

# Written evidence submitted by the Local Government Association (LGA)

## 1. About the Local Government Association (LGA)

- 1.1. The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross-party membership organisation, representing councils from England and Wales.
- 1.2. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

## 2. Summary

- 2.1. Access to quality childcare, that is flexible and affordable, is vital to support children's early development, to enable parents to work and it is central to tackling inequalities. By the time disadvantaged young people sit their GCSEs at age 16 they are, on average, 18.4 months behind their peers and around 40 per cent of that gap has already emerged by age five. Pre-school has almost as much impact on a child's education achievement as primary school does, and the impact is even greater for those at risk of developing learning difficulties.
- 2.2. The early years system is complex for families to navigate, as there are a range of different entitlements on offer which vary depending on children's age and families' financial situations. The LGA would welcome the opportunity to work with the Department for Work and Pensions (DWP) and the Department for Education (DfE) to ensure that the different elements of the early years offer work together coherently and streamline the system to improve its accessibility.
- 2.3. The LGA has long highlighted that funding for early entitlements is insufficient, which is impacting the quality and cost of childcare provision; the sustainability of providers, and the availability of good support for children with special education needs and disabilities (SEND). It is also resulting in higher costs for families. Long-standing challenges caused by the systematic underfunding of early years provision are now being exacerbated by the rising cost of living and inflationary pressures.
- 2.4. Wider reform of the childcare system is needed to provide a truly accessible and affordable offer for parents in every community. Out of advanced OECD countries, the UK invests the second least in childcare. Funding rates, including for universal early entitlements, need to be significantly increased to expand access to childcare and ensure all children have the best possible start in life.
- 2.5. To achieve their ambition of closing the gap between disadvantaged children and their more affluent peers, Government should consider expanding the additional 15 hours of free childcare to all three and four-year olds, to ensure all children have equal access to quality early education. Government should also consider expanding the additional 15 hours of entitlements to parents/ carers who are studying or are in training, to enable people with childcare responsibilities to upskill, move into work and reduce welfare-dependency.

- 2.6. Rules regarding the childcare element of Universal Credit continue to act as a barrier to enabling claimants with childcare responsibilities to move into work and prevent disadvantaged children from accessing formal early education and childcare (ECEC). We urge the DWP to pay claimants childcare costs in advance rather than arrears; review the cap so that it reflects the actual cost of childcare provision; and consider expanding eligibility for the Universal Credit childcare element to those participating in employment-orientated education and training.
- 2.7. Councils' dedicated early years teams have faced budget reductions which impacts on their ability to carry out vital improvement work with their local early years sector and provide direct support for parents and families. If the Government is to achieve its aim of levelling up and providing children with the best start in life, councils' early years teams need to be adequately resourced to provide support to their local childcare sector and directly support children, young people and families.

### **Childcare entitlements**

#### **3. How affordable and easy to understand is the current provision of childcare in England and what steps, if any, could be taken to improve it, especially in relation to families living within the most deprived areas in England?**

- 3.1. The early years system is complex for families to navigate, as there is a range of different entitlements on offer which vary depending on children's age and families' financial situations. The LGA would welcome the opportunity to work with the DWP and DfE to ensure that the different elements of the early years offer work together coherently for the benefit of children and families.
- 3.2. At present, parents have to apply for free childcare hours before each term, in time to receive a code for the start of the new term. Parents then have to subsequently reconfirm their eligibility for free childcare every 3 months. To make the childcare offer simpler and quicker for families to access, the LGA have called on Government to streamline the current system of eligibility checks, so that parents only have to confirm their eligibility once per year. We would also recommend that children are able to take up a childcare space as soon as they are issued with a code, rather than having to wait until the start of the next term.

### **Funding for early entitlements**

- 3.3. The LGA has long highlighted that funding for early entitlements is insufficient, which is impacting the quality and cost of childcare provision, the sustainability of providers, and the availability of good support for children with special education needs and disabilities (SEND). Data from an Early Years Alliance survey in April 2022 found that for 86 per cent of settings, funding for three- and four-year-old early entitlements did not cover the cost of delivering places. This means costs are passed onto parents or providers are left struggling to cover their costs.
- 3.4. The IFS report on the [impact of Autumn Statement on education funding](#) highlights that while investment into early years has increased, this has not been enough to make up for rising costs, the majority of which have yet to be felt. Inflationary pressures in early years settings are of significant concern for councils.
- 3.5. Due to financial pressures and low Government funding rates for early entitlements, local authorities are telling us that some providers are starting to restrict their offer of early years

entitlements to families. This could have a significant and disproportionate impact on families which rely on early entitlements to access childcare and early years provision.

- 3.6. Rising costs have also meant that providers are having to pass costs onto parents and make cutbacks. There are reports from some local authorities that early years providers are finding it challenging to provide the same level of high-quality food and activities that they could previously. We have heard that some settings are swapping certain foods for items of lower nutritional value, or providing less fresh fruit or vegetables. Providers may also stop providing hot food to children, which is particularly concerning for children from disadvantaged backgrounds where this may have been their only hot meal of the day.
- 3.7.
- 3.8. The average cost of a part time nursery place for a child under 2-years old [now stands at £137.69 per week](#), or over £7,000 per year. As the funding the Government provides for early entitlements often does not cover the cost of providing places, this results in providers having to make up funding through fees for charged-for services. Due to inflationary pressures, [recent data](#) shows that providers are having to charge more to parents compared to last year.
- 3.9. The high cost of childcare continues to put significant financial strain on many families, particularly those on the lowest incomes. [Analysis from the Social Market Foundation](#) found that childcare accounts for 7 percent of household income among those paying for it, rising to 17 percent for those in the bottom income quintile. A third of those accessing childcare in the bottom quintile are in 'childcare poverty,' with childcare costing more than 20 percent of their entire household income. For households with an income of under £10,000, over half do not use formal childcare at all due to high costs.
- 3.10. We are calling on Government to fully fund early years entitlements. Adequate investment will be fundamental to ensure providers get the support they need, while enabling all children to have access to quality early years places and support.

### **Expanding early entitlements**

- 3.11. Currently all three and four-year-olds are entitled to 15 free hours of early education or childcare per week. Since 2017, families that earn over £152 a week have been entitled to an additional 15 hours of free early education or childcare. This offer is not available to children from families on the lowest incomes (earning under £152 a week), who are more likely to experience disadvantage.
- 3.12. There is a significant body of evidence which demonstrates that the first four years of a child's life plays a seminal role in their overall life chances and that early education has almost as much impact on a child's education achievement as primary school. To achieve the ambition of closing the gap between disadvantaged children and their more affluent peers, Government should consider expanding the additional 15 hours of free childcare to all three and four-year olds to ensure they have equal access to quality early education, which is foundational to them having the best start in life.
- 3.13. Government should also consider expanding the additional 15 hours of entitlements to parents/ carers who are participating in employment-orientated training and education, to enable people with childcare responsibilities to upskill, move into work and reduce welfare-dependency, and support the Government's aim of creating a high-paid, high-skill economy.

### **Local authorities' role in supporting an effective early years offer**

- 3.14. Local authorities have a statutory duty to ensure there is sufficient childcare in their area as far as is reasonably practicable. They also have a duty to provide information to families about the early years and childcare options available. However, it is a complex market for local authorities to manage given the restrictions on their role in childcare provision.
- 3.15. Changes to the early years national funding formula in 2018 mean that councils now have to pass 95 per cent of the Early Years Funding Block to providers. As a result, councils' dedicated early years teams have faced budget reductions which impacts on their ability to carry out vital improvement work with their local early years sector and provide direct support for parents and families.
- 3.16. Councils know their local areas and early years teams are experts in supporting young children. In our [2018 survey](#), almost half (48 per cent) of responding councils identified that the high pass through rate would result in less support for providers, with the three most common impacts being an increase in charging for services; reduced council staff numbers and a reduction in training for private, voluntary and independent early years settings. If the Government is to achieve its aims around social mobility in the early years, councils must be properly resourced to work with providers or directly with children and young people to ensure engagement in early years education and childcare.

**4. Are the current entitlements providing parents/carers with sufficient childcare, and to what extent are childcare costs affecting parents/carers from returning to work full-time?**

- 4.1. [National data](#) shows that there has been a reduction in smaller, independent settings, which are being replaced by larger providers or chains. We are also hearing anecdotal evidence from councils that smaller settings, which often have longstanding relationships within communities, are being forced to close. While the business models of larger providers – through operating economies of scale – may allow them to remain financially viable, there is a concern that the streamlining of services in response to current funding pressures may come at the detriment of the support that can be offered to vulnerable children and their families.
- 4.2. Where there has been a decline in settings, this does not always equal a significant decline in available places – this will vary from area to area. However, given inflationary pressures, we believe the situation has subsequently deteriorated since this data was collected. The LGA is currently conducting a survey with early years providers to explore the local situation and gather a detailed understanding of closures of provision, the reasons behind this and the impact on local communities. We can share this information with the Committee when available.
- 4.3. There has been a continued and significant [decline in the number of childminders](#), who provide an essential arm of childcare support that can offer flexibility for parents. Councils also report that parents struggle to find flexible 'wraparound childcare,' which is predominantly for older children, such as breakfast clubs, after school clubs or holiday provision. This type of provision is vital to enable parents to work and provides children with enriching activities. However, similarly to childcare for children in the early years, [wrap-around childcare](#) can often be expensive when it is available. Covid-19 has also impacted this sector.
- 4.4. Women and lone parent households' ability to work is particularly impacted by the prohibitive cost of childcare, which contributes to a [high number of lone parent households](#) living in poverty. [An estimated 1.7 million women](#) are prevented from working the hours they would like to due to a lack of suitable childcare, resulting in up to £28.2 billion of lost

economic output each year.

**5. Whether the current Tax-Free Childcare scheme, and support for childcare from the benefits and tax credit system, is working effectively or whether these subsidies could be better used within other childcare subsidies.**

- 5.1. The LGA [commissioned research in 2022](#) to explore the challenges facing the early years system. One core element of this was exploring the efficacy of the tax free childcare system. The review found that out of all the Government initiatives to support families to access childcare, it is Tax-Free Childcare that has been most frequently identified as failing to meet that objective. In September 2021, the UK Treasury showed that there was a £1.7 billion underspend in Tax-Free Childcare costs from 2017. Re-investment of the funding allocated toward the Tax Free Childcare programme towards other expanding other initiatives could enhance access to quality childcare to families from all geographic and demographic backgrounds, especially in a climate of tough spending decisions.
- 5.2. In addition to the universal offer of free childcare, working households who are in receipt of Universal Credit can claim back [up to 85 per cent of their childcare costs](#) up to a cap of £646.35 for one child, or £1108 for two or more children, per month. The cap on the childcare costs benefit claimants can claim has remained at the same level since 2005, even though childcare fees have more than doubled in that time. [In 99 per cent](#) of local areas, the average price of a full-time nursery place for a child under two-years old – who are not eligible for free childcare hours – is higher than the cap. Low-income families in areas such as London, where childcare costs significantly exceed the national average, are therefore particularly impacted by the cap. A review of the Universal Credit childcare cap is urgently needed to ensure that the financial support for childcare provided to low-income families through the benefits system is representative of the average childcare costs in each area.
- 5.3. Claimants are also required to pay their childcare costs upfront, which continues to present a significant financial barrier to entering, continuing or increasing employment and can cause families to go into debt to cover the first payment.
- 5.4. We therefore urge the Government to pay the Universal Credit childcare element before fees are required to be paid to the provider. There are several ways this could be implemented with mitigations against fraud, for example through a system of direct payments to childcare providers, similar to the system for Tax Free Childcare.

**Early Years Provision**

**6. What challenges do early years providers face in terms of workforce, including recruiting, and retaining qualified staff, and the barriers faced by individuals joining the profession? To what extent has the Covid-19 pandemic exacerbated workforce challenges**

- 6.1. Low rates of funding results in low pay for childcare workers. Childcare workers earn around 40 per cent less than the average female worker and almost half (45 per cent) of childcare workers claim state benefits. Rates of pay fail to recognise the vital work that childcare workers do and the important contribution they make to the future life chances of all children. Low pay is resulting in a recruitment and retention crisis in the sector, particularly for well qualified staff, which is impacting providers' ability to provide the high level of continuity and care children need.
- 6.2. Closure of settings is inextricably linked to the workforce. Some local authorities are reporting significant concerns about the future of early years settings in their area. We know that there is significantly variability in access between and within areas. Some local

authority areas have experienced a particularly high number of closures, which can result in some families having to travel long distances to access early years provision.

- 6.3. A skilled and qualified early years workforce is instrumental in providing children with a quality early education and childcare. Yet the qualification level of the workforce is deteriorating across the sector, meaning fewer children are accessing provision with a qualified graduate or teacher. The [National Day Nurseries Association 2018-2019 workforce survey](#) reported that 52 per cent of staff are qualified to Level 3 – a drop from 83 per cent in the 2015-2016 survey. The report also highlighted an 'alarming' rise in the proportion of the workforce consisting of unqualified staff. Councils are reporting an increase in the number of staff leaving the sector to work in better paid jobs in hospitality or retail.
- 6.4. [Recent government investment](#) in the early years workforce is welcome, but there is a need for a systematic approach to providing high quality and affordable early education for all. Much of the recent investment into early years provision is coming too late for the early years workforce who report years of feeling undervalued and underpaid without a clear career pathway. This was exacerbated during the Covid-19 crisis where early years workers felt they were on the frontline without recognition from government.
- 6.5. The Government needs to develop a clear early years' workforce strategy that aims to improve the professional development and training opportunities for the early years workforce.

## **7. Whether the Early Childhood Education and Care (ECEC) system is meeting the needs of pupils with Special Educational Needs or Disabilities (SEND), and the improvements that could be made to better support young children with SEND within early years provisions.**

- 7.1. Good outcomes for children with SEND are dependent upon early years and childcare professionals and practitioners receiving focussed, high-quality training. Maintained nurseries (MNS), which tend to have more qualified staff, are likely to have a specialism for support children with SEND. However, despite a [small increase in government investment in MNS, settings are still face pressures in service delivery to](#) a combination of long term underfunding, the impact of the pandemic, as well as increasing needs from children.
- 7.2. [Private, voluntary and independent sector providers](#) are also finding it challenging to support children with special educational needs and disabilities. This is in part due to not having sufficient funding to support children with SEND, or not having enough staff available to provide support. This has been exacerbated by Covid-19.
- 7.3. Councils work hard to support local providers to be able to support children with special educational needs and disabilities. This can include providing additional funding, guidance documents, navigating and bringing together local partnerships, and identifying other services to provide support or assessment. They also have a duty to ensure that there are sufficient places available for children with SEND, although this can be challenging given the current financial context.
- 7.4.
- 7.5. In 2017, the Government introduced the Special Educational Needs Inclusion Fund (SENIF) and Disability Access Fund (DAF) with the aim of supporting children with SEND as part of the revised Early Years National Funding Formula (EYNFF) and wider early-years and childcare reforms on entitlements for three- and four-year olds. The LGA [commissioned research](#) into these to understand their impact in 2020. The report made several recommendations to improve the accessibility of SENIF. These included:
  - Ring-fencing SENIF to support a focus on take-up



- Standardising SENIF eligibility criteria and funding levels across LA areas to create greater consistency across England
- Aligning DAF with Disability Living Allowance (DLA), so that those that receive automatically receive DAF

## **8. To what extent does the early years system adequately prepare young children for their transition into primary education, particularly children from disadvantaged backgrounds.**

- 8.1. [Disadvantaged children who attend formal ECEC from an early age have better educational outcomes than their peers who do not](#). Children from the 40 per cent most disadvantaged families who started using at least 10 hours per week of ECEC before age two in nursery classes/schools, playgroups or with childminders, and who went on to attend for at least 20 hours per week between age two and the start of school, had better outcomes on Key Stage 1 Reading, Writing and Science and on the Phonics check, than children who had never attended such childcare for 10 or more hours per week.
- 8.2. Covid-19 has had a significant impact on all children. Children have exhibited delays in development including [increased speech and language needs](#) and emotional and social needs. The wider system is struggling to keep up with the high numbers of children requiring increased support, due to [long waiting times for specialist support](#) and a declining number of highly skilled and experienced staff. This is and will continue to impact young children's readiness for school.
- 8.3. In 2015, the Early Years Pupil Premium (EYPP) was introduced to help providers support initiatives or interventions to narrow the gap in educational attainment. The [LGA subsequently commissioned research in 2020](#) to understand the impact of this intervention. The research made several recommendations for improvement, including:
- DfE should consider providing local authorities with EYPP eligibility lists for EYPP, as they do for two-year-olds who are eligible for early years entitlements, as increased take-up of EYPP was most commonly attributed to councils undertaking targeted work raising awareness and engagement of providers
  - Local authorities could be given greater responsibility and resources for annual monitoring on how EYPP funding is used to ensure it is being spent as designated.
  - Further research should be undertaken to identify why there is a disparity between regional take-up levels.

## **9. The extent to which the reduction of Sure Start Children's Centres has affected children and families, particularly children from disadvantaged backgrounds, and the role of Family Hubs.**

- 9.1. Sure Start centres provided a place-based, multi-agency approach to early years support, which included health and social care professionals. As council budgets reduced, councils had to look for new ways to provide services and ensure families could access the support they needed in the most appropriate way, within the resources available. Many councils had to take the tough decision to close some of their children's centres, often to the concern of local communities. However, many councils pivoted to other [ways of delivering their services to support local people](#).
- 9.2. Between 2010/2011 and 2016/2017, average council spending per child (0–4 years) on Sure Start and early years' services [decreased by 53 per cent in real terms](#). Spending in the most deprived quintile of LAs decreased by £422 per child between 2010 and 2016, compared with £133 per child in the least deprived quintile.
- 9.3. A [2019 study by the IFS and UCL](#) found that Sure Start centres had positive health impacts for children, particularly those in the most deprived communities. These included a

reduction in the number of hospitalisations and impacts on child health lasted well beyond the end of the programme and well into adolescence. Other studies have shown that Sure Start had a [small positive impact upon levels of school readiness](#) and that cuts to Sure Start centres [were associated with increases in child obesity, particularly in more deprived areas](#).

- 9.4. We welcomed the government's announcement of £302 million for 75 councils to develop family hubs. However, we are concerned only half of councils will be able to access support through the programme's funding over the next three years. Many children and their families may be missing out on crucial support in their early years at a time when many families and young people are experiencing increased challenges due to the rising cost of living and need additional support.
- 9.5. Whilst we agree that the first 1,001 days is a critical period in healthy child development, we will not break generational disadvantage and tackle health inequalities without taking a life-course approach to improving outcomes for disadvantaged children.
- 9.6. The transition to Integrated Care Systems and the family hub model represents an opportunity to improve services to make sure they are more joined up to better meet the needs of babies, children, young people and families. However, the system's ability to support these children is being placed under immense strain by growing pressures elsewhere, such as the children's workforce, resource constraints and limitations on effective information sharing.

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