



House of Commons  
Committee of Public Accounts

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# Early years: progress in developing high quality childcare and early education accessible to all

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Thirty-fifth Report of  
Session 2003–04

*Report, together with formal minutes,  
oral and written evidence*

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## The Committee of Public Accounts

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### Committee staff

The current staff of the Committee is Nick Wright (Clerk), Christine Randall (Committee Assistant), Leslie Young (Committee Assistant), and Ronnie Jefferson (Secretary).

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# Contents

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<b>Report</b>	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>Conclusions and recommendations</b>	<b>4</b>
<b>1 Increasing provision for pre-school children</b>	<b>7</b>
<b>2 Providing affordable choice for parents</b>	<b>10</b>
<b>3 Delivering improvements in standards of care</b>	<b>13</b>
<b>Formal minutes</b>	<b>15</b>
<b>Witnesses</b>	<b>16</b>
<b>List of written evidence</b>	<b>16</b>
<b>List of Reports from the Committee of Public Accounts Session 2003–04</b>	<b>17</b>



## Summary

Early childhood is a crucial period for human development. Research shows that high quality childcare and education have beneficial impacts on child development whilst lack of accessible, affordable childcare can be a barrier to work for parents of young children. The Government has therefore increased expenditure on early years provision (childcare and education for children below compulsory school age) to enhance children's learning, support welfare to work policies and combat child poverty.

Since 1997–98, government spending on childcare and early education for 0–4 year olds has risen in real terms from £2 billion to £3.6 billion in 2002–03. This has supported the National Childcare Strategy and a number of other government initiatives designed to increase the accessibility, affordability and quality of childcare and early education. The key elements of these policies have been:

- an increase in the number of childcare places designed to provide new places for an additional 1.6 million children by 2004;
- a free nursery education place for all four year olds whose parents want one from 1998, and for three year olds from 2004, funded by a Nursery Education Grant to local authorities totalling £976 million between 1998–99 to 2002–03;
- Early Years Development and Childcare Partnerships in each local education authority area to draw up childcare plans at a local level for how to achieve the planned expansion, provide training and improve quality;
- £235 million of lottery funding to create new out of school hours childcare places for children up to the age of 14 (and up to 16 for those with special needs) between 1999 and 2003;
- a childcare tax credit to fund up to 70% of the cost of childcare for low-income parents from 1998; and
- new quality standards for early years provision, and the transfer of responsibility for registration and inspection of childcare to Ofsted.

Since 1998, policy has continued to develop, particularly to focus more on disadvantaged groups. The 2003 Green Paper *Every Child Matters* set out plans for Sure Start Children's Centres, combining nursery education, family support, childcare and health services, in the 20% most deprived neighbourhoods, and extended schools which provide childcare beyond school hours. The Department's current target is to create a further 160,000 net places for 280,000 children by 2006.

On the basis of a Report from the Comptroller and Auditor General<sup>1</sup> we took evidence from the Department for Education and Skills and the interdepartmental Sure Start Unit on the progress made in increasing the supply of early years provision, improving choice for parents and delivering improvements in standards of care.

<sup>1</sup> C&AG's Report, *Early years: Progress in developing high quality childcare and early education accessible to all* (HC 268, Session 2003–04)

## Conclusions and recommendations

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There has been good progress in increasing the supply of early education, but the Department needs to tackle the risks to the viability of provision and the regional gaps in supply. Government is continuing to increase the funds available for childcare and early years provision. The challenge is to spend this money cost-effectively. Based on the evidence from our examination, key priorities include:

1. **Public funding should be linked to evidence that providers are well-run.** Much public funding for childcare goes to very small businesses. The Department is providing grants, training and business support to help providers tackle the risks to sustainability. Grants should be conditional on providers having a realistic business plan, showing they have assessed local demand and made reasonable estimates of their cash flows. The progress of government-funded provision in disadvantaged areas needs to be closely tracked so that resources can be transferred from providers which fail to attract business to those which are more successful.
2. **The Department should set a target minimum number of places per 100 children at local authority level and move as quickly as resources permit to a position where no area has less than this.** Some areas will always have higher levels of provision because of buoyant private demand and Government investment is now seeking to increase availability in particularly deprived areas. But the Department needs to watch the risk of neglecting other areas where supply is inadequate for reasons such as past patterns of investment.
3. **The Department should develop its early years programmes for deprived children outside disadvantaged areas.** There are pockets of deprivation in otherwise affluent areas and there is a danger that these people will be overlooked in a strategy focusing on the 20% poorest wards. For example, the Department should assess whether its pilot work in rural areas results in improved provision for deprived families.
4. **School premises are an under-used resource but many schools have been reluctant to provide childcare.** Schools are well-placed to meet unmet demand for childcare in deprived areas, in London and particularly outside normal working hours. There is scope for planning in childcare provision when new schools are built and the Department needs to assist existing schools to make their premises available. This may require action to improve marketing, provide administrative support, and deal with the cost of alterations.
5. **There should be a specific strategy for early years provision in London given the particular problems faced in the capital.** There is a strategy for schools in London but the need for an early years strategy is just as acute given the high costs of provision, shortages of suitable land and buildings, complex planning processes, and high living costs.
6. **The Department should be able to show that childcare has become more affordable for all and remains so.** Free early education and the childcare element of the working tax credit were introduced to help families, especially those on low-incomes, afford childcare. More research is needed to assess the impact of these

initiatives on the affordability of childcare across the country and whether cost remains a barrier to take-up. Support which increases demand for childcare places needs to be balanced by sufficient increased supply to help control the price.

7. **The Government should re-examine the choices available to parents of very young children.** The Department agreed that the balance of financial incentives is currently for mothers of very young children to return to work. The Department should work with the Department for Work and Pensions and the Treasury to examine whether there is genuine choice for parents between returning to work and looking after a child at home, taking into account the research evidence on the benefits of parental care.
8. **Ofsted should adopt a risk-based approach to inspections of early years providers.** Childcare and day-care providers are currently inspected on initial registration and subsequently every two years. A risk-based approach would involve more frequent inspections for poorer-performing providers and longer intervals between inspections for better-performers. This would ensure resources are targeted at high-risk providers while minimising the burden of inspections on others.
9. **The Department should bring best practice in developing the childcare workforce to the attention of local authorities and their partners.** The best performing local authorities work in partnership with colleges and the voluntary sector, to provide training opportunities for potential childcare workers as well as existing staff, and monitor staff training in detail. Lack of appropriately trained staff is a serious threat to the sustainability of the early years programme and the problem is particularly acute for certain types of provision, such as for children with disabilities.
10. **The Department should assess the extent of unregistered childminders and the barriers to registration.** Those providing informal, family childcare are not required to register with Ofsted. However, there is evidence that other providers are bypassing regulation by failing to register with Ofsted. This puts the quality of childcare at risk and threatens the sustainability of registered providers. The Department should take action to overcome barriers to registration, for example by providing better information about the funding and training available to registered providers.





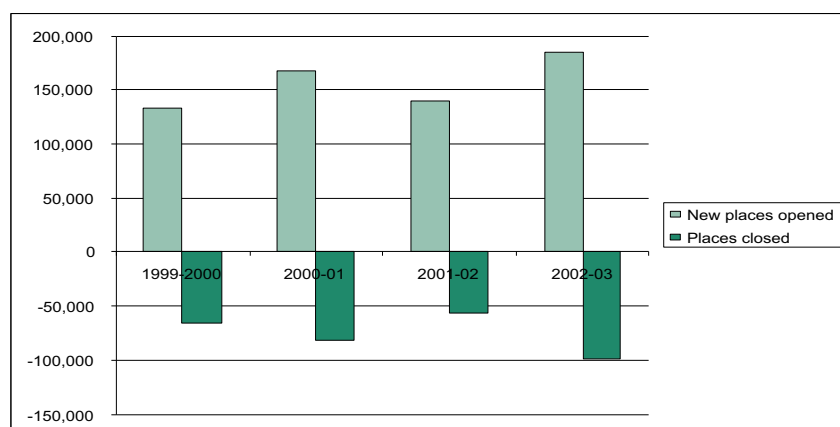
# 1 Increasing provision for pre-school children

1. There are 2.9 million children in England below compulsory school age. ‘Early years’ provision is a term for services for such children. It includes childcare and early education, for some part or all of the day in schools, private, public or voluntary sector nurseries, play groups or childminders.

2. In 1997, the Government announced free part-time early education places for all four-year-olds. Successive spending reviews allocated funding for similar free places by 2004 for all three-year-olds whose parents wanted them. Significant progress has been made since 1998. In 2002, 98% of four-year-olds took up a place and, by January 2003, 88% of three-year-olds had at least one free early education session a week.<sup>2</sup> All but two local authorities — Croydon and Richmond — look set to achieve the target for three year olds by April 2004, and the Department is discussing with these authorities when they will reach the target.<sup>3</sup>

3. Good progress has also been made against the Government’s target to create new childcare places for 1 million children aged 0–14 between 1997 and 2004. A net increase of 325,000 (626,000 new places and 301,000 closures) was achieved by 2003 (**Figure 1**), sufficient for over 600,000 children, given that some will only use the place part-time. Some turnover is inevitable in a market of single-person operations and other small businesses, and the Department considers that turnover of 15% is probably as good as can be expected among childminders. The National Audit Office estimated there would be a total net increase of 520,000 childcare places by March 2004. Whether this would be enough to meet the target depended on the mix of full-time, part-time and out of school places taken up.<sup>4</sup>

**Figure 1: Change in total number of childcare places 1999–2003 by year**



Source: National Audit Office

2 C&AG’s Report, paras 2.1–2.5, Figure 8

3 Qq 29–37, 86

4 C&AG’s Report, paras 2.7–2.9, 2.12; Qq 2, 26

4. The Department was confident that the target to create places for 1 million children would be met. It underestimated the rate of childminder closures, but additional new places have compensated. It has also made additional funds available to some disadvantaged areas where local authorities were having difficulties providing places for three year olds. However, it acknowledges its further target of 160,000 additional net places by 2006 will be harder. Although the required rate of increase is not as steep as for the years to 2004, the Department aims to expand in areas of deprivation where it is more difficult to set up places. The National Audit Office has found that many providers have no plans to expand.<sup>5</sup>

5. Recent years have seen the development of a market for childcare, in which there are private, voluntary and public sector providers. The majority of funding comes not from the Department for Education and Skills, but from parents through their own means or with the support of the working tax credit. The continued growth of the sector thus depends on the quality of provision and whether people are prepared to pay for it. The Department's funds contribute to developing the market for childcare, particularly in areas of low provision, but in more affluent areas expansion arises from high private sector demand. Private and voluntary providers have also been subsidised through the Nursery Education Grant, which has allowed nurseries to reduce the cost of day care for three and four year olds as two and a half hours is free.<sup>6</sup>

6. The biggest threat to sustaining growth is the high turnover of staff. Other risks include increasing staff costs, the cost and difficulty in finding locations, an inability to attract sufficient children, competition from other providers, administrative demands, and parents' ability to pay.<sup>7</sup> Poor business planning is also a risk to sustainability. Fewer than half of providers always cover their costs and many do not know how many places they need to fill to break even. The National Audit Office found only 52% of those who had received time-limited funding knew what they were going to do when it came to an end. The Department recognises that providing business support is critical. Some 30,000 people have registered for its business training courses and from spring 2004, a sustainability fund is available to local authorities to assist providers in, for example, maintaining empty places temporarily.<sup>8</sup> Each local authority is required to employ a Business Support Officer. Whilst the Department strongly encourages new childcare providers to consult the Officer, it is not a requirement.

7. Particular problems exist in London. It has the most expensive childcare, as well as the smallest ratio of places to children and the highest levels of unmet demand. As well as a regional disparity inherited by the Department, London has specific issues relating to the housing market, high demand for key workers, take-up of tax credits, complex planning processes and high living costs. The mix of affluent and poor neighbourhoods and the presence of local authorities which traditionally supported early years provision should be advantageous, but a lack of suitable properties appears to be a key barrier to providing more childcare. The Department said it was unsure why London was a particular problem

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5 Qq 1-3, 77-78; C&AG's Report, para 2.19

6 Qq 6, 24, 94

7 C&AG's Report, paras 2.22-2.23

8 *ibid*, paras 2.23-2.25; Qq 5-6

and will be focusing on why it was lagging behind. There is currently no separate early years strategy for London, unlike for schools.<sup>9</sup>

8. One way of increasing provision is through the use of school premises — both existing and new — in areas where high quality accommodation is often hard to find. Schools are an under-used resource if they are only open during normal school hours. The Department's extended schools programme uses school premises to provide childcare out of school hours. It is also considering building in childcare facilities when new secondary schools are planned. However, the National Audit Office reported that few schools providing nursery education plan to expand into childcare. Schools may be concerned about the responsibility involved, but although the school would have a role in organising it, early years provision could be run by qualified staff brought in for that purpose and need not mean extra work for head teachers and their teams.<sup>10</sup>

9. The Department has taken steps to stimulate the provision of childcare in poorer areas and to help low-income families purchase it. In 2001, there were about 8 childcare places per 100 children of 0–14 in the 20% most deprived wards, compared with about 13 places in other areas. Neighbourhood Nurseries, Children's Centres and Sure Start local programmes are targeted at deprived areas, while the working tax credit helps low-income families afford childcare. The new target — a net increase of 160,000 childcare places by 2006 — will focus on areas of deprivation, including substantial capital provision. The Department does not expect Neighbourhood Nurseries to be at full occupancy in the first year, and it may end up funding empty places in some areas so that they can build up enough business to cover their costs. It sees an important task to stimulate demand in areas where traditionally there have been low expectations of childcare.<sup>11</sup>

10. Pockets of deprivation exist in otherwise affluent areas and there is a danger that this will be overlooked in a strategy focusing on the 20% poorest wards. Research shows that approximately half of children living in poverty live outside these areas. The Department said that the working tax credit goes some way to alleviating this, as it is based on a family's circumstances rather than the area in which they live. It is also piloting a variant of the Sure Start model in 46 rural areas where poor families are scattered over a large area. At the same time, the more affluent may take advantage of facilities in poorer areas. The Department consider it an indicator of success if more affluent people want to use facilities in poorer areas, and said there was good evidence that the best results for the poorest children came when they are in mixed groups. However, it was concerned to ensure resources were getting to the poorest and as part of its evaluation of the Neighbourhood Nursery Initiative was examining the socio-economic characteristics of parents using facilities.<sup>12</sup>

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9 Qq 95–105; Ev 16

10 Qq 3, 51–52, 68, 87–89, 98; C&AG's Report, paras 2.19, 2.26

11 Qq 3, 13–14, 24–28, 40–47, 68

12 Qq 38–39, 51–55; Ev 21

## 2 Providing affordable choice for parents

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11. Different types of early years provision are available for children if their parents require it, including day nurseries, nursery schools, pre-school playgroups, childminders and after school, breakfast clubs and holiday schemes. These provide for children of different ages, for different periods of time and involve varying degrees of educational input.<sup>13</sup> Survey evidence indicates that, in general, in making their choices parents want childcare to be local to either home or their place of work, accessible, flexible, of good quality and safe.

12. Many more parents make use of formal childcare now than even a few years ago and very few interviewed for the National Audit Office's report said a lack of suitable settings prevented them using childcare, although some 14% said they used the only one available locally. However, in 2002, the Department reported that 26% of families with pre-school children had unmet demand for childcare. The main gaps were in deprived areas, and in London (see paragraph 7). In addition, although most unmet demand was during weekday working hours, around a quarter of parents of pre-school children had had problems finding childcare outside normal working hours – for example, after 8pm or at weekends.<sup>14</sup>

13. Ensuring adequate choice locally is the responsibility of local authorities. Although the Department has established a National Childcare Strategy, it emphasised that because childcare had to be delivered locally, it was important that it was locally planned. This requires the integration of private, local and voluntary sector provision. Local authorities are also required to provide an information service advising parents on childcare options and helping those wishing to set up provision. The Department's aim is to simplify early years funding and allow discretion to meet local priorities.<sup>15</sup>

14. However, the availability of childcare relative to the population varies considerably, from 11 to 58 places across local authority areas for every 100 under-fives. The South East has the highest proportion by region (44 for every 100 children), and inner London the lowest (22) (**Figure 2**). Over time, the change in the balance of pre-school provision has not been uniform. The biggest decline in childminders and biggest rise in day nurseries have been in the South East, while the North East has proportionately more childminder provision than the rest of England.<sup>16</sup> The Department recognises that variations between local authorities are still too wide and is seeking to reduce them, although it considered in part this was a legacy of past variations in local authority investment and parental contributions. The Department has increased funding to regions with relatively less childcare. In 2004–06 around 128,000 out of the 250,000 new places will be in areas of disadvantage. However, the rate of growth in more prosperous areas is likely to outstrip growth in poorer areas, meaning that relative inequalities are likely to remain.<sup>17</sup>

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13 C&AG's Report, Figure 3

14 *ibid*, paras 2.16–2.18

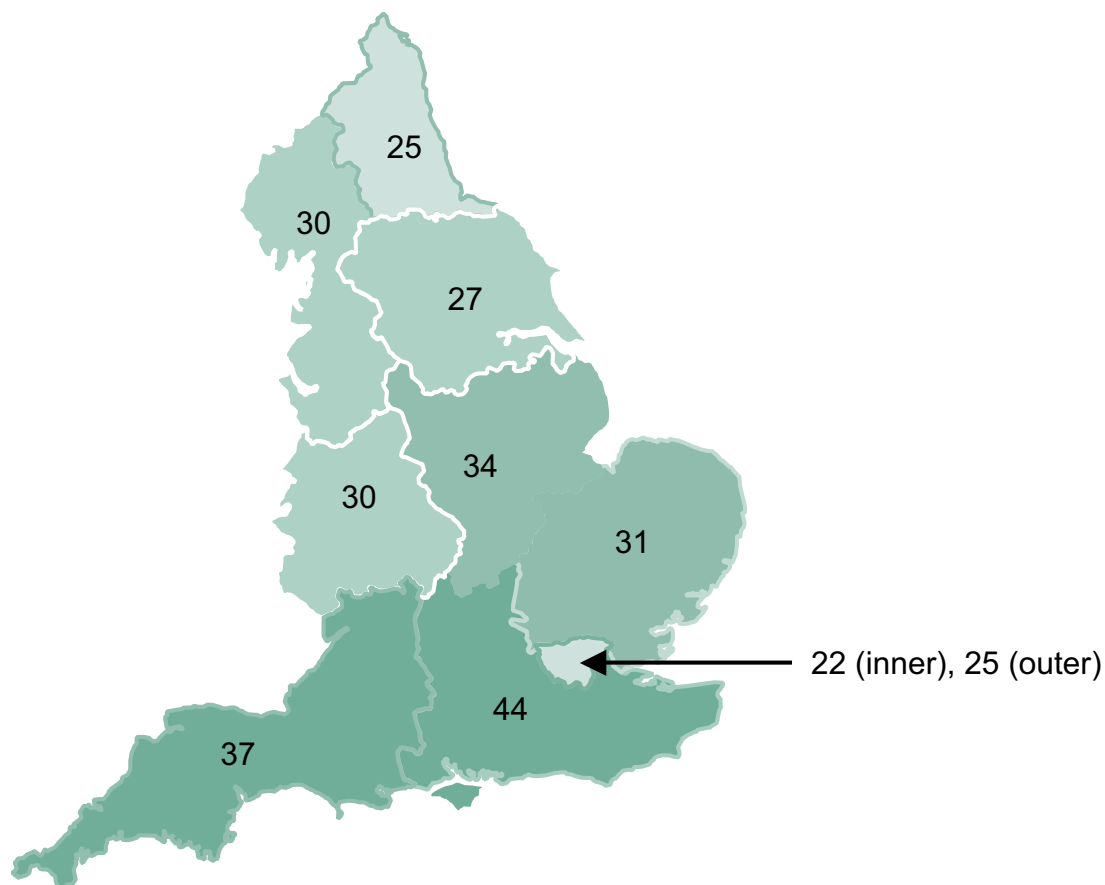
15 Qq 7, 93; C&AG's Report, paras 2.9, 2.11, 2.13, 2.18

16 C&AG's Report, paras 2.10–2.12

17 Qq 3–4, 13–14, 45; Ev 21

**Figure 2: Regional variation in childcare places for pre-school children**

Places per 100 children



Source: National Audit Office

15. A key factor influencing choice is the cost. This is a major issue and can be a barrier for some parents wanting to work or train. Those on low incomes are less likely to use formal childcare of all kinds — 42% of these do not use childcare regularly, and a third of low income parents using childcare do so for less than five hours a week. The cost of education fees is also a factor restricting the amount of nursery education used. The cost of early years provision appears to be increasing, due in part to the introduction of the minimum wage, the lack of qualified staff and the need to train unqualified staff, and rising property-related costs.<sup>18</sup>

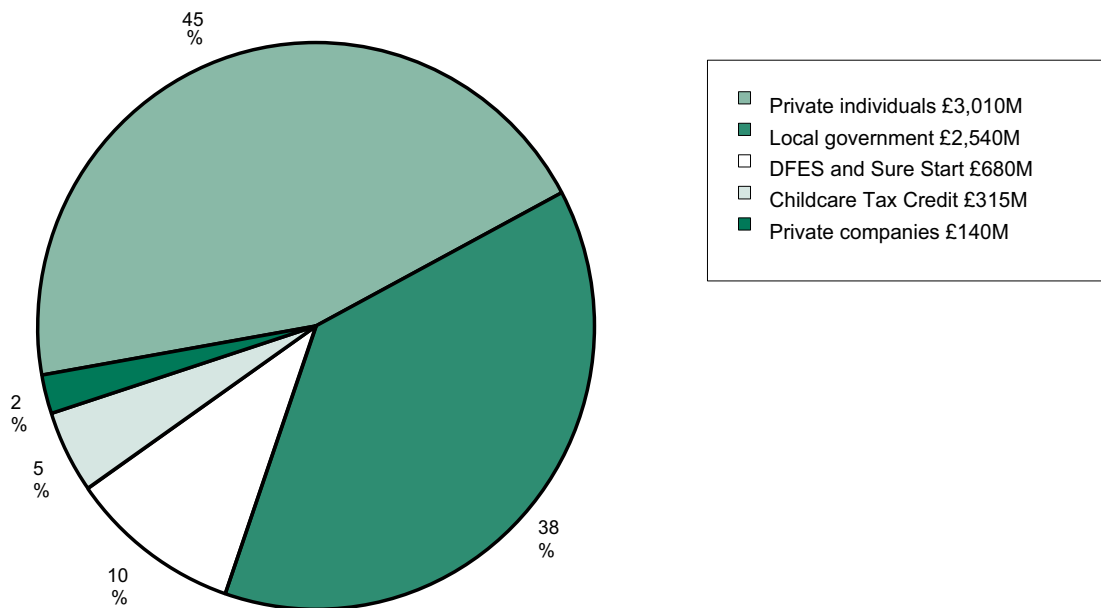
16. The Government has sought to make childcare more affordable. Families with incomes up to £58,000 can receive tax credits. Progress has been made for those eligible for tax credits or free part-time nursery education for three and four year olds. For others, including for example those with children of two and under (which are not subsidised), costs are rising, and there are wide variations across the country. In London the typical cost of a nursery place in January 2004 according to The Daycare Trust was £168 per week, compared to £107 per week in the West Midlands.<sup>19</sup>

<sup>18</sup> C&AG's Report, paras 3.2, 3.5, 3.9

<sup>19</sup> *ibid*, paras 3.5–3.11; Qq 13, 15–17

17. It is not clear to what extent cost is a deterrent to take-up of childcare places. For those eligible for the tax credit, it does not meet all costs, and only represents a small proportion of the amount parents spend on childcare. The introduction of the working tax credit in April 2003 changed the eligibility rules for the childcare element. The Department advised us that at January 2004 some 300,000 lower and middle income families across the UK were benefiting from it, up from 180,000 working families receiving childcare tax credit under the Working Families Tax Credit. But there is a risk that unless measures are taken to increase the supply of places, the tax credit will help to drive up the price of childcare.<sup>20</sup>

**Figure 3: How early years provision was paid for in 2002–03**



*Source: National Audit Office, based on figures from the Department for Education and Skills, Inland Revenue and Laing and Buisson.*

18. Government policy is to encourage people into work, including young, single mothers. The Department said that childcare policies were designed to support this, with alternatives, such as support to stay at home, not particularly on the agenda. The balance of incentives in the benefits and tax systems thus supports going to work, and there is a target to raise the proportion of lone parents in work from 53% to 70% by 2010. Although there is no compulsion to work, the Department also said local Sure Start programmes help parents acquire the skills to get jobs as well as become good parents. Some of this work might be in childcare. Parents often choose to be childminders while they are looking after their own children at home. It is unclear whether working is always appropriate for mothers of very young children. Whilst the emphasis on work helps tackle child poverty, learning at home with parents also has a crucial role to play in children's development.<sup>21</sup>

<sup>20</sup> Qq 8, 55; C&AG's Report, Figure 2, para 3.7; Ev 20

<sup>21</sup> Qq 9–11, 19–22; C&AG's Report, para 1.4

## 3 Delivering improvements in standards of care

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19. High quality pre-school provision is beneficial to children's intellectual, social and educational development, along with a supportive home learning environment. This is particularly true for those from disadvantaged backgrounds. National standards for day care and childminding for under-eights are now in place, and since 2001 Ofsted has had responsibility for inspections, previously carried out by local authorities.<sup>22</sup> By March 2003, Ofsted had carried out 81,500 inspections. Ofsted's first report, published in August 2003, concluded that on the whole, childcare providers had reached the level set out in the National Standards. The introduction of Ofsted inspections has been received positively by providers, who in general, find them fair and efficient.<sup>23</sup>

20. The Department agreed that there were resource constraints on Ofsted and inspectors could not visit each provider every year. However, inspectors did a lot of initial work on a provider and would then come back every two years. They had the opportunity and resources to follow up complaints at any time. Since 2001 they had received 10,500, most relating to the suitability of those providing the care and organisational matters such as staff:child ratios. They had prevented 178 providers continuing to operate.<sup>24</sup> Safeguarding children is the Department's top priority, particularly given high staff turnover in the childcare market, and a Criminal Records Bureau check is compulsory for all workers. Start-up grants are available to make the home a safe environment in which to provide childcare. The Department argued that excessive regulation could deter providers from entering the childcare market, but considered recent growth in the number of childminders to be evidence that the right balance has been struck.<sup>25</sup>

21. Most people who are paid for looking after children under the age of eight for more than two hours a day on premises other than the child's own home are required to register with Ofsted, although not parents or relatives of the child. Unregistered minders are not subject to Ofsted inspections and do not receive government funding. Respondents to the National Audit Office's survey of childcare providers mentioned competition from unregistered childminders as a key threat to their sustainability. The Department does not know how many unregistered providers there are, but believes many provide valuable childcare, such as informal, family support.<sup>26</sup>

22. A key means of improving the quality is through training of staff, although the Department acknowledged that this is a problem in a low pay field. It has sought to raise the profile of childcare workers by investing in training and qualifications. It has created a common core of skills and knowledge for early years and play worker qualifications, and developed new routes such as Early Years Foundation Degree courses. Local authorities and local Learning and Skills Councils have been working to agree shared targets for NVQ

22 C&AG's Report, paras 4.3–4.6

23 *ibid*, paras 4.7–4.18

24 *ibid*, Figure 22; Qq 74–76

25 Qq 74–76, 90–92

26 C&AG's Report, para 2.22; Qq 110–111; *Children Act 1989*, as amended by the *Care Standards Act 2000*



level 2 and level 3 training to 2006, supported by funds from the Department and the European Social Fund. However, there is a long way to go in training the number of staff needed and the Department estimated in 2003 that 130,000 will need training to NVQ levels 2 and 3 by 2006.<sup>27</sup> It believes that a more highly qualified workforce will make the sector more attractive to potential recruits, as well as raising the quality of provision. Its strategy is to make the market more flexible, so that staff can move between sectors without having to completely re-train. This should help tackle the high turnover which is a risk to the sustainability of providers.<sup>28</sup>

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27 C&AG's Report, paras 4.31–4.34; Qq 71–73

28 Qq 71–73; C&AG's Report, para 2.22



# Formal minutes

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**Monday 28 June 2004**

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan	Mr Frank Field
Mr Richard Bacon	Mr Brian Jenkins
Mrs Angela Browning	Jim Sheridan
Mr David Curry	Mr Alan Williams
Mr Ian Davidson	

The Committee deliberated.

Draft Report (Early years: progress in developing high quality childcare and early education accessible to all), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 22 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

*Resolved*, That the Report, as amended, be the Thirty-fifth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Adjourned until Wednesday 30 June at 3.30 pm

## Witnesses

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**Wednesday 10 March 2004**

*Page*

**Mr David Normington CB**, Department for Education and Skills, and **Ms Naomi Eisenstadt**, Sure Start Unit, Department for Education and Skills

Ev 1

## List of written evidence

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Equal Opportunities Commission

Ev 15

Daycare Trust

Ev 16

National Audit Office

Ev 18

Department for Education and Skills

Ev 20

## List of Reports from the Committee of Public Accounts Session 2003–04

First Report	Tackling fraud against the Inland Revenue	HC 62 ( <i>Cm 6130</i> )
Second Report	The new electricity trading arrangements in England and Wales	HC 63 ( <i>Cm 6130</i> )
Third Report	The Sheep Annual Premium Scheme	HC 64 ( <i>Cm 6136</i> )
Fourth Report	Improving service delivery: the Forensic Science Service	HC 137 ( <i>Cm 6155</i> )
Fifth Report	Warm Front: helping to combat fuel poverty	HC 206 ( <i>Cm 6175</i> )
Sixth Report	Department of Trade and Industry: Regional Grants in England	HC 207 ( <i>Cm 6155</i> )
Seventh Report	Progress on 15 major capital projects funded by Arts Council England	HC 253 ( <i>Cm 6155</i> )
Eighth Report	The English national stadium project at Wembley	HC 254 ( <i>Cm 6155</i> )
Ninth Report	Review of grants made to the National Coalition of Anti-Deportation Campaigns	HC 305 ( <i>Cm 6175</i> )
Tenth Report	Purchasing and managing software licences	HC 306 ( <i>Cm 6175</i> )
Eleventh Report	Helping consumers benefit from competition in telecommunications	HC 405 ( <i>Cm 6191</i> )
Twelfth Report	Getting it right, putting it right: Improving decision-making and appeals in social security benefits	HC 406 ( <i>Cm 6191</i> )
Thirteenth Report	Excess Votes 2002–03	HC 407 ( <i>N/A</i> )
Fourteenth Report	Inland Revenue: Tax Credits	HC 89 ( <i>Cm 6244</i> )
Fifteenth Report	Procurement of vaccines by the Department of Health	HC 429 ( <i>Cm 6244</i> )
Sixteenth Report	Progress in improving the medical assessment of incapacity and disability benefits	HC 120 ( <i>Cm 6191</i> )
Seventeenth Report	Hip replacements: an update	HC 40 ( <i>Cm 6271</i> )
Eighteenth Report	PFI: The new headquarters for the Home Office	HC 501 ( <i>Cm 6244</i> )
Nineteenth Report	Making a difference: Performance of maintained secondary schools in England	HC 104 ( <i>Cm 6244</i> )
Twentieth Report	Improving service delivery: the Veterans Agency	HC 551 ( <i>Cm 6271</i> )
Twenty-first Report	Housing the homeless	HC 559
Twenty-second Report	Excess Votes (Northern Ireland) 2002–03	HC 560
Twenty-third Report	Government Communications Headquarters (GCHQ): New Accommodation Programme	HC 65
Twenty-fourth Report	Transforming the performance of HM Customs and Excise through electronic service delivery	HC 138
Twenty-fifth Report	Managing resources to deliver better public services	HC 181
Twenty-sixth Report	Difficult forms: how government departments interact with citizens	HC 255
Twenty-seventh Report	Identifying and tracking livestock in England	HC 326
Twenty-eighth Report	Driver and Vehicle Licensing Agency: Trust Statement Report 2002–03	HC 336
Twenty-ninth Report	Improving public services for older people	HC 626

Thirtieth Report	Out of sight—not out of mind: Ofwat and the public sewer network in England and Wales	HC 463
Thirty-first Report	Cambridge-MIT Institute	HC 502
Thirty-second Report	HM Customs and Excise Standard Report	HC 284
Thirty-third Report	Income generated by the museums and galleries	HC 430
Thirty-fourth Report	Strategic Rail Authority: improving passenger rail services through new trains	HC 408
Thirty-fifth Report	Early years: progress in developing high quality childcare and early education accessible to all	HC 444

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

# Oral evidence

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## Taken before the Committee of Public Accounts

on Wednesday 10 March 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan  
Mr Richard Bacon  
Jon Cruddas  
Mr Ian Davidson

Mr Frank Field  
Mr Brian Jenkins  
Mr Gerry Steinberg  
Jon Trickett

**Mr Tim Burr**, Deputy Comptroller and Auditor General, National Audit Office, further examined.

**Mr Rob Molan**, Second Treasury Officer of Accounts, HM Treasury, further examined.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

#### Early Years: Progress in developing high quality childcare and early education accessible to all (HC 268)

*Witnesses:* **Mr David Normington CB**, Permanent Secretary, Department for Education and Skills and **Ms Naomi Eisenstadt**, Director, Sure Start Unit, examined.

**Q1 Chairman:** Good afternoon, welcome to the Committee of Public Accounts where today we are looking at the Comptroller and Auditor General's Report on developing high quality childcare and early education accessible to all. We welcome back to our Committee Mr David Normington, who is Permanent Secretary at the Department for Education and Skills and Naomi Eisenstadt, who is Director of the Sure Start Unit. Mr Normington, could I start by addressing my questions to you and ask you to look at page 23, paragraph 2.8, where we read that it is true that 600,000 new childcare places have been created since 1998, but some 300,000 have closed. Could you tell us why there have been so many closures and whether this will make it difficult for you to reach your own target?

**Mr Normington:** I am very confident we are going to meet the target, partly because there has been such an increase in places in the last year, but the turnover has been higher than we expected, particularly in the case of childminders. We make an estimate of the likely turnover. We expected about 15% of childminders in a year to stop providing childminding; it has been nearer 20% and although there have been some other differences, that is the main reason why there has been a need to create more new places in order to compensate for those dropping out.

**Q2 Chairman:** You are telling this Committee that you will meet your target of one million new childcare places by the end of this year.

**Mr Normington:** I am fairly confident of that. It is actually by this month. We will know whether we have hit it by the end of April, when we will have the figures, but I am fairly confident we will.

**Q3 Chairman:** Can you please now look at page 28 and paragraph 2.19, where you will see that many providers do not plan to expand? How will you achieve your target up to 2006 if, as we read here, many of your providers are not planning to expand?

**Mr Normington:** It gets more difficult. The targets to 2006 are not on the same trajectory as the ones for 2004. The upward line is not as steep. The difficulty is that we are trying to concentrate most of the expansion in the next two years on areas of deprivation where it is more difficult to set up places anyway. It will be tough, but we will be putting money into the system to incentivise those places and that is the answer. We will be doing it with a substantial amount of capital, because in some of these places we will need to put buildings on the ground or some form of capital provision. We will be looking to do it around schools, if we can, so that we use schools as the centres of the community in a way in which they are sometimes not used.

**Q4 Chairman:** Let us look at this question of childcare in the most deprived areas. If you look at paragraph 2.12 on page 25, you will see "However, the extent of provision relative to the population varies considerably, between 11 and 58 places for every 100 under-fives . . . with the highest proportion (44 for every 100 children) in the South East and the lowest (22) in inner London". If we go over the page to page 26 and look at Figure 12, we see there is a very considerable difference, presumably between more prosperous and less prosperous areas. The whole point of this policy is to try to get more childcare places in less prosperous areas. There has been growth, but why is there still this mismatch as to what is going on in more and less prosperous areas?

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**Mr Normington:** A number of things. One is that we started from a position where there was no national childcare strategy, so it depended what was on the ground. What was on the ground depended on two things really: one was what parents were prepared to buy; the other was how much local people, particularly local authorities, had decided to invest local resources into childcare and early years provision. We started with these big gaps and some of the biggest gaps are indeed related to where parents have the means to purchase childcare. We have been closing those gaps and we have to close them more rapidly. I acknowledge that chart shows that the gaps are still too wide.

**Q5 Chairman:** Let us look at the providers themselves. If we look at page 28, paragraph 2.23, we see "... fewer than half of providers reported that they were always covering their costs, and there was evidence that many providers do not understand their costs and issues affecting their viability". Is that not also going to put you in some difficulty in meeting your targets if they are so poor at running their own businesses?

**Mr Normington:** It may do. This is a serious issue which we are addressing in two or three ways. We are introducing a sustainability fund. From this spring we are giving every local authority money to address issues of sustainability which may mean supporting places which are empty as long as we are convinced that they are going to be filled subsequently. It may mean providing training, it may mean providing business support. We have quite an active business support programme for what are essentially small businesses or one-person businesses and there is a big take-up of it. We have had 30,000 people registered for the training courses which are being run, who want to take up that sort of business training. That is what we are doing to try to address the sustainability issue, but it is the key issue, absolutely the critical issue here.

**Q6 Chairman:** On a similar point, if we go down to the next paragraph, we see "... many of the providers who received start-up funding are at risk of being unable to sustain their services once the funding runs out". What worries me is that there is a lot of churning going on. A lot of these people simply have no idea how they are going to carry on once your funding runs out.

**Mr Normington:** It is important to say that the majority of funding, as you can see from the Report, does not come from the Department for Education and Skills, it comes from individuals paying for childcare, either through their own means, or with the support of the working tax credit and therefore there is a market in childcare and the extent to which people are prepared to buy provision is clearly related to whether it grows or continues. There is an issue there of sustainability, but there is also an issue of the quality which is being offered and whether people are prepared to buy it. That will be ultimately one of the big tests: whether we can sustain what has been a big increase in the last year. One of the effects of the big increase in the last year is of course that we

have a lot of new provision. The question is whether there is enough demand in the short term to sustain that.

**Q7 Chairman:** Let us look at what parents want now. We have a clue to that in paragraph 2.18 on page 28. Can you help us with what research and work you are doing to discover what parents actually want?

**Mr Normington:** We do a regular survey of the demand for childcare. It oddly shows, and it is in this Report, that money is not the key issue. I do not actually believe that wholly: it is one of the key issues. Of course what people are looking for is local, accessible, flexible childcare and they are also looking at the quality of it, how safe it is, whether it is a caring environment, what the people are like who are providing it. That is what all of us would be looking for. Money comes into it, but money is not the only issue. It is not a surprising list really. They are looking at the quality and the caring nature of the provision, but they want it very local. If I may make a point, we talk about a national strategy today, but it is incredibly local, it has to be very locally delivered, it has to meet the needs of local people. A government strategy can only get so far in doing that. It is what happens on the ground and whether you have the provision tailored to local need which is the critical issue.

**Q8 Chairman:** Let us go back for a moment to low income families and look at paragraph 3.5 on page 35, where we see "Our survey of parents confirmed that income influences take-up of childcare, with low-income families much less likely to use formal childcare of all kinds, especially paid childminders". What work are you doing to try to make these people aware of their rights?

**Mr Normington:** Clearly the childcare element of the working tax credit is the key issue here and the take-up of it in the year since the arrangements changed has been enormous. There has been a two thirds increase in the numbers taking it up and there are big campaigns run by the Inland Revenue and others to explain what is available and why. However, some of it is about the availability locally and often for those families, the availability is not as good as it would be for more affluent families and that is the issue we have to address. We have put a lot of effort into developing specific provision in those areas. Neighbourhood nurseries for instance are coming on stream fast, based very locally, in some of the areas where low income families most need them.

**Q9 Chairman:** This is a broader question. To what extent are you trying to make this system neutral between mothers who want to look after their own children and be helped, perhaps because they are single mothers, and mothers who are prepared to look after other people's children? There is not much point just churning mothers and forcing mothers to look after other people's children when they may want to look after their own children. To what extent are you trying to make the system neutral, as happens in other countries, notably Scandinavian countries?

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**Mr Normington:** We are seeking to encourage child minders into the system, but they are very often most keen to look after other people's children when they have their own children to look after and often there is a pattern of staying in child minding for four or five years. While you are looking after your own children, you are sometimes happy to look after neighbours' children as well. We do want to provide more childcare because it is government policy to support more people into work, but in the end we do not want people to do things they do not want to do. It has to be neutral in that sense.

**Q10 Chairman:** Are you making a genuine choice available to young mothers, particularly young single mothers, to stay at home and look after their own children if they wish to?

**Mr Normington:** We are certainly putting incentives into the system to encourage them to go to work and that is government policy. There is a target to expand the proportion of lone parents in work by 2010 to 70% and it is at 53% now. There is no compulsion on lone parents to work.

**Q11 Chairman:** No, I know there is no compulsion, but if you are on a very low income, the benefit system is a form of compulsion, is it not?

**Mr Normington:** It depends on the level of the benefits and the relation of the benefit system to the tax system, yes.

**Q12 Mr Field:** May I thank you for the work you do, which is reflected in this Report. I doubt I am the only member in the Committee who feels that when the record of this government is written up this work and Sure Start work will probably rate as its most significant achievement. For all of that thank you very much. However, I do have some questions I should like to put and needless to say they have been touched on by the Chairman. Could we turn to page 31 and the gap between deprived and non-deprived areas? On using the criteria of free school meals, sadly Birkenhead has the poorest area in the country, even when all the existing plans for childcare are rolled out, including those which Sure Start is planning, just taking the Wirral, we will have fewer childcare places than the richest constituency in the Wirral. What are you doing over and above what you explained to the Chairman to make sure that gap is not only closed, but reversed?

**Mr Normington:** I do not know how easy it is to reverse the gap.

**Q13 Mr Field:** If we had a lot more than planned, we might overtake the richest constituency. So it is quite easy to know how to do it, is it not?

**Mr Normington:** Basically though, if the parents who have the means want to buy childcare, they will go on doing so and I have no influence over that and should not have. Our focus has to be on whether we can put resources into places like Birkenhead. We are doing it in a number of ways. We are doing it through Sure Start, we are doing it through a neighbourhood nurseries programme and we are doing it by, in each area of provision, providing a

significant amount more money for areas of deprivation than for other places to try to incentivise people into this. The working tax credit, as you well know, is skewed towards lower and middle income families. Whether that is enough, I do not know, but our plans are that we will see a significant increase and that most of the increase we have planned for 2006 will be in the areas you are referring to.

**Q14 Mr Field:** The calculations I have given you take into account the plans which have actually been published and the poorest area in the country will have fewer childcare places than the neighbouring rich constituency. You are saying, apart from the markets working through parents, that situation is not going to be changed.

**Mr Normington:** I am saying that a substantial amount of the extra resource up to 2006 will go into those areas. I am not pretending for a minute that gap will be closed. In the end this is about the amount of resource you are able to put in to incentivise the provision and the amount of support you are able to give to parents with low incomes to purchase it. We will see a significant improvement in absolute terms. You have done the analysis in Birkenhead. I do not think we will see the gap closing, partly because what is happening in a lot of these places is that the non-subsidised provision is increasing very fast at the moment, the market for childcare in the private sector is very buoyant.

**Q15 Mr Field:** May I go on to the buoyancy and move to page 8, paragraph 12. That is the one piece of information in the Report which shocked me. It says "According to our surveys of parents, around 40% of low-income parents receive free provision, but 20% pay all costs themselves". How do they live? These childcare bills are quite huge.

**Ms Eisenstadt:** My guess with that is that it is after-school care, because after-school care for school age children costs significantly less than full-day care for under-fives.

**Q16 Mr Field:** Therefore because of that weighting that will be the same.

**Ms Eisenstadt:** I am guessing that, because it is not broken down in the Report. I do not want to say that is fact, but it would be an explanation.

**Q17 Mr Field:** Might it be possible for you to look at that for us?

**Ms Eisenstadt:** Yes; certainly.<sup>1</sup>

**Q18 Mr Field:** That does lead on to a third point which is the pie chart on page 3 and reference is made in paragraph 4. The Permanent Secretary a moment ago was suggesting how significant the market was in provision here. What surprised me here was how small a total the childcare tax credit was of the expenditure on all childcare, which would suggest that despite all the efforts, unless people are coming

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in free in those other provisions, the poor are still not in any way put on equal footing with better-off parents in commanding market share.

**Mr Normington:** That would be true on the basis of the figures we have. It is a lot better than it was, but it would be true. It is interesting. I have the figures. On average across the UK most families are receiving just about £50 from the childcare element of the tax credit, which is, in other words, the support they are getting per week for their childcare: £63 in London and £50 across the rest of the country nationally. This suggests that in a lot of the childcare they are buying they are getting the free nursery education part-time, but then they are getting an add-on which is not by any means giving them a full-time add-on.

**Q19 Mr Field:** The Chairman dressed himself in a left-wing cloak with his questions about people taking up their rights or going out to work and all the rest of it. My guess is that this Committee, but also the country, has not come to a mind on whether it is sensible for mothers of very young children to go out to work. They see advantages and they see disadvantages. I wondered to what extent you had thought about giving mothers real choices. If, for example, mothers with children under three were allowed to draw down the whole of their child benefit for that three-year period, we would be talking for mothers with two children of something like a tax-free income equivalent to £10,000 or £11,000 a year, which would give many parents real choices. Is the department looking at putting on the agenda a choice between looking after your own children and asking somebody else to look after them as you go out to work? If not, might you feed it in?

**Mr Normington:** I do not think it is strongly on the agenda, is it, really? The whole direction of government policy is to encourage people into work.

**Ms Eisenstadt:** One of the key issues there, particularly for the poorest families is that it is a journey from unemployment to employment and it is not a journey which happens in a year. What we try to do, through local Sure Start programmes, is, through things like parent support, adult literacy, parenting support, to get people ready for work when they are ready. The kinds of skill base that you need to be a good parent is not different from the kind of skill base you need to get a decent job. It is not an either/or policy: it is a both/and policy. I think that works well in the poorest areas.

**Q20 Mr Field:** It might work well, but it does not answer the question the Chairman posed and I am also posing: although there is no compulsion for people to go to work, all the incentives are one way are they not?

**Mr Normington:** A lot of the incentives are towards that but not all of them. The child tax credits are not.

**Ms Eisenstadt:** What we know about are the ill effects of poverty on children. The other thing we know is that the longer you are out of work, the harder it is to get back into it. For many of the

families we are working with it is not a question of getting back into work, it is women who have never worked.

**Q21 Mr Field:** It is just that we are also dealing as constituency MPs with the collapse of behaviour which might be about how families function. Therefore, giving mothers real choices between whether they wish to concentrate their help when their children are very young and work later, they might think was a bigger choice than they are being offered now.

**Ms Eisenstadt:** It is the policy.

**Mr Normington:** It is the policy.

**Q22 Mr Field:** Could you take the idea away?

**Mr Normington:** Clearly it is a critical bit of the debate. You are right in saying that a lot of the incentives are to encourage people into work. There is also quite a lot of evidence that children benefit from good quality nursery education and childcare, particularly when they are from disadvantaged families.

**Q23 Mr Field:** That is why the country is less certain than government about what the right policy is.

**Mr Normington:** The country is right to be uncertain.

**Q24 Mr Allan:** I am interested in how this market works. I would say, as an Opposition member, that I think the fact that the strategy has rolled out so far is welcome in very broad terms. I am curious about the detail of the market working because a lot of the problems which seem to be highlighted in this Report are really around the weird hybrid market we have where people set up nurseries but local authorities can authorise competitors to come into the market, can fund their own competitors, a government initiative can fund a competitor. It does seem odd. I just wonder whether you have any solutions at this stage to this sustainability question. The Daycare Trust raised it with us in very stark terms when they talked about a high wastage rate "... one nursery closing for every four opening; one out-of-school club closing for every two opening; and one childminder stopping for every childminder starting business". If we look at Table 11 on page 24, that highlights those figures very starkly. Do you have any answers at this stage and do you find the scale of wastage alarming?

**Mr Normington:** Yes, although I think the table you referred to is a little more accurate than the Daycare Trust figures. It does not really matter, because there is turnover. We are trying to build the market. Most of the money we put in is trying to build the market in places where provision is weak. We do not go on sustaining provision generally year after year which people are not prepared to buy either with the support of their tax credit or through their own means or a mixture of that. A lot of our efforts are designed to build the market. It is a distorted market because in affluent areas people are prepared to pay because they are getting high incomes and that generates provision. Nevertheless we do not have



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barriers to entry to anyone in the system in fact. If you pass the rules about funding, you are able to get the support, but the support is heavily skewed to areas where there is less provision.

**Q25 Mr Allan:** Coming back to the point about sustainability and this slightly alarming figure that over half of new providers do not know what they will do when their start-up funding ends, should we not be concerned that you are going out there and saying that if they meet these criteria they can have some money. They are setting up and then in three or four years they are closing and then you are going to offer someone else some money. From the point of view of public funds is that not . . . ?

**Mr Normington:** Yes, we should be, because that clearly is a waste of resources.

**Q26 Mr Allan:** Is that not what is happening?

**Mr Normington:** To some extent. It would be alarming if these figures got worse. It is in the nature of this market that there will be a significant turnover. We have single-people businesses and small businesses and by definition small businesses turn over quite quickly anyway. A lot of our work has to be to try to put those on a sustainable footing. Take childminders, if we got to a position where 15% were turning over each year, we would think that was probably close to as good as you can get, because of the nature of that provision. When you are talking about full-day nurseries, that is not good enough. In fact it is somewhere around 5% or 6% or even lower for the turnover for full-day nurseries. We are more successful in sustaining that kind of provision. This is a key issue and because the programme has built up so fast, this is the issue we are now facing.

**Ms Eisenstadt:** On the neighbourhood nurseries programme, the vast majority of them have only opened this year, so they will be on their first year of the higher subsidy which goes down over three years. What we have to do is watch that very carefully in terms of business support, so that they may not know now, but as we work with them we make sure that they maintain it. The difficulty is related to what Mr Field was saying. In the poorest areas, where there is high unemployment, people will not go out to work until they see that the childcare is there. By definition you have to account for some empty places, otherwise you will not get the employment pickup.

**Q27 Mr Allan:** This goes back to what Mr Normington was saying earlier, that you may end up funding empty places in order to give nurseries in certain areas a guaranteed income to keep them open.

**Ms Eisenstadt:** On a temporary basis.

**Mr Normington:** On a temporary basis. That is not possible for long. Clearly it is more efficient to do that, than to have it closing down and then having to subsidise someone for three years to start up again.

**Q28 Mr Allan:** The Chairman quoted a figure about the fact that a lot of them are not covering their costs. We see that the current rate is £7.40 per session from April 2003. Is that sustainable? It seems to be quite fundamental. If you are running a business and you are not covering your costs you have a problem. I am wondering whether there is a problem with that grant and the amount of grant you are currently offering.

**Ms Eisenstadt:** It is the same point about the neighbourhood nurseries. We would not expect them to be at full occupancy from the first year. They would not be covering their costs and that is why we have a high subsidy in the first year and then a decreasing subsidy. The issue will be how quickly they fill up and we assume that they should cover costs at about 80% occupancy. We would not assume covered costs at 100% occupancy, because it just does not happen. That is the kind of thing on which we would be working very closely with them.

**Mr Normington:** Clearly provision creates demand and in general terms the demand is there, but often it is not there at the moment you set up the nursery because people have stopped believing there is going to be a nursery nearby. You have to give them time to build up and to generate that demand.

**Q29 Mr Allan:** Can I ask about the provision for three-year-olds? I understand that from April 2004 all three-year-olds will now get the entitlement. I must not say “vouchers” because it is different, is it not?

**Mr Normington:** It is definitely not a voucher.

**Q30 Mr Allan:** Every parent of a three-year-old can go to a local nursery provider and have the LEA fund their statutory—

**Mr Normington:** They get a free part-time nursery place.

**Q31 Mr Allan:** They get a free part-time nursery place. Could I ask about the provision now? If we look at Table 9 on page 23, I am curious. Presumably the figure we have of provision rates of 160% means that you can fund nearly every three-year-old at a full-time place rather than a half-time place. Is that a correct interpretation?

**Mr Normington:** Presumably, but that is a local choice which they are making. We do not provide them with the money for that level of provision.

**Q32 Mr Allan:** That was just to clarify that the 160% is . . .

**Mr Normington:** It is obviously the bit on the right which is more problematic.

**Q33 Mr Allan:** That is the one. When this first came in there was some concern that in a sense local authorities are going to have to ration places for three-year-olds. From April 2004 every three-year-old has the entitlement and the question is just whether or not the places are physically there.

**Mr Normington:** We think so. There are two places in the country where that may not happen. They are both in London: one is in Croydon and one is in

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Richmond. There is a discussion going on with those local authorities to try to ensure that guarantees that. Otherwise we are actually confident that there will be provision.

**Q34 Mr Allan:** Those local authorities at the moment do not want to offer a place to every three-year-old.

**Mr Normington:** “Do not want” is putting it too high.

**Q35 Mr Allan:** Say they cannot afford to.

**Mr Normington:** There is a conversation going on with them about whether they have the resources or not. Since it is a conversation which has not ended, I would not want to say they are refusing to do anything. It is a conversation. It is more an issue of when they can hit the target rather than whether they will actually hit in March or April.

**Q36 Mr Allan:** Their concern is that there would be more demand than they had budgeted for. It is not about the places there, it is about the cash in the pot from their point of view.

**Mr Normington:** A bit, yes. We have estimated 85% of parents of three-year-olds will want a place, which is reasonable, though there are some signs that it may be just a little above that.

**Q37 Mr Allan:** As far as you are concerned, they have the funds to cover that and they should be doing it.

**Mr Normington:** We always think that, as you know. That is a dialogue we have with them.

**Q38 Mr Allan:** Following on from that, there is this question about geographical variability. I represent an affluent area, I am not a Sure Start priority area and I should not complain about things, but there are people in more affluent areas who are nevertheless deprived. There is always a concern that with issues like Sure Start they are very postcode based and deprived people in our areas are somehow excluded. I just wondered whether you had anything to offer on that.

**Mr Normington:** I have two things to offer; Naomi may have more. Tax credits are clearly very important in this because that goes to the individual and to the family and that is a way of getting money to families in affluent areas who do not have enough money. We are also trying out a variant of the Sure Start model. You are right about Sure Start being area based and therefore in a way urban in concept. We are looking at how you create the Sure Start approach in areas where your poor families are scattered, particularly in a rural area, over a larger area.

**Q39 Mr Allan:** So they have been offering a Sure Start entitlement to people based on themselves rather than where they live.

**Mr Normington:** We have about 46 rural area type pilots which are testing out various ways of providing the same entitlement to families when they are scattered across an area.

**Q40 Jon Trickett:** I want to try to focus on some of those themes, the gap between deprived and non-deprived areas. On the whole you are, across the nation, reducing the gap measured on a ward basis. Is that right? Where are we now? What is the difference in the number of places in deprived wards as opposed to non-deprived wards?

**Mr Normington:** We are doing two things. We are measuring provision nationally on a local authority basis, which of course is not quite good enough in terms of the differences of provision. We are targeting our efforts below that level ward by ward. For instance, the Sure Start programme is very much based on the poorest 20% of wards in the country.

**Q41 Jon Trickett:** In paragraph 2.34 it talks about differences between wards beginning at about eight childcare places more in wealthy areas than in non-wealthy areas. Was that measured at local authority level or at ward level?

**Mr Normington:** I am not sure actually.

**Q42 Jon Trickett:** It sounded from your earlier answer as though it was at local authority level.

**Mr Normington:** I think it is wards, yes; I am pretty sure it is.

**Q43 Jon Trickett:** It says also that you are making progress in producing a diminution of the difference, although there still is a difference. Where are you now in terms of the difference between the most deprived wards and the rest?

**Mr Normington:** I am not sure I have those figures to hand.

**Q44 Jon Trickett:** Could you provide us with a note?

**Mr Normington:** We will do that.<sup>2</sup>

**Q45 Jon Trickett:** In some areas there is actually a widening of the gap between deprived areas and non-deprived areas and it describes a number of different processes which are going on to widen the gap. Do you just want to reflect on those processes for a moment or two?

**Mr Normington:** What is happening in most of those areas is that although they are increasing their provision in the deprived wards, it is also increasing faster in the more prosperous wards, so the gap is getting wider. Almost all those 25 are improving their provision in the deprived areas, but we are not closing the gap.

**Q46 Jon Trickett:** One of the points was that in fact there are closures of facilities for childcare provision within the most deprived wards. You talked about that a few minutes ago in response to other colleagues. Most of my wards are in the bottom 5% never mind 20%. I have had experience of funding going to almost adjacent properties and one closing because they had reached the end of the three-year period because there were no continuing funds. Another one was opened with public funds assisting it in the same street. How can that be?

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**Mr Normington:** That really ought not to be the case at all. I do not know.

**Q47 Jon Trickett:** The funds run out after three years, do they not?

**Mr Normington:** Yes. It depends what sort of provision it is. There are several answers to you. In those areas we have had a concerted effort to put neighbourhood nurseries, 50-place nurseries. Since most of those are coming on stream in the last year, they should not be closing yet.

**Q48 Jon Trickett:** I am talking about playgroups and those kinds of facilities.

**Ms Eisenstadt:** Playgroups have been closing, but the reason playgroups have been closing is because parents are preferring longer hours of care. The problem with playgroups is that it is a part-time place two or three mornings a week, which does not allow for working parents. As we have increased free nursery education for three- and four-year-olds and increased the amount of full-day care, sessional care will decrease because the market does not want it. We have provided money to playgroup providers to help them do the conversion from sessional care into full-day care.

**Q49 Jon Trickett:** I will look again at the case I had in mind. Paragraph 2.37 describes the point you were just making about neighbourhood nurseries. You had an objective to create 45,000 new childcare places by 2004. The rest of the paragraph seems to imply we are not quite going to get there. Can you describe where we are? This presumably is in the 20% most deprived wards in the country.

**Mr Normington:** It will be there in September, not in March.

**Q50 Jon Trickett:** You will have achieved it by then.

**Mr Normington:** Yes. This is simply because, as always with capital projects, there is sometimes slippage, but they will be there by September.

**Q51 Jon Trickett:** We have had the Daycare Trust and also Equal Opportunities Commission both making the same point. I do not know whether you have seen that. Fifty-four per cent of the poorest children live within the 20% most disadvantaged wards, so approximately half of all children living in poverty live outside those 20% wards. Conversely, as many of us round the table probably know, I have extremely deprived areas but pockets of affluence. Within the pockets of affluence, I have the feeling that there is more initiative amongst the middle class parents to take advantage of the provision. There is still a question of targeting, is there not? Is targeting actually working?

**Mr Normington:** Those figures you described are right. It is reaching that proportion of poor families and in answer to one of the other questions I described the things we are doing to try to extend that beyond the 20% poorest wards. I described how we were trying to get Sure Start out of its purely area-based provision into areas where it can identify and offer entitlements to poor families when they are

scattered. The tax credits help that too, but also I think there is great importance to be attached to the idea of using schools. After all, schools are often only open from nine until three, or nine until three thirty and have provision at other times of the day. We have a programme to try to provide what are called full-service schools, where services of other kinds, including childcare, are wrapped around the school provision.

**Q52 Jon Trickett:** Except that paragraph 2.41 tell us that in the most deprived areas the school-based providers are saying that they do not intend to expand their provision beyond the free two and a half hours because of lack of demand. So the very point you are making in defence of the strategy seems to be undermined by many of the schools in the most deprived areas. Something is going wrong somewhere. The other point I would make is about the pockets of affluence in deprived areas, which you did address, but perhaps you might address that and the fact also that even where the location of the facility might be in a less-deprived area, frequently you will see cars driving in with children to be looked after. Therefore, as is often the case, the middle classes are taking advantage. I am not opposed to middle class people taking advantage at all; I would expect that. Are we actually getting the targeting right? What research are you doing to measure the levels of attainment in terms of the neediest people?

**Ms Eisenstadt:** I will take the first part first, which is in terms of middle class families taking advantage of these. I have to say that I think it is a huge success when middle class families want to use facilities. We have a very long history of setting up services for poor people which are poor services which even poor people do not want to use. So I am very proud of the fact that middle class people want to use them. The second point is that for the children using the services, we have good evidence from the Effective Provision of Pre-school Education (EPPE) study that you get the best results for the poorest children in mixed groups. The fact that the middle class children use it, benefits the poorest children without having disbenefits for the middle class children. It also aids sustainability because those are the parents who can pay the most. The real issue—and it is very difficult and I cannot give you an answer to it—is how we make sure the balance is right, how we make sure they do not take the whole of the provision while at the same time not creating provision which is stigmatised because only poor people are using it. Basically that is about outreach work, it is about development work, it is about the way people work on the ground with the local community. In terms of evidence, we do have evaluation programmes on the effects of pre-school education and the effects of local Sure Start programmes, but the current evidence from EPPE is about the benefits of integrated care—or quality counts.

**Q53 Jon Trickett:** That was not the point I was asking about, it was on the demography of the users, the actual social composition of the people who are receiving the childcare. Has specific analysis been

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 Department for Education and Skills and the Sure Start Unit
 

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done on the social composition? I am not a social engineer by nature, but it is interesting to see how effective we are in this really successful programme in reaching the poorest and the neediest.

**Ms Eisenstadt:** Certainly where the programmes are, I can say for local Sure Start programmes virtually 50% of the children live in workless households, so very, very poor areas. There is no question in terms of the level of deprivation and the level of Sure Start programmes and that is where we are putting in a lot of the nursery provision. The difficulty of the demography argument is how, without social engineering, you make sure you get the mix.

**Q54 Jon Trickett:** If we have not achieved the targets, then we have to do something about it, but if we are getting there . . . I should close but any note you could give us on demographic analysis, not only of Sure Start, because I think in a way you are the human face of the rest of the provision, but Mr Normington as well, would be helpful.

**Ms Eisenstadt:** Yes.<sup>3</sup>

**Q55 Mr Steinberg:** I was listening very carefully to what you had to say and I totally agree with what you are saying. Twenty years ago I might have adopted the same argument as Jon Trickett, but having been a head teacher of a school catering for deprived children, it was very important that there was a mix in the school; the better the mix, the more progress you made. My wife was a teacher in a nursery unit in a very, very deprived area and I once challenged Chris Woodhead to come to teach there, but he would not come. Actually he did say he would come but I was chastised by the headmaster for issuing the invitation without telling him. A mix is vitally important. I am going to come back to that but one of the bones of contention at the moment regarding childcare is the cost of childcare. I have been listening to the arguments put forward and all we hear about is the importance of deprived areas getting the vast majority of the money, that the money should go to deprived areas. I have no truck with that whatsoever. In the meantime I do get a bit concerned that middle class areas and lower middle class areas do lose out. Do you think that childcare costs are going to be solved with the new child tax credit? Do you think this is going to be a great improvement for childcare? You would hope so, would you not?

**Mr Normington:** I would hope so, because it is costing money. It is putting money into the hands of the parent, which seems to me a very good thing to do. That gives them choices on where they spend it. The problem always when government subsidises something where there is a market is that if you are not careful you force the price up and that is a serious issue which we are looking at all the time really, otherwise, if the Chancellor changes or is more generous on this element of the working tax credit, if we are not careful, it will force the price up.

**Q56 Mr Steinberg:** Exactly; exactly. That is better articulated that I could have done. I had a couple of teachers come to me and they earned between them something like £58,000 a year and they were playing hell because they could not get a penny in childcare. I was not interested. I thought “£58,000 a year? Tough. I do really feel sorry for you!”. Then they went and my secretary, who I suspect, with her husband who has a very good job, probably gets the same, said “You weren’t fair there”. I asked what she meant. She said I should work it out. They had two children in 100% childcare and they do not receive one penny. It costs them £1,000 a month in childcare, 20% of their income. So they cannot afford it, although they have to, but it reduces their standard of living. The same two people can have £53,000 a year and get virtually a fortune in childcare, yet there is only a difference of £2,000 or £3,000 in their actual income. The cut-off point is always the problem and here it creates a dreadful anomaly where people with the same salaries are getting virtually all childcare paid for them but the other family is getting absolutely nothing. What makes the situation even worse is that some families are getting child tax credits with the childcare part in it and have no children in childcare. So they are actually getting money for childcare and not even using it. This cannot be a fair system.

**Mr Normington:** I have to be a bit careful here, because this is really the Treasury’s territory. I will make a stab. The cut-off point for the childcare element of the working tax credit is £58,000 but that is for childcare. The child tax credit is not really the same, it is a different benefit. It is not a cliff edge in quite the way you describe, because it is tapered and therefore you do not get all that much help with a £53,000 income; you do if you have a much lower income.<sup>4</sup>

**Q57 Mr Steinberg:** If you have four kids do you not?

**Mr Normington:** You only receive credits for two, so in fact if you have a big family that is an issue too. In the end this is a question of resource and how much government can afford to put in to this element. There is certainly a demand for it. That is all I can say in a way. This is a big issue of how the tax and benefit system works really and what you are incentivising and what you are not. Clearly there are always people who are just outside a benefit who feel very hard done by.

**Q58 Mr Steinberg:** These people who do not get any help at all come to me and say that they have paid as much tax as anybody else and more than the people who are in the deprived areas, yet they are getting absolutely no help whatsoever. They have reached their position from a working class family, their Dad went down the pit, sent them to college and they managed to get to college and are now currently in exactly the same situation. They have worked all their life very hard, they have two kids and get no help whatsoever. Here they are, so-called deprived families. Again, do not get me wrong, as a head

<sup>3</sup> Ev 21

<sup>4</sup> Ev 21

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 Department for Education and Skills and the Sure Start Unit
 

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teacher of a deprived school I see the need for it. What I do not see the need for is unfairness and I think this system is totally unfair.

**Mr Normington:** I hope it is not unfair, because there has to be a cut-off somewhere and it has to be tapered to that cut-off. All tax systems are to some extent redistributive; it is just a question of how much they are.

**Q59 Mr Steinberg:** One of the things which I was also worried about when I read the Report was the availability of childcare and nursery places as well. In the 1980s, when I first got into here and came from a school, I can remember doing a report for the Education Select Committee, along with other colleagues, where we could not even convince a lot of people that nursery provision was worthwhile. We went round the countryside and were told by many, many schools and many, many local authorities, that it was a waste of money and they were using nursery provision money, which was in the SSA, or whatever it was called in those days, to build roads. In my local authority in Durham, we had been spending more money on nursery provision than anywhere else in the country. What amazes me, if you look at page 7, Figure 4, is how it is that the North East of England now has 25 places per 100 children. I remember making visits to schools in places like Gloucestershire and Berkshire and they were saying they did not even believe in nursery provision it was a waste of time, they were throwing good money after bad, yet the South East and the South West have almost twice as many nursery places and childcare places than we have in the North East. What is the reason for that? Is it, as I suspect, that money has been put into those areas?

**Mr Normington:** No, that is because there are many affluent people in the South East and the South West who are paying for childcare themselves and are therefore creating a very vigorous market in childcare. There are not so many people with the ability to pay in the North East and therefore it is not as vigorous.

**Q60 Mr Steinberg:** Is it not your responsibility, as the Permanent Secretary, the Accounting Officer, to take notice of statistics like that? If that is the case where there are more affluent people benefiting from the system, then more public money should be directed to places like the North East where we are not as affluent.

**Mr Normington:** That is what we are trying to do.

**Q61 Mr Steinberg:** You are not very successful.

**Mr Normington:** It depends. It is your point about where we started here. A lot of this provision is very recent, very recent; we have only had this drive to improve nursery education and childcare in the last five or six years. We started from a base of a big differential and that gap has closed, but it is still a huge gap and that is what we are trying to tackle. May I just say to you that the one answer to your two teachers is that the government has provided for everyone an entitlement to part-time nursery education for three- and four-year-olds, so there is

an entitlement for the whole population and that is the base. What we are talking about here on this chart is on top of that. It is partly an answer to them and what they are getting for their taxes.

**Q62 Mr Steinberg:** Finally, as a matter of interest, following on from Figure 9 on page 23, who are those local authorities below the line?

**Mr Normington:** I would have to give you a note on that. All those local authorities below the line are going to be on the line in the next few weeks except for the two I mentioned.

**Q63 Mr Steinberg:** That still does not answer the question about who they are.

**Mr Normington:** I would have to provide a note.

**Q64 Mr Steinberg:** Will you let us know?

**Mr Normington:** Of course; yes.<sup>5</sup>

**Q65 Mr Steinberg:** I suppose the NAO will know that, will they not?

**Mr Normington:** He has the list.

**Q66 Mr Jenkins:** When you read this Report, how did you feel? Pleased, slightly disappointed, or what?

**Mr Normington:** I agreed with the Report and I felt pleased. I actually felt quite proud that we have got so far, but I absolutely recognise the analysis of how far we still have to go. I was quite pleased and I thought it was a very fair Report.

**Q67 Mr Jenkins:** I think it is a very good Report. I think it is an indication that the department has done very well. It has taken this task and done exceptionally well to deliver what it has delivered so far. It is an indication of how good the Report is that you have had such an easy ride this afternoon.

**Mr Normington:** It is not always like that.

**Q68 Mr Jenkins:** There is very little we can criticise in the Report. All I can do is allow you the opportunity to say exactly why you feel you have got as far as you have got and whether there are any restrictions which you feel are going to stop you moving any further ahead. Which is the area on which you would like to concentrate next?

**Mr Normington:** Just on why it has got so far. It has been a very, very well planned and well focused programme. There is almost no-one who thinks it is a bad idea. The co-operation locally from local authorities of all sorts and from all kinds of local partners has been fantastic and everybody has been driving that. That is what it is about. It is about local partnerships who have made a success of this. As to what we have to do? It is what we have been talking about. It is really working on closing that gap and to some extent creating the demand for good quality childcare in those areas where people have not traditionally had it, because it is about ambition and aspiration as well as about whether the provision is on the ground. We can put some of the provision on the ground but we have to create the belief locally

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<sup>5</sup> Ev 21–22

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 Department for Education and Skills and the Sure Start Unit
 

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that people can take it up and that it will be really good quality. That is the real focus and I really would like to see that. I should like to see schools used better and more effectively. There is lots of wasted resource in and around schools. We could do much more to provide local services to schools.

**Q69 Mr Jenkins:** I consider bringing up children to be work. It is one of the most worthwhile jobs any person could undertake. On several occasions you have answered by saying this was a policy driven to allow people the opportunity to go back into paid work. Where is the emphasis? Is it on the opportunity to allow parents to go back into paid work and therefore help in the economy as the fodder of the workforce, or is it about child development? What is your criterion exactly? Where do you put the most emphasis?

**Mr Normington:** The reason this is a shared programme between the Department for Work and Pensions and the Department for Education and Skills is so that we can try to get the best of both those things. This is not about shovelling people back into work who do not want to go and it is not about providing low quality childcare so that they can do that. It has to be about quality provision, because that is how you get people back into work who want to go, but also better support for the child. We know that the quality of the childcare can really help the child's development. Obviously parents are critical to that as well, but if you are a very poor family your ability to support your child is sometimes restricted. We try to pull both of these things off. We try to help people to get back to work, but we want to help the development of the child as well.

**Q70 Mr Jenkins:** In the Report it makes one or two realistic comments about the provision of realistic business plans for some of these small concerns starting up. Yet every LEA should by now have a business support officer in place. Do we actually say that it is a prerequisite of you starting up and being funded that you must go through a consultation with the LEA business manager?

**Mr Normington:** Yes.

**Ms Eisenstadt:** Yes, it is a requirement for starting up that you meet with the business support officer and some authorities are specifying courses as a requirement for starting up. You do not get the start-up grant without that. It is part of the conditionality of the start-up grant.<sup>6</sup>

**Q71 Mr Jenkins:** It is always difficult to get staff in this type of environment and the turnover in staff is quite problematical. How do you counter the fact that some groups turn over staff faster than the ability of Ofsted to get in there and maintain standards?

**Ms Eisenstadt:** Turnover is always an issue in low-paid jobs. Part of what we are doing through the wider reforms of the Green Paper is about a pay and workforce strategy through the children's workforce unit. We want to see much better training for everyone working with children and much more flexibility across the training so that you can move from one area of childcare to another. We think that if a childminder then decides to give up childminding but helps out in an after-school club, it is not a loss to the sector. If we make more flexibility and have better training, we can keep people within the childcare workforce, but not necessarily in the same job.

**Q72 Mr Jenkins:** Training is very difficult, especially when a large number of individuals are working alone. I take it you now have in place a package, either computer driven or with the CDs they send out, to allow training for individuals.

**Ms Eisenstadt:** There is a very wide range of training opportunities. There are several different packages. There are also foundation courses.

**Q73 Mr Jenkins:** What is the take-up? Is there a required take-up?

**Ms Eisenstadt:** There is a percentage of people at level 2 or level 3 which is required in terms of the standards, but we have not reached it yet.

**Q74 Mr Jenkins:** Page 41, Figure 22, shows key findings from Ofsted Early Years report. "Ofsted prevented 178 providers continuing to operate", quite a low number given the total number you have.

**Mr Normington:** I am sorry, I missed the page.

**Q75 Mr Jenkins:** Page 41, Figure 22. The bottom section is complaints received. Ofsted received 10,500 complaints and prevented 178 providers continuing to operate. How high in your priorities is the safeguarding of children?

**Mr Normington:** It is the absolute top priority of course; it has to be the priority. You cannot compromise on that. That has to be the priority. If they received a complaint, Ofsted would follow it up and would probably go and inspect to see what was happening. It would depend on the complaint.

**Q76 Mr Jenkins:** Ofsted has a limited number of people. They can only do investigations into an establishment every so often. How do you counter the large turnover in some of these nurseries and the requirement to maintain training when you have new people coming in with Ofsted's ability to get in there and maintain the quality control?

**Mr Normington:** It is true that Ofsted are not in there every week or indeed every year. They do quite a lot of inspection up front and come back to the original registration to have another look and then they will come on average every two years. How you maintain the quality is an issue, but they do have the capacity to pick up complaints and to follow them up. They do not have to wait for two years to go and look at a complaint.

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<sup>6</sup> *Note by witness:* Although the Department strongly recommends that new childcare providers should consult LEA Business Support Officers, it does not require them to do so. That would be a matter for local authorities.

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 Department for Education and Skills and the Sure Start Unit
 

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**Ms Eisenstadt:** There is a separate issue on staff entering employment, because there has to be a CRB check. You would have a police records check on entering employment. The difficulty is as you change jobs to another employer you would need another police check. You cannot work with young children without having a police check. We do allow people to start work while awaiting their police check, but they are instructed that they are not allowed access to children on their own, so they cannot work unsupervised until the police check is through.

**Q77 Mr Jenkins:** It says in paragraph 2.2 of the Report that you want another million places. How reliable are your figures within the department to make a prediction that you need another million places?

**Mr Normington:** No, we are expanding in the next two years by 250,000 places, 450,000 children. To be clear about this, that is the gross figure. We are looking to increase the stock of places in the next two years by 160,000 places. It is not as steep an increase as it has been up until now and we are looking to focus a lot of those in the areas where the need is greatest.

**Q78 Mr Jenkins:** In the Report it says you want to provide one million new places.

**Mr Normington:** No, this is the target we are hitting this year back from 1998. We will do that this year. We will provide those extra places and that target is this year's target. On top of that, by 2006, we will have added another 280,000 to that one million figure. It will be about 1.28 million.<sup>7</sup>

**Q79 Mr Jenkins:** As well as places being engendered and developed—and we are interested in that as well—and Mr Steinberg asked you about the different regions in the country, do you have figures for the amount of government money, taxpayers' money you have put into each of the regions?

**Mr Normington:** I think I could provide you with that quite easily, but I do not have it with me. If you would like that I can certainly provide it.<sup>8</sup>

**Q80 Mr Jenkins:** I certainly would like it. I want to see the growth and development of that over the last few years. On page 26, the figure for childcare places per 100 children under five is even worse than the one Mr Steinberg pointed out to you. Is this right? It shows childcare places per 100 and the best is around 58 and the worst round about 10 or 11.

**Mr Normington:** Eleven I think. That is indeed the gap we are trying to deal with and that is what we have been talking about. It is the key issue and that is the gap we are trying to tackle. It is the people at

the bottom of that graph whom we have to move up and that is where we will be devoting our resources in the next two years.

**Q81 Mr Jenkins:** That must list almost every local education authority in the country.

**Ms Eisenstadt:** Yes.

**Mr Normington:** The one you have been given is about nursery provision, the entitlement to nursery education. I have not seen that, but I think that is what you were given. This is a different list.

**Q82 Mr Jenkins:** It is a different graph, is it?

**Mr Normington:** Yes.

**Q83 Mr Jenkins:** Is it possible for us to have these LEA figures?

**Mr Normington:** I guess so. This is the NAO's work, but presumably it was based on our work, so I guess it is possible to do it.

**Mr Jenkins:** If we could have those figures we should be very grateful.<sup>9</sup>

**Q84 Mr Davidson:** Am I right in thinking that out-of-school childcare is an essential part of the range of provisions you make? Why in that case, if it is essential, is it funded through the Lottery?

**Mr Normington:** It is actually now funded by us. We have taken the cost onto us. The Lottery got it going, but the Lottery cannot go on sustaining it, so now it is paid for out of our grant.

**Q85 Mr Davidson:** Given that you intended to fund it on an ongoing basis, why was Lottery start-up money taken when that money could have been used for other things?

**Mr Normington:** It was the government decision that it had to find the resources to get this going, so it decided to use the Lottery.

**Q86 Mr Davidson:** Paragraph 2.5 talks about the targets of getting to 85% of three-year-olds and the point about the department receiving written assurances that the target will be reached by spring 2004. Unless I am mistaken, you said that target is not going to be met.

**Mr Normington:** I said the target is going to be met except in two places where we are still in discussion with them. We have had assurances and we believe that is going to be delivered. We are right at that point and there are just two authorities.

**Q87 Mr Davidson:** I misheard that. I read somewhere in the Report that the biggest expansion is in out-of-school places. Is that not because the schools are not user-friendly? What steps are being taken to make provision in the schools? You mentioned the question of full service schools. It has always struck me that the assets of schools were grossly under-used and that they were basically run for the convenience of the providers. What steps have the department taken to tackle that?

<sup>7</sup> *Note by witness:* The target was to create new childcare places for 1.6 million children by March 2004 which, taking account of turnover in existing places, should allow around 1 million extra children to benefit from childcare in England. Similarly, the figures quoted of 280,000 and 1.28 million refer to the number of children helped, rather than the number of places created.

<sup>8</sup> Ev 23

<sup>9</sup> Ev 21

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 Department for Education and Skills and the Sure Start Unit
 

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**Mr Normington:** It is important. That “out of school” encompasses provision which is on the school premises, but is “out of school” in the sense that it is not in the normal school day. That is a term of art for that. Some of that provision will be provided by the school. There has been quite a lot of expansion of provision on school premises, but there is a lot more to come. Quite a lot of the expansion very recently has been on school premises because there is a great push to do that.

**Q88 Mr Davidson:** Presumably that includes holiday provision as well then.

**Mr Normington:** Yes, it does.

**Q89 Mr Davidson:** In these circumstances, when you have full service establishments, are they still run by the head teacher? Do you still have all these rules and demarcation disputes that even out-of-school provision has to be under the supervision of a head teacher?

**Mr Normington:** No. This is a really important issue because clearly somebody has to be responsible for that property and that site and one of the things, going back to a previous question, which sometimes discourages schools from doing this, is that they worry about the management load they are taking on. The answer is that no, it does not require the head to be on site running that provision. It can be provided on the premises by qualified people who have been brought in to do that job. The school has a job of organising it and making sure it fits together and is in the right rooms and so on, so there is a demand and cost on the school. Nevertheless, it can be provided separately and ultimately the governing body has the total responsibility for that school and what happens there.

**Q90 Mr Davidson:** This is perhaps not the time to pursue the question of full service schools, although I will see whether I have time to come back to that. May I just pick up this point about child minders? It was my experience, in Scotland rather than England or Wales, that one of the difficulties, particularly in council estates, was that the rules were often gold-plated and this was a classic case where the best was the enemy of the good. There were lots of working class people in council houses perfectly able to undertake childminding, who found that there was a rule, no doubt introduced for a good reason, which forbade them from doing it in their homes and therefore it ended up that lots of people were driven into doing it illicitly and therefore all the consequences of that. How do you strike that balance between on the one hand wanting to have the best possible rules to cover yourselves against any litigation or anything else and on the other hand trying to make sure that you get adequate supply?

**Mr Normington:** Frankly, you have to strike that balance. I could answer you by saying it is a light touch set of rules and then find that we were putting children at risk. A balance does have to be struck. Ofsted rules are very clear and I do not think they are too onerous. We have had quite a drive on this. For instance, you are allowed now to use the childcare

element of the tax credit to fund childcare in your own home, in other words for the childminder to come to you rather than for you to have to take your child to the childminder. We are looking for ways of helping people to provide provision in their own home and also for childminders to provide it in their own home. We have just turned the corner. We had a big outflow of childminders and we have at last begun to see an increase in the numbers again. It would suggest that we are getting the balance better.

**Ms Eisenstadt:** We do offer a childminder start-up grant which is administered through local authorities and the start-up grant can be used for something like a stair gate. If there are safety features which are lacking in the home, that can be provided through the capital start-up grant.

**Mr Normington:** Many of the initial issues are about safety of the house.

**Q91 Mr Davidson:** Absolutely. I recall, maybe it has changed now, that a whole number of houses, because of the design and the set of rules which was being applied, was automatically ruled out and that meant there was a whole area in my constituency and across the whole of the city where nobody could be a childminder. I just wonder whether or not there is any evidence that there is any similar barrier being placed in the way of a whole string of people who might otherwise be prepared to come forward as childminders.

**Mr Normington:** We do not have that evidence. The start-up grant gives you up to £640.

**Q92 Mr Davidson:** You cannot put in a separate fire exit for £640.

**Mr Normington:** No and we would not be expecting you to have a separate fire exit unless your house was a death trap. We do not have any evidence that that problem is a barrier to people coming in. People are worried about what the obligations might be.

**Q93 Mr Davidson:** May I turn to the point you stressed several times about part of this policy being designed to create a market? What I am not clear about is the relationship of this market to the local authority provision. One of the points I wanted to raise is that I see that local authorities have remained the funder of all of this and that is shown in Figure 7. Yet the schools are least likely to expand their provision. Given that is free, as I understand it, most people would in those circumstances wish to avail themselves of the free service as much as possible. I wonder whether or not the local authority provision is being restricted by yourselves in some way in order to increase the market provision elsewhere.

**Mr Normington:** Almost all the planning and market making is done locally by the local authority working through a partnership of local providers. Therefore the onus is on local people to try to plan together all the different provisions: voluntary—we have not talked about the voluntary sector and that is very, very important in this area; trying to use the schools better; trying to ensure that the private sector provision meshes in with that. That is the job of the local authorities. What has happened with



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**Department for Education and Skills and the Sure Start Unit**


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schools is that schools have very actively developed nurseries. As we have brought on three- and four-year-old nursery education schools have colonised that. What they have not done so much is moved into other areas of provision. Some of that is partly because people look at school and nurseries and childcare. That has been the traditional way of looking at it and some of the funding streams have been separate, so there has not been much encouragement to put it together and to plan it together. That is partly our responsibility, partly the way the local people look at it. If you look at that local grant, there is an under-fives grant element of the local authority settlement and that encourages people to say that is the under-fives money. We are talking about something more integrated.

**Q94 Mr Davidson:** You can have a market based on choice or opportunities, but you can also then have it distorted by issues of price. I am not clear how you are managing to mesh together this question of the free provision through the local authority, with, on the other hand, your obligation almost to create a market which clearly involves some element of price in it when you have childminders.

**Mr Normington:** What is free in the system is the compulsory schooling and the part-time place for three- and four-year-olds in a nursery school. Everything else, even if it is provided in an out-of-school club, is potentially charged for and usually is charged for to some degree. It depends of course. Some schools provide it free out of their own funds, but they are entitled to charge for out-of-school clubs. Almost all childcare to some extent is paid for, even if it is provided alongside or wrapped around that free provision.

**Ms Eisenstadt:** The other thing we do is the nursery education grant. If you are delivering the foundation stage curriculum for three- and four-year-olds, whether you are in the private, voluntary or public sector, you can get the nursery education grant for those two and a half hours five days a week 33 weeks a year. What a lot of private nurseries do, and a lot of voluntary sector nurseries do, is put together a package where the cost of full-day care for a three-year-old is less than it normally would be because two and a half hours of it is free.

**Q95 Jon Cruddas:** I read this Report and it is a very good Report, but I just want to ask some questions about what came out, which seemed to imply that there was one area where the system was working less well than the others and that is London. I should declare that I was a chairman of a London EYDCP for a period. Paragraph 3.11 on page 36 states “. . . in inner London the typical cost of a nursery place in January 2004 was £168 a week . . . compared with £107 in the West Midlands”. What do you think accounts for those variations?

**Mr Normington:** That will be largely to do with two or three things. It will be wage levels in London of course. In inner London it will be the shortage of provision by the look of it and also there are other associated costs in London which are higher, building and associated costs.

**Q96 Jon Cruddas:** I was slightly intrigued by your answer to one of Mr Steinberg’s questions about the role of the childcare tax credit and your worry that it could put up costs. In London you have the highest costs, but you have the lowest take-up in terms of the tax credit regime, so it seems to me that it is not simply a product of the tax credits working themselves through in terms of costs, in terms of where the market works least well.

**Mr Normington:** The argument, as you know very well, is whether the tax credit is good enough to help people to buy childcare in inner London particularly and that is an issue which has also been put to us by one of the Select Committees, the Work and Pensions Committee and that is obviously something the Chancellor will have to consider. You could not say that the tax credit is putting up the cost in London. I do not think it is doing that.

**Q97 Jon Cruddas:** No, I do not think you could.

**Mr Normington:** It is other factors which are doing that. That in a sense is a problem, because we need to generate more provision in inner London to try to stop the market—

**Q98 Jon Cruddas:** That was my next question, funnily enough. The most unmet demand is in London as well as the highest cost of provision and the smallest ratio of places to children. Why would you say that is the case? To date you said that the regional disparity is really a problem of the scale of the problem which faces different regions, as far as I could gather from what you were saying, in terms of what you inherited when you devised this strategy. Is there something more intrinsic to London in terms of the nature of the market, in terms of patterns of income, patterns of deprivation and poverty, strong disparities within sub-areas in terms of rich and poor, the nature of tax credit take-ups?

**Mr Normington:** I actually do not know. I have been wondering about this because you can see all those factors at play, but London has so many advantages as well. It does have affluent neighbourhoods and poor neighbourhoods alongside each other which ought to help in getting mixed provision. It does have local authorities which traditionally supported this kind of provision. I am afraid I just do not know why. When I saw this Report, one of the things I would like to focus on now is why London is lagging behind. It ought not to be really and it must be something to do with the cost.

**Ms Eisenstadt:** The only other thing I can add is that the Report we get from our London regional teams is that there are just no properties in which to provide childcare, if you cannot build any nurseries, if you cannot expand the schools any further. We are speaking to colleagues in DfES about secondary schools building schools for the future, because if you are building a big secondary school campus, the possibility of putting childcare into the campus is a very good opportunity.

**Q99 Jon Cruddas:** Yes, that is being considered in our borough.

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 Department for Education and Skills and the Sure Start Unit
 

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**Ms Eisenstadt:** Those are the sorts of things we are considering. The shortage of property means that the cost of property is much higher. There is a huge disparity in the well-off and the poor in London. The splits are so great in London.

**Q100 Jon Cruddas:** Government assistance does not vary between regions.

**Ms Eisenstadt:** No.

**Q101 Jon Cruddas:** Is the solution to look at the whole question of premiums for London?

**Mr Normington:** That is already built into the capital investment we make; there is a premium for London on the Sure Start programmes and we do build it into our school buildings and we know that under the working tax credit people in London take a significant amount more for the childcare element, £13 more. There is within the policy some skewing to London, but it clearly is an issue and we have to look at all the resources we are putting in. I think what is happening on London schools, the London challenge programme, is a big possibility.

**Q102 Jon Cruddas:** But you do not have a distinct strategy for London *per se*.

**Mr Normington:** I do not think we do for this. We do for schools, but we do not for this.

**Q103 Jon Cruddas:** The structural imbalances here in terms of London, the cost of childcare the highest, the demand for childcare the greatest, the region with the most children living in poverty, which is the explicit objective of the policy mix you are working through here, the take-up of tax credits the lowest, the demand for key workers the highest, the housing market unique in terms of the stresses that places on the system, all that and the statistics which jump out of this Report will all imply that a distinct strategy for London pushed by your department is almost inevitable.

**Mr Normington:** Yes, that is fair. We do not have that.

**Q104 Jon Cruddas:** This is slightly different from the question I pushed before. Have you considered specific policies in terms of premiums for London to deal with some of these structural imbalances? The problems you have here do appear structural.

**Mr Normington:** We have already done that in a number of areas, but we have not done it across the piece. On the whole we have decided not to do it for the moment except in the areas we have mentioned. Clearly if one were having a distinctive London strategy, that would be the issue, would it not? We would have to consider that as part of the strategy, otherwise it would not be real.

**Q105 Jon Cruddas:** That has major implications for broader aspects of government policy over the specific efficiency of this policy here.

**Mr Normington:** Yes, it does. I ought not to promise a policy change, because that is not my responsibility. I can advise.

**Q106 Jon Cruddas:** How many different funding streams are there facing an EYDCP?

**Ms Eisenstadt:** Fewer than there were.

**Mr Normington:** Do you know how many?

**Q107 Jon Cruddas:** I seem to remember there were 55.

**Ms Eisenstadt:** No; no. We have halved the number of funding streams and we have halved the number of targets and we no longer require a separate EYDCP plan, we require reporting on numbers.

**Q108 Jon Cruddas:** Right; I am slightly out of date.

**Ms Eisenstadt:** We have brought several funding streams together and we are continuing to work to bring funding streams together. The difficulty is that as soon as you put the funding stream together, somebody says "Don't forget about educational needs. Don't forget . . .". There will always be an argument about what needs to be a separate funding stream and what needs to be brought together. There are significantly fewer than there were.

**Mr Normington:** We are very clear across all our children's services responsibilities, some of which are new, that we need greatly to simplify the funding streams and actually give more local discretion to meet local priorities. That is the whole direction of policy. That has to be the way.

**Q109 Jon Cruddas:** One final thing which I do not think you have commented on so far, but it is probably worth putting the question on record. How significant is the buy-in from the local authority in terms of the relative effectiveness of the EYDCP, the partnerships themselves? How has that changed in terms of their ability to work within a partnership model which is very challenging in terms of the traditional methods of education provision?

**Mr Normington:** The local authorities' role is critical. They can make it work, they can be the people who can make the partnership work and they can be the people who stop it working. Where you have strong partnerships, it is often because of the role, often non-directive but quite subtle, in support of that partnership which the local authority is giving. The good stories here are of the local authority getting it right.

**Q110 Mr Jenkins:** Listening to the last questions I was just thinking about the unregistered childminder. If the price of the commodity goes up, there will be a tendency to go towards the unregulated sector of the market. Is it possible to get funding for a child in any way shape or form and then send that child to an unregistered childminder?

**Ms Eisenstadt:** No.

**Q111 Mr Jenkins:** It is not possible; you would have to fund that totally. What is the level of unregistered childminding in the country?

**Ms Eisenstadt:** By definition we do not know.

**Mr Normington:** There is obviously a lot and some of it is important provision as well. It is informal, families, support of the sort you would want to continue.

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**Department for Education and Skills and the Sure Start Unit**

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**Chairman:** Thank you very much for coming to speak to us. Clearly the government are to be congratulated on meeting their targets. However, there are issues of turnover, choice, standards and effectiveness in deprived areas, which we would like to look at further in our report. Thank you.

**Memorandum submitted by the Equal Opportunities Commission**

The Equal Opportunities Commission (EOC) welcomes the NAO Report *Early Years, progress in developing high quality childcare and early education accessible to all* and is pleased to be able to supply some complementary information to the Committee for Members to consider alongside it. As requested, we have kept this evidence as brief as possible and refer the Committee to the EOC's recommendations to the Comprehensive Spending Review. We would also support the submission made by the Daycare Trust and in particular the evidence they supply on the importance many parents attach to the affordability of childcare, which counters one of the findings of the NAO Report.

**SUMMARY**

- Universal provision—a range of childcare support must become a part of the national infrastructure of modern Britain if we are to give parents a real choice.
- Valuing women—the childcare workforce is low paid and 98% of the workforce are women. Any extension in provision must also address the need to improve pay in the sector.
- Childcare provision must be affordable, flexible, of a high quality and reliable.

**EOC RECOMMENDATIONS FOR THE COMPREHENSIVE SPENDING REVIEW 2004**

1. *Extend the number of children's centres*—In his pre-budget report the Chancellor announced the Government's intention to establish an extra 1,000 Children's Centres across the country over the next five years, with a goal of one in every community. This is welcome progress and takes provision beyond existing levels of the 20% most deprived wards. The latest figures from the Daycare Trust show that only 54% of poor children live in the 20% most disadvantaged wards, meaning just under half of the nation's poor children have no access to the new centres.

2. *Develop extended schools across the country.* These should provide not just childcare but a range of services to parents. This is a cost-effective way of bringing services together and a critical step for parents. It is often when children reach school age that it is most difficult for parents to work, because of short school days.

3. *Give existing provision longer-term funding.* We need to sustain existing childcare and out of school care facilities and services that are threatened by the withdrawal of funding streams. Research into the sustainability of out of school clubs found that 7% of clubs closed in 2002, 28% are making a loss or expect to make a loss in 2003, rising to 61% of clubs serving disadvantaged areas.<sup>1</sup>

We cannot build an infrastructure if services can only be established on a short-term or uncertain funding basis. Lone parents and mothers wishing to return to paid employment cannot make plans for the future if they are unable to rely on childcare services continuing over time. We strongly endorse the recommendation of the Work and Pensions Committee<sup>2</sup> that there should be a strong presumption that revenue funding for childcare be made ongoing and not time limited. The Committee also expressed concern that funding was confusing at present and recommended that the new childcare unit liaise across government departments to ensure that initiatives involving childcare are effectively joined up with existing provision.

4. *Invest in the workforce.* Staff should be better paid and receive good quality training and development. Without such investment, the childcare profession will be unable to compete with other higher paid professions, and it will not be possible to resource the childcare expansion that is needed.

5. *Improve information access*—Parents still do not know about the services in their area. It is vital that the Government improves the quality of and access to childcare information.

Despite the allocation in the 2002 Spending review of resources for an additional 250,000 childcare places by 2006, there will still not be enough places to meet the Government's child poverty and lone parent employment targets. The Daycare Trust has estimated that 400,000 childcare places are needed to meet these targets. The Government's own interdepartmental review of childcare in 2002 acknowledged, the current availability, funding and structure of childcare are insufficient to meet the childcare needs of the present day workforce.

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<sup>1</sup> Kids Clubs network, *The Next Steps for School Age Childcare 2003*.

<sup>2</sup> 5th Report from the Work and Pensions Committee, *Childcare for Working Parents* (HC 564-I, Session 2002–03).

Delivery has also been impaired by the difficulties over sustainability once funding streams come to an end. As the Pre-school Learning Alliance has pointed out<sup>3</sup>, given the historic lack of capital investment in childcare premises, equipment, and the training and development of staff, it is proving very difficult for childcare and out of school services to become self-financing, particularly in lower income areas. This calls into question whether the Government's strategy of delivering childcare through private providers and voluntary and community groups, supported by public subsidies for lower income families through tax credits, can succeed in the long term.

*The EOC considers that more public investment in the supply of affordable good quality childcare will be needed to deliver a national child service infrastructure.*

Further information on the EOC view on childcare is available on [www.eoc.org.uk](http://www.eoc.org.uk).

3 March 2004

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### **Memorandum submitted by Daycare Trust**

#### 1. INTRODUCTION

Daycare Trust welcomes the NAO Report on childcare and early years services. It provides a timely progress report on the expansion of childcare and early years services in England. This briefing highlights key issues in the Report and recommends ways forward to ensure every family has access to quality affordable childcare.

#### 2. PROGRESS

The Report reflects the Government's achievements since the launch of the National Childcare Strategy in 1998. These include:

- the childcare gap has closed from one registered place for every nine children under eight in 1997 to one place for every four children according to the latest Ofsted figures;
- every three and four year old will have access to a free part-time nursery education place by this April;
- the number of day nurseries has increased by over 50% since 1998; out of school clubs have seen a four-fold increase; childminder numbers are now increasing following several years of decline; and
- local Sure Start programmes, neighbourhood nurseries and children's centres are providing services for families with young children in the 20% most disadvantaged areas.

#### 3. CHILDCARE LOTTERY

Despite this progress, the NAO Report shows that there is still a childcare lottery whereby access to childcare depends on where families live, their income and whether parents are in work and who they work for.

In addition almost half of children in poverty are missing out on targeted childcare initiatives because they don't live in the 20% most disadvantaged wards. Daycare Trust's recent report, *Facing the Childcare Challenge*, highlights how families in disadvantaged circumstances living outside the targeted areas are unable to access childcare.

#### 4. SUSTAINABILITY

The NAO Report raises serious questions about the viability of many childcare businesses. This echoes recent research findings from Greater London Enterprise and Daycare Trust on the sustainability of childcare in London. This research shows poor business planning by some childcare providers. There is a high wastage rate with one nursery closing for every four opening; one out of school club closing for every two opening; and one childminder stopping for every childminder starting business.

While there have been a range of start-up grants, many providers have struggled to maintain viable businesses because funding is short-term and insecure. Parents are unable to afford the level of fees required for viable businesses while childcare staff experience low pay, leading to high staff turnover which also affects sustainability.

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<sup>3</sup> Pre-school Learning Alliance submission to Treasury Spending Review, November 2004.

## 5. AFFORDABILITY

The NAO Report suggests that the cost of childcare is not a key issue. This contradicts other survey evidence in which parents say that the lack of affordable childcare is the main barrier to work. The majority of callers to Daycare Trust's helpline have difficulty paying for childcare. Our 2004 survey of the cost of childcare shows that the typical cost of a full-time nursery place for a two year old is £134 a week, almost £7,000 a year—beyond the reach of most families.

The main form of help with childcare costs for working families on lower incomes is through the childcare element of the working tax credit. 300,000 families currently get help an average of £50 a week help. This is inadequate in high cost areas and insufficient to make childcare provision sustainable.

## 6. COSTS AND BENEFITS

A recent cost-benefit analysis by PricewaterhouseCoopers shows that the provision of universal childcare could eventually be worth "around £40 billion" to society over the next 65 years. The economic analysis concludes that moving to universal childcare for all one to four year olds could bring significant benefits in terms of higher female employment and earnings, although it would also have significant costs. It is the first study to quantify the potential economic costs and benefits of universal pre-school childcare for the UK over the full working lifetime of both the parents and the children affected by the policy.

Over the first 20 years during which universal childcare is assumed to be phased in and begins to operate, the study estimates that the overall economic benefits to society would broadly match the overall costs of provision. In the longer run, there is potential for additional benefits in terms of increasing the lifetime earnings of mothers who would not need to take prolonged career breaks, as well as possible benefits to the future productivity of children from less advantaged backgrounds, who would receive good quality pre-school childcare under the scheme.

The analysis supports the call last July by the Work and Pensions Select Committee for much more investment by Government in affordable childcare in every community.

## 7. THE WAY FORWARD

- (a) *Ending the childcare lottery* requires long-term sustained public investment in integrated children's centres in every community;
- (b) *Ensuring sustainability* of new and existing childcare provision requires long-term public funding and more business support for providers beyond the initial start-up phase, with early intervention where businesses are experiencing problems;
- (c) *Making childcare more affordable* in the short to medium term requires reform of the childcare element of the Working Tax Credit by:
  - Acknowledging that parents with two or more children using childcare face double or more costs.
  - Increasing the percentage of costs covered by the tax credit.
  - Increasing the level of childcare costs covered to reflect the real costs parents pay.
  - Reducing the hours the second earner in a couple has to work to qualify for the tax credit.
- (d) *Making childcare more flexible* by extending the regulation of home-based childcare eg nannies, sitter services.

## DAYCARE TRUST

Daycare Trust is the national childcare charity, campaigning for quality affordable childcare for all and raising the voices of children, parents and carers. We advise parents and carers, providers, employers, trade unions and policymakers on childcare issues.

The following reports are available from Daycare Trust ([www.daycaretrust.org.uk](http://www.daycaretrust.org.uk)):

- Facing the Childcare Challenge.
- Costs and benefits of universal childcare—a preliminary economic analysis for the UK.
- The sustainability of childcare in London.

March 2004

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**Supplementary memorandum submitted by the National Audit Office**

*Question 83 (Mr Jenkins): The list of local authorities depicted in Figure 12 of the Report*

This list shows the number of childcare places per 100 children under five in each local education authority in England.

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*Figure 12*

<i>Local authority</i>	<i>Childcare places for under-fives per 100 children under five in area March 2003</i>
Wokingham UA	58
Rutland UA	54
West Berkshire	51
Oxfordshire	50
Bracknell Forest UA	49
Hampshire	49
Windsor and Maidenhead UA	47
Milton Keynes UA	46
Buckinghamshire	46
Gloucestershire	45
Surrey	45
Peterborough UA	43
Leicestershire	43
West Sussex	42
Warrington UA	42
Portsmouth UA	42
Somerset	42
Trafford	42
Devon	41
Herefordshire, County of	41
East Sussex	40
Cheshire	40
Wiltshire	40
North Yorkshire	40
Kent	40
Cambridgeshire	40
Shropshire	39
Isle Of Wight	39
Southampton UA	39
Solihull	39
York UA	39
Medway (Rochester and Gillingham)	39
Reading UA	38
Worcestershire	38
Warwickshire	37
Bury	37
Dorset	36
Brighton and Hove UA	36
Telford and Wrekin UA	36
Swindon (Thamesdown)	36
Staffordshire	35
Lincolnshire	35
Nottingham UA	35
Northumberland	35
East Riding Of Yorkshire	35
Bath and North East Somerset	35
Calderdale	35
South Gloucestershire	34
Bedfordshire	34
Richmond upon Thames	34
Plymouth	34
Cornwall	34
Northamptonshire	34
Manchester	33
Bromley	33

Figure 12

<i>Local authority</i>	<i>Childcare places for under-fives per 100 children under five in area March 2003</i>
Rochdale	33
Darlington UA	33
North Somerset	32
Bournemouth UA	32
Derby UA	32
Norfolk	32
Wandsworth	32
Nottinghamshire	32
Hertfordshire	32
Islington	31
Essex	31
Blackpool	31
Leeds	31
Leicester UA	31
Newcastle upon Tyne	30
Poole UA	30
Salford	30
Wirral	30
Lancashire	30
Coventry	30
Wigan	30
Kensington and Chelsea	30
Derbyshire	29
Kirklees	29
Stockport	29
Sheffield	28
Kingston upon Thames	28
Oldham	28
Westminster	28
Tameside	27
Cumbria	27
Halton UA	27
Bolton	27
Suffolk	27
City Of Bristol	27
Camden	26
North Lincolnshire UA	26
Hillingdon	26
Torbay UA	26
Southend UA	26
Harrow	26
Wolverhampton	26
Croydon	26
Stoke-On-Trent	26
North Tyneside	26
Sutton	26
St Helens	26
Hammersmith and Fulham	26
Havering	25
Birmingham	25
Liverpool	25
Gateshead	25
Waltham Forest	25
Southwark	25
Dudley	25
Middlesbrough	24
Bexley	24
Redcar and Cleveland UA	24
Barnet	24
Ealing	24
Stockton-On-Tees UA	24
Greenwich	23

*Figure 12*

<i>Local authority</i>	<i>Childcare places for under-fives per 100 children under five in area March 2003</i>
Slough UA	23
Durham	23
Merton	23
Blackburn UA	23
Redbridge	23
South Tyneside	22
Enfield	22
Lewisham	22
Sefton	21
Brent	21
Lambeth	21
Rotherham	21
Bradford	20
Kingston upon Hull	20
Hartlepool UA	20
Knowsley	19
Hounslow	19
NE Lincolnshire	18
Luton	18
Thurrock UA	18
Sandwell	18
Barnsley	17
Walsall	17
Sunderland	16
Barking and Dagenham	16
Wakefield	16
Hackney	16
Haringey	16
Tower Hamlets	15
Newham	14
Doncaster	11

11 March 2004

**Supplementary memorandum submitted by the Department for Education and Skills**

*Questions 15–17 (Mr Field): Parents receiving no financial support in paying for childcare*

The National Audit Office (NAO) commissioned questions about childcare and nursery education in a nationally representative omnibus survey of 524 parents of 0–4 year olds conducted in April 2003. One of the questions asked what kind of financial assistance (if any) parents received to help pay for childcare or early years provision.

The survey coverage allows analysis by socio-economic classification. Taking membership of social groups D and E as a proxy for low income, the NAO found that 58% of this group used childcare regularly. 20% of low income parents using childcare stated that they paid all childcare costs themselves, with no financial assistance.

It is not possible to determine from the data the extent to which these parents would have been eligible for assistance through the childcare element of the Working Tax Credit. It may be that a number were working fewer than 16 hours a week or, if they were part of a couple, were not each working at least 16 hours a week. The NAO know, however, that one-third of the low income parents using childcare did so for no more than five hours a week; and half of the parents for no more than ten hours a week. It may be, therefore, that many of these parents did not consider it worthwhile claiming tax credits for such limited amounts of childcare.

Nationally, take up of the childcare element of the Working Tax Credit is steadily increasing. At January 2004, 300,000 lower and middle income families were benefiting from it. This is a two thirds increase on the 180,000 working families receiving childcare tax credit under its predecessor, Working Families Tax Credit.

The Government is spending approaching £2 million each day subsidising the childcare costs of working families through the childcare element of the Working Tax Credit. Families are receiving on average around £50 a week help with childcare costs (£63.58 in London).



*Question 44 (Jon Trickett) and Question 83 (Mr Jenkins): The “Childcare Gap”*

Across the country, although not in all local authorities, there is a gap (often referred to as “the childcare gap”) between the number of childcare places available in deprived areas and in other areas. At March 2003 this gap amounted to 3.7 places per 100 children, ie on average non-disadvantaged areas had 3.7 places per 100 children more than disadvantaged areas (defined as the bottom 20% wards plus equivalent pockets).

As the Report states, funding is being significantly weighted towards disadvantaged areas. This will continue in 2004–06 with funding allocated to create 250,000 places across England, 128,000 of which will be in areas of disadvantage. If all local authorities meet their targets the gap will reduce to 1.6 places per 100 children by March 2006.

In 2004–06 there is also a substantial sustainability grant (£21 million) available to support provision in short to medium term financial difficulties in disadvantaged areas.

The National Audit Office provided the Committee on 11 March with a list of local authorities and the number of childcare places they have per 100 children under five.

*Question 54 (Jon Trickett): Demographic analysis of childcare users*

The first report from the National Evaluation of Sure Start gives an account of the characteristics of Sure Start local programme areas in Rounds 1 to 4, based on the fiscal year 2000 to 2001. A key finding in this evaluation is that Sure Start local programme areas experience consistently worse deprivation than in England generally, across a number of indicators including child and adult health, educational achievement, school behaviour, crime, unemployment and benefit dependence.

The Department for Education and Skills has also commissioned a large scale evaluation of the Neighbourhood Nursery Initiative. As part of this evaluation, a telephone survey of a sample of parents (mainly mothers) using neighbourhood nurseries which opened in the early stages of the Initiative has been undertaken.

Findings from this telephone survey will provide information on the demographic characteristics of parents using Neighbourhood Nurseries. We will arrange for the Committee to be sent a copy of the findings when they are published in the next few months.

*Question 56 (Mr Steinberg): Tax Credits*

Families with incomes of up to £58,000 can receive tax credits but the childcare element of the Working Tax Credit is only available to those with eligible costs and is reduced with income. There is, however, no fixed point where families stop getting help with childcare, as it depends on several factors. For example, a typical family with two children and childcare costs of £200 a week or more would be likely to receive maximum help up to an annual income of around £22,700, and would continue to receive a lower level of help up to an income of around £42,500.

*Questions 62–65 (Mr Steinberg): Local authorities and early years education targets*

On the next page is a table containing Local Education Authority level data underpinning the information included as Figure 9 of the NAO Report on the anticipated participation rate for three year olds in early education by spring 2004.

It is important to note that the 85% participation rate does not necessarily equate to universal provision of free nursery education for three year olds in every LEA. Eighty-five per cent represents the Department’s national planning assumption, bearing in mind that not every parent will wish to take up their free entitlement. LEAs have a duty to ensure sufficient nursery education for children of the prescribed age. Parental demand varies from area to area, so individual authorities may achieve universal provision at participation rates that are higher or lower than the national average.

LOCAL AUTHORITIES' ANTICIPATED PROVISION OF EARLY EDUCATION PLACES,  
SPRING 2004

<i>Early Years Development and Childcare Partnership</i>	<i>Anticipated Provision Rate of Places for Three Year Olds</i>	<i>Early Years Development and Childcare Partnership</i>	<i>Anticipated Provision Rate of Places for Three Year Olds</i>
Oldham	163%	Hounslow	87%
Sefton	158%	Greenwich	87%
Bournemouth	132%	Bristol	87%
Wirral	128%	Newcastle upon Tyne	86%
Stoke-on-Trent	128%	Westminster	86%
Derby	118%	Gateshead	86%
Blackpool	115%	Somerset	86%
Salford	114%	Birmingham	86%
South Gloucestershire	107%	Kingston upon Hull	86%
Hillingdon	107%	Stockport	86%
Manchester	105%	Southwark	86%
City of London	105%	Reading	86%
Darlington	105%	Dudley	85%
Halton	104%	Merton	85%
Brent	103%	Brighton and Hove	85%
York	103%	Hackney	85%
Coventry	102%	Thurrock	85%
North Tyneside	101%	Swindon	85%
Trafford	100%	Milton Keynes	85%
Richmond upon Thames	100%	Barnet	85%
Redcar and Cleveland	100%	Wigan	85%
Isle of Scilly	100%	Northumberland	85%
Hartlepool	99%	Surrey	85%
St Helens	98%	Dorset	85%
Wandsworth	98%	Cheshire	85%
Bradford	98%	Peterborough	85%
Sandwell	98%	Kent County	85%
Nottingham City	98%	Doncaster	85%
Barnsley	98%	Telford and Wrekin	85%
Wakefield	97%	Sutton	85%
Haringey	97%	Leicester	84%
Walsall	97%	Windsor and Maidenhead	84%
Kirklees	97%	Lewisham	84%
Barking and Dagenham	96%	West Sussex	83%
Calderdale	96%	North Yorkshire	82%
Tower Hamlets	96%	Cornwall	81%
Hammersmith and Fulham	95%	Rutland	81%
Lambeth	95%	North Lincolnshire	80%
Durham County	95%	Lincolnshire	80%
Leeds	94%	Essex	80%
Havering	94%	Staffordshire	80%
Derbyshire	94%	Suffolk	79%
Sunderland	94%	Camden	79%
NE Lincolnshire	94%	Luton	78%
Wiltshire	94%	Hampshire	78%
Middlesbrough	94%	Oxfordshire	78%
Medway	94%	Norfolk	77%
Knowsley	93%	Redbridge	77%
Slough	93%	Solihull	77%
Nottinghamshire	93%	Worcestershire	77%
Southampton	93%	Bath and North East Somerset	77%
South Tyneside	93%	Croydon	76%
Islington	93%	Gloucestershire	76%
Bolton	93%	Wokingham District	75%
Lancashire	92%	Blackburn with Darwen	75%
Stockton-on-Tees	92%	Northamptonshire	75%
Newham	91%	Bedfordshire	75%

<i>Early Years Development and Childcare Partnership</i>	<i>Anticipated Provision Rate of Places for Three Year Olds</i>	<i>Early Years Development and Childcare Partnership</i>	<i>Anticipated Provision Rate of Places for Three Year Olds</i>
Sheffield	91%	Enfield	74%
Tameside	91%	Poole	73%
Wolverhampton	91%	Devon	73%
Portsmouth City	91%	Cambridgeshire	72%
Plymouth	91%	Herefordshire	72%
Ealing	90%	Buckinghamshire	72%
Liverpool	90%	Hertfordshire	71%
Warwickshire	90%	Harrow	71%
Leicestershire	89%	Shropshire	70%
Warrington	89%	Bracknell Forest	70%
Bexley	89%	Bury	70%
West Berkshire	88%	Isle of Wight	70%
Waltham Forest	88%	East Riding of Yorkshire	68%
Rochdale	88%	Kingston-upon-Thames	67%
Bromley	88%	Kensington and Chelsea	66%
Southend	88%	North Somerset	62%
Torbay	87%	East Sussex	62%
Rotherham	87%	Cumbria	62%

*Question 79 (Mr Jenkins): Regional funding*

The table below shows the early education and childcare funding allocated to each of the nine regions via local authorities. The figures do not necessarily indicate actual spend by local authorities.

Over the years shown, the majority of early years funding has been made available to local authorities through the Under Fives Block (now part of Education Formula Spending) which supports free, part time nursery education for three and four year olds. From 2003–04, all support for free nursery education has been delivered via this route. This funding is not hypothecated. It is for local authorities to decide how resources are allocated and spent, though they have to meet their statutory responsibilities.

From 2003–04, the sums allocated in the Under Fives Block include provision for pensions.

<i>Region</i>	<i>£ millions</i>					
	<i>1998–99</i>	<i>1999–2000</i>	<i>2000–01</i>	<i>2001–02</i>	<i>2002–03</i>	<i>2003–04</i>
East Midlands	97	101	124	139	156	221
East of England	119	132	154	184	209	296
London	259	301	346	365	406	533
North East	67	81	98	88	96	153
North West	202	222	266	264	283	406
South East	172	188	212	286	333	432
South West	105	126	136	171	196	260
West Midlands	146	163	195	200	214	314
Yorkshire and Humberside	131	151	179	181	193	294
Total	1,297	1,464	1,710	1,876	2,085	2,910

*David Normington CB*  
Permanent Secretary

*30 March 2004*