



Terms of Reference: Review of the cost of providing childcare in England

The following guiding principles have been identified which are intended to provide a framework within which the Review's work should be undertaken:

- The need to be fair for parents and early years providers.
- The need to support sufficient childcare provision so that any parent that wants to can access it.
- The need that the early education and childcare provision delivered through the entitlement is of sufficient quality.
- The need to ensure flexibility of provision to support parental employment.
- The need to secure value for money for the taxpayer, and for the entitlement to be affordable to the public purse.

The main questions that the Review will consider are:

- How much does it currently cost providers to deliver an hour of childcare for 2, 3 and 4 year olds? How does this vary regionally; by type of provider; and by the needs of particular groups of children?
- How does the market operate currently (for different providers)? What are likely provider responses to changes in Government funding, including increasing the free offer to working families? What funding is needed to incentivise providers to enter the sector and meet demand?
- What do the most efficient provider organisations do to control costs? Are these things that Government should be expecting from the whole sector? How can we incentivise this behaviour from providers?
- Are there things that Government currently does which increase provider costs?

The Government would also welcome any observations from the Reviewer as to how the market could develop further to maximise value for parents and the taxpayer.

The Review will report to be conducted by a joint team of civil servants from the Department for Education and specialist professional support, who will give external validation to its findings. The Review will be supported by an expert reference group.

In examining these matters the reviewer will be expected to draw on relevant research studies and literature, and consider available qualitative and quantitative data. The Review will also be expected to obtain and consider the views of key stakeholders, including parents, schools, early years providers, local authorities and employers.

A final report setting out the Review's findings is expected to be submitted to the Secretary of State for Education and the Minister for Childcare in Autumn 2015, and published shortly afterwards.