Early Years Alliance – Written Evidence (CPF0005)

ABOUT THE EARLY YEARS ALLIANCE

The Early Years Alliance is the largest and most representative early years membership organisation in England. A registered educational charity, it also provides high-quality, affordable childcare and education to support children and families in areas of deprivation throughout the country.

The Alliance represents 14,000 members and supports them to deliver care and learning to over 800,000 families every year. We deliver family learning projects, offer information and advice, produce specialist publications, run acclaimed training and accreditation schemes and campaign to influence early years policy and practice.

Background information

The early years sector is made up of a range of providers, including private, voluntary and independent (PVI) nurseries, pre-schools and childminders, maintained nursery schools and primary school nursery classes.

All three- and four-year-olds are eligible for 15 hours of funded early education and care per year (for 38 weeks of the year). Three- and four-year-olds from working families are eligible for an additional 15 hours per week (the '30-hour offer'). The most disadvantaged 40% of two-year-olds are also eligible for 15 hours of funded education and care per week.

The majority of children (86% of two-year-olds, and 66% of three-year-olds) take up their government-funded early education entitlement at PVI nurseries, pre-schools or childminders (*source: Education provision: children under 5 years of age, June 2020*).

Inadequacy of early years funding

Government funding for the early education entitlements has failed to meet the costs of delivering places for many years.

In analysis undertaken for the Alliance, independent early years analyst Ceeda estimated that, in 2020/21, the cost to a nursery or pre-school of delivering an hour of early education and care for two-year-olds is £7.39, compared to a funding rate of £5.38: a shortfall of £2.01; while the cost of delivering an hour of early education and care for three- and four-year-olds was £5.47, compared to a funding rate of £4.57: a shortfall of £0.90. It should be noted that these figures relate to the funding received by frontline providers, not local authorities, and that Ceeda's research relates specifically to private and voluntary early years providers.

Much of this shortfall has resulted from a failure by government to ensure that funding levels increase in line with the rising costs of delivering early education and care places, and in particular, rising statutory wage requirements (as staff wage costs typically account for around 70-80% of provider delivery costs). For example, in April 2021, early years funding levels increased by 1.2% while the National Living Wage increased by 2.2% and was extended to include 23- and 24-year-olds for the first time.

Impact of Covid-19
The pandemic has had a significant and detrimental impact on the early years sector.

Frontier Economics estimates that during the first national lockdown, the early years sector endured losses of anywhere between £185m and £225m, depending on fee income levels (their estimates are based on modelling assuming 15% fee income (£185m losses) to no fee income (£225m losses)). It is important to note that these estimates relate solely to the period of lockdown and do not account for the ongoing losses providers are experiencing post-lockdown as a result of compressed demand, reduced capacity or the financial impact of short-term closures due to testing delays.

The Early Years Alliance's June 2020 report, *The Forgotten Sector: the financial impact of coronavirus on early years providers in England*, outlines and explains further ways in which the pandemic, and in particular, the first lockdown, impacted the early years sector, including:

- the increased costs associated with operating during a pandemic, including increased cleaning costs and related additional staffing costs (i.e. paying staff extra to stay late to clean);

- the impact of reduced occupancy during the summer term (typically when childcare providers make the most profit);

- providers' inability to market themselves to new parents for the autumn term, when many lose other children to schools, due to Department for Education restrictions on parents being able to enter childcare premises;

- an inability to undertake normal fundraising activities due to coronavirus restrictions.

Despite being able to open to all children as of 1 June 2020, early years providers still faced significant private fee losses as a result of reduced demand from parents due to both safety concerns and changing work patterns.

As it stands, levels of attendance at early years settings are still only around 80% of normal levels (*Source: Attendance in education and early years settings during the coronavirus (COVID-19) outbreak*).

The combination of both historic underfunding and the impact of the pandemic have resulted in an increasingly fragile early years sector in England and it is the Alliance's view that without urgent government investment, the provision of affordable, accessible and quality care and education may be put at risk, as outlined below.

Post-pandemic childcare and early education provision

The recent annual Childcare Survey from charitable trust Coram Family and Childcare revealed that:

- 39% of local authorities in England had seen an increase in the cost of childcare in the past year

- 32% reported a drop in the number of providers offering funded childcare places.

- 35% reported a rise in the number of providers in their area permanently closing in the last year.

While over two-thirds (68%) of local authorities in England reported having enough childcare available to meet demand for parents working full-time, the charity states that this is "most likely to be due to decreased demand from families during the pandemic, rather than increases in the supply of childcare, and it is yet to be seen whether there will still be enough childcare places if and when demand returns to pre-pandemic levels".

Similarly, the latest statistics from Ofsted show that in the first three months of 2021, more than 2,000 early years providers closed their doors – with the total number of registered childcare providers falling from 74,130 at the end of December 2020 to 72,043 in March 2021 (*source: Joiners and leavers in the childcare sector*).

Such a significant fall in the number of settings is likely to have a detrimental impact on parents' ability to work, especially as the majority of this decline is as a result of a fall in Ofsted-registered childminders, which offer the more flexible care that is likely to be in higher demand post-pandemic as more businesses embrace hybrid working arrangements.

***Alliance recommendation:* A wholesale review of, and uplift to, early years funding is needed to enable the sector to remain sustainable and to continue providing the places that parents and families will need in the years to come.**

As such, the government should look to carry out a new, comprehensive and in-depth review of early years provider delivery costs, and commit to reviewing and revising early years funding levels on an annual basis, to ensure that funding rates reflect rising provider costs, and particularly increases in the National Living and Minimum Wages.

Recruitment and retention in the early years sector
Another threat to the ability of the early years sector in England to provide the care and education that families need post-pandemic are the current recruitment and retention challenges.

Staffing has long been an issue as a result of low funding rates, resulting in many practitioners being paid the minimum or just above the minimum wage. The Low Pay Commission (LPC) has noted in successive annual reports that the 'bite' of the National Living and National Minimum Wages (the ratio between the median wage and the level of wage floor) in the childcare sector is one of the highest among all industries, described as "increasingly the going rate in these occupations" in 2016. (*Source: LPC Report, Autumn 2016*)

In December 2020 the LPC described the funding crisis as having "intensified", putting it alongside social care as "a further area where government funding is vital". (*Source:* *LPC Report 2020*)

Setting managers say it is difficult to both attract and keep new staff when schools, and even jobs outside the education sector, such as retail, can offer much higher salaries.

The stress of working throughout the pandemic has also taken its toll on an already overstretched workforce, posing a further risk to recruitment and retention, and therefore the overall sustainability of the sector. An Alliance survey of nearly 3,800 early years professionals carried out between December 2020 and January 2021 found that one in five (20%) of the 3,800 early years professionals who responded said they were considering leaving the sector due to stress or mental health concerns. One in 10 practitioners (11%) said they had already taken time off work due to the pressures caused by the pandemic.

***Alliance recommendation:* The government must take urgent steps to ensure that we have a stable early years workforce able to deliver the care and education that parents need post-pandemic. This means increased investment to enable providers to pay reasonable staff wages, and the development of an early years workforce strategy which ensures that practitioners have a clear career path within the sector, and feel valued and supported in their roles.**

Impact of the pandemic on early child development

While the full extent of the impact of lockdowns on young children's development is not yet known, there is already concerning evidence emerging from the sector.

A recent survey of more than 1,300 early years professionals, conducted by the Early Years Alliance, found six out of 10 providers believed fewer children at their settings are now reaching expected levels of early attainment compared to before the pandemic.

Looking specifically at the impact of the first national lockdown (from 23 March to 1 June), more than half (54%) of respondents said that they observed negative changes in the learning and development of children when they returned to their setting after lockdown.

This supports findings by Ofsted released in November 2020, showing that early years providers were facing more behavioural challenges after the first national lockdown and were already concerned about children's social and emotional development. Of the providers surveyed by Ofsted, 44% said that children's personal, social and emotional development had "fallen behind" – although the report also noted that some children had benefitted from increased time with their families due to parents being furloughed and having more time for "interaction and experiences".

The impact on children who did not have access to outdoor spaces was highlighted as a particular concern, with many losing confidence and "becoming more hesitant to jump off play equipment".

The Osfted report also warns: "While some children had settled well, other children were still struggling to adapt to the structure and daily routines in their setting, particularly those who had difficult experiences during the pandemic. Some children's behaviour had deteriorated, and providers reported that children who had become used to longer periods of screen time were struggling to engage in play and activities." (*Source: Ofsted November 2020 early year briefings*)

In the Alliance's survey on development, providers were also asked about children's progress a full year on from the pandemic. Six in ten (59%) of respondents reported that fewer children from all backgrounds at their setting were meeting the expected level of early attainment in physical development, communication and language development, and personal, social and emotional development (collectively described as the 'prime areas of early learning and development' in the Early Years Foundation Stage) compared to pre-Covid.

The same survey showed that social and emotional development was indeed the area of greatest concern. Of those who said the pandemic had had a negative impact, 94% identified personal, social and emotional development as an area where they had observed negative changes, with 82% identifying communication and language development as being particularly impacted.

Almost half of respondents (47%) believed that the attainment gap between disadvantaged children and their peers had widened since the start of the pandemic, and 11% of providers described that gap as "significantly bigger".

Survey respondents said:

"Some two-year-olds joining us this term have never left their own house. From the perspective of a developing brain that is potentially a long-term catastrophe."

"Children coming to me for the first time or returning after extended periods with only their parents are clingy, upset and afraid of strangers. They have lost the ability to play independently. They are taking a long time to settle away from their parents. Some have returned with very good literacy and numeracy skills but are nowhere near where they should be with personal, social and emotional development, or physical and self-care skills."

"When children have returned to our setting after a lockdown period they have been delighted to be back and clearly crave the social interaction and learning / development opportunities that pre-school offers."

More than eight in 10 (82%) respondents said that the government is not doing enough to support early years providers to tackle the impact of the pandemic on under-fives, with many citing a lack of adequate financial resources and an inability to invest in additional staff to offer targeted support.

When asked what PVI early years settings need to mitigate the impacts of the pandemic, example comments included:

"The only thing preventing us from delivering all the interventions we would like to be able to deliver is a lack of finances. We are running with the minimum level of staff to meet the statutory requirements, because we cannot afford to pay additional staff. More staff would enable more and more effective interventions which would have a huge impact on the learning and development of all our children but particularly those that are currently underachieving."

"We need more funding and a better understanding in government of what early years is and does. When you hear ministers talk about three- and four-year-olds, you get the impression that they have no understanding of what a child of this age does or is capable of."

"The workforce needs the same recognition as teachers."

"Our children and families need support now. If we do not invest this time and support now, we will see the consequences as these children continue their educational journey."

"Our funding rates do not allow us to provide extra support needed… This will have major long-term implications if we do not act swiftly."

"[We need] extra funding and training support from dedicated SEN early years specialists and extra resources to develop all areas in particular outdoors to support additional learning needs."

Practitioners also pointed out that the impact on early years will go beyond the current intake:

"The picture moving forward, is that in the next 12 months we will be still trying to deal with these issues, as the children that will be joining us will have had been negatively affected by very little of the social interaction that is crucial to their prime development and preparation for pre-school life."

<u>Alliance recommendation:</u> To date, the government has invested £1.7bn into its education recovery programme; however, only £10m (0.6%) of this funding is available to pre-reception early years settings. We would recommend that the government put the early years at the heart of its education recovery programme, with a substantial increase in investment to support staff training and the provision of resources to support personal, social and emotional development in particular, as well as other areas of learning and development such as communication.

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