013/3193, [explanatory memorandum](#), para 4.4.

<sup>6</sup> Department for Education, [Rolling out free early education for disadvantaged two year olds: an implementation study for local authorities and providers](#), Research Report DFE-RR131, June 2011, p14, Figure 1.1

<sup>7</sup> GOV.UK, [£100 million to expand early education and childcare](#), News story, 25 September 2012

All the evidence shows that if you take two children – two 5-year-olds hanging up their coats next to each other on the first day of school – the poorer child will already be behind their better off classmate before a single lesson has been taught.

Without this help, children suffer and the whole class suffers as teachers have to focus more of their efforts on children who are frustrated and left behind through no fault of their own.<sup>8</sup>

The [final Impact Assessment](#) published alongside regulations that provided for the free childcare for 2 year olds (SI 2012/2488) included a section on the rationale for the policy which expanded upon the Government's press release quoted above:

Evidence suggests that high quality early education has significant benefits for children's cognitive and social development – particularly for disadvantaged children. However, at the moment disadvantaged children are less likely to access early education. Not all parents are fully aware of the long-term benefits of early education, and many from disadvantaged backgrounds cannot afford it without financial assistance. Government intervention is therefore necessary to ensure that disadvantaged children can access early education.

Recent research suggests a strong case for investing in the foundation years (pregnancy to age 5). Graham Allen's Early Intervention Next Steps points to the way that children's neurological pathways develop before the age of three and the benefits of early support and intervention to ensure all children develop the social and emotional foundations they need. In his report of the Independent Review of Poverty and Life Chances, the Rt. Hon. Frank Field MP also stressed the critical importance of the foundation years upon disadvantaged children's life chances.

The rationale for intervention has three parts:

- The benefits of early education to children's development, and life chances;
- The rationale for a targeted approach: extending early education to the children who will most benefit; and
- The rationale for free places: why access to early education should not be left entirely to the market.<sup>9</sup>

## Analysis of the impact of the policy

### Department for Education Impact Assessment analysis (2012)

In its final *Impact Assessment* published alongside regulations that provided for the first phase of national free childcare for 2 year olds (SI 2012/2488), the DfE stated under the heading "The rationale for a targeted approach":

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<sup>8</sup> GOV.UK, [Free childcare extended to working families on low incomes](#), Press release, 2 September 2013

<sup>9</sup> Department for Education, [Impact Assessment – Two Year Olds' Entitlement to Early Education: Options for Extended Eligibility in the First Phase of the Entitlement](#), 31 May 2012, pp5 and 6

Extending free early education to disadvantaged two year olds is part of the Government's 'Fairness Premium', to drive up social mobility and improve life chances.

Targeting disadvantaged two year olds will ensure a focus on those groups for whom the positive impact is expected to be particularly great. For the first phase of the policy, the intention is to target the most disadvantaged quintile of two year olds. The income and benefits criteria used for free schools meals (FSM) are focussed on the most disadvantaged families (chiefly workless households) and around 20% of two year olds are in households who meet this criteria.

Currently, disadvantaged two year olds are less likely to access early education; 43% (65,000) of the most disadvantaged quintile access some formal early education provision, compared to 72% of the most advantaged (because of low sample base sizes, these figures are indicative only). However, this includes some 20,000 children who are accessing free places as local authorities continue to deliver the places that were provided during the pilot, in preparation for the expansion of places from 2013. The data suggests considerable inequality in current access to early education; tackling this is a key rationale for government intervention.<sup>10</sup>

The Impact Assessment also considered a number of studies under its section entitled "Economic Appraisal", finding that:

The main expected benefits of the first phase of the two year old offer are set out below, along with a discussion of the methodological problems with monetising them:

- Improvements in cognitive development from starting early education at two, rather than three years old [...];
- Improvements in non-cognitive development, from starting early education at two, rather than three years old [...];
- Improved take-up of the three and four year old entitlement.<sup>11</sup>

For example, under "non-cognitive development", the *Impact Assessment* noted:

The [2004] EPPE [Effective Pre-School Education Study] study found evidence of improvement in non-cognitive social, behavioural and emotional development from early education from age two rather than three, with the positive impact lasting until age six. The initial evaluation of the two year olds pilot found that the free places had a positive impact on parent-child relationships. There is also some evidence to suggest that the non-cognitive benefits of early education have a sustained impact, beyond school age. A study published by the US National Bureau of Economic Research (NBER) found that early education has a positive impact on lifetime earnings, despite positive impacts fading out in later school cognitive test scores. The researchers suggest that the positive impact may be the result of the non-cognitive gains of early education, such as social skills, motivation and behaviour.

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<sup>10</sup> As above, p6

<sup>11</sup> As above, pp8–9

However, the follow-up research to the evaluation of the two year olds pilot did not find a statistically significant difference between the personal, social and emotional development scores in the EYFS of pilot children and the matched comparison group at age 5. Again, this may reflect the inherent difficulties in tracking the sustained impact of an additional year old early education. Also, the follow-up research did not compare parent-child relationships, and so we are unable to state whether or not the impact on improved relationships was sustained from the pilots.

While there is some evidence (particularly from the EPPE study) of the positive impact of early education on non-cognitive development, the evidence base is equivocal, and does not support a robust monetisation of the benefits of the free places for disadvantaged two year olds.<sup>12</sup>

## Article summarising 2009 and 2013 Government studies

In an article published in *Nursery World*, it was noted that:

The programme [of providing some free childcare for 2 year olds] began as a pilot in 2006, under the Labour Government, reaching more than 13,000 children in its first phase. However, the outcomes of this first phase were disappointing. The Government's own evaluation, published in 2009, found that 'on average the pilot did not significantly improve the cognitive and social development of the children receiving the free childcare'.<sup>13</sup>

In case there might have been longer-term benefits, not visible after just a year in nursery, the children were followed up again when they were five to see whether there was any evidence for improved outcomes. However, these findings were also disappointing, with the researchers surmising that 'there is no evidence that overall (the children) had better outcomes at age five, as measured by the Early Years Foundation Stage profile, than children who did not attend the pilot'.<sup>14 15</sup>

Further detail on these two studies is provided below.

## The 2009 Department for Children, Schools and Families evaluation study

Following the launch of the pilots, the study commissioned and published by the then Department for Children, Schools and Families (now the Department for Education) noted under the heading "The impact of the pilot on children and their families":

Taking all those children entering pilot places in aggregate, on average the pilot did not significantly improve the cognitive and social development of the children receiving the free childcare

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<sup>12</sup> As above, p9

<sup>13</sup> Department for Children, Schools and Families, [Early Education Pilot for Two Year Old Children Evaluation](#), Research Report DCSF-RR134, 2009 [taken from the website of the Digital Education Resource Archive, Institute of Education, University College, London]

<sup>14</sup> Department for Education, [The Early Education Pilot for Two Year Old Children: Age Five Follow-up – Research report](#), DFE- RR225, March 2013

<sup>15</sup> "Funded places for two-year-olds: Flaws, risks - and solutions", *Nursery World*, 30 June 2014

relative to a matched comparison group. The pilot children developed only very slightly further than their matched comparison group over the same period. However, this overall lack of a significant impact disguises the fact that for those children who were found places in relatively high quality settings (those that achieved a score of at least 4 on the Infant-Toddler Environment Rating Scale) there was an impact on children, at least in terms of child vocabulary. For these children (who between them represent around two-thirds of all pilot children) the effect of the pilots was to significantly improve their language ability scores (from 45.8 to 49.4 on average). This is equivalent to moving a child from the 34th percentile for language development to the 46th percentile. What this suggests is that, had the pilot local authorities been able to secure more places in relatively high quality settings, then the pilot would have had a considerably larger impact overall.

A similar pattern is observed for parent-child relationships. Although, overall, there is little evidence that the pilot places significantly improved parent-child relationships, for those families who were given a free place in a relatively high quality setting, parent-child relationships were significantly better amongst pilot families than in the matched comparison group. So, again, it appears that to make an impact on families the quality of the setting matters.

On other outcomes, such as child non-verbal reasoning, social development, and the home learning environment there is, in contrast, no evidence of a programme impact, either overall or within the sub-sample going to a relatively high quality setting.<sup>16</sup>

## The March 2013 Department for Education follow-up study

In its March 2013 research report, *The Early Education Pilot for Two Year Old Children: Age Five Follow-up* written by the NatCen Social Research team commissioned by the DfE, the key findings of the study were as follows:

For children who attended the early years education pilot when they were aged two, there is no evidence that overall they had better outcomes at age five, as measured by the Early Years Foundation Stage profile, than children who did not attend the pilot.

The exception is for children in the pilot study who received early years education in high quality settings. They performed somewhat better at age five than those children who attended low or adequate quality settings as part of the pilot.

There is also no evidence that attending early years education as part of the pilot at age two increased the likelihood of those children attending early years education at age three or four. The exception is for children from black and minority ethnic backgrounds who were more likely to attend early years

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<sup>16</sup> Department for Children, Schools and Families, [Early Education Pilot for Two Year Old Children Evaluation](#), Research Report DCSF-RR134, 2009, p4 [taken from the website of the Digital Education Resource Archive, Institute of Education, University College, London]

education when they were aged three or four, if they attended as part of the pilot at age two.<sup>17</sup>

## Further planned Department for Education evaluation

The National Audit Office (NAO) noted in March 2016 that “the Department [for Education] has now decided to spend £5.6 million on long-term research into the impact of its funding for disadvantaged 2-year-olds; initial results will be available in 2020”.<sup>18</sup> The Public Accounts Committee subsequently noted that the first findings would be published in 2022.<sup>19</sup>

## National Audit Office and Public Accounts Committee reports

In its March 2016 report, *Entitlement to free early education and childcare*, the NAO noted in respect of free childcare for 2 year olds that:

- “The Department’s objectives in funding free childcare for disadvantaged 2-year-olds are to: improve the quality of education for disadvantaged children; and encourage the best providers to expand into disadvantaged areas”;
- “There is wide variation between local authorities in the proportion of 2-year-olds using free childcare ... In 2015, 30 local authorities had take-up rates lower than the national level of 58%, with Tower Hamlets the lowest at 26%. Four local authorities had take-up rates of over 80%, with Richmond-upon-Thames the highest at 85%”.<sup>20</sup>

The NAO also voiced concerns about the possible impact of the introduction of 30 hours of free childcare for 3 and 4 years (see section 2.2 above) on the provision of 15 hours of free childcare for 2 year olds:

There is a risk that the new entitlement will have a negative impact on the further success of the entitlement for disadvantaged 2-year-olds. Many eligible 2-year-olds are still not accessing this entitlement and providers told us they commonly had to cross-subsidise their work with 2-year-olds, which requires more staff per child, despite local authorities offering higher hourly rates. Expanding the number of hours which many 3- and 4-year-olds are entitled to may encourage providers to do more work with them and less with 2-year-olds.<sup>21</sup>

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<sup>17</sup> Department for Education, [The Early Education Pilot for Two Year Old Children: Age Five Follow-up – Research report](#), DFE- RR225, March 2013, p7

<sup>18</sup> National Audit Office, [Entitlement to free early education and childcare](#), HC 853 2015–16, 2 March 2016, p23, para 1.25

<sup>19</sup> Public Accounts Committee, Entitlement to free early years education and childcare, HC 224 2016–17, 15 June 2016, p15, para 28

<sup>20</sup> National Audit Office, [Entitlement to free early education and childcare](#), HC 853 2015–16, 2 March 2016, p16, para 1.6, p19, para 1.13

<sup>21</sup> As above, p37, para 3.9

## 4. Take-up and costs of childcare: statistics

### Take-up of free provision for two-year-olds

The latest figures from the Department for Education show that the number of two-year-olds benefitting from some funded early education in 2016 was 166,920 or 68% of the eligible two-year-old population. Take up of the free provision for two-year-olds varies across the country, ranging from 35% in the London Boroughs of Wandsworth and Tower Hamlets through to 97% in Warrington.

**Source: DFE: Educational provision of children under 5 years of age, January 2016**

Source: [DFE: Educational provision of children under 5 years of age, January 2016](#)

### Costs of childcare

The table below shows details from the latest Family and Childcare Trust's [Childcare Costs Survey](#) on the average weekly "costs" in 2016 for 25 hours provision for two-year olds. The table gives a regional breakdown which highlights that prices are highest in London and the South East.

#### **Average weekly cost for 25 hours childcare provision for children aged two and over**

	Nursery	Childminder
East of England	£110.88	£104.08
East Midlands	£109.15	£98.74
London	£148.74	£146.81
North East	£102.20	£97.29
North West	£101.08	£88.21
South East	£133.32	£116.86
South West	£111.63	£103.53
West Midlands	£106.91	£93.06
Yorkshire and the Humber	£93.60	£91.16
England	£113.06	£104.42
Scotland	£104.06	£102.02
Wales	£109.07	£96.53
Great Britain	£111.88	£103.48

Source: [Family and Childcare Trust, Childcare Costs Survey 2016](#)

However, it is worth noting that these figures do not relate to the actual cost to families, rather they reflect the charges of providers. The survey seeks details of what providers are currently charging rather than what

parents pay. The distinction is important because in reality it is unlikely that parents cover all these costs for a number of reasons:

For children aged 3 years and over 15 hours of childcare is free (and is also free for children aged two and over in deprived areas). This would, for example, reduce the London costs for those over two to £56 per week for 25 hours nursery provision and £57 per week for childminder provision.

Many parents receive subsidy for childcare costs through the childcare element of Working Tax Credit (and in future through Universal Credit). The childcare element enables parents to receive up to 70 per cent of their childcare costs -to a maximum of £175 per week for one child in childcare and £300 per week for two or more children.

Parents may be in receipt of childcare vouchers either as an additional benefit on top of parents' salary or as a salary sacrifice. Those receiving childcare vouchers can enjoy exemptions on tax and national insurance contributions on up to £55 per week if they are basic rate taxpayers or higher rate taxpayers who joined a voucher scheme before 5 April 2011. Childcare vouchers can also be saved up over time and used at a time when childcare costs may be particularly high.

The interaction of points 1 to 3 above mean that parents rarely pay the full provider charges.

## 5. Press articles

Telegraph, 29 September 2016

[Nursery bills set to rise after stealth cut in cash for 'free' childcare - study](#)

Guardian, 13 September 2016

[Free childcare policy may leave nurseries struggling to cope](#)

Government offer of 30 hours of free care for older children in England and Wales could lead to higher fees for under-twos, say providers

Guardian, 15 June 2016

[30-hour free childcare pledge in jeopardy, say MPs](#)

Independent, 2 March 2016

[Funding for childcare has been cut in real terms, National Audit Office reveals](#)

Guardian, 24 February 2016

[Thousands miss out on free childcare as local authorities struggle to fund places](#)

Independent, 17 February 2016

[Fewer than half of all nurseries can afford to extend free childcare to 30 hours a week, survey reveals](#)

Guardian, 27 January 2016

[UK childcare policies failing poor families, report finds](#)

Guardian, 5 October 2016

[The want-to-work mothers trapped at home by prohibitive cost of childcare](#)

## 6. Parliamentary material

### PQs

#### [Childcare](#)

**Asked by:** James Cartlidge

What progress her Department is making on the provision of 30 hours of childcare to working parents.

**Answering member:** The Parliamentary Under-Secretary of State for Women and Equalities (Caroline Dinenage) | **Department:** Education

We are committed to ensuring that we have the high-quality affordable childcare that families need, and we are on track to deliver 30 hours of childcare to working parents. We announced a record funding of £1 billion extra per year by 2020; we have consulted on a fairer and more transparent funding system; and eight early implementer areas are already providing more than 3,500 places—one year early.

14 Nov 2016 | Oral answers to questions | 617 c17

#### [Children: Day Care](#)

**Asked by:** Abrahams, Debbie

To ask the Secretary of State for Work and Pensions, what assessment his Department has made of whether childcare provision will be sufficient to provide for the potential change in the number of parents with pre-school age children who will move into work after the benefit cap changes; if he will ensure that such parents with high priority access to the Flexible Support Fund pay for the deposit and upfront fees required by childcare providers.

**Answering member:** Caroline Nokes **Department:** Department for Work and Pensions

The Government is committed to helping parents into a job that fits with their caring responsibilities. That is why it offers 15 hours of free childcare for the most disadvantaged 2 year olds, and all 3 and 4 year olds, worth up to £2,500 per child per year (rising to 30 hours for working parents of 3 and 4 year olds from September 2017, worth around £5,000 per year), as well as support for childcare costs through Working Tax Credits and Universal Credit. The Government is also introducing Tax-Free Childcare, worth up to £2,000 per year per child up to age 12 and up to £4,000 for disabled children aged up to 17, available to around 2 million households from early 2017.

The Flexible Support Fund is available to be used by District Managers and work coaches to provide the local support that claimants may need to return to work, including additional provision to support claimants who may be impacted by the new levels of the benefit cap. This support can include upfront childcare costs, up to £175 per week for one child (up to a daily limit of £35) or £300 per week for two or more children (up to a daily limit of £60), for claimants who have found employment.

14 Nov 2016 | Written questions | 52248

[Working Mothers](#)

**Asked by:** Lord Taylor of Warwick

To ask Her Majesty's Government what support structure they have put in place for women who are returning to the workforce after they have had children.

**Answering member:** Lord Freud | **Department:** Department for Work and Pensions

We are helping women to return to the workforce after they have had children through the support provided by Jobcentre Plus. Work Coaches provide personalised support, tailored to meet the needs and requirements of parents, helping them to find work that fits with their individual circumstances. The Flexible Support Fund allows Work Coaches to address barriers to employment and support parents into work. This can be used in a variety of ways including paying for travel and childcare to allow parents to undertake training, attend interviews or start work.

We are also putting in place a new package of government support that will make childcare more affordable and more accessible. This will build on the support already offered and will mean more parents have choice, security and peace of mind when it comes to being in work and supporting their family.

Parents on Universal Credit have been offered more generous support from 11 April 2016, where they are able to claim up to 85% of childcare costs, compared to 70% previously. This is up to a monthly limit of £646 for one child or £1,108 for two or more children, up to the age of 16.

The Government currently offers 15 hours of free childcare for all three and four year olds and some of the most disadvantaged two year olds in England. From September 2017, this free childcare offer will be doubled for working parents of three and four year olds in England from 15 to 30 hours per week.

We are also introducing Tax-Free Childcare, which will be available to around two million households to help pay for childcare costs from early 2017. For every £8 parents pay into an online account, the Government will pay £2 – up to a maximum contribution of £2,000 per child each year, for children aged up to 12. Parents of disabled children will receive extra support worth up to £4,000 per year per child, until their child is 17.

17 Oct 2016 | Written questions | HL2061

[Children: Day Care](#)

**Asked by:** Qureshi, Yasmin

To ask the Secretary of State for Education, what recent assessment she has made of the level of affordability of childcare.

**Answering member:** Mr Sam Gyimah | **Department:** Department for Education

The Government uses a range of information from a number of different sources to consider the affordability of childcare, including: our 'Childcare and early years survey of parents' ([www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2012-to-2013](http://www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2012-to-2013)), independent surveys, such as the Family and Childcare Trust Annual Childcare Cost Surveys ([www.familyandchildcaretrust.org/childcare-cost-survey-2015](http://www.familyandchildcaretrust.org/childcare-cost-survey-2015)), and the recent House of Lords Select Committee's report on affordable childcare – to which we responded on 17 December 2015 (<https://www.gov.uk/government/publications/affordable-childcare-response-to-the-select-committee-report>).

We are committed to supporting hard-working parents with the costs of childcare and to make it more affordable. That is why we will be investing an extra £1 billion per annum by 2019-20 to help hardworking families with the cost of childcare. Since 2008 nursery costs have been increasing well above inflation, but the latest survey from the Family and Childcare Trust suggests that the nursery costs of childcare in England for both under and over two-year-olds have remained largely flat across all settings in the last year.

We are already funding 15 hours a week of free early education for all three- and four-year-olds and for disadvantaged two-year-olds – this saves families around £2,500 per child per year. From September 2017, we will go further, delivering an additional 15 hours of free childcare for the working parents of three- and four-year olds (with early implementation in some areas from September 2016) – worth around another £2,500 per child per year. We also continue to invest in the Early Years Pupil Premium.

We are also introducing Tax-Free Childcare from early 2017, under which around 2 million families could benefit by up to £2,000 per child per year or £4,000 per child per year if a child is disabled.

For working parents on low and middle incomes, working tax credit pays up to 70% of their childcare costs and, as of April 2016, this has increased to 85% under Universal Credit. This support will be available, for the first time, to those working fewer than 16 hours per week.

09 Jun 2016 | Written questions | 39348

### [Children: Day Care](#)

**Asked by:** Zeichner, Daniel

To ask the Secretary of State for Education, if she will review funding levels for the care of 2 year old children.

**Answering member:** Mr Sam Gyimah | **Department:** Department for Education

The Prime Minister has committed publicly to an uplift in funding rates for early learning places, which includes an uplift in funding levels for

two year olds who are eligible for 15 hours of free early learning each week. An announcement was made in the November 2015 Autumn Statement indicating that a generous uplift would be made in the funding that early years providers will receive from April 2017. As a result of this extra investment the new national average rates will increase from £4.56 to £4.88 for three and four year olds (including the Early Years Pupil Premium) and from £5.09 to £5.39 for two year olds. The new funding amounts to an additional £300 million per year from 2017-18.

The government is committed to making funding for the early years fairer. That's why the government conducted its **Review of childcare costs: call for evidence** consultation between 15 June 2015 and 10 August 2015, to determine a rate of funding that is sustainable for providers and delivers value for money to the taxpayer. The findings of this review provided the government with vital evidence which has helped to inform the proposed increase in funding rates from 2017/18. We will consult on the proposed new funding allocation system shortly.

07 Jun 2016 | Written questions | 38638

[Children: Day Care](#)

**Asked by:** Lewis, Mr Ivan

To ask the Secretary of State for Education, what steps the Government is taking to ensure that local authorities have the (a) financial and (b) other capacity to deliver free childcare to those people who are most deprived.

**Answering member:** Mr Sam Gyimah | **Department:** Department for Education

Since September 2014 around 40% of disadvantaged two-year-olds have been entitled to an early education place. In 2012 the Government contracted 'Achieving 2-year-olds' to support local authorities in expanding the two-year-old entitlement. This support is working, and data from the latest voluntary survey of local authorities shows that an estimated 182,000 children were funded during the seven week period in the autumn of 2015, as take-up of the entitlement has increased to 72% of eligible children. This is building on local authorities' successful delivery of 15 hours of early education per week to all three- and four-year olds, with 99% of four-year-olds and 94% of three-year-olds taking up a place.

The Government is investing in childcare at record levels, and total Government spend on childcare will increase from £5 billion in 2015-16 to over £6 billion by 2019-20. This includes almost £4 billion for the current free entitlement for three- and four-year-olds, disadvantaged two-year-olds and the early years pupil premium for three- and four-year-olds, as well as funding for the extended entitlement for working parents of three- and four-year-olds. The funding also includes £300 million for a significant uplift to the rate paid for the two, three and four-year-old entitlements, including for children from deprived backgrounds.

09 Mar 2016 | Written questions | 29529

[Free Childcare](#)

**Asked by:** Carol Monaghan (Glasgow North West) (SNP) | **Party:** Scottish National Party

The National Audit Office report published last week raised concerns about how the 30 hours of childcare for some three and four-year-olds could impact on current provision for disadvantaged two-year-olds. What steps will be taken to ensure that increased provision for one group will not impact on the good work being done with disadvantaged two-year-olds?

**Answered by:** Mr Gyimah | **Party:** Conservative Party | **Department:** Education

The hon. Lady asks a good question, and the answer is that there will be no adverse impact on the offer for two-year-olds. We were the first Government to introduce 15 hours of free childcare for disadvantaged two-year-olds, and that will carry on. We have increased the hourly rate for the funding for two-year-olds and ensured that the early-years pupil premium continues, so that two, three and four-year-olds who are particularly disadvantaged do not fall even further behind.

07 Mar 2016 | Oral questions - Supplementary | Answered | House of Commons | House of Commons chamber | 607 c5

[Affordable Childcare](#)

**Asked by:** Andrew Griffiths

What steps the Government is taking to help parents find affordable childcare.

**Answering member:** The Minister for Women and Equalities (Nicky Morgan) | **Department:** Women and Equalities

The Government will have invested an extra £1 billion per annum by 2019-20 to help hard-working families with the cost of childcare. We are doubling the amount of free childcare to 30 hours for working parents of three and four-year-olds, and from early 2017, tax-free childcare will benefit about 2 million families by up to £2,000 per child. Many families will also be able to claim 85% of childcare costs through universal credit.

25 Feb 2016 | Oral answers to questions | 606 c454

[Earnings](#)

**Asked by:** Henry Smith

Will the Minister tell us what measures will be taken to ensure that parents in my constituency and up and down the country who are returning to work do not have to spend every penny they earn on childcare?

**Answering member:** Mr Gauke | **Department:** Treasury

My hon. Friend makes an important point. From September 2017, the Government are doubling the free childcare entitlement from 15 hours

to 30 hours a week for working families with three and four-year-olds. That will be worth up to £5,000 per child. From early 2017, tax-free childcare will also be introduced, providing support worth up to £2,000 a year per child for working parents.

01 Dec 2015 | Oral answers to questions | 603 c150

[Children: Day Care](#)

**Asked by:** Robertson, Mr Laurence

To ask the Secretary of State for Education, what recent assessment she has made of the cost of privately-provided child care; what comparison she has made with the amounts which parents can claim for childcare from the Government; and if she will make a statement.

**Answering member:** Mr Sam Gyimah | **Department:** Department for Education

The Department for Education uses a range of cost information from a number of different sources. These sources include our Parents' Survey, which can be found at [www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2012-to-2013](http://www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2012-to-2013), and independent surveys, such as the Family and Childcare Trust Annual Childcare Cost Survey 2015 which can be found at: [www.familyandchildcaretrust.org/childcare-cost-survey-2015](http://www.familyandchildcaretrust.org/childcare-cost-survey-2015)

We increased funding for childcare by £1 billion last Parliament, meaning that we spent £5 billion on childcare in 2014-15. We were the first government to fund 15 hours a week of free childcare for all three- and four-year-olds and for disadvantaged two-year-olds. The funding for all three- and four-year-olds is worth around £2,500 a year per child; and the funding for around 40% of two-year-olds is also worth around £2,500 a year per child. We are introducing an additional 15 hours of free childcare a week for three- and four-year-olds of working families, worth a further £2,500 a year per child, from September 2017.

We will be introducing Tax-Free Childcare from early 2017, under which up to 1.8 million working families could benefit by up to £2,000 a year per child. For working parents on low and middle incomes, working tax credit pays up to 70% of their childcare costs which could be worth up to £6,370 for their first child. Under Universal Credit, the subsidy rate will increase to 85% of childcare costs and support will be available, for the first time, to those working fewer than 16 hours per week.

26 Oct 2015 | Written questions | 12915

[Children: Day Care](#)

**Asked by:** Danczuk, Simon |

To ask the Secretary of State for Education, if she will estimate the proportion of two year old children receiving their full entitlement of free childcare (a) nationally, (b) in each region, (c) in each socio economic group and (d) in each ethnic group.

**Answering member:** Mr Sam Gyimah | **Department:** Department for Education

The early learning for two-year-olds programme was introduced in September 2013 for the benefit of 20% of the most disadvantaged children in England. In September 2014 the programme was expanded to 40% of the most disadvantaged two-year-olds in England. The taking up of a place is voluntary and parents can choose to use it as much or as little as they wish.

Local authorities reported that, at June 2015, the percentages of eligible 2-year-old children benefitting from funded early education places by region were as set out below:

<b>Government Area</b>	<b>Regional take up figure</b>	<b>Regional take up percentage</b>
East	15848	64.7%
East Midlands	13032	58.4%
London	24320	50.8%
North East	10536	74.4%
North West	28215	69.2%
South East	20405	63.9%
South West	14482	69.7%
West Midlands	19642	58.5%
Yorkshire and the Humber	20379	66.3%
Total and national take up	166,859	62.6%

The Department does not record information about the number of children taking up their entitlement by socio-economic group or ethnic group.

20 Jul 2015 | Written questions | 7473

## Debate

### [Early Years Development and School-Readiness](#)

Motion that this House has considered children's early years development and **school readiness**

12 Jul 2016 | Backbench debates | 613 cc27-53WH

## 7. Further reading

Family and Childcare trust, [Childcare Cost Survey 2015](#)

Public Accounts Committee [Free Entitlement to Early Years Education inquiry](#) , June 2016

National Audit Office, [Entitlement to free early education and childcare](#), March 2016

[Government Response to House of Lords Select Committee on Affordable Childcare Inquiry Report](#), December 2015

House of Lords Select Committee on Affordable Childcare [Report of Session 2014–15](#), February 2015

The Institute for Public Policy Research (IPPR), [No more baby steps: A strategy for revolutionising childcare](#), June 2014

The Resolution Foundation, [World Class: What does international evidence tell us about improving quality, access and affordability in the English childcare market](#), August 2014

The Resolution Foundation, [Careers and Carers: Childcare and maternal labour supply](#), January 2014

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