House of Commons

Education Committee

Support for childcare and the early years: Government response to the Committee's Fifth Report

Sixth Special Report of Session 2022–23

Ordered by the House of Commons to be printed 17 October 2023

HC 1902
Published on 17 October 2023
by authority of the House of Commons

The Education Committee

The Education Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Education and its associated public bodies.

Current membership

Robin Walker MP (*Conservative, Worcester*) (Chair)

Caroline Ansell MP *(Conservative, Eastbourne)*

Apsana Begum MP (*Labour, Poplar and Limehouse*)

Miriam Cates MP (*Conservative, Penistone and Stocksbridge*)

Flick Drummond MP (*Conservative, Meon Valley*)

Anna Firth MP *(Conservative, Southend West)*

Nick Fletcher MP (*Conservative, Don Valley*)

Kim Johnson MP (*Labour, Liverpool, Riverside*)

Andrew Lewer MP (*Conservative, Northampton South*)

Ian Mearns MP (*Labour, Gateshead*)

Mohammad Yasin MP (*Labour, Bedford*)

Powers

The Committee is one of the departmental select Committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

Committee reports are published on the Committee's website at www.parliament.uk/education-Committee and in print by Order of the House.

Committee staff

The current staff of the Committee are Niamh Baker (Committee Operations Officer), Laura Daniels (Clerk), Anastasia Lewis (Committee Specialist), Charlotte McDonough (Committee Specialist), Robert McQuade (Committee Operations Manager), Ffion Morgan (Second Clerk), Frederick Quinlan (Assistant Inquiry Manager (Apprentice)), Owen Sheppard (Senior Media Officer), Sian Woodward (Clerk).

Contacts

All correspondence should be addressed to the Clerk of the Education Committee, House of Commons, London, SW1A 0AA. The telephone number for general enquiries is 020 7219 2370; the Committee's email address is educom@parliament.uk.

You can follow the Committee on X (formerly Twitter) using @CommonsEd.

Sixth Special Report

The Education Committee published its Fifth Report of Session 2022–23 *Support for childcare and the early years* (HC 969) on 26 July 2023. The Government's response was received on 28 September 2023 and is appended below.

Appendix: Government Response

1. In its report, the Committee's recommendations are identified by italic text. In this response, the recommendations have been grouped together according to subject matter. For reference, we have included the paragraph number to indicate where each recommendation appears in the report.

Introduction

2. The Government welcomes the Committee's report into support for childcare and the early years, and we have considered the findings and recommendations of the report carefully. We recognise, as the Committee has, that the early years of a child's life are critical for their development and will shape their lives for years to come, and we are committed to ensuring all families get the support they need when they need it. This includes providing children and families with access to high quality early education and childcare, helping children to learn in their earliest years, providing enriching experiences around school hours, and supporting a functioning economy by enabling parents to work.

3. That is why the Government is bringing forward a number of measures to improve access to early years and childcare, closing the gap between parental leave ending and the current childcare offer. At Spring Budget in March 2023, the Chancellor announced the single biggest investment in childcare in England ever, with a reform programme that includes:

- Removing one of the biggest barriers to parents working by vastly increasing the amount of free early education that working families can access. By 2027–28, the Government will be investing an additional £4.1 billion a year to fund 30 hours of free early education for children aged nine months to two years, where eligibility will match the existing 3–4-year-old 30 hours offer.

- From September 2023, the funding paid to early years providers for the existing free hours offers increased by £204 million, rising to £288 million in 2024–25.

- Continuing to take action to maintain choice and availability for parents by attracting more people to childminding, through a start-up grant fund of up to £7.2 million over the next two years. Grants will be worth £1200 for those who choose to register with a Childminder Agency and £600 for those that register with Ofsted.

- Committing to providing flexibility for group-based providers, which is why we have proceeded with changing staff:child ratios from 1:4 to 1:5 for two-year-olds in England. This will align us with Scotland and bring the UK in line with other comparable countries.

- Launched a consultation on further measures to support reform of the childcare market, to improve the childcare offer for parents. This included exploring further flexibilities for providers; growing and supporting the workforce; allowing childminders more choice over how they operate; and introducing a new, better tailored childminder-specific Early Years Foundation Stage framework.

- To help parents on Universal Credit in Great Britain who are moving into work or looking to increase their working hours, we have made sure they have support with childcare costs upfront. Government has also boosted Universal Credit childcare maximum (caps) to £951 for one child and £1,630 for two children–allowing parents to claim back over £300 more for one child or over £500 for two or more children of their childcare costs per month.

4. These reforms will be underpinned by provision that is high quality, safe, and meets the needs of children, including those with SEND and those most affected by the pandemic. The early years foundation stage (EYFS) statutory framework sets the standards and requirements that all early years providers must follow to ensure every child has the best start in life and is prepared for school. In 2021, the department reformed the EYFS statutory framework to improve early years outcomes for all children, particularly disadvantaged children, in the critical areas that build the foundations for later success, such as language development and literacy. Standards of provision are high; as of June 2023, 96% of providers on the Early Years Register were rated Good or Outstanding–up from 74% in 2012.[1]

5. The high quality of our early years and childcare sector is a testament to the ongoing dedication and hard work of early years professionals. The Government has invested in improving the quality of the workforce, who make a huge contribution to young children's lives. This includes funding for a range of programmes, including up to £180 million as part of Early Years Education Recovery funding for a package of training, qualifications, and expert guidance to support the sector, and its youngest and most disadvantaged children, to recover from the impact of the COVID-19 pandemic.

6. It is also key that the early years workforce has the right skills and resources to support children with SEND. In March 2023, the Government published the SEND and AP Improvement Plan, setting out how an effective single national SEND and AP system will be delivered. This will include new practice guides to support frontline professionals, local SEND and AP partnerships, and a £70 million Change Programme to develop, test and refine the flagship reforms. As part of the Change Programme, Government will run the Early Support for Every Child (ELSEC) pilot, co-funded with NHS England, to more effectively identify Speech, Language, and Communication Needs (SLCN) in early years and primary settings. DfE is also funding training of up to 7,000 early years Special Educational Needs Coordinators (SENCOs), resulting in an accredited Level 3 Early Years Special Educational Needs Coordinators qualification. SENCOs working in group-based and childminder settings are eligible for this package of support, which is nationally available, with targeting in specific areas based on levels of disadvantage.

7. To support families with the cost of childcare, we continue to deliver the existing mixture of entitlements and additional support. This includes the early education entitlements for disadvantaged 2-year-olds and all 3- and 4-year-olds, as well as support

1 Main findings: Childcare providers and inspections as at 31 August 2022 - GOV.UK (www.gov.uk)

via Tax-Free Childcare and Universal Credit childcare support. So that every parent across the UK can access the support they are entitled to, the Government committed an additional £1.2 million to support the ongoing Childcare Choices marketing campaign to drive awareness and engagement with the Childcare Choices website, by bringing together in one place the support available through Universal Credit, TFC, and DfE's 15- and 30-hours early education entitlements.

8. The Government also recognises that raising a family is both exciting and challenging, and wants to ensure parents and carers across England have access to local, co-ordinated support and advice in raising a family. To deliver on this vision, the Government is investing around £300 million to enable 75 local authorities to create family hubs, and to improve vital services to give every baby the best start in life. This includes £50 million for support for parenting to help new and expectant parents make the transition to parenthood as smooth as possible. Family hubs are 'one stop shops' that make it easier for families to get the support they need. The hub approach means professionals and partners working together more effectively, with a focus on supporting and strengthening the family relationships that carry us all through life.

9. The Government has invested £695m more in the Supporting Families programme, which directly helps families who are facing multiple and often overlapping vulnerabilities. This means that a further 300,000 families will benefit, on top on the 650,000 vulnerable families that have already received support to help them turn their lives around and build brighter futures through the 'whole family' approach to tacking problems since the programme launched in 2013.

10. As we take forward the Government's ambitious programme of reform, we will look for further opportunities to strengthen the childcare and early years system. In doing so, the Government is committed to working with early years childcare providers, schools, parents, and carers to build upon the strengths of the current system and respond appropriately to the challenges ahead. With that in mind, the Government welcomes the Committee's report and considers its recommendations in detail below.

The childcare and early years education system is already spread across multiple departments and local authorities. Government must commit to effective cross Government working, both centrally and locally.

(Page 72, paragraph 2. More detail at paragraph 19 of report.)

11. As the Committee recognises, cross Government working must happen at a local, as well as national level. On subsequent pages, we set out the steps that Government is taking to engage with local authorities, including on current sufficiency of childcare and the support needed to deliver the expansion in childcare provision.

12. This Government regularly works collaboratively across departments and with local authorities to deliver a childcare system that works for families and improves outcomes for children.

13. Our Childcare Choices communications campaign is an excellent example of working across multiple departments to maximise impact and ensure join-up. DfE, His Majesty's Revenue and Customs (HMRC) and the Department for Work and Pensions (DWP) work in partnership to deliver the Childcare Choices campaign, as well as working with other

central departments and local Government to amplify key messages. This campaign aims to ensure parents know about the Government-funded support they are eligible for and how to access it. The new entitlements will be included within this campaign (alongside existing 30 hours, TFC and UC) to build awareness and take-up of the first phase of entitlements expansion from April 2024 through the use of a range of paid activity and low/no cost stakeholder outreach.

14. DfE also works closely with DWP to help local authorities to reach disadvantaged and low-income households on Universal Credit to access 15 hours free early education for 2-year-olds, and the other offers families are entitled to. This collaboration supports employment outcomes for parents and improved education outcomes for children. DfE and the Department for Health and Social Care (DHSC) are also working together to deliver the £300m investment in Family Hubs and Start for Life services.

Response to the Committee's recommendations regarding a fair market for providers

The Department for Education should work closely and consistently with childcare providers and local authorities from across the country to set the funding rate at a sufficient level. Given that most childcare places will soon be Government-funded, it is vital that the Department gets this right, or the already struggling childcare market will see even more closures.

(Page 72, paragraph 4. More detail at paragraph 38 of report)

15. DfE recognises the importance of setting funding rates for local authorities for the early years entitlements that reflect the cost of early years childcare delivery and also encourage sustainability of provision and the overall financial health of the childcare sector, especially as we expand the entitlements from April 2024.

16. DfE regularly surveys a representative sample of over 10,000 providers to gain insights into how they run their provision and the challenges they face. This data is used to support our understanding of the costs of delivering childcare and helps to inform the overall quantum of funding required for delivering the early years entitlements. DfE also regularly surveys over 6,000 parents to understand their usage of childcare.

17. DfE provides local authorities with 6 relevant funding streams which together form the early years block of the dedicated schools grant and support the delivery of the early years entitlements. This funding is distributed to local authorities through early years funding formulae which, since 2017, have been at the centre of allocating our record investment in early years funding to local authorities fairly and transparently across the country. Last year, DfE consulted on and updated the formulae to ensure the funding system remains fair, effective and responsive to changing levels of need across different local authority areas. To maximise the amount of funding reaching providers, we also require local authorities to pass on to providers at least 95% of their Government funding for 3 and 4-year-olds.

18. Local authorities are responsible for setting individual provider funding rates in consultation with their providers and schools forum, and fund providers using their local funding formula. In setting their local funding formula, all local authorities are required

to use the same base rate for all providers. On top of the base rate, additional funding is paid to providers to reflect local needs through the use of a mandatory supplement for deprivation and can also be provided in respect of four other, discretionary supplements: [Flexibility; Rurality/sparsity; Quality; English as an Additional Language]. Supplements are capped at a maximum of 12% of the total funding to providers.

19. Across summer 2023, DfE has consulted on the approach to funding for the early years entitlements for 2-year-olds and under from 2024–25. This includes the national funding formula that will be used to distribute entitlements funding to local authorities for 2-year-olds and under from 2024–25, proposals to extend eligibility for early years pupil premium (EYPP) and the disability access fund (DAF) and the framework of rules for the distribution of all entitlements funding by local authorities. The consultation closed on the 8 September 2023 and the Government response will be published in the autumn.

20. DfE recognises the current pressures that have recently been faced by childcare providers, which is why we are providing additional funding in the current financial year through the early years supplementary grant (EYSG). We are paying this grant to local authorities from September 2023, to allow them to increase funding rates paid to childcare providers. This is on top of funding uplifts already announced for the 2023–24 financial year. The 2023 Spring Budget also announced that this additional funding will continue through 2024–25, with a £288 million to allow for further uplifts to the existing entitlements hourly funding rates next year. This will be delivered through the early years funding streams via the dedicated schools grant as normal. Funding rates for 2024–25 will be confirmed in the autumn. This additional funding is on top of the £4.1 billion, a year, that the Government expects to provide by 2027–28 to facilitate the expansion of the new early years entitlements.

21. To monitor the early years childcare market, we engage with sector stakeholders and local authorities. We work closely to observe dynamics within local markets, monitor parents' access to the Government's entitlements and the childcare they require, and monitor the sustainability of the sector. We offer support to Local Authorities if required through support and the dedicated childcare sufficiency support contracts.

We recommend the Government consider the case for greater ring-fencing of the Early Years block of each local authority's Dedicated Schools Grant to ensure that more is passed on to the early years providers who are delivering the funded hours entitlements.

(Page 72, paragraph 5. More detail at paragraph 39 of report)

22. DfE wants to support local authorities to manage their Dedicated Schools Budgets in the round and ensure they are appropriately funded to carry out all the duties placed upon them, whilst also maximising the amount of early years block funding being passed on to early years providers. To maximise the amount of funding reaching providers, we require local authorities to pass on to providers at least 95% of their Government funding for 3 and 4-year-olds. This is to support local authorities in their carrying out of administrative and other tasks associated with the new entitlements (e.g., SEND support, eligibility checking, etc). In practice, local authorities exceed this and pass on, on average, 97% of their funding. This is largely through the hourly rate as well as targeted funding, including Special Educational Needs Inclusion Funds and money local authorities set aside for in-year increase in take-up of the entitlements.

23. In our consultation on extending the early years entitlements, launched on 21 July 2023, we are proposing, for 2024–25, to set a 95% pass-through rate on each individual early years dedicated schools grant funding stream.

24. As the quantum of funding in the early years block increases with the roll out of the new entitlements, the proportion of overall funding local authorities will need to hold back for central support will fall. DfE is therefore intending to increase the minimum pass-through rate to 97% once the roll-out of the new entitlements is sufficiently progressed to allow this. We will keep the timing of this under review. The final pass-through arrangements for 2024–25 will be confirmed in the Government response to the consultation due to be published in the autumn.

We recommend Government work closely with local authorities to identify areas where childcare provision is insufficient and with a view to increasing provision in these areas. It could be useful to begin with a focus on Education Investment Areas (EIAs).

(Page 72, paragraph 6. More detail at paragraph 40 of report)

25. DfE agrees with the above recommendation and recognises that working closely with local authorities is essential in understanding the childcare provision for that area. Under Section 6 of the Childcare Act 2006,[2] local authorities are responsible for ensuring that the provision of childcare is sufficient to meet the requirements of parents in their area. We have regular contact with each local authority in England about childcare sufficiency in their area and any issues they are facing. Where local authorities report sufficiency challenges, DfE discusses what action the local authority is taking to address those issues and, where needed, support the local authority with any specific requirements through the dedicated childcare sufficiency support contract.

26. The Education Investment Areas (EIAs) focus on local authorities where the educational outcomes of children were the weakest based on sustained low performance across key stage 2 and key stage 4 in 2017 to 2019. As we work closely and continue to do so with all local authorities, the 55 local authorities in scope of the EIAs can access support from our childcare sufficiency support contract if needed. We are not limiting our scope to just those EIAs, as we know that there are other factors outside educational attainment that can impact the ability for local authorities to provide sufficient childcare, such as the local economic landscape as well as recruitment and retention of early years workforce.

27. As we prepare for the expansion of the early years childcare system, through our regular engagement and monitoring of local authorities, we are working to identify what additional support is required. We have recently launched a termly local authority readiness self-assessment tool, which is intended to enable us to work closely with local authorities, to review their progress towards delivery of the expansion to the early years entitlements. These self-assessments will enable DfE to identify where further support is needed, and to work with local authorities to address issues as they emerge. In addition to this, £12 million of local authority delivery support funding is being distributed to support local authorities in 2023–24, as they prepare for the entitlements expansion.

2 Childcare Act 2006 (legislation.gov.uk)

We recommend the Government consider explicitly including childcare and early education as a category in the list of infrastructure set out in the Levelling Up and Regeneration Bill 2022–23. This would enable funding received through the levy to be allocated to childcare and early education and support local authorities to meet their statutory duty on providing sufficient childcare places.

(Page 72, paragraph 7. More detail at paragraph 41)

28. The Levelling Up and Regeneration Bill already enables the Infrastructure Levy to be spent on childcare and early education, and there are other tools available to support local authorities to secure developer contributions to help meet their statutory duties, as explained below.

29. Contributions from developers play an important role in providing infrastructure to mitigate the impacts of new development in a local authority area, alongside other sources of funding. The Levelling Up and Regeneration Bill introduces a new Infrastructure Levy which aims to capture more value than the existing system of developer contributions, comprised of Section 106 planning obligations and the Community Infrastructure Levy (CIL).

30. The Infrastructure Levy can be spent on infrastructure which supports the development of an area. This includes funding the provision, improvement, replacement, operation, or maintenance of infrastructure. New section 204N(3) which will be inserted by Schedule 12 of the Bill sets out an illustrative list of kinds of infrastructure that the Infrastructure Levy may be spent on. The list includes "schools and other educational facilities", which would include certain types of early years and childcare facilities such as nurseries or pre-school facilities. The list is non-exhaustive and local authorities will have the ability to decide what infrastructure should be funded in order to support the development of their area. This could include other facilities for school-age children such as before/after school clubs. The list at 204N(3) has been drafted purposely to give local planning authorities the flexibility to apply the Levy to the infrastructure that is needed in their specific area. This issue was discussed during the passage of the Bill through Parliament and the Government put on record that the Levy could be applied to fund childcare facilities. The Bill has now reached its final stage.

31. The effective planning and timely delivery of infrastructure is a priority for the Government. To support this, new section 204Q (which will be inserted by Schedule 12 of the Bill) requires local planning authorities to prepare Infrastructure Delivery Strategies. It is the Government's intention that through the preparation and development of these strategies, local planning authorities will develop a clear understanding of the infrastructure needs in their area and develop a strategy for spending Levy proceeds in line with locally determined priorities. Government policy and guidance will ensure that local authorities are aware of their powers to spend Levy funding on childcare facilities.

32. The Infrastructure Levy will be introduced through a 'test and learn' approach. This means that a small number of local authorities will implement the Levy once regulations are made. This will allow us to work closely with local authorities to introduce the Levy and closely monitor its performance so that we can make changes to regulations, policy and guidance if needed.

33. DfE has recently updated guidance for local authorities on securing developer contributions for education.[3] The guidance recognises the importance of securing developer contributions towards the cost of early years and childcare facilities, setting out best practice and explaining that "housing development should mitigate its impact on community infrastructure, including schools and other education and childcare facilities." The guidance recommends that local authorities assess the need for early years and childcare facilities and secure developer contributions where appropriate. The guidance will be updated again when the Infrastructure Levy is applied nationally, following a trial period in a small number of local authorities.

The Government will soon be funding up to 80% of all childcare places in England, up from 50% before the Spring Budget. In recognition of this, and the public benefit that the whole early years sector is providing, the HM Treasury should grant all early years providers an exemption from business rates. Private, Voluntary and Independent (PVI) settings should also be zero-rated for VAT. We heard that VAT costs and business rates facing ECEC settings are taken into account in the DfE's process of setting funding rates. Following these proposed changes, DfE should not account for any cost savings gained from VAT and business rate exemptions in their calculation of the funding allocations for local authorities. This would allow savings to be channelled back into the settings in recognition for the need for a more qualified (and therefore expensive) workforce. The benefits to retention and development of staff, affordability for parents and expansion of places for children will substantially outweigh the costs of these changes.

(Page 73, paragraph 8. More detail at paragraph 48 of report)

34. At Autumn Statement 2022 the Government announced a freeze to the business rates multiplier in 2023–24, a tax cut worth £9.3 billion over the next 5 years, which supports all ratepayers, including early years businesses, and means bills are 6% lower than without the freeze. The package also includes targeted reliefs which mean no small business will have seen their bill increase by more than 5% or £600 at the revaluation

35. Many small businesses like nurseries might pay no, or reduced, business rates bills. The small business rate relief (SBRR) scheme provides up to 100% relief for eligible businesses occupying one property with a rateable value of £12,000 or below, and reduced bills up to £15,000. Further, if a nursery is a charity, Charitable Rate Relief provides 80% off rates bills, which can be topped up to 100% by the local authority.

36. If a setting is not getting small business rate relief and may be eligible for it, they can contact their local authority here: https://www.gov.uk/contact-your-local-council-about-business-rates. Additionally, businesses may qualify for the small business rate relief scheme if their property's bill went up because of the most recent revaluation on 1 April 2023. Further information is available at: https://www.gov.uk/introduction-to-business-rates/revaluation.

37. Government currently has no plans to make changes to the business rates support provided to early years businesses or the VAT exemption which nurseries currently enjoy.

3 https://www.gov.uk/Government/publications/delivering-schools-to-support-housing-growth

38. VAT has been designed as a broad-based tax on consumption, and the twenty per cent standard rate applies to most goods and services. Exceptions to the standard rate have always been strictly limited by both legal and fiscal considerations.

39. State-regulated private nurseries provide welfare services that are exempt from VAT. This means they cannot charge VAT to their customers, but it also means they cannot recover any VAT they incur on the things they buy in furtherance of their business. This is the same as all other providers of exempt services in the UK, including organisations working in financial services, healthcare and many exempt education providers like private schools, private tutors, and universities.

40. Local authority maintained nurseries are not 'zero-rated' for VAT purposes; their services are outside the scope of VAT as they are provided free of charge. This means they also cannot directly recover the VAT incurred on their inputs. However, local authorities, which fund and control these nurseries, are able to recover VAT incurred in the course of non-business activities in order to prevent VAT costs being a burden on local taxation.

41. VAT is the UK's third largest tax, forecast to raise £161 billion in 2023/24, helping to fund key spending priorities including education, defence and the NHS. Any loss in tax revenue would have to be balanced by a reduction in public spending, increased borrowing or increased taxation elsewhere. While we keep all taxes under review, we currently have no plans to make changes to the VAT exemption which nurseries currently enjoy.

We recommend the Government work to remove or reduce the barriers preventing childminders setting up or continuing in businesses and consider developing more incentives to grow this market. It could do this, for example, by

a) ***Allowing childminders to work together in settings outside their own home, following the French model of maisons d'assistants maternels (MAMs).***

b) ***Working with the Department of Levelling up, Housing and Communities (DLUHC) to remove barriers to childminders setting up businesses in rented properties. If this cannot be done through a voluntary process in which Registered Social Landlords and local authorities create a specific exemption for childminding businesses, then the DLUHC should consider legislation.***

c) ***Permitting parents to claim funded hours for their child if they are cared for by a registered childminder who is also a member of their extended family. An exemption for a childminder's own children is understandable but it is unclear why grandchildren, nieces and nephews need to face the same barriers.***

d) ***Allowing Childminder Agencies to register part-time childminders and considering the balance of costs between Childminder Agency and Ofsted registration costs and fees.***

42. The Committee recommends that the Government allow childminders to work together in settings outside their own home. Childminders can already work with up to two other childminders and/or assistants. However, the ability for childminders to work with more people and to spend more of their time working on non-domestic premises brings exciting new opportunities for collaborative working.

43. As such, the Government recently tabled amendments to the Levelling-Up and Regeneration Bill (LURB) that will:

a) Increase–from 3 to 4–the total number of people (including childminders and/or assistants) that can work together under a childminder's registration, and

b) Increase premises freedoms by replacing the existing single "childminder" category with two new categories: "childminder with domestic premises" who provide at least some or all of their childminding on domestic premises; and "childminder without domestic premises" who provide all their childminding on non-domestic premises.

44. These measures will give childminders in England greater flexibility to operate in a way that is similar to the maisons d'assistantes maternelles (MAMs) model in France, where childminders work in groups of four and on non-domestic premises. However, the LURB amendments will also give childminders in England more autonomy so they can choose whether to operate with fewer people or spend less time on non-domestic premises if that would be more beneficial for their business. These amendments recently passed unopposed as part of the LURB Report Stage, and pending Royal Assent, we expect these changes to come into effect from autumn 2024.

45. We are also considering ways in which childminders could come together to pool resources, share ideas and effective practice, benefit from a professional network and build resilience, e.g., enabling other childminders to step in if one is unable to work for some reason.

46. The Committee also recommended that Government remove barriers to childminders setting up businesses in rented properties. DfE is engaging with the Department for Levelling Up, Housing and Communities (DLUHC) and a range of housing sector stakeholders including social and private landlords, to identify and reduce property-related barriers to childminding. We know that some landlords are reluctant to allow prospective childminders to run businesses from their rental properties and that this can prevent new childminders from registering, and existing childminders from remaining in the profession if they move home. Landlords and freeholders may be concerned about wear and tear to their properties, parking issues, noise disturbance to neighbours, and concerns about changes to their home insurance and/or mortgages. Many landlords may be unable to grant childminders permission to operate from their property due to their mortgage provider having a blanket ban on businesses, or their property is subject to a restrictive covenant.

47. We have been engaging with stakeholders from across the property sector to hear their perspective on this issue. We are engaging with the sector to promote the importance of childminders in providing the flexible, high-quality education and care that parents need as part of a varied childcare market. We are encouraging them to think of the business and societal benefits of allowing childminders to work from their properties, and to work collaboratively with tenants and leaseholders to make tenancy arrangements that work for both parties. We will continue to engage with the property sector to improve their understanding of the benefits that childminding can bring to them and the local community, and also work to unblock any issues that may mean it isn't possible for social housing, housing association and private landlords to accept childminders.

48. We are also considering producing childminder-specific property guidance, so that prospective and current childminders understand what to be aware of when choosing domestic premises (which may or may not be their own home) and know where to seek information and support if they find their tenancy or lease agreement does not allow them to childmind.

49. The Committee recommends permitting parents to claim funded hours for their child if they are cared for by a registered childminder who is also a member of their extended family. DfE currently has no plans to change this position, as allowing childminders to receive funding for related children in their care would not be an effective use of public money and may have a negative impact on the viability of existing childcare businesses. Parents are free to choose the childcare that is right for them and their children, and childminders are not prevented from caring for related children.

50. In England, the Government provides funding to local authorities for education (including the statutory entitlement to early education for 2-, 3- and 4-year-olds) via the Dedicated Schools Grant (DSG). Funding made available in the DSG for the entitlements to free early years provision cannot be claimed by, or spent on, childminders providing childcare for related children. This restriction for local authorities funding relatives is set out in the Childcare Act 2006 (the 2006 Act). Section 18(4)(c) the 2006 Act specifically excludes care provided for a child by a parent or other relative, and section 18(8)(c) of the 2006 Act states that a relative, in relation to a child, means "a grandparent, aunt, uncle, brother or sister, whether of the full blood or half blood or by marriage or civil partnership."

51. This approach avoids creating an incentive for adults to register to become childminders and being paid to look after related children that they are already looking after on an informal basis (which could apply to extended family members as well as parents and carers).

52. The Committee recommends that Government allow Childminder Agencies to register part-time childminders and consider the balance of costs between Childminder Agency and Ofsted registration costs and fees. Childminders set the hours that they want to work, and childminder agencies can already register part-time childminders. However, we are mindful of the cost to childminders of registering–either with Ofsted or with a childminder agency. That is why we are introducing start-up grants for new childminders, to remove the barrier that is the initial cost of establishing a childminding business.

53. The Committee is right to say that the balance of costs (i.e., fees) between childminder agencies and Ofsted are not even. Ofsted's role is different to that of childminder agencies, focusing on registration, inspection and regulation. Ofsted also acts as a prosecuting authority, and experiences related costs, including those associated with tribunals. In carrying out these roles Ofsted benefits from some economies of scale, and in addition its costs are covered in part by Government funding. Childminder agencies offer a different range of services which include registration, inspection and regulation–and also training and development and professional support. They can also provide services such as business administration. Childminder agencies can differentiate from one another in the services they offer, and the fees they charge.

54. We are currently considering a number of further reforms in the childminding sector and are working closely with stakeholders on them. We will say more about this in due course.

Response to the Committee's recommendations regarding support for parents

We recommend that the funded hours entitlement system be made more streamlined. For example, parents should be able to access childcare as soon as they receive an eligibility code. The requirement for parents to reconfirm their eligibility every three months for both the 30-hours entitlement and the Tax-Free Childcare scheme is unduly onerous and should be reduced to once per year.

(Page 73, paragraph 11. More detail at paragraph 94 of report)

55. DfE acknowledges that a more streamlined system, where parents can access the 30-hour entitlement upon receipt of their eligibility code, may allow for more flexibility for working parents who are returning to work. However, there is further work required to understand the direct impact this would have on working families, the childcare sector, and the economy.

56. There are no plans at this time to make eligibility changes to the current system. However, DfE continues to look at ways to improve the cost, choice and availability of childcare, and may return to this in the future following further ongoing engagement with the sector and across Government.

57. Following the Government's Spring Budget announcement on childcare and early education, we are already removing one of the biggest barriers to parents working by vastly increasing the amount of free childcare that working families can access. We are providing over £4.1 billion by 2027–28 to fund 30 hours of free childcare per week (38 weeks per year) for working parents with children aged 9 months to 3 years in England (£1.7 billion in 24–25, £3.3 billion in 25–26, £4.1 billion in 26–27, and £4.1 billion in 27–28). This new offer will empower parents, allowing them to progress their careers and support their families.

58. At present, the entitlements work on a termly basis, meaning children become eligible from the date (1 September, 1 January or 1 April) either after they reach the relevant age or after they or their parents first meet the eligibility criteria (e.g. for the 2-year-old disadvantage entitlement and 30 hours work-related entitlements). These termly deadlines ensure that children can receive at least two years of early education (or three years if they are eligible for the disadvantaged two year old entitlement,) before they reach compulsory school age, which is the beginning of the term following their fifth birthday. They also allow local authorities and childcare providers to better plan and ensure sufficient early years places are available for parents each term, as there are clear periods for when children are likely to start a place.

59. Eligible parents must reconfirm their eligibility every three months to benefit from the scheme by confirming that their details are up to date. Reminder emails and text messages to mobiles are sent to parents four weeks and two weeks before the reconfirmation deadline to prompt them to reconfirm. Re-confirmation allows certainty for parents by

making them eligible for a future 3-month period based on circumstances at that time, with no need to worry about subsequent changes for the next 3 months. A balance needs to be struck between the needs for simplicity for parents and for Government funds to be used properly. The three-monthly cycle represents a fair compromise between imposing onerous frequent reconfirmations on parents and giving Government support to parents that are not eligible for it. Moving to less frequent reconfirmations may lead to higher error and fraud, and mitigations may require the customer to undertake more onerous and through eligibility checks.

To improve awareness and improve parental trust in the childcare subsidy system, we recommend the Government stop describing the 30-hours offer as 'free hours' and talk about 'funded' or 'subsidised' hours instead.

(Page 74, paragraph 12. More detail at paragraph 95 of report)

60. Changing the terminology of 'free' childcare would require changes to primary legislation. We are not proposing to do this at this time but recognise that this can cause some confusion in the system. That is why we make clear in our statutory guidance that all providers should publish a statement of how they deliver the free entitlements and any additional charges for optional activities outside of the entitlement, including charges for meals, optional activities or additional hours.

61. Local authorities are responsible for ensuring that all eligible children within their area are able to take up an entitlement place free of charge, if they wish, and that providers' charging policies enable this. If parents wish to purchase additional hours or activities outside of their free entitlement, then they are of course free to do so. Our statutory guidance sets out that local authorities should ensure that providers do not charge parents "top-up" fees, which is any difference between a provider's normal charge to parents and the funding they receive from the local authority to deliver free places.

We recommend the Government develop better support for parents who choose to stay at home with their children. For example, HMRC could explore ways to frontload child benefits to give parents more support in the early years when the economic and social impact of childcare is highest. The Department for Business and Trade could also consider expanding parental leave allowances.

(Page 74, paragraph 13. More detail at paragraph 96)

62. The Committee suggests expanding parental leave allowances. The Department for Business and Trade is responsible for parental leave entitlements which are delivered through the Employment Rights Framework. These entitlements give employed parents a right to time off work in various circumstances. They are supplemented by a range of employment rights and protections which are intended to prevent employers from discriminating against parents or treating them unfairly because they have been absent from work and on parental leave. Together, these rights and protections are intended to:

a) enable women to prepare for and recover from birth;

b) facilitate women returning to work and staying in work (i.e., boost female participation in the labour market);

c) give working families choice and flexibility to balance their caring and work responsibilities;

d) increase paternal involvement in childcare;

e) close the gender employment and pay gaps;

f) prevent pregnancy and maternity discrimination;

g) prevent discrimination against parents who take or seek to take parental leave; and

h) minimise the burdens on business.

63. The Government is taking further steps to extend this framework. In July this year, as part of its response to the Parental Leave and Pay Consultation[4], the Government announced that it would reform to Paternity Leave to increase flexibility. The changes will:

a) allow fathers and partners to take their leave in non-consecutive blocks (currently, only one block of leave can be taken which can be either one or two weeks);

b) allow fathers and partners to take their leave and pay at any point in the first year after the birth or adoption of their child; and

c) shorten the notice period required for each period of leave.

64. Also, in July this year the Employment Relations (Flexible Working) Act received Royal Assent. This Government supported legislation will:

a) require employers to consult with their employees, as a means of exploring the available options, before rejecting their flexible request;

b) allow employees to make two flexible working requests in any 12-month period, rather than the current one request;

c) require employers to respond to requests within two months, rather than the current three months; and

d) remove the requirement for employees to set out how the effects of their flexible working request might be dealt with by the employer.

65. Alongside these changes, the Government has also committed, through Regulations, to make the statutory right to request flexible working apply from the first day of employment. However, these existing and improved entitlements are all employment rights. It would not be viable or appropriate to extend them to non-working parents.

66. The Government has no plans to make changes to child benefits or parental leave allowances at present but is committed to supporting parents with the costs of early years childcare through other measures.

67. The Committee suggests that HMRC should explore ways to frontload child benefits. Frontloading child benefit risks making the benefit system more complex and difficult for

4 https://assets.publishing.service.gov.uk/Government/uploads/system/uploads/attachment_data/file/1166182/good-work-plan-consultation-Government-response.pdf.pdf

claimants to navigate, and would require significant changes to IT systems and upskilling of staff. This would also lead to additional Government borrowing, given the upfront costs to taxpayers.

However, the Government must do much more to ensure the support available for tax-free childcare is better understood and easier to access. We recommend HM Treasury conduct a fundamental review of tax-free Childcare with a view to making it simpler and easier to use and ensure it is delivering effectively for eligible families. In doing so it should carefully analyse why so many parents who have gone to the trouble of setting up an account do not the use it and seek to monitor ongoing take up and usage of the scheme. Following this review and any changes to the system, the Government should launch a large scale public campaign to improve awareness.

(Page 74, paragraph 16. More detail at paragraph 99 of report)

68. The Government continually keeps Tax Free Childcare policy under review and its role in supporting parents with costs of childcare. The Government is committed to supporting families with their childcare costs through a range of offers, including 30-hours entitlements, Universal Credit Childcare and TFC and we are continuing to encourage eligible families to sign up for offers they're eligible for, through media, communications and targeted outreach activities via local authorities.

69. In July 2022, Government launched a £1.2 million campaign directing parents to the Childcare Choices website, which helps parents to access the support they are entitled to. This has involved a range of media and digital channels including 'search', radio, tv, social media, newspaper and bus and rail stop adverts. The campaign continues in 2023/4 and will be live in the autumn and into the new year to support the rollout of the significantly expanded childcare offer. Additionally, we have worked with childcare providers at local levels to help parents better understand the support that is available to them. Overall, of the estimated 1.3m families eligible for TFC, 512,000 families used the scheme during the 2021 to 2022 tax year, up from 374,135 during 2020–21.[5]

70. We continually look to improve the TFC service, including in response to feedback we receive. For example, we have recently improved guidance in relation to the scheme through the publication of the TFC technical guidance manual. TFC accounts can be opened in around 20 minutes, at any time of the year and the scheme can be used straight away. Customer satisfaction rates for those using TFC have remained consistently above 93% over the last three years.

71. To further support parents and childcare providers understand and make use of TFC, a series of stakeholder engagement events took place through a local authority engagement programme in 2022 and has been expanded to localised face to face activity until autumn 2023.

We recommend the Government expand the Family Hub model and commit to longer-term funding. We would like to see a national rollout of family hubs at the earliest possible opportunity. In particular, the £50 million fund for 'Parenting Support' and the £28.7 million 'Home Learning Environment' fund should be increased, along with the Best Start for Life funding to support infant feeding and parent infant relationships.

5 Post-Implementation Review (2017) Post_Implementation_Review_Tax_Free_Childcare_April_2017_March_2020.pdf (parliament.uk)

Family Hubs should spread awareness of the childcare subsidy offers and increase take up. They should also provide specific, targeted support to families with children with Special Educational Needs and Disabilities.

(Page 74, paragraph 17. More detail at paragraph 100 of report)

72. Family hubs provide access to a range of services, with a great Start for Life offer at their core, supporting families with children up to age 19, or 25 for those with special educational needs and disabilities (SEND). The Best Start in Life vision: A Progress report, outlines Government's progress over the past two years in delivering the Best Start in Life vision and the Government's commitment to champion family hubs. However, we recognise that there is more to do, and the Government remains committed to supporting families and giving every baby the best start in life.

73. The Government is investing around £300 million through the Family Hubs & Start for Life programme to enable 75 local authorities to create family hubs, and to improve vital services to give every baby the best start in life. The programme includes funding for support for parenting (£50 million), perinatal mental health and parent infant relationships (£100 million), and infant feeding (£50 million). The local authorities taking part in the programme were selected by targeting areas with the highest levels of deprivation. An additional £28 million has also been made available to these local authorities to improve early language development, by supporting parents to help their children learn at home. This builds on the Government's previous investment to champion family hubs– including a £12 million transformation fund which will open family hubs in a further 13 local authorities in England. This investment in family hubs is significant. It will have wide reach across the country, improving outcomes for thousands of babies, children, and families.

74. Our ambition is to see family hubs open across the country. However, it is crucial we focus on delivering well in the local areas we are currently funding. We will continue to build the model and evidence base, working with the National Centre for Family Hubs to champion and spread good practice for all local authorities. The evidence and learning from this investment will help to improve services across England where they are most needed and help to build the evidence based for future investment decisions.

75. We have developed guidance for participating local authorities developing family hubs, which includes expectations on early childhood education and care. Staff in the family hub should be able to help identify families who may benefit from early childhood education and care and provide information about their entitlements. This will help to raise awareness and improve uptake of early childhood education and care. The guidance also includes expectations on the support available to families who have children with SEND, in line with the recommendations in the SEND and Alternative Provision green paper. This includes staff in the family hub being knowledgeable about local SEND services and able to connect families to appropriate support - this could include for example SEND-appropriate parenting programmes, peer support for parents, short breaks, support for siblings or specialist health services. Information within the family hub and online should be accessible and address wider accessibility needs.

We recommend the Government make parents in training or education eligible to claim the 30-hours entitlement. This will support single parents who need to retrain to secure more flexible work, and also support parents who are trying to re-enter the workforce after a period of absence. The Department for Work and Pensions should also consider what further ways to support single parents, for example by raising the single income child benefit threshold from £50,000, where it has been frozen since 2013.

(Page 74, paragraph 18. More detail at paragraph 101 of report)

76. Our focus on delivering the massive expansion in the offer to parents of children from 9 months old, as outlined above. We are not currently proposing to make changes to the 30 hours eligibility criteria,however, DfE continues to look at ways to improve the cost, choice and availability of childcare, and may return to this in the future following further ongoing engagement with the sector and across Government.

77. The Government provides support specifically for students in higher education with children. Through the Student Loans Company, the Government offers a specific childcare grant (CCG) to support students with the costs of childcare whilst they are in study, which totals around £202 million per annum. The CCG pays 85% of the actual cost of registered or approved childcare throughout the Academic Year (AY), during term time, short vacations and the longest vacation. CCG support is provided to individuals where both parents are students, the student is a lone parent, or the student parent's partner is on a low income. The grant is available to dependent children under the age of 15 immediately before the beginning of the AY, or age 17 for a dependent child who has special educational needs within the meaning of section 20 of the Children and Families Act 2014.

78. All parents of three- and four-year-olds are eligible for 15 hours free early education over 38 weeks of the year, which is an entitlement available to every parent in England regardless of family circumstances. As such, this offer is available to student parents, alongside the Childcare grant.

79. 30 hours free childcare and TFC are entitlements for working parents of three and four-year olds. They aim to help working parents with the costs of childcare so they can take up paid work if they want to or can work additional hours. The Childcare Bill policy statement, published in December 2015, is clear that students are not eligible for 30 hours free childcare. However, students who undertake paid work in addition to their studies and meet the income requirements will be eligible for the additional hours. To qualify, students do not have to physically work 16 hours a week, but they do need to earn the equivalent of a weekly minimum of 16 hours at national minimum wage or national living wage (currently just over £7,400 a year).

80. The Committee also suggests raising the single income child benefit threshold. The High Income Child Benefit Charge (HICBC) is calculated on an individual rather than a household basis, in line with other income tax policy. The Government is committed to managing the public finances in a disciplined and responsible way, by ensuring that the amount spent on welfare is sustainable. The adjusted net income threshold of £50,000 for HICBC ensures the Government supports the majority of Child Benefit claimants, whilst keeping welfare expenditure sustainable. As with all elements of tax policy the Government keeps this under review as part of its Budget process.

Response to the Committee's recommendations regarding quality care for children

We recommend that the Government's controversial changes to staff:child ratios be closely monitored and reversed if quality and education outcomes are seen to suffer. If the Government's goal is truly to "bring the UK in line with Scotland and comparable countries", this change should be accompanied by a strong focus on developing staff qualifications to the comparable level in these countries. This should be supported by a larger piece of Government research to better determine the optimal mix of qualification in early years settings.

(Page 75, paragraph 21. More detail at paragraph 123 of report)

81. The change to staff:child ratios for 2-year-olds will provide managers with the flexibility to utilise staff in the most efficient and effective way. This change will continue to be a minimum requirement for settings, and there will be no obligation on providers to operate at the statutory minimum. Settings will be able to continue to staff to tighter ratios if that is their preference. We trust that providers will adjust their ratios to best meet the needs of their children and staff.

82. The Committee recommends that these ratio changes are closely monitored and reversed if quality and education outcomes are seen to suffer. DfE will continue to monitor the changes to staff:child ratios for 2-year-olds, and we will keep the policy under review. DfE conducts an annual survey of childcare and early years providers (SCEYP), allowing monitoring of the average staff:child ratios providers are operating at. DfE intends to use this survey, along with any additional provider surveys, to monitor the behavioural response of providers to the ratio change and its impact.

83. DfE also monitors the quality of early years provision through Ofsted's official statistics on childcare providers and inspections. These statistics are released roughly every three months and report the number of inspections of providers on the Early Years Register (EYR) and the outcome of those inspections. As of June 2023, 96% of all childcare providers on Ofsted's Early Years Register were judged either good or outstanding at their most recent inspection, and we will continue to work with Ofsted to monitor this.[6]

84. Prior to laying the Statutory Instrument (SI) to amend staff:child ratios, a full Equalities Impact Assessment (EIA) and a full Regulatory Impact Assessment (RIA) were carried out to forecast the expected impact of the legislative changes upon the sector. The RIA itself can be found on the legislation.gov.uk webpage[7], the Regulatory Policy Committee's opinion on the RIA on GOV.UK[8], and the EIA on GOV.UK[9].

85. The Committee also recommends that the change to ratios be accompanied by a strong focus on developing staff qualifications. DfE continues to keep the skills and knowledge of the early years workforce under review, including monitoring the qualifications requirements in comparable countries. In April 2023, we published new Level 3 Early Years Educator criteria following consultation with the sector. This will come into effect

6 Main findings: Childcare providers and inspections as at 31 August 2022 - GOV.UK (www.gov.uk)
7 The Early Years Foundation Stage (Learning and Development and Welfare Requirements) (Amendment) Regulations 2023 - Impact Assessment (legislation.gov.uk)
8 RPC_DfE_5211_2__Childcare_futures_Opinion_FINAL.pdf (publishing.service.gov.uk)
9 Childcare regulatory changes: equality impact assessment (publishing.service.gov.uk)

from 1st September 2024. The new criteria will improve the quality of level 3 qualifications and mean that new level 3 practitioners are ready to support the education of our youngest children from their first day on the job. It will also ensure better alignment with the Level 2 Early Years Practitioner criteria so there is natural progression up to level 3. This work is part of a wider Government funded package of training, qualifications, expert guidance, and targeted support for the early years sector to support the learning and development of the youngest and most disadvantaged children. Government is also considering how to introduce new accelerated apprenticeship and degree apprenticeship routes, so that everyone from junior staff to senior leaders can easily move into a career in the sector.

86. Alongside these changes, we will continue to engage with international best practice to understand shared challenges and approaches to growing provision of high-quality early years provision.

In the short term, to prevent the existing qualification levels of falling any further, the Level 2 English and maths requirements for ECEC staff to count in staff:child ratios should be reviewed, and alternatives considered that are more tailored to the early years sector. When considering the results of the consultation on this matter, the Government should ensure that any changes to this requirement ensure that quality of numeracy teaching is a priority.

(Page 75, paragraph 22. More detail at paragraph 124 of report)

87. DfE continues to engage with nursery managers and owners, and we have heard that the level 2 maths requirement can be a blocker to utilising high-quality staff to their full potential, and to attracting great candidates into the sector. That is why we have consulted firstly on removing the level 2 maths requirement for early years practitioners, and secondly on applying the requirement to managers instead. We have also asked the sector for their views on how we can best make sure early years practitioners have the right skills and knowledge to teach maths in the early years.

88. We know that it is vital that maths is taught to high levels at all stages of education, especially the early years. We have invested in maths training for early years practitioners through phase 3 of the Professional Development Programme and will be launching a new maths module through the universally accessible early years online child development training. This training is tailored to the early years workforce as the Committee suggest. This work is part of a Government funded package of training, qualifications, expert guidance, and targeted support for the early years sector to support the learning and development of the youngest and most disadvantaged children.

Response to the Committee's recommendations regarding careers for the Early Years Workforce

The Government has acknowledged the importance of graduate leadership in the ECEC sector. It should now listen to sector-wide calls for an equivalent of the Graduate Leader's Fund to be reintroduced. We recommend that this is given a broader name, such as the 'Leadership Quality Fund', and that it can accommodate a wide variety of professional ECEC qualifications.

(Page 75, paragraph 23. More detail at paragraph 125 of report)

89. Supporting the early years workforce continues to be a priority for this Government. The Graduate Leader Fund was designed to support all full day care PVI sector providers in employing a graduate or early years professional by 2015 to lead practise across the Early Years Foundation Stage (EYFS). Whilst the Graduate Leader Fund no longer exists, we remain committed to ensuring there are routes to graduate level qualifications in the early years sector alongside wider professional development activity.

90. DfE is working with the sector to support and grow staff to deliver the transformative reforms announced by the Chancellor in the Spring Budget. By increasing entitlement funding (£204 million of additional funding in 2023–24, increasing to £288 million by 2024–25 to deliver the existing entitlement offer) providers will be more able to recruit and retain the staff they need. We will also launch a new national recruitment campaign early next year to support the recruitment and retention of talented staff.

91. DfE also supports graduates into the early years sector through funding the early years initial teacher training (EYITT) programme. This includes funding bursaries of up to £5,000 based on the level of degree a candidate has, and an employer incentive payment of £7,000 per trainee. Employer incentive payments can be used to pay for trainee travel costs, support release time for trainee mentoring and help towards other associated costs such as training materials. This funding ensures that future leaders are attracted to and supported to have a career in the Early Years profession.

92. As well as EYITT, DfE funds the National Professional Qualification in Early Years Leadership. This has been designed to support early years leaders to develop expertise in leading high-quality education and care, as well as increase their expertise in effective staff and organisational management. We are also considering new accelerated apprenticeship and degree apprenticeship routes, so that everyone from junior staff to senior leaders can easily move into a career in the sector. These apprenticeships will specifically support future early years leaders to earn whilst they learn.

Early years professionals are vitally important. We recommend career development for early years practitioners be made an urgent priority in order to attract and retain more people in the profession. We are concerned about lack of parity of esteem between early years settings and primary schools.

(Page 75, paragraph 24. More detail at paragraph 152 of report)

93. The early years workforce makes a huge contribution to young children's lives, and supporting the workforce continues to be a priority for DfE. We offer many opportunities for early years practitioners to develop their careers, from formal training routes to ongoing CPD.

94. What has been announced to date is the first step towards supporting the sector to build the workforce it needs. We will continue to work with providers and local authorities to understand how we can ensure they are ready to deliver the new entitlement offer for parents and children. This includes continuing to explore how we best support the early years sector to recruit and retain early years staff whilst working closely with the sector to develop plans to grow and improve the quality of the workforce.

95. As part of the Government's focus on early years career development, the Early Years Education Recovery Programme continues to provide a package of training, qualifications, expert guidance, and targeted support for the early years sector to focus on the development of the youngest and most disadvantaged children. We are funding a range of programmes, including the training of up to 7,000 early years Special Educational Needs Coordinators (SENCOs) resulting in an accredited Level 3 EY SENCO qualification. This training is for SENCOs working in group-based and childminder settings, and for those due to take up the role of SENCO.

96. The Experts and Mentors programme has also recently been established to support childminders and early years practitioners, leaders and whole settings through a package of support delivered in the setting face-to-face and virtually. The offer includes leadership support, coaching for leaders, mentoring for practitioners and whole-setting support, depending on the settings priorities and needs. In addition, a network of Stronger Practice Hubs is supporting settings to adopt evidence-based practice improvements to address key COVID-19 recovery issues and build trusted local networks for sharing effective practice.

97. Level 3 early years educators make up a significant proportion of the workforce. We have reviewed the level 3 qualification criteria which will lead to higher-quality training for early years educators and better education and care for children in settings. Improvements to the qualification criteria include SEND early support and identification, a better focus on what practitioners need to know how to do and better alignment with the level 2 early years practitioner criteria, so there is a natural progression up the qualification levels.

98. The Government is also committed to ensuring there are routes to graduate level qualifications in the early years sector, alongside wider professional development activity for the workforce. DfE supports graduates into the early years sector through funding two routes of the Early Years Initial Teacher Training (EYITT) programme, including providing bursaries and employer incentives. Routes into the early years sector, including EYITT, will be promoted through our planned Early Years Workforce marketing campaign.

99. To ensure the sector is ready and able to offer the new early education entitlements, we are making career development in early years a priority. We are committed to delivering flexibility for providers to help them meet the ambition of the Spring Budget investment and as a first stage in growing and supporting the early years workforce, in June 2023 we launched a consultation on a package of possible flexibilities that could be introduced to the Early Years Foundation Stage framework. Our priority is to give providers the flexibility they want while protecting the quality and safety of settings. Alongside this, we will work to remove barriers to entering the sector, by ensuring qualifications are suitable and easy to understand. We will introduce new accelerated apprenticeship and degree apprenticeship routes so everyone from junior staff to senior leaders can easily move into or indeed enhance their career in the sector.

100. To attract more people into the early years workforce, we are prioritising the launch a new national campaign, planned for the beginning of 2024, to boost interest in the sector and support the recruitment and retention of talented staff. We are also working across Government with DWP as well as the Careers & Enterprise Company to promote the importance and value of a career in early years.

101. To continue to develop our knowledge of recruitment and retention challenges across the sector and to support our policy development, we have convened an expert advisory group. The group provides advice and non-binding recommendations to inform DfE's early years workforce policy. Recruitment and retention, along with broader early years career development, are key areas which we have sought views on and continue to do so as we look to grow the workforce.

We recommend the Government engage with Local Authorities and seek to address the cost of mandatory training required by early years professionals, such as paediatric first aid and safeguarding courses. Local Authorities should work towards providing free or heavily reduced mandatory training for early years practitioners and also allow more flexibility with timing to limit the impact on provider business, for example by offering evening courses. (Page 76, paragraph 25. More detail available at paragraph 153 of report)

102. We will engage with local authorities on the availability and accessibility of safeguarding and welfare training provision and associated costs. The EYFS guidance is clear that providers are responsible for identifying and selecting a competent training provider to deliver their training. For example, PFA training is available from a wide range of providers, including those who offer regulated qualifications or operate under voluntary accreditation schemes, Voluntary Aid Societies, members of a trade body with an approval and monitoring scheme or those who operate independently of any such accreditation scheme.

103. DfE recognises the importance of the accessibility of good quality training to early years professionals, to comply with their statutory duties of the Early Years Foundation Stage framework[10] (EYFS).

104. The EYFS framework sets out the training early years professionals must complete and keep updated. We note in paragraph 22 of the Committee's report that parents value the mandatory requirements the EYFS places on registered early years providers to keep children safe. Some of these requirements, due to their specialist nature, generally require access to an external training provider and is usually at cost to early years professionals. These include:

a) Paediatric First Aid for at least one person at the setting and newly qualified Level 2 and 3 entrants to the profession

b) Child Protection training for the practitioner who takes lead responsibility for safeguarding children at the setting

c) training for staff where the administration of medicine requires medical or technical knowledge

d) training in food hygiene for all staff working in group provision and involved in preparing and handling food

10 Early years foundation stage (EYFS) statutory framework - GOV.UK (www.gov.uk)

e) training for childminders which help them to understand and implement the EYFS before they can register with Ofsted or a childminder agency[11]

105. Some early years providers will choose to access training supplementary to that required by the EYFS and as a consequence will incur additional demands on their resources beyond what is mandated by the EYFS.

106. The Government is continuing to provide a package of training, qualifications, expert guidance, and targeted support for the early years sector to focus on the development of the youngest and most disadvantaged children and help to address existing recruitment and retention challenges. We engage regularly with local authorities to ensure the training reaches settings who need it most. We are funding a range of programmes. For example, DfE has recently launched online child development training aimed at early years practitioners which is free and universally accessible. The 5 modules currently available aim to strengthen practitioner's knowledge of child development and can be accessed in any order at any time. A further 4 modules will be added during 2023, covering mathematics, curriculum planning, observation and assessment, as well as how to support individual needs in the early years. We are committed to supporting early years professionals to access quality training that limits cost and time barriers.

107. We have a range of support for staff who take advantage of training opportunities. For example, the early years initial teacher training programme includes an employer incentive payment to cover trainee travel costs, to support release time for trainee mentoring and for other associated costs such as purchasing training materials. Similarly, across all three phases of the Professional Development Programme, nurseries and childminders receive a day rate for programme attendees to cover various costs including travel and subsistence and to cover for staff absence. Our early years experts and mentors, recruited from the sector to support those most in need, will be paid a day rate to ensure their employer is not out of pocket.

108. In another initiative, DfE is funding training, taken from October 2022 to August 2024, for up to 7,000 early years special educational needs coordinators. It is free to providers and is being prioritised in local authorities with the highest levels of economic disadvantage. The early years workforce makes a huge contribution to young children's lives. Supporting this workforce continues to be a priority for DfE.

We recommend the Government ensure that the early years Sector is seen to be, and feels itself to be, a valued profession. To achieve this, we recommend the Government develop a comprehensive Early Years Strategy with a strong focus on workforce development. As part of this strategy, the Early Career Framework should be expanded to the early years sector. National Professional Qualifications (NPQs) should also be promoted more widely to increase uptake, including with Private, Voluntary and Independent (PVI) settings. We also recommend that the Government works to develop their outreach and communication channels with the early years sector to ensure that their voices are heard in the years to come.

(Page 76, paragraph 26. More detail at paragraph 154 of report)

11 Government has recently consulted on removing the compulsory training requirement and will respond in due course. Childminder applicants would still be required to demonstrate knowledge and understanding of the EYFS before they could register with Ofsted or a childminder agency, as they do currently.

109. The Government acknowledges the importance and huge contribution of the early years workforce on the lives of young children. As we develop our work to support the early years workforce, driving up interest in early years careers and then ensuring there are enough opportunities for career development is a priority for the Government. We will continue to engage closely with those in the early years sector as this work develops.

110. The recruitment and retention of qualified staff is a key issue for the sector. To increase interest in early years, we are working to remove barriers to entering the sector. We plan to introduce a new accelerated apprenticeship and degree apprenticeship routes so everyone from junior staff to senior leaders can easily move into or indeed enhance their career in the sector. As mentioned above, we are also working across Government to boost early years careers awareness by collaborating with DWP and the Careers & Enterprise Company to promote the importance and value of a career in early years. Following sector feedback, we are currently considering how to make early years qualifications more accessible, coordinated, and relevant to the role of an early years practitioner.

111. We are also developing new early years training routes: free level 3 Early Years qualifications are available through the Lifetime Skills Guarantee for adults without a level 3 or higher qualification and from April 2022 eligibility was expanded to include adults who are unemployed or earning below the National Living Wage annually (£18,525), regardless of any other qualifications held. The Skills for Life guarantee also provide free maths Level 2 courses for adults who do not already have a GCSE in maths at grade 4 (or equivalent). Further support is available for early years candidates through advanced learner loans for over 19s, a 16–19 bursary fund, free meals for candidates in further education between 16 and 19 and Care to Learn for under 20s.

112. DfE recently ran a competition to invite training providers, working alongside early years settings, to deliver Early Years Skills Bootcamps from 2024. Skills Bootcamps are free, flexible employer-led courses of up to 16 weeks in sectors with skills shortage vacancies. They give adults aged 19+ the opportunity to build up sector-specific skills and fast-track learners to a guaranteed interview with an employer. If successful at interview, an Early Years Skills Bootcamp learner may continue on their 'pathway' to study an accelerated Level 3 Early Years Educator apprenticeship–shortened from the typical 18-month duration to between 12 and 15 months.

113. Whilst there are currently no plans to expand the Early Careers Framework to the early years workforce, we are expanding the early years Professional Development Programme to support up to 10,000 additional practitioners to undertake training in the latest teaching early maths, alongside communication and language and personal, social and emotional development. In addition, the first two National Professional Qualification in Early Years Leadership (NPQEYL) cohorts began in Academic Year 2022–23. A training scholarship was made available to cover the cost of the course for participants. Demand was higher in the first year of delivery than anticipated. The NPQEYL will continue to be fully funded in Academic Year 2023–24.

114. We continue to work with the sector to encourage take-up of the NPQEYL by those employed in PVI settings and also childminders. The recently established Stronger Practice Hubs, regional centres of advice for early years professionals, will play a key role in this. The national NPQ media campaign, which includes social media content tailored to the early years audience, is also helping to raise awareness of the NPQEYL.

115. Communication and engagement with those in the early years sector remains important as we develop our workforce strategy. We currently regularly engage with experts across the sector as part of our policy development and broader stakeholder engagement. To embed the voices of the early years sector in our knowledge of recruitment and retention challenges across the sector specifically, we established an expert advisory group in 2022. The group provide advice and non-binding recommendations to inform DfE's early years workforce policy and is a valued forum to better understand the key challenges that the EY workforce is facing. As we continue to develop our workforce strategy, we are committed to regular engagement with the EY sector going forward and this includes through our EAG and engagement with early years membership organisations as well as with early years leads in of the local authorities.

Staff development and promotions in Early Years settings should be met with higher pay. We recommend the Government consider how best to incentivise and fund settings to do this, for example by setting standards for staff pay as a condition for receiving funding for the 30-hours entitlement.

(Page 76, paragraph 27. More detail at paragraph 155 of report)

116. We will continue to explore and review a range of options on how best to support the recruitment and retention of the early years workforce as the rollout of the new entitlements begins. However, we currently have no plans to set rates of pay for staff working in early years settings. The majority of the early years sector is made up of private, voluntary and independent (PVI) organisations who set their own rates of pay. However, we anticipate that this additional funding for new entitlements, alongside the significant uplift in funding for existing entitlements, gives providers greater opportunity to increase staff pay. In addition, the Government is committed to building a high wage, high skilled economy that works for everyone. That's why the National Living Wage and National Minimum Wage have increased every year since their introduction - and this year was no different.

Response to the Committee's recommendations regarding Special Educational Needs and Disabilities

It is clearly inadequate for only staff with Level 3 qualifications in Early Childhood Education and Care (ECEC) to be trained in identifying and supporting Special Educational Needs and Disabilities. There are many other staff involved in a child's care that could benefit from such training. Therefore, training for ECEC practitioners in identifying and managing SEND, including Speech and Language, Learning Disabilities and Autism, should be part of the mandatory training requirements set out in the Early Years Foundation Stage (EYFS) Statutory Framework. We call on the Government to amend the Framework as soon as practical.

(Page 76, paragraph 30. More detail at paragraph 181 of report)

117. The Committee can be assured that DfE recognises the important role the early years sector plays in the early identification of needs and in building up effective working relationships with parents about their children's needs. Government understands that it

is fundamentally important that SEND is identified early to enable the right support to be put in place. We know that effective early identification and intervention can reduce the impact that a special educational need or disability may have in the long term.

118. The newly revised Level 3 early years educator (EYE) qualification criteria, for Level 3 qualifications from September 2024, now includes stand-alone criteria on SEND identification and practice. There are also dedicated criteria on SEND in the Teacher Standards (Early Years), which an individual is required to meet to gain Early Years Teacher Status.

119. The Level 2 Early Years Practitioner Criteria also has a stand-alone section on SEND, including on support, which details the knowledge and skills we could expect of a Level 2 Early Years Practitioner. An individual must meet all these criteria when completing their qualification. They would be expected to provide reasonable support to a level 3 or above qualified member of staff to make assessments regarding children in their care. There are no further plans to update the Level 2 Early Years Practitioner criteria currently.

120. The Government is funding a package of training, qualifications, expert guidance, and targeted support for the early years sector to support the learning and development of the youngest children. Several of these CPD offers, such as the National Professional Qualification in Early Years Leadership, provide training on SEND. The Early Years Child Development Training is free and open to all early years practitioners and teachers and helps ensure all children's needs are met, and dedicated content on SEND is in development.

121. This package also includes bespoke training for Special Educational Needs Coordinators (SENCOs), who play a crucial role in whole setting responses to children with SEND. DfE is funding training between October 2022 and August 2024 for up to 7,000 early years SENCOs working in group based and childminder settings to achieve an accredited Level 3 EY SENCO qualification. This qualification will equip SENCOs to fulfil the role of EY SENCO as described in the SEND code of practice.

122. In 2021, we also reformed the learning and development, and assessment requirements within the EYFS. These reforms aimed to improve early years outcomes for all children, including children with SEND, and allow practitioners and teachers to spend more valuable classroom time supporting children through rich curriculum activities and high quality interactions, again including those children with SEND.

We recommend the Government work with local authorities to address the huge delays in Early Years SEN Inclusion Fund (SENIF) funding by reviewing the application process for providers. Similar approaches to the Education Health and Care Plan reforms should be considered, such as standardising and digitise elements of the process. We further recommend the Government ensure that SENIFs issue funding that is truly reflective of the cost of delivering specialised care for children with SEN.

(Page 76, paragraph 31. More detail at paragraph 182 of report)

123. DfE recognises that it is fundamentally important that the early years funding system effectively supports children with SEND to support effective early identification and intervention and put in place the right support quickly. We are reviewing the operation of SEN Inclusion Funds and will work with local authority providers and stakeholders to understand what improvements would support better outcomes for children with SEND.

We are also reviewing other associated elements of the wider current early years funding system, to ensure early years SEND funding arrangements are appropriate and well-targeted to improve outcomes for all pre-school children with SEND, and also to support the introduction of a national framework for bands and tariffs as per the SEND and AP Improvement Plan.

We recommend the Government increase the Early Years Pupil Premium (EYPP) to match that in primary schools and widen the eligibility criteria so that more children from very low income families can access much needed extra support for any special educational needs.

(Page 77, paragraph 32. More detail at paragraph 183 of report)

124. DfE recognises that it is important to provide additional funding, on top of the core hourly funding rate, to support those children from more disadvantaged backgrounds and children with special educational needs and disabilities (SEND). We are proposing to extend eligibility for Early Years Pupil Premium (EYPP) and the Disability Access Fund (DAF) to all children accessing the entitlements from April 2024. However, we are not proposing to make any changes to any of the other eligibility criteria.

125. On 21st July 2023, the Government launched a consultation on early years funding and the extension of the early education entitlements. As part of this consultation, we are proposing to extend eligibility for EYPP and the DAF to all children accessing the entitlements from April 2024 (i.e., aged 9 months up to 4 years old), if they meet the other eligibility criteria for this funding. We are also proposing that local authorities should have a special educational needs inclusion fund (SENIF) for children aged 9 months to 2-year-olds who are taking up the free entitlements, to ensure that all eligible children can access and benefit from the childcare entitlements.

126. Widening the age criteria for EYPP and DAF, and encouraging local authorities to extend their SENIF, will ensure that more families can access much needed extra support, to deliver better outcomes for disadvantaged children and meet the needs of children with SEND. We will also continue to support the most disadvantaged and vulnerable children by investing in high-quality early education, including our 15-hour offer for disadvantaged 2-year-olds, Family Hubs and local services, and by helping parents to support their child's early language development at home.

127. More widely, the SEND and AP Improvement Plan, published in March 2023, sets out the Government's plans to improve identification of need and ensure children with SEND can access the right support. In the Improvement Plan, we committed to work with local authorities, early years providers and stakeholders to consider whether changes to the SENIF and other associated elements of the wider current early years funding system are needed, to ensure early years SEND funding arrangements are appropriate and well-targeted to improve outcomes for all pre-school children with SEND.

Conclusion

128. The Government is in full agreement with the Committee on the value and significance of childcare and early education and acknowledges the Committee's appetite for further system change. The Government's commitment to going further in improving the system

was signalled through the Spring Budget announcement in March 2023, which set out transformative reforms to childcare alongside market reforms to ensure the system is set up for success.

129. As part of these reforms, we are taking action on many of the recommendations in the Committee's report, including investment in the workforce, which we agree are the lifeblood of any early years setting, on childminders, and on improving awareness of Government support. Much of this work is rooted in effective working across national and local Government, and we will continue to work closely with partners throughout the sector, including providers, parents/carers, local authorities and staff, to achieve the best support for all children.