

EARLY YEARS ALLIANCE

General election manifesto 2024



“You can judge the strength of a government by the way in which it cares for its youngest children – but more importantly, by the way in which it cares for those people who educate and care for those children.”

Neil Leitch OBE, CEO of the Early Years Alliance

INTRODUCTION

The provision of high-quality, sustainable, affordable and accessible early education and care is an essential part of the infrastructure of any well-functioning society.

Labour market research has shown that improving women's access to early years services could generate as much as £28.2bn in additional economic output per year. It is no surprise, therefore, that over recent months and years, there has been a growing political focus on the early years sector as a driver of economic growth via a 'back-to-work agenda'. It is within this context that during the Spring Budget 2023, the government announced a significant extension of the early entitlement – often dubbed 'free childcare' – offers to under-threes from eligible working families.

What is often missing from discussions and debates on the need for 'more affordable childcare', however, is the value of early years provision from an educational perspective. There is a wealth of international research showing children who spend longer in early years provision have better educational outcomes later on, with children from low-income backgrounds particularly benefitting from high-quality early years provision.

Despite this, there remains little focus on quality in the development of current early years policy. In fact, a number of recent and impending changes – such as the relaxation of ratios in group settings and plans to reduce early years qualification requirements – are likely to have a detrimental impact on the quality of provision in early years settings. What's more, the decision to target the extended offers solely at eligible working families risks widening the gap between disadvantaged children and their peers, and preventing those children who would most benefit from quality care and education from accessing it.

As it stands, early years also sits across a number of policy remits, including – but not limited to – education, health, equality, family support, tax and benefits, and the wider economy. As a result, policy development in this area is often ad hoc and disjointed.

The Alliance's vision for the future of the early years is one where early education and care is recognised as a fundamental part of the education system, supported by the wider child and family support services, including family hubs, children's centres, baby and toddler groups and health visitors. It is one where families have a clear pathway of support, both practical and financial, from pregnancy through to the start of school. It is one where the critical importance of the first five years of a child's life is recognised, and where meeting the needs of the child, and the value of supporting each unique child, is placed at the heart of government policy.

SUMMARY OF RECOMMENDATIONS

- 1 Provide an emergency financial rescue package for early years providers, followed by a wholesale review and overhaul of the current system, with a focus on ensuring adequate funding for the sector
- 2 Increase early years pupil premium to match primary funding levels
- 3 Exempt all early years providers from business rates and paying VAT on purchases
- 4 Reverse changes to early years ratios
- 5 Develop a comprehensive recruitment and retention strategy, underpinned by clear and adequately-funded indicative paycales
- 6 Remove the restriction preventing childminding professionals from providing care and education to related children
- 7 Ensure adequate and timely funding and support for children with SEND
- 8 Provide additional funding for the provision of healthy and nutritious meals and snacks in early years settings
- 9 Provide practical and financial support for baby and toddler groups as part of wider family support initiatives



Provide an emergency financial rescue package for early years providers, followed by a wholesale review and overhaul of the current system, with a focus on ensuring adequate funding for the sector

For many years now, early years funding has failed to meet the cost of delivering funded places. An Alliance Freedom of Information investigation revealed that as of 2020/21, funding for the three- and four-year-old offers (£4.89 per hour) was just two-thirds of what government officials had predicted the true cost of delivery would be during preparations for the 2015 Spending Review (a projected rate of £7.29 per hour).

This is a situation that has sharply worsened due to rising inflation, energy costs and statutory minimum wages. In fact, early years providers have endured a 13% cut in real-terms funding for three- and four-year-olds since 2017-18 (*source: Institute of Fiscal Studies*). This has resulted in significant increases in parental fees and additional charges, limited place availability and, in a growing number of cases, forced settings to close their doors permanently: between March 2022 and March 2023, the early years sector in England saw a net decrease of nearly 5,000 providers and a net loss of 24,500 places (*source: Ofsted*).

To protect the sustainability of the early years sector and ensure the provision of affordable, accessible – and crucially, high-quality – childcare and early education, the Alliance is, in the short term, calling on the next government to provide an emergency financial rescue package for the early years, focused on those settings at risk of imminent closure due to financial pressures. Over the medium term, we recommend that the next

government commission a comprehensive independent review of early years funding, with the aim of ensuring that funding is increased to an adequate level across all age groups. This would include the introduction of a mechanism to guarantee that any future uplifts to the national minimum and living wages and wider inflationary pressures are accounted for through an automatic adjustment to funding rates.

Over the long term, we support a wholesale review and overhaul of the current system, alongside the development of a new, simple, streamlined system of financial support for families, giving them access to fully-funded early education and care all year round from the end of maternity to the start of school – once, and only once, the sector has the infrastructure to support such an expansion. It would be our ambition for such support to be provided on a universal basis but failing the provision of adequate funding for this, we would support a means-tested approach, where costs are fully covered for the lowest-income families and subsidised on a sliding scale for those with higher earnings.

As part of this, we would support the removal of the early years element of the tax-free childcare system, the demand for which continues to fall far short of government projections, and a policy that we view to be entirely regressive (as those families who can afford to save the most money in their government account are given the greatest levels of support).



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The annual increase in the funding rates MUST be fixed to the annual increases in the National Living Wage rates, which we are required to pass onto our staff in full. If it is not, then we have no choice but to pass on the shortfall in full to parents or close. It is very simple...

Increase early years pupil premium to match primary funding levels

Pupil premium is an additional rate of funding paid to education settings to improve educational outcomes for disadvantaged children and young people.

Despite recent increases in the level of pupil premium funding given to eligible early years settings, funding per child remains at just £376 a year, compared to £1,455 a year in

primary schools.

There appears to be no rationale or justification for the huge disparity between these two funding rates. We therefore recommend that the next government increases funding for the early years pupil premium (EYPP) to match that of the primary pupil premium.



This current lower EYPP is not rational given that we know that around 40% of the disadvantage gap is already evident by age five.

The difference in the rate of support is not associated with any clear change in the costs associated with supporting disadvantaged pupils when children are aged five vs. aged four.

Education recovery and resilience 2021, Education Policy Institute

Exempt all early years providers from business rates and paying VAT on purchases and capital spending

Business rates: There have long been calls for early years providers to be exempt from business rates in England – especially in light of the fact that the devolved administrations in Scotland and Wales took the decision to exempt settings from business rates in 2018 and 2019 respectively after sector consultation, in recognition of the benefits that this would have on business confidence and sustainability.

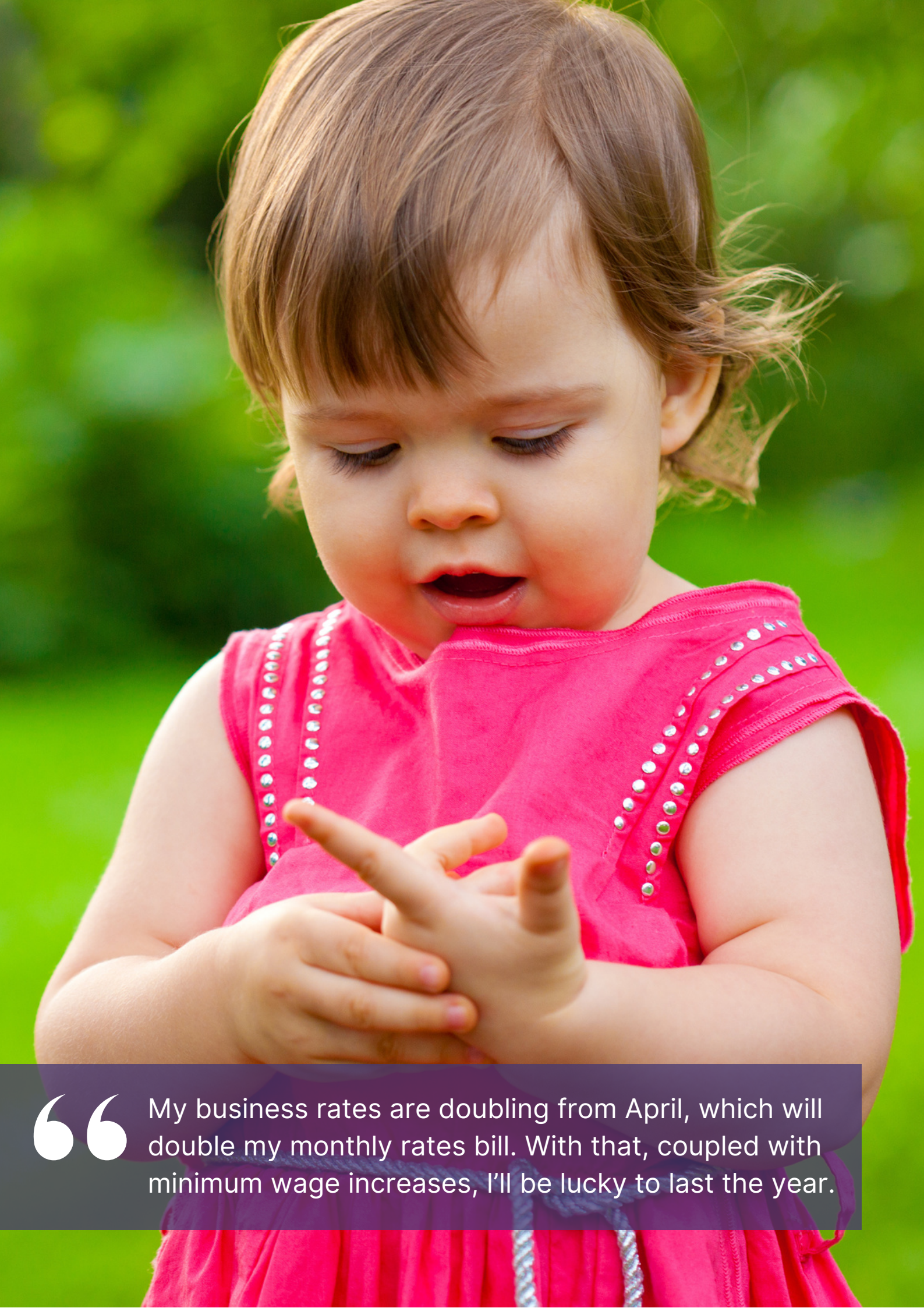
Back in 2015, the government asked local authorities in England to offer business rate relief to early years providers and pledged to meet 50% of the cost to incentivise this approach. There was, however, minimal take-up of this scheme. It is clear, therefore, that direct action from central government is needed on this issue.

While the government provided welcome support for those early years providers who are subject to business rates via a rates holiday during the Covid-19 pandemic between March 2020 and June 2021,

followed by a 66% rate relief until March 2022, this was only a temporary measure, and rising business rates now present a significant – and growing – financial burden on many settings around the country. We therefore recommend that the next government commit to a permanent exemption from business rates for all applicable early years settings. That said, it remains important to stress that given many providers are not subject to business rates, this alone would not be sufficient to ensure the overall long-term sustainability of the sector as a whole.

VAT: While maintained nursery schools are zero-rated for VAT and can claim VAT back through their local authority, private, voluntary and independent (PVI) settings are required to pay VAT, which creates an additional – and unfair – cost burden.

We therefore recommend that the next government commits to making PVI settings exempt from paying VAT on purchases and capital spending.



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My business rates are doubling from April, which will double my monthly rates bill. With that, coupled with minimum wage increases, I'll be lucky to last the year.

Reverse changes to early years ratios

High adult-child ratios are an important indicator of the quality of provision within early years settings. This is particularly true for children with special educational needs and/or disabilities (SEND). However, in September 2023, the Early Years Foundation Stage (EYFS) Framework was revised to raise the legal limit on the number of two-year-olds per staff member in nurseries and pre-schools in England from four to five. We continue to oppose this decision for a number of reasons:

- An Alliance survey of over 9,000 early years settings carried out in April and May 2022 found that only 2% of providers believed that parental fees at their setting would lower as a result of changes to ratio rules. As such, it remains our firm view that this change will not in any way address the growing problem of rising early years costs.
- Even if only a minority of providers adopt these higher ratios, it will still mean that some children will receive less individual care and support at a time (post-pandemic) when they need it the most. This is particularly true of children with SEND and we have seen

no evidence to date of any assessment of the impact that these changes would have on these children in particular.

- While much has been made of the fact that these ratios are used in Scotland, national membership organisation Early Years Scotland has in fact stated: “We would argue that there is always an argument for reducing ratios, as this would be of clear further benefit to children’s care and learning.”

It is also important to note that it is not true to suggest that early years professionals who do not want to work to looser ratios simply don’t have to do so. For setting owners and providers, the current extreme financial pressures facing settings – such as inflation, rising energy costs and, of course, underfunding – may put them in a position where they feel they have no choice but to relax ratios to reduce staffing costs.

As such, we recommend that the next government reverse this change and reinstate the previous requirement under the EYFS Framework for registered group settings to operate under a ratio of one adult to every four two-year-olds.



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This will not reduce costs for parents; it will lead to poor-quality provision, the dumbing down of a sector [that is] already poorly regarded and, most essentially, a total lack of quality input for the youngest and most vulnerable children in our society.

Develop a comprehensive recruitment and retention strategy, underpinned by clear and adequately-funded indicative payscales

Over recent years, the early years sector has endured a sustained loss of early educators from the sector. This, combined with a lack of interest in the early years as a prospective career from potential new entrants, has placed immense pressure on providers, which shows no signs of easing. An Early Years Alliance survey on sector staffing carried out in October 2021 found that 84% of settings were finding it difficult to recruit suitable staff, while over a third of respondents (35%) were actively considering leaving the early years sector.

The ongoing severe staffing challenges within the early years continue to have a marked impact on the accessibility and availability of early years provision. In the six months prior to the aforementioned survey, half of respondents (49%) had been forced to limit the number of – or stop taking on – new children at their setting, while a third (34%) had been forced to temporarily limit the number of children able to attend their setting on a particular day or days, and a quarter (24%) had been forced to temporarily close a room or multiple rooms at their setting. In addition, one in five (21%) had been forced to reduce or restrict opening hours, while one in six (17%) had been forced to temporarily close their entire setting.

The Alliance believes that the early years has the potential to be both an incredibly attractive and fulfilling career prospect – however, urgent action is needed to make this ambition a reality.

We recommend that the next government determines a set of pay ambitions for the early years sector in England, publishing what it considers to be suitable salary ranges for each role level in the sector, and ensures that early entitlement funding is set and maintained at an adequate level to enable settings to meet those salary expectations.

It is also vital that the next government ensures that the early years is included in all education announcements, debates and discussions, and that any support schemes or initiatives rolled out to the schools and further education sectors are also rolled out to the early years sector, wherever it is appropriate and relevant, to clearly demonstrate that the sector is valued as an education profession.

The next government must also ensure that there are clear and consistent routes into – and pathways through – the sector, alongside funded training and CPD opportunities, to ensure that the workforce has a clear understanding of the career routes available within the early years.

In addition, while Early Years Professional Status and Early Years Teacher Status were originally mooted as ‘equivalents’ to Qualified Teacher Status, this has never been the case in practice, and there remain huge differentials in the pay, conditions and status afforded to those holding these respective qualifications. As such, we would recommend that the next government

undertakes further work on early years qualifications with a particular focus on those in leadership roles – namely, the development of a framework that ensures parity between early educators and teachers working in the

primary and secondary sectors. Such action would also help to establish that a role in early years is not a step on the way to an alternative career, but rather, an end goal in itself.



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The sector is in a dire situation. The employees are stressed, the government undervalues the role and there is little sunshine on the horizon. It's my life and passion, but I'm feeling beaten.

Allow childminding professionals to provide funded care and education to related children

Childminders are a vital source of flexible, home-based early education and care. Despite this, the number of these early years professionals operating in the sector has plummeted over recent years, falling a third over the past five years alone (*source: Ofsted*).

Many of the challenges facing the wider early years sector – namely, a sustained lack of adequate funding and a lack of professional recognition – impact those working as childminders. However, an additional problem consistently raised by this part of the sector is the fact that childminders are not able to claim early entitlement funding for the provision of care and education to children who are related to them – including, for example, grandchildren, nieces and nephews – despite that fact that no such barrier exists for group settings.

This long-standing restriction means that childminders with related children can be faced with the option of losing funded income as the result of providing care and education to a related child, or alternatively, the child in question being forced to move to another setting, despite having no desire to do so.

There is clear precedent for a change to this restrictive rule: in September 2018, the Welsh government updated its own policy on this issue to allow childminders to provide funded places for related children that do not live with them.

Given the urgent need to build additional capacity in the early years sector, we recommend that the next government follow the example of the Welsh government and remove this rule.



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A childminder who has been in the profession for many years should have the experience and professionalism to provide care and education for a related child just the same as any other child in their care.

Ensure adequate and timely funding and support for children with SEND

Over recent years, there has been an increasing focus on SEND provision and funding across the country. However, that focus has primarily been on children of formal school age and above.

While schools receive what is called a 'notional SEND budget' – that is, an identified amount of money within a school's total budget to help meet the additional needs of children with SEND – early years providers have to meet the needs of most children with SEND out of their core budget. It is only if a child's needs cannot be met from this budget that providers can apply for additional funding. The two main sources of funding are disability access funding for children accessing the early entitlements who are in receipt of Disability Living Allowance (DLA), and SEN inclusion funding for children taking up the funded entitlement who have lower-level or emerging SEN.

Children aged five and under with more complex needs, and those with an Education, Health and Care Plan (EHCP), can also receive funding via their local authority's high needs block, while children aged two in receipt of DLA or who have an EHCP are eligible for the current 15-hour entitlement for two-year-olds.

As it stands, funding to support children with SEND in the early years is wholly insufficient. Settings are often unable to apply for funding until a child has started at a setting, even if they know that the child will require additional support at an earlier stage, which can lead to delays in getting the required support further down the line.

With the majority of SEND funding currently targeted at three- and four-year-olds, delays in being able to apply for additional financial support also often mean that children have moved to school by the time their funding is approved. Alternatively, where settings are able to access SEND funding, all too often, the number of hours of funding they receive for an eligible child does not match the total number of hours that the child takes up.

An online survey on SEND funding and provision in the early years, carried out by the Alliance in January and February 2022, found that 92% of providers had previously had to fund additional support for children with SEND out of their own pockets (with 53% saying they did so 'regularly'), while 56% had experienced delays in receiving SEND funding. An overwhelming majority (87%) said that funding, alongside their early years rate, doesn't cover the cost of delivering places for children with SEND.

This is at a time of increasing pressure being placed on an already-struggling sector, with 74% of respondents reporting an increase in the number of children with formally-identified SEND at their setting over the past two years, and 82% reporting an increase in the number of children who they felt may have SEND that has not yet been formally identified over the same period.

It is clear that adequate funding levels are vital to ensuring that the SEND system is fit for purpose and that early years providers are able to continue delivering quality care

and education to children with SEND. In addition, we recommend that the next government looks to reform the early years SEND funding system to ensure that any additional SEND funding matches all the hours taken up by the child, not just a proportion, and that this funding covers the application process, allowing for any payments to be backdated to the day that the setting in question started to deliver a place for the child to ensure that no provider is left to cover this period out of their own pocket.

The next government should also look to review and overhaul the SEND funding

application process and ensure the burden on providers is minimal, that support in making applications is available as needed and that there is a broadly consistent process across local authorities. This should include minimising requirements for providers to 're-apply' for funding for a child's whose needs or required support have not changed.

It should also ensure that all local authorities provide clear, accessible information to providers on funding levels and eligibility criteria in their area, particularly those who use a 'tiered' system of funding dependent on levels of need.



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There has not been a time over the past two years that I have not had to fund children with SEND out of my own pocket.

Provide additional funding for the provision of healthy and nutritious meals and snacks in early years settings

Rising costs are making it extremely challenging for nurseries, pre-schools and childminding professionals to serve affordable, healthy and nutritious food to the children in their care.

A joint survey of 500 early years providers conducted by the Alliance and London-based nursery group the London Early Years Foundation in October 2022 found that more than half (56%) of respondents have been forced to pass rising food costs onto parents, with nearly three in ten (28%) having to charge families higher fees for meals and snacks and the same proportion (28%) forced to charge families more for early years places to enable them to cover the cost of food.

These results are particularly concerning given that these challenges come at a time

when early educators are also reporting growing signs of food insecurity (a lack of reliable access to sufficient affordable, nutritious food) among families. In total, 49% of providers responding to the aforementioned survey said that children and/or families at their settings were showing signs of food insecurity, with respondents noting an increase in the number of children arriving hungry.

The Alliance therefore recommends that the next government commits to providing additional early years funding specifically to cover the cost of meals and snacks in early years settings to ensure all young children have access to healthy and nutritious food. This would create consistency with reception, year 1 and year 2 in state schools who currently receive free school lunches.



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[We are concerned about the] ability of parents of our vulnerable children to afford a hot school meal for their children. Hot school meals should be free for early years settings as well as schools.

Provide practical and financial support for baby and toddler groups as part of wider family support initiatives

Baby and toddler groups are a vital part of the early years sector. Not only do they provide young children with the chance to learn and play in a group setting, but they also offer parents and carers the opportunity to socialise with families who have children of a similar age.

However, despite the vital role of these groups and a growing focus within government on ensuring the provision of family support services, baby and toddler groups are rarely recognised, or even referenced, in policy discussions.

Many are facing significant financial challenges, with a recent Alliance survey revealing that one in five (21%) baby and toddler groups have been unable to cover the cost of operating using the group's

income over the past year. This is in addition to difficulties in recruiting and retaining staff and volunteers, with nearly three-quarters (72%) identifying this as a key challenge.

Given the lifeline that baby and toddler groups provide to families across the country, it is clear that far more focus should be given to this important policy area. We therefore recommend that the next government formally include baby and toddler groups within the remit of all family support policy work. This would include exploring ways in which these groups can connect with other vital early support services, such as health visitors and midwives, and the provision of the financial support – for example, government grants – to enable them to do so sustainably in the long term.



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The lack of funding and support in this area is staggering. We should be able to provide babies, young children and their families/carers with as much support as possible to give them a good start in life. Leaving this to volunteers and hoping that they exist and can do a good job is not the right thing to do.

About the Early Years Alliance

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

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

