

Childcare nation?

Progress on the childcare strategy and priorities for the future

Daycare Trust/National Centre for Social Research
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Summary

Childcare nation? charts the progress made in delivering the Government's childcare strategy in England and makes recommendations for the future. It assesses progress and effectiveness of the childcare strategy to date, to identify where gaps in provision still exist and to reflect on whether childcare meets parents' expectations.



The two main aims of the Government's childcare strategy are to improve outcomes for children and to support parents into work, which will also reduce child poverty. Improving child outcomes, and thereby reducing the gap between the most disadvantaged children and their peers, has mainly been addressed through free part-time early years education. Reducing child poverty and supporting parents (particularly lone parents) into work is the other focus, with the emphasis on delivering full daycare for under-threes, wraparound care, extended schools and improving the affordability of the childcare.

What is the impact of childcare and early years education on outcomes for children?

A considerable body of evidence has shown the substantial benefits of early years education and care for children.² Early years education benefits children's learning, improves their confidence and peer relationships, and can help to break cycles of poverty. Children's language and cognitive development also benefit, and this increases depending on the length of time, in months and years, spent in childcare settings. As disadvantaged children already lag behind their middle-class contemporaries in terms of cognitive development at the age of three,³ the provision of high-quality early years education is clearly one very important way to counter this. The positive impacts of high-quality care continue throughout primary school.⁴

There are positive behavioural outcomes in terms of independence, sociability and concentration. Again, high-quality provision is important. Longer hours spent in childcare are shown to be good for cognitive outcomes but there are some potential negative impacts on behaviour, with a potential increase in low-level anti-social or worried behaviour for some children.⁵ It is unclear whether it is hours of care, quality or the 'group' environment that is the deciding factor here. Also, the size of these effects is often very small, or the behaviours noted not necessarily problematic. Messages about negative behavioural impacts need to be taken in the national context of where the studies were carried out (bearing in mind variations in quality in different countries) and evidence suggesting that they might dissipate over time.

For young children, secure attachment to their mother (or primary caregiver) is particularly important, and may reduce any negative impacts of childcare at an early age. Generous parental leave and pay policies are therefore very important to avoid the negative outcomes associated with non-parental care in the first months of a child's life.⁶ There are also lessons for providers about the best way to cater for very young children. One of the key aspects of quality is a consistent and warm childcarer, so and the evidence clearly shows the importance of making this a reality for all young children in childcare.

The evidence on older children (mainly from the US) points to negative outcomes if they are left to care for themselves (and siblings) while their parents work, rather than having good services to attend.⁷

How has the quality of childcare changed?

Quality is a key theme of the childcare strategy and is essential for ensuring the best outcomes for all children. Research shows the importance of the physical environment, low staff:child ratios, and a consistent and highly qualified workforce in achieving high quality settings.⁸ The Neighbourhood Nurseries Initiative (NNI) evaluation showed that maintained status and involvement in the children's centre programme were predictors of quality, possibly because of higher-qualified staff teams and access to networks of support.⁹ More variable quality was found in the private sector. Quality and child outcomes are also enhanced by parental involvement in childcare settings. Parents and children indicate that the quality of staff and environment are vital.

Quality of childcare is improving, but there is still a way to go to achieve high quality childcare for all children. In 2006/7 four per cent of childcare settings were still graded inadequate by Ofsted, showing no improvement on the previous year.¹⁰

There is overwhelming evidence on the impact of a highly qualified and consistent workforce on the quality of settings. Consequently, investment is needed in highly qualified, trained and motivated staff, with good terms and conditions and opportunities for continual professional development. The number of childcare staff has increased at a higher rate than the numbers of providers, precipitating a reduction in the overall children:staff ratios. The length of service of childcare staff is also increasing, with reduced staff turnover rates, although research does still indicate recruitment difficulties, particularly at Level 3.

There are increasing numbers of qualified staff, but the figures are still some way from meeting the existing Ofsted standards, particularly in out-of-school clubs. The Transformation Fund and Graduate Leader Fund might enhance staff qualifications, but there may still need to be increased emphasis and investment in order to improve the qualifications of all staff. Pay levels and the status of childcare staff in all settings will need to be improved to reflect this professionalism, but costs must not be passed onto parents.

How has the strategy shaped market developments?

The Childcare Providers' Survey provides mixed evidence on the success of the childcare strategy. There has been a significant increase in daycare and out-of-school services, with increases in both the number of settings and the number of places available since 1998. Recent increases mainly reflect an increase in extended sessional care, while the provision of full daycare has not changed much. Some types of provision, including care at atypical hours and during school holidays, remains limited and providers face considerable barriers to extending provision. There is also a question mark as to whether all early years settings will be able to meet the extension of the free entitlement.

There are concerns about the sustainability of the increased provision with a significant minority of providers operating below optimal capacity and sustaining financial losses. There is continued evidence of a mismatch between demand and supply suggesting that more needs to be done to assess parents' needs at a local level (this may be at least partly addressed by local authority sufficiency assessments), and that the Government might need to increase its involvement in order to deal with market imperfections, such as the provision of services which are not profitable (e.g. provision in deprived areas, flexible provision).

The evidence clearly points to the existence of two distinct childcare markets. More affluent areas are mainly served by private providers, with services shaped by market forces. Private provision in these areas is becoming concentrated in the hands of large corporate chains, and there is not yet evidence that private and voluntary providers in these areas are losing out to local authority provision. Deprived areas have been reliant on government intervention and initiatives such as NNI and children's centres to address market imperfections and the reluctance of private providers to establish themselves in disadvantaged areas. This has brought about a significant increase in supply in deprived areas and has also resulted in more flexible provision than is available via private providers. However particular concerns remain about the viability of provision in the most deprived areas, once the start up funding provided by government initiatives runs out. Further thought therefore needs to be given to the role of government intervention in childcare markets in both deprived and affluent areas to enable sustainable development of high-quality provision.

Has the childcare strategy affected maternal employment?

Evidence from the Parents' Childcare Survey series shows that maternal employment has not increased dramatically since 1999. This may explain why overall demand for childcare appears not to have kept up with increases in supply. However, there has been a significant increase in long part-time working hours (i.e. 16-29 hours per week). If this trend continues, it may have implications for the demand for childcare. Welfare reforms, such as the proposal to require lone parents on benefits to seek work once their child reaches the age of 12, and eventually seven, may also influence the need for out-of-school childcare.

Some mothers retain a preference for parental care and a mistrust of formal provision, which may limit the extent to which the childcare strategy can be effective in increasing maternal employment. Nevertheless, the evidence suggests that there is scope for increasing maternal employment through improving childcare provision, particularly for low-income groups and lone mothers. A substantial minority of non-working mothers in these groups would prefer to work if suitable childcare were available. Qualitative research with (lone) parents has indicated that mothers differ in their work and childcare orientations, and that employment decisions are influenced by a complex interplay of 'parent-centred' and 'child-centred' considerations. Furthermore, parents' views of non-parental childcare can also influence their childcare choices and employment behaviour. Childcare and employment responses might therefore need to be refined in order to meet the very diverse needs of different families.¹¹

Little progress has been made towards meeting the needs of families requiring childcare at atypical hours and during school holidays. A significant minority of families continue to experience problems with childcare at these times. The evidence from providers confirms this shortfall in provision and suggests that market forces (alone) are unlikely to lead to an increase in supply in line with parents' needs, and (further) government intervention is likely to be required.



How has the use of childcare changed?

There has been a considerable increase in take-up of early years education between 1999 and 2004. In 2004 only a small minority of children, mainly three-year-olds, were missing out on early years education, although participation remained lower than average among disadvantaged groups. While parental choice seems to play a part in some families' decision not to use early years education, there is also evidence to suggest that some parents might still have difficulties in accessing the free entitlement to early years education. It is not clear to what extent this is due to lack of knowledge, or to insufficient supply and to the fact that the free entitlement is not always free (see below).

There have been modest increases in the forms of childcare used mainly by working parents (i.e. provision for under-threes, care to wraparound early years education and out-of-school services), reflecting the lack of significant change in full-time maternal employment. While, compared with 1999, in 2004 more mothers were working longer part-time hours, many seemed to be covering these hours by using 'free education' (i.e. the free entitlement and school for older children), combined with informal arrangements. It is not clear, however, to what extent the modest increases in the use of services reflect parental choices or are due to difficulties in accessing these services. Barriers, such as cost and accessibility, seem to be preventing some parents (and particularly disadvantaged groups) from using formal childcare. Take-up of early years education and other childcare is lower among children with special educational needs. However, it remains difficult to disentangle the complex interplay of factors that shape parents' childcare decisions.

There is only low-level use of out-of-school services. Take-up of services for older children, and levels of provision, need to increase if current welfare reform proposals are implemented. This is particularly the case given that parents of older children do not currently have a right to request flexible working arrangements, and may face difficulties in negotiating working times that fit with school hours.

What changes has the strategy brought to the costs of childcare?

It appears that the strategy adopted to expand early years education for three- and four-year olds seems to work: if free, good-quality provision is offered to parents, they will take it up. The problems in relation to the take-up of early years education seem to relate mainly to the implementation of this strategy, including the fact that some parents report paying a fee for the free entitlement.

While there have been some improvements in the use of other types of care (mainly used by working parents) progress has been rather slow. Evidence suggests that the cost of childcare might have contributed to slow down progress. Cost constitutes a barrier particularly for lone parents, low income families and parents with pre-school children. These groups spend a higher proportion of their income on childcare than other families, and are also more likely to report difficulties in paying for childcare and to say that they do not use childcare because they cannot afford it.

Despite numerous initiatives to increase childcare provision and its accessibility, evidence suggests that barriers do play a part in preventing parents from accessing the childcare they need or might like to use. This raises questions about the effectiveness of the market to respond to parents' diverse needs, particularly when these have considerable financial implications. It also raises the question of whether the complex funding arrangements that have been used to stimulate childcare services constitute the most effective way of supporting both families and childcare providers.

Final thoughts

The strategy to expand free early years education seems largely to have worked well. This could be applied to the development of paid-for childcare; providing parents with free childcare at the point of delivery, rather than giving complicated subsidies, works effectively. However, solutions will need to be found to address the need for childcare at atypical hours and during school holidays. Flexibility also appears to be best promoted by government funding, as seen in disadvantaged areas.

There is a need to invest further in high-quality early years education and care. The evidence suggests that some providers, particularly in disadvantaged areas, will need financial support to achieve a well-paid, well-qualified workforce.

At the centre of all of this, it is essential to focus on the evidence on outcomes for children. What is best for children is to grow up with a good attachment to a primary caregiver, particularly in infancy, and to have opportunities to access high-quality childcare and early years education, with consistent and highly qualified staff. Child poverty must also be eradicated, with strategies to enable parents who wish to work to do so at appropriate times and with affordable and accessible childcare that meets their needs. The childcare strategy has played an important part in beginning this work, but more is required to ensure it is delivered in all neighbourhoods in a sustainable way.

Recommendations from Daycare Trust

Outcomes for children

- Further research is needed on the effects of spending a few long days, rather than many short days, in childcare.
- Paid maternity leave should be increased to 12 months as soon as possible, and maternity pay increased to minimum wage levels.
- More research is needed on the outcomes for children under the age of two, comparing variations in quality and establishing further data on the numbers of hours in childcare that are most appropriate.
- Further research should be undertaken on the effect of having a named key worker.
- There must be sufficient and suitable out-of-school activities. This may require further start-up grants and other funding for financial support to enable all families to take advantage of the provision offered.
- Research should be conducted with older children, parents and out-of-school providers on what they want from childcare.

Quality and the workforce

- Research should establish whether differences in quality in the private sector can be explained in terms of variations in staff qualifications and working conditions.
- Staff qualifications are particularly important and should be improved. This could be achieved by:
 - Aiming for 100-per cent qualified workforce, with all staff qualified to Level 2 by 2011 and Level 3 by 2015.
 - Increasing the training opportunities available to staff.
- The pay and status of the childcare profession

must be improved, given the impact this has on recruitment and retention. This could be achieved by:

- Setting new standards for the pay of childcare workers and ensuring that the new Early Years Professional Status is afforded the same status (including pay scales) as qualified teachers.

The state of childcare provision

- The government should continue to subsidise childcare in disadvantaged areas.
- The government should ensure there is enough money in the system to fund the free entitlement adequately.
- There should be increased funding to improve the availability of out-of-school and holiday clubs, especially given their increased importance within the Government's welfare reform programme.
- Further consideration is needed of how providers could become more flexible to support parents' diverse needs – lessons from the Childcare Affordability Programme (CAP) in London might help to inform future policy developments.
- National monitoring of local authorities' sufficiency assessments and actions taken to fill any gaps should be undertaken, in order to provide a national picture of childcare sufficiency.

Patterns of maternal employment

- The free entitlement to early years education should be extended to 20 hours a week for 48 weeks of the year. This will enable more parents to work enough hours to receive tax credits and give them confidence that their children are well looked after.
- Further investigation is required of how to best provide care at atypical hours and how parents can use existing provision more flexibly. One possible idea to explore could be the National Sitter Service, funded by the Scottish Executive.
- Further consideration should be given to the provision of holiday childcare.

Changes in patterns of childcare use

- A more sophisticated research model should be developed to disentangle the effects of parental attitudes towards childcare services from barriers that might restrict childcare choices.
- Outreach work through children's centres should be prioritised and funded accordingly, in order to give parents the childcare information they need.
- Innovative ways of engaging parents should

continue to be developed, before moving onto more formal offers of childcare and early education.

- All Children's Information Services should help parents through every step of the process from finding relevant information to accessing the right childcare arrangement and information about tax credits etc, so that parents are not put off by having to seek information from a variety of sources.

- Given that families of children with special educational needs are less likely to use childcare, all childcare facilities must be disability-friendly.

Childcare costs to parents

- Further investigation is needed into what proportion of families continue to pay for the free entitlement.

- The proportion of help with childcare costs available through tax credits should be increased from 80 per cent to 100 per cent. More fundamental reform of the tax credit system should also be considered.

- Consideration should be given to extending the principle of the Childcare Affordability Programme (in London) to other cities and regions in order to subsidise costs and fund places in high-cost areas. This model might also be used to subsidise costs for disabled children.

- Further exploration is needed of how childcare funding can be directed to providers to reduce charges to parents, with the aim of introducing long-term direct funding through local authorities.

1. While at the time of writing the most recent data set available from the Parents Childcare Survey series was based on 2004 information, preliminary results from 2007 survey suggest that the current situation in relation to take-up of childcare is similar to that in 2004. The results of the 2007 Parents Childcare Survey are due to be published by the DCSF in early 2008. 2. See, for example, Goodman & Sianesi (2005) *Early Education and children's outcomes: How long do the impacts last?* Institute for Fiscal Studies; Sylva et al (2004); *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the Early Primary Years*, DfES. 3. Hansen & Joshi (eds.) (2007) *Millennium Cohort Study Second Survey – A User's Guide to Initial Findings*, Centre for Longitudinal Studies, Institute of Education, University of London. 4. Sammons et al (2007) *Summary report influences on children's attainment and progress in Key Stage 2: cognitive outcomes in year 5*, Institute of Education, University of London. 5. see, for example, Belsky et al (2007) *The NICHD Early Child Care Research Network: Are There Long-Term Effects of Early Child Care?*; Sammons et al (2003) *EPPE Technical Paper 8b: Measuring the impact of pre-school on children's social/behavioural development over the pre-school period*, Institute of Education: London; NNI Research Team (2007) *National Evaluation of the Neighbourhood Nurseries Initiative: Integrated Report HMSO*. 6. Burgess et al (2002) *Maternity rights and mothers' return to work*, CMPO Working Paper Series No 02/055, University of Bristol. 7. Morris et al (2005) *Effects of Welfare and Employment Policies on Young Children: New Findings on Policy Experiments Conducted in the Early 1990s*, Social Policy Report 19: 3-22. 8. See, for example, Sylva et al (2004) *Op Cit.*; NNI Research Team (2007) *Op Cit.* 9. NNI Research Team (2007) *Op cit* 10. Ofsted (2007) *Early Years – Getting on well: enjoying, achieving and contributing*, Ofsted: London. 11. Bell A et al (2005) *A Question of Balance: Lone Parents, Childcare and Work*; DWP Research Report 230; Norwich: Corporate Documents Service.

Methodology

Childcare nation? brings together a review of existing research and government statistics. The desk research has been supplemented by new secondary analysis of the Parents' Childcare Survey series and the Childcare Providers' Survey series, both of which are produced for the Department for Children, Schools and Families.

The full report, *Childcare nation? Progress on the childcare strategy and priorities for the future*, is available from Daycare Trust, priced £10.

Daycare Trust, the national childcare charity, is celebrating 21 years of campaigning for quality, accessible, affordable childcare for all and raising the voices of children, parents and carers. We lead the national childcare campaign by producing high quality research, developing credible policy recommendations through publications and the media, and by working with others. Our advice and information on childcare issues assists parents and carers, providers, employers, trade unions and policymakers.

Daycare Trust offers a range of services, including an information line, consultancy, training and membership. This year we are offering free membership to parents as a celebration of our achievements. Contact us for details of our services or visit our website.

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