



Evaluation of the first year of the national rollout of 30 hours free childcare

Presentation to the ICMEC International Seminar

Gillian Paull & Ivana La Valle

London, 3rd October 2018



Today's presentation draws from the evaluation report and evaluation guidance

Paull, G. and La Valle, I., (2018), *Evaluation of the first year of the national rollout of 30 Hours Free Childcare*, Department for Education Research Report DFE-RR832, September
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740168/Evaluation_of_national_rollout_of_30_hours_free-childcare.pdf

Leicester, A., Paull, G. and Wilson, C., (2018), *Evaluation guidance for 30 hours free childcare*, Department for Educations, DFE-00272-2018, September
<https://www.gov.uk/government/publications/30-hours-free-childcare-local-evaluation>

Evaluations team:

Frontier Economics	Qualitative researchers	NatCen Social Research
Key staff: Dr Gillian Paull, Andrew Leicester, Cavin Wilson	Key staff: Ivana La Valle & Professor Eva Lloyd (University of East London) with Clarissa White, Chris Farrell, Naomi Day, Sue Arthur	Key staff: Neil Smith, Hannah Jones

Outline of the presentation

- Background:
 - Policy description and objectives
 - Aims of the evaluation
 - Collection of evidence
- Summary of findings:
 - Local Authority experience
 - Provider responses
 - Effects on provision
 - Parent responses
 - Effects on families
- Concluding thoughts

What is 30 hours free childcare?

The policy: 15 hours of free early education for 38 weeks each year was extended to 30 hours for three and four year olds with working parents from September 2017.

Primary objective: to support parents to work or to work longer hours.

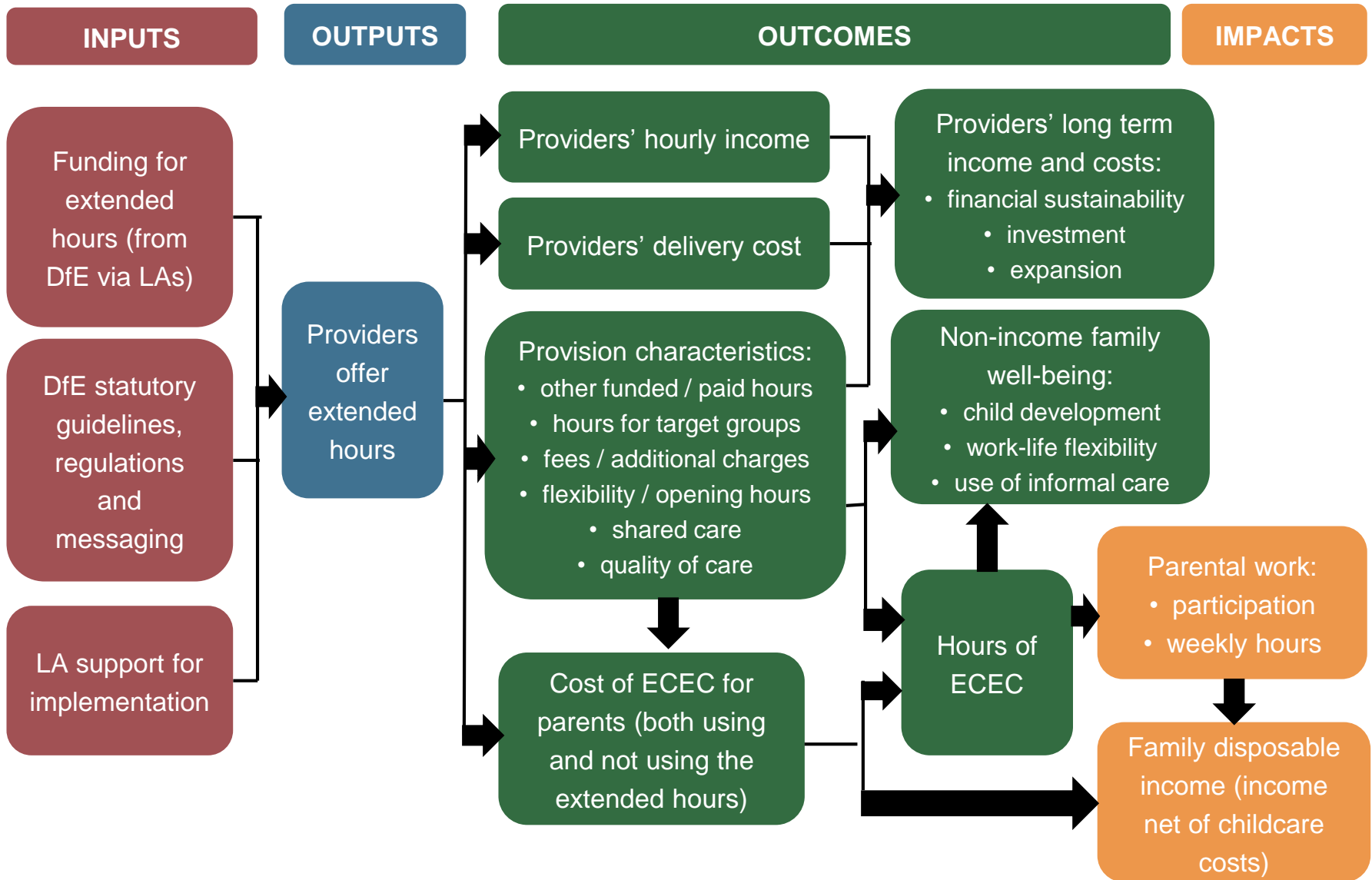
Key features:

- Work requirement that parents must earn a weekly minimum equivalent to 16 hours at the national minimum / living wage and less than £100,000 a year.
- Parents must renew their eligibility every term and are only entitled to extended hours from the start of the next term after they become eligible.
- DfE funding for all free entitlement hours is set at the new Early Years National Funding Formula (EYNFF).
- Statutory guidance includes:
 - Providers can make charges for some items but these must be voluntary and completely transparent to parents.
 - Free places can be stretched over 52 weeks and taken at weekends.

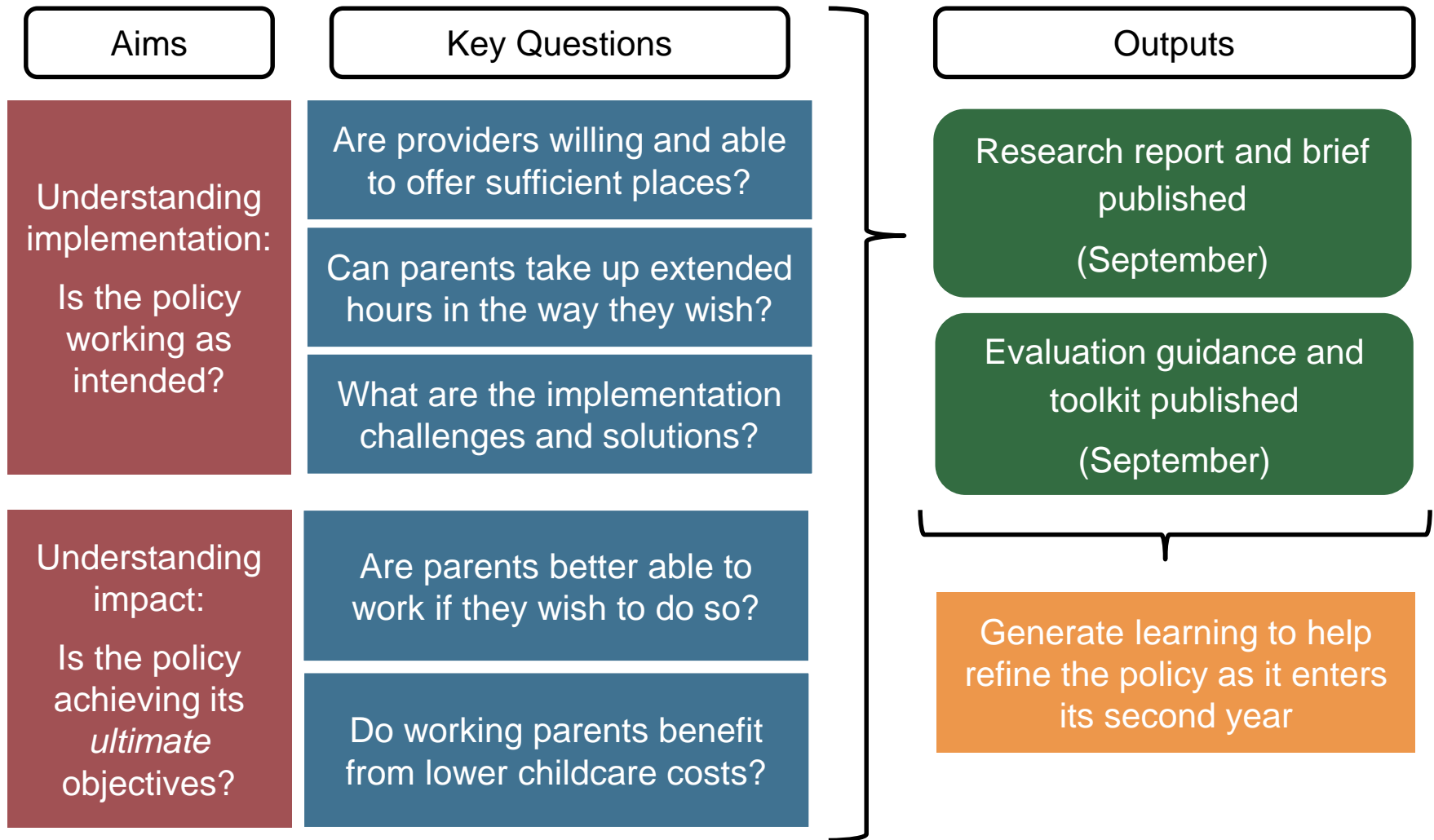
Note on terminology:

- Free entitlement hours taken over and above the universal 15 hours are called “**extended hours**”.
- The term “**childcare**” is applied to all funded hours and (and to additional paid hours).

Policy objectives (logic model)



Aims of the evaluation



Evidence collection

Evidence collected from 12 case study LAs (plus “revisits” to 8 LAs):

- Balanced mix of local childcare provision, early years policy and context.

There were five strands of evidence collection:

Qualitative evidence	Interviews with LA staff (48), providers (97) and parents (108)	Open discussion on implementation and responses to understand issues
Early test revisits	Interviews with LA staff (27) and providers (39) in 8 early test areas	Open discussion following-up on specific issues
Census data	Early Years and school census data (2017 + 2018)	Robust numbers of providers delivering and children using extended hours
Providers survey	Survey of 1,717 providers	Large sample data on providers' decision to offer and changes in provision and finances
Parents survey	Survey of 3,004 parents registered for 30 hours	Large sample data on childcare use and perceived impacts on work and on the child

Findings

- Local Authority experience
- Providers' responses
- Effects on provision
- Parents' experience
- Effects on families

LAs' experience of implementing the policy

Sufficiency planning

If, where and how will demand increase?

Will there be sufficient supply?



Support delivery and achieve sufficiency

Support parents to access extended hours

Support providers to make the extended hours work for them



Policy delivered as intended

Families can access 30 hours of free childcare with no strings attached

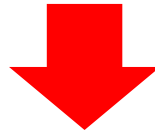
Enforcing DfE statutory guidance

Sufficiency planning

- Estimating if, how and where demand was likely to change very challenging due to lack of reliable local estimates of eligibility and take-up
- Planning based on approximate assumptions and concern that miscalculation could destabilise the local childcare market, particularly worried about encouraging over-supply which could threaten providers' sustainability
- Better picture of the supply side through established sufficiency planning mechanisms, but providers' intentions changed considerably and not always sure how extended hours would affect capacity
- Going forward HMRC registration data and EY census should facilitate sufficiency planning BUT early tests show considerable uncertainty in year 2, because take-up and therefore demand expected to increase but not sure where and by how much

LAs' role in supporting the delivery of the policy

- Staff resources varied from dedicated “30 hours” manager to longer job titles
- Help from other teams was variable and *additional* internal funding for “30 hours activities” (e.g. advertising, business support) was rare
- External help (e.g. capital and development funding, Childcare Works) was a “life saver” and supported essential aspects of implementation
- Unprepared for the work generated by the registration process, which put a further strain on resources



- Some LAs visited all/most group settings to discuss the extended offer others were more utilitarian, focusing mainly on what made the biggest difference
- The focus seemed to be more on providers, as parents “self-serving” and no point encouraging demand if places are not available
- Implementation challenges that required considerable resources but affected small numbers (e.g. SEND, low income families) recognised as important but not on the agenda (yet) – in clear contrast with the early test areas

LAs' views on sufficiency

- LAs reported no sufficiency problems in first two terms: no/rare complaints from parents and no major gaps reported by providers, BUT LAs did not know what take-up was among eligible families, including families who face barriers to take-up
- How sufficiency was achieved in very diverse contexts:
 - Limited increase in demand, as mainly switch from paid to funded provision
 - Modest increase in demand largely accommodated by increased occupancy
 - Risks associated with **not** offering extended hours meant solutions had to be found
 - LAs predicted where challenges more likely and stepped in to prevent them
- Going forward:
 - Ability to support take-up for **all** contingent on resources but some challenges beyond the control of childcare teams (e.g. SEND and employment policy)
 - LAs with much reduced resources were developing 'minimalist' provider offers
 - It will take time for providers to assess the financial viability of the offer and then they may adjust their response accordingly
 - Staff recruitment difficulties could make it challenging to increase provision
 - Concern about sufficiency of other funded places, some LAs already acted to support universal and/or 2 years old offers

Policy delivered as intended

- LAs did not know if/how many parents were getting free hours with “no strings” attached and how reasonable or voluntary any charges were
- LAs had advised and supported providers to develop delivery models but they had very limited knowledge of the many and complex models that were being developed
- LAs’ view on their role in relation to enforcing DfE statutory guidance varied:

Minimalist: strong message about transparency of offer but only intervene if parents complain and/or irregularities identified in the audit. Don’t have the resources and/or policy tools for more systematic policing

Forceful: strong ethos and senior support for challenging non-compliance BUT not helped by “grey” areas in the guidance and messages not to “interfere” with the agreement between a parent and a setting

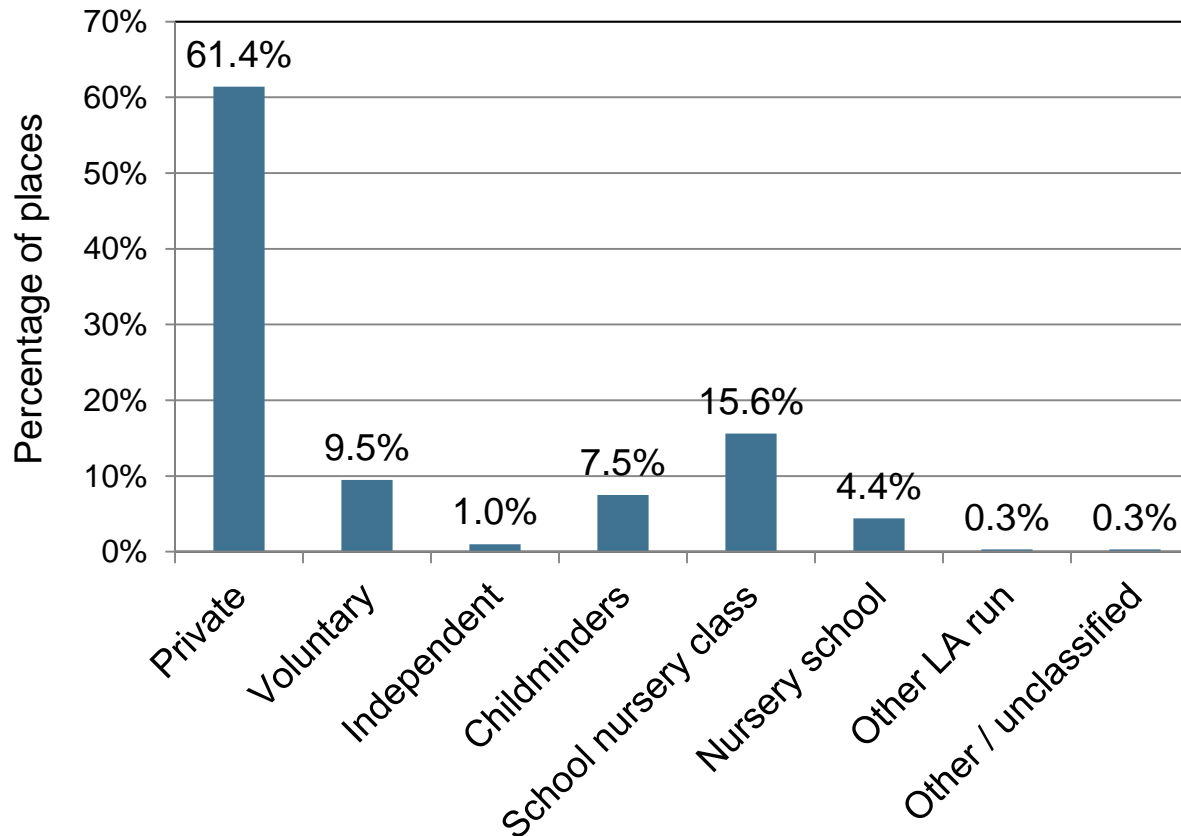
No LA could ignore the fact that “creative” delivery models underpin some providers’ financial viability particularly going forward as costs will increase while funding will not

Findings

- Local Authority experience
- Providers' responses
- Effects on provision
- Parents' experience
- Effects on families

Most extended hours places were delivered by private providers

Distribution of extended hours places across provider type



- 61% of places were delivered by private providers
- 16% were delivered in nursery classes in schools
- 10% were delivered by voluntary providers
- 8% were delivered by childminders

Source: Sample of 12 LAs from Early Years and School Census, January 2018

Engagement in delivery varied across provider types

Across all 12 LAs, 76% of **funded** providers in the census data (those delivering any free entitlement places) delivered extended hours:

- Proportion higher for private providers (88%), voluntary providers (77%) and childminders (75%).
- Proportion lower for school nursery classes (58%) and independent providers (34%)

This proportion varied from 67% to 84% across LAs:

- Variation not explained by differences in the types of providers across LAs.
- Higher proportions in LAs which were rural, mainly ethnically white and less deprived.

Responses from all **registered** providers from the **providers survey**:

- 81% were delivering extended hours (suggests survey response bias towards those delivering given the 76% of funded providers delivering in census data)
- 10% were offering or planning to offer
- 9% had no plans to offer and 1% were unaware of the policy.

Financial factors important in decision to offer

Source: Evaluation survey of providers 2018

Providers' reasons for no plans to offer :

- Funding level too low (4%)
- Do not open 30 hours a week (2%)
- No demand from parents (2%)
- Do not look after 3/4 year olds (1%)
- Too much administration (1%)
- Guidance too difficult to comply with (1%)
- Resource constraints (space or staff) or concerned would reduce places for other children (1%)

Attitudes closely related to decision:

- Concern that parents will go elsewhere
- Delivery fits business model
- Low risks to the business model

Attitudes *less* related to decision:

- Believe helps parents to work
- Focus on childcare rather than early education

Supported by qualitative interviews with providers:

- Private providers and childminders (for-profit): positive if fitted business model, but others offered because feared parents would go elsewhere even if funding lower than parent fees.
- School and voluntary providers (not-for-profit): expectations about parent demand important and no offer if very few parents would take-up (e.g. deprived areas).

Findings

- Local Authority experience
- Providers' responses
- Effects on provision
- Parents' experience
- Effects on families

Delivery of the extended hours often meant more hours provided without impact on other provision

33% of providers had **increased occupancy** due to delivery of the extended hours (i.e. had used spare capacity).

51% of providers **increased staff** hours or number of staff to deliver extended hours.

38% of providers could definitely **offer more places** and 33% could possibly offer more places.

Source: Evaluation survey of providers 2018

No evidence that delivering extended hours reduced the numbers of other funded places between 2017 and 2018: among providers delivering the extended hours:

- On average, each provider had replaced 10 places delivering just the universal entitlement with 10 places delivering the combined universal and extended offer.
- Very small decline (0.2) in the average number of funded places for two year olds.
- On average, total funded hours increased by 120 per provider.

Among providers not delivering the extended hours, mean numbers of funded places and funded hours had decreased for reasons most likely unrelated to the extended hours

Source: Sample of 12 LAs from Early Years and School Census, January 2018

BUT - Qualitative interviews: LAs concerned that may be impacts on other provision in the future (so being monitored).

Opening times were extended

20% of providers extended their opening times:

- Lower for private providers (17%) and childminders (12%)
- Higher for voluntary providers (32%) and maintained providers (34%)

Proportions of providers who started to open:	Private	Voluntary	Child-minder	Maintained	All types
Earlier in the day	8%	14%	2%	10%	8%
Later in the day	8%	18%	4%	9%	8%
Both earlier and later	3%	9%	1%	5%	4%
Over lunch	7%	14%	6%	28%	11%
At the weekend	0%	0%	1%	0%	<1%
More weekdays	3%	5%	2%	1%	3%
During the holidays	2%	1%	6%	1%	2%

Source: Evaluation survey of providers 2018

63% of providers reported they gave parents a free choice in when they could use the extended hours (47% of maintained providers):

- 25% had some restrictions
- 12% only allowed extended hours to be used on specified days or at specified times

Some providers increased charges or fees

23% of providers increased or introduced charges due to extended hours

Most common **changes** were for refreshments (5% increased and 13% introduced)

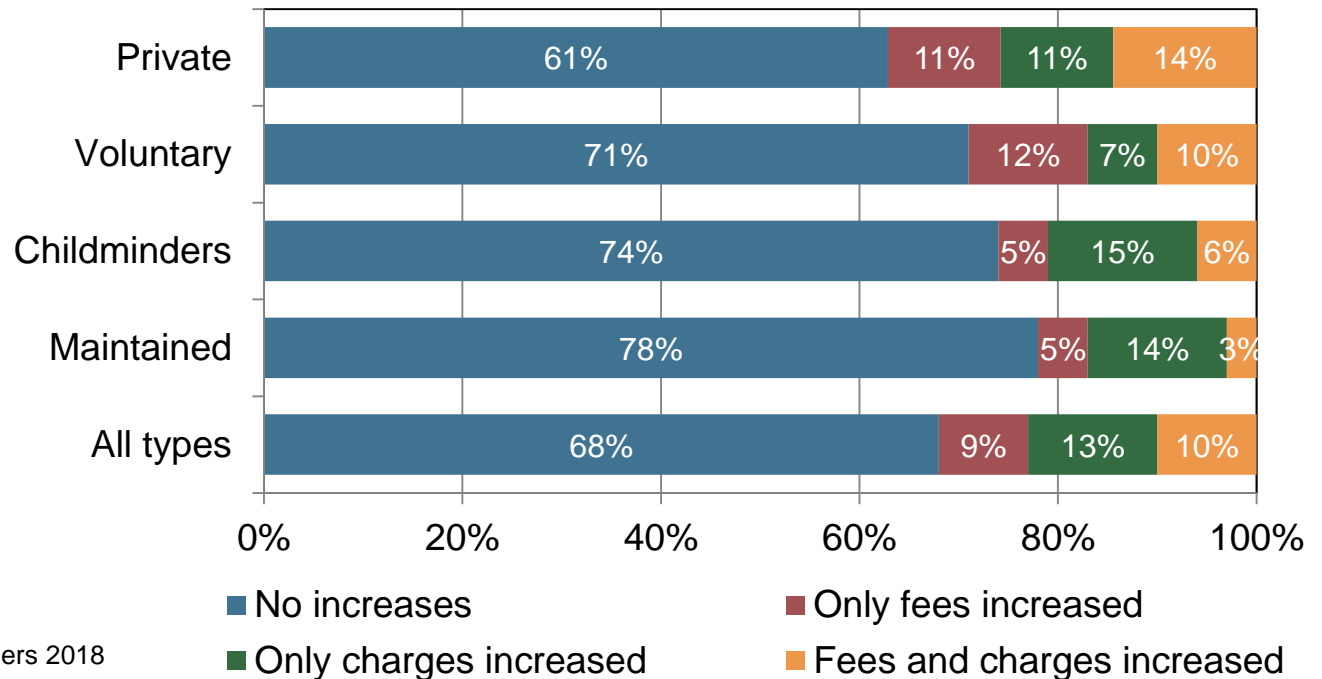
Next most common were for consumables (4% increased and 4% introduced)

Less common were for special activities, outings, admin charges or other items

In addition, 19% increased fees due to extended hours:

- 10% increased fees and charges due to extended hours
- Increases were most likely for private providers

Proportions of providers increasing charges and fees



Source: Evaluation survey of providers 2018

Qualitative evidence: delivery models and effects on provision

- **Part-time services** (schools, academies and playgroups):
 - Fixed timings and sessions due to limited opening times
 - Some allowed choice re: days/sessions, others only offered 15 or 30 hours options
 - Some offered additional optional lunch hour or optional hour at start/end of the day
 - Typically reported increase in demand which helped to fill 'quiet slots'
- **Full-time services** (day nurseries and childminders) delivery models largely shaped by financial considerations and included:
 - Extended hours offered as part of a paid childcare package
 - Extended hours had to be stretched over holidays
 - Use of extended hours offered at less popular times
 - More limited impact on demand because parents were already using/would have used additional hours anyway

Providers reported mixed financial impacts

Providers delivering the extended hours:

- 62% reported that their parent paid fee was higher than the funding rate.
- 59% reported no impact on or a reduction in their hourly cost.
- 41% reported that their hourly cost had increased, with the main driver being higher staff hourly pay from increasing their use of staff.

Some differences across provider types:

Proportions of providers delivering extended hours:	Private	Voluntary	Child-minder	Maintained	All types
Parent paid fee relative to funding rate					
Parent paid fee lower	5%	18%	20%	10%	11%
About the same	21%	22%	33%	48%	27%
Parent paid fee higher	74%	59%	47%	42%	62%
Impact on delivery cost:					
Increased hourly delivery cost	47%	45%	23%	40%	41%
No impact	46%	48%	67%	58%	52%
Reduced hourly delivery cost	7%	8%	10%	2%	7%

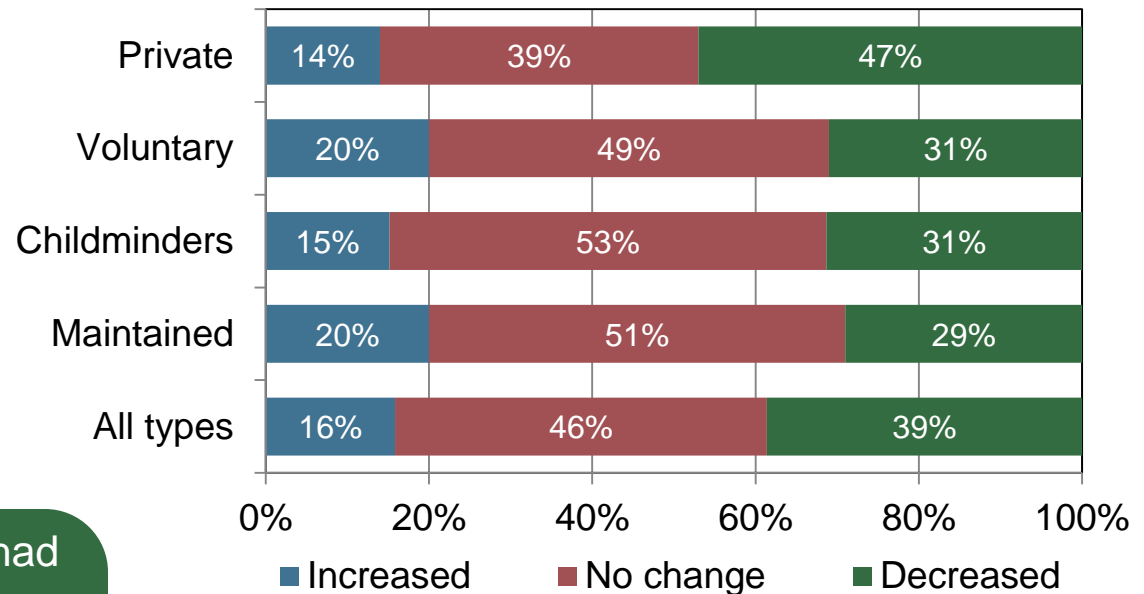
Source: Evaluation survey of providers 2018

Overall impacts on profits were therefore mixed

Across all provider types:

- 39% reported a reduction in profit or surplus
- 46% reported no impact
- 16% reported an increase in profit or surplus

Proportions of providers with a change in profit or surplus due to the extended hours



Almost a third of providers had crossed a threshold:

- 2% into profit and 5% from loss to breakeven
- 8% into loss and 17% from profit to breakeven

Regression analysis indicated that:

- The difference between the parent paid fee and funding rate was the most important driver of the change in profit or surplus.
- But changes in occupancy were also important.

Source: Evaluation survey of providers 2018

Findings

- Local Authority experience
- Providers' responses
- Effects on provision
- Parents' experience
- Effects on families

One third of children using universal hours used extended hours

Across all 12 LAs, 32% of three and four year olds receiving universal entitlement hours took up extended hours.

- This proportion varied from 21% to 47% across LAs.
- This proportion was lower for children aged three; with EYPP (Early Years Pupil Premium); with SEN; living in urban areas and of non- white ethnicity.

The variation in the proportion captured both differences in the proportion who were eligible and any differences in the take-up rate.

Source: Sample of 12 LAs from Early Years and School Census, January 2018

Parents using the extended hours:

- Tended to be from the higher end of the income distribution
- Tended to be more educated.

Source: Evaluation survey of parents 2018

Although:

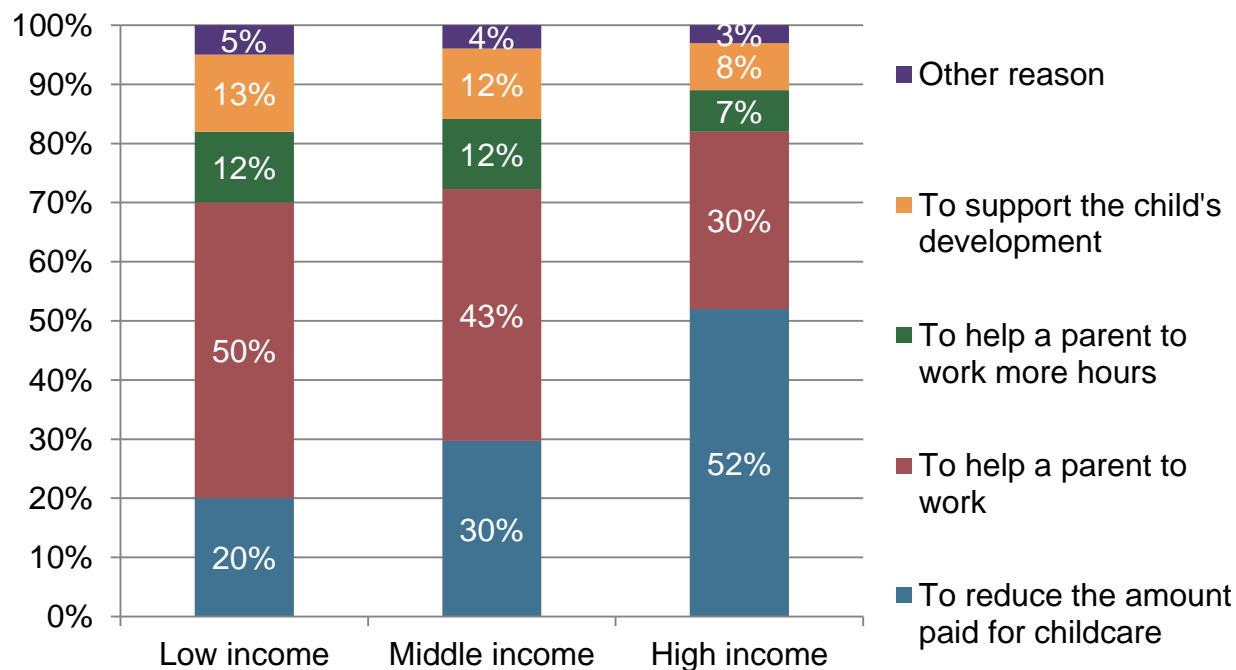
- 16% had used the two year old free entitlement
- 5% were single mothers
- 5% had children with SEN or special needs and/or a longstanding or serious health condition or disability

Main reason for using the extended hours was to work

Parents reported their main reason for using the extended hours:

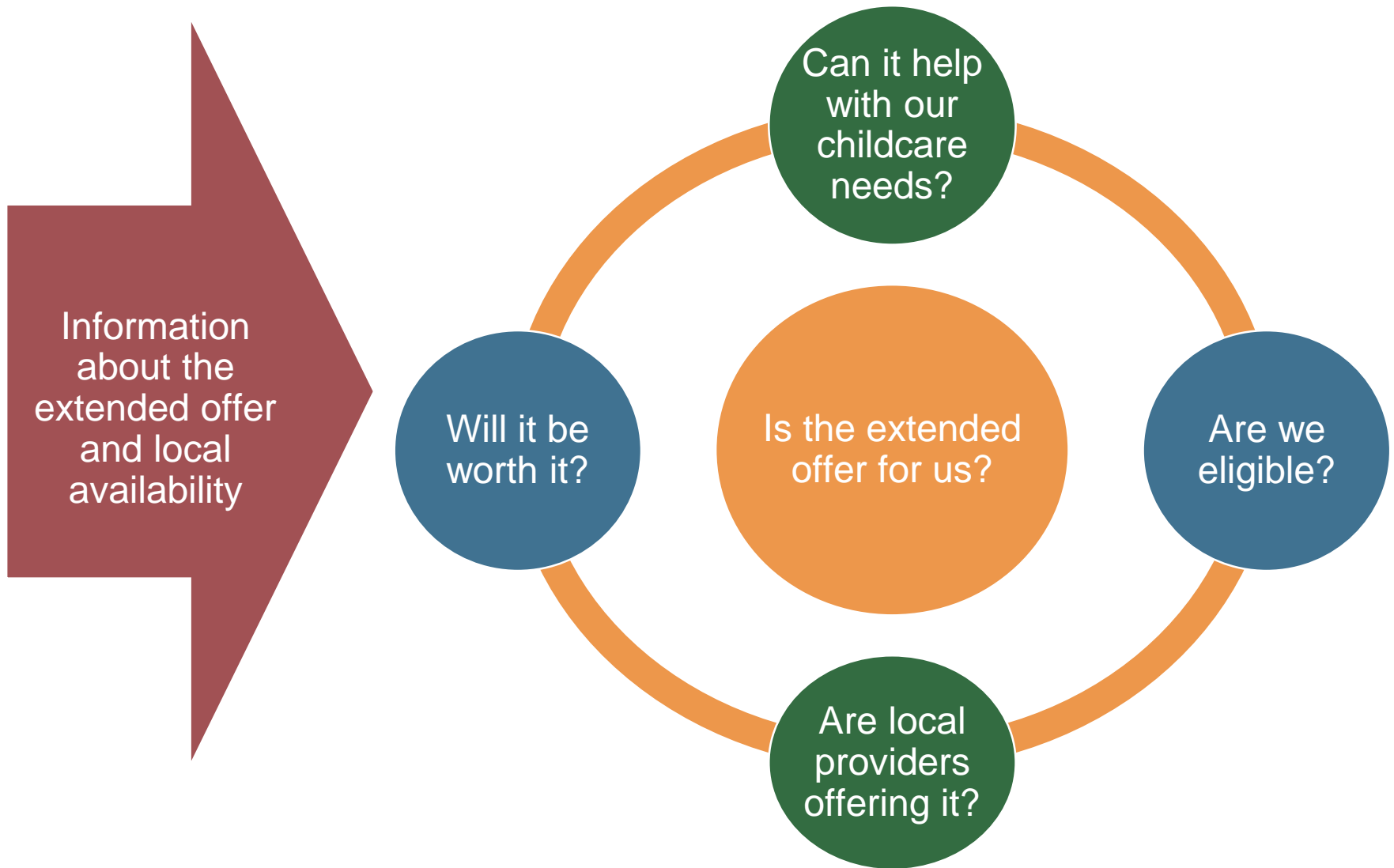
- Helping a parent to work or to work longer hours (52%)
- Reporting the amount spent on childcare (36%)
- Supporting the child's development (11%)

Support for parents' work and child's development were more common main reasons among lower income families:



Source: Evaluation survey of parents 2018

Taking up extended hours: decision-making process



Who has **not** taken up the extended offer

Not aware
of extended
offer

Misinformed
about:

- who is eligible
- how the offer can be used

Childcare needs

No or very limited need for (more) childcare

Extended hours cannot be used for their arrangement (e.g. nanny, friend, relative, childminder)

Did not want to use full time childcare

Barriers to access

Not available at own setting / locally

Not available when needed

Did not want to use 2 providers

Setting did not allow split offer

Need for SEND care

Not feasible to look for alternatives as place already booked

Assumed not eligible

Receiving universal / tax credits

Using childcare vouchers / other free childcare

Self-employed

Working fewer than 16 hours a week

Working part time

Not on very low income

Joint annual income above £100k

“Not worth the hassle”

Impact on universal / tax credits

Does not work well for self-employed

Application system failure

Small financial gain due to other financial help, limited use and/or “top up fees”

Parents' experience of using the extended hours

Taking up once registered: 9% of parents with eligibility codes were not using extended hours:

- 2% were waiting to take up a place
- 2% were planning to use but did not yet have a place
- 2% were not planning to use due to family circumstances
- 2% were not planning to use because they could not use the hours in the way they wanted to

Choosing an extended hours place:

- Almost all places were with the first choice provider (94%)
- Extended hours offer influenced provider choice “a great deal” for almost half of places (47%)

Source: Evaluation survey of parents 2018

Term-time only versus year-round use:

- 63% used funded hours only in term time
- 37% used funded hours in term and holidays

Number of different providers during term:

- 86% used one provider (55% private, 2% voluntary, 4% childminders and 22% maintained)
- 14% used two providers (6% included a childminder)

Choice in when could use the hours:

- 52% reported free choice, 27% reported some restrictions and 22% reported hours had to be taken on specified days/times.
- Most choice with childminders and least choice with maintained providers.

There were associated payments

% of places at provider type	Also pay for hours	Compared to those not using extended hours:	
		Fees higher	Fees lower
Private	65%	14%	14%
Voluntary	37%	18%	14%
Childminder	72%	8%	8%
Maintained	33%	9%	11%
All types	56%	13%	13%

Additional paid hours:

- 56% paid for additional hours (higher proportions for private providers and childminders).
- Fees for paid hours were not consistently seen as higher or lower than for other parents.

Additional charges:

% of places at provider type	Pay extra charges	Mean weekly payment	Charges are optional		
			All	Some	None
Private	58%	£28	29%	18%	53%
Voluntary	47%	£22	57%	17%	27%
Childminder	35%	£21	31%	26%	43%
Maintained	58%	£15	42%	18%	40%
All types	56%	£24	33%	18%	49%

- 56% paid extra charges (lower proportion for childminders).
- The average amount of charges was £24 a week (lower for maintained providers).
- Charges generally not seen as optional (but less so for voluntary providers).

Source: Evaluation survey of parents 2018

Findings

- Local Authority experience
- Providers' responses
- Effects on provision
- Parents' experience
- Effects on families

The use of formal childcare increased

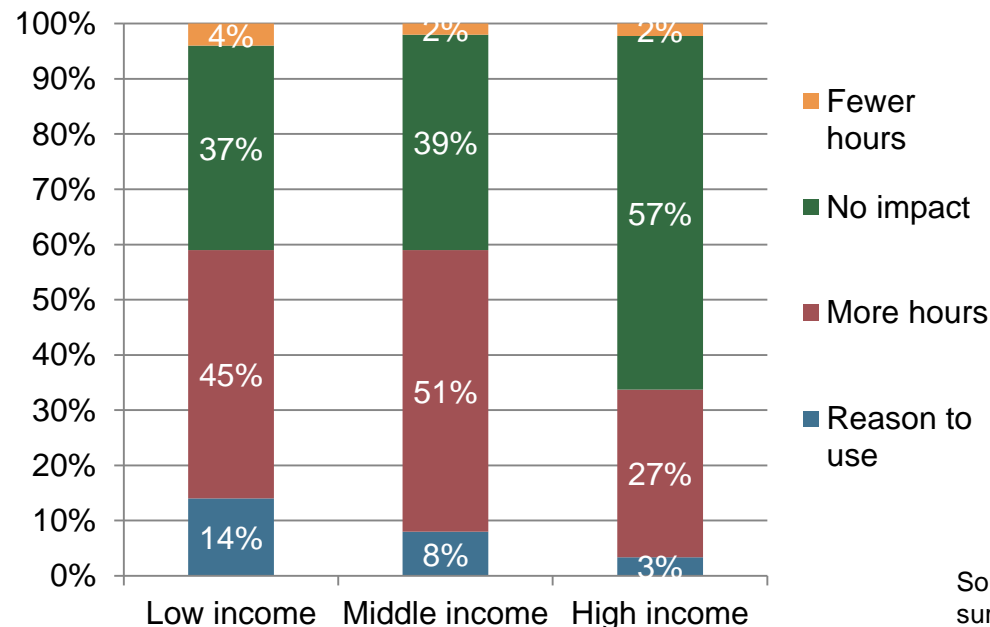
When parents took up the extended hours:

- 13% of children started to use formal childcare
- 46% of children used more hours of formal childcare

Parents' perceptions of impacts were similar:

- 8% reported that extended hours were the reason they were using formal childcare
- 43% reported they used more hours because of the extended hours

Perceived impacts were greater among lower income families:



Source: Evaluation survey of parents 2018

There were impacts on mothers' and fathers' work

Impacts on mothers:

- Around a quarter working more hours
- Evidence suggests supported work retention
- Almost one third (30%) reported both childcare and work were greater due to extended hours

Change since started receiving extended hours	Proportion of mothers	Perception of impact	Proportion of mothers
Entered work	2%	Reason in work	15%
Work more hours	26%	Work more hours	27%
No change	67%	No impact	55%
Work fewer hours	5%	Work fewer hours	3%

Smaller impacts on fathers:

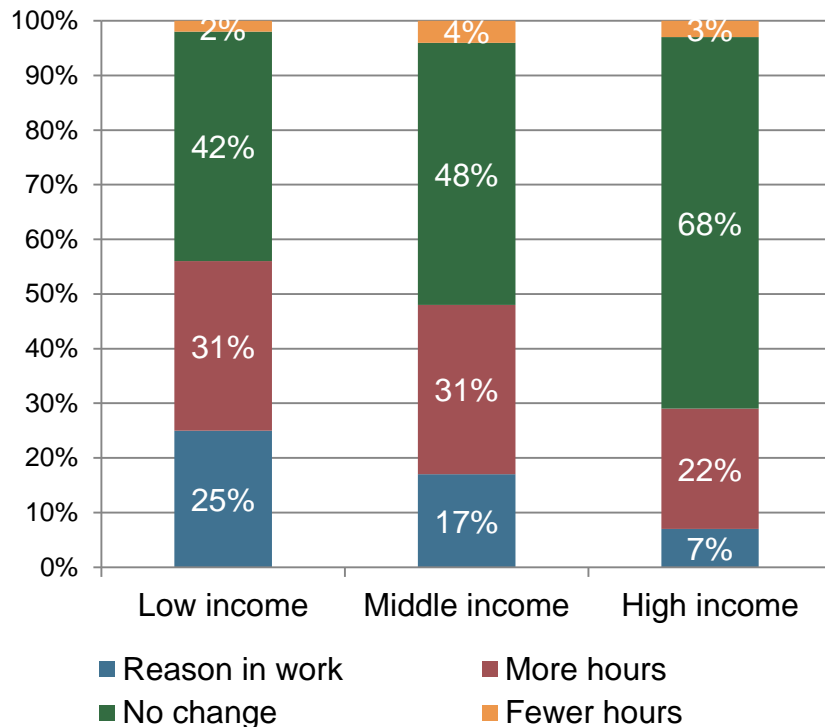
- Smaller proportions working more hours
- More limited impact on retention
- Some 6% reported fewer hours (possible “income effect” or substitution with mothers’ work)

Change since started receiving extended hours	Proportion of fathers	Perception of impact	Proportion of fathers
Entered work	<1%	Reason in work	8%
Work more hours	7%	Work more hours	18%
No change	91%	No impact	68%
Work fewer hours	1%	Work fewer hours	6%

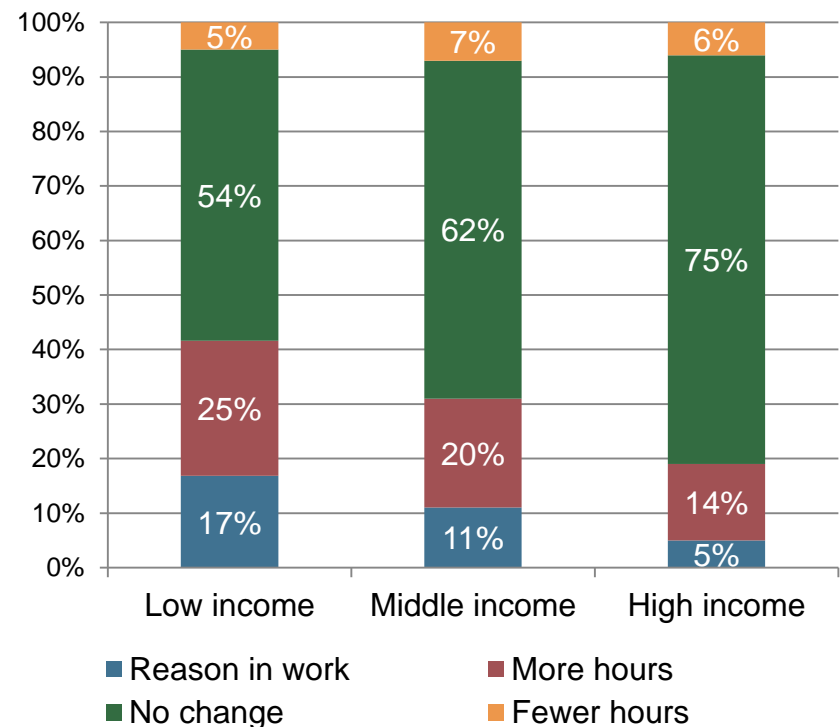
Source: Evaluation survey of parents 2018

Work impacts were stronger for lower income families

Perceived impact on mothers' work



Perceived impact on fathers' work



Impacts were greater for those who had used the two year old free entitlement (than those who has not):

- 56% of mothers reported a positive work impact (compared to 39%)
- 46% of fathers reported a positive work impact (compared to 24%)

Source: Evaluation parents' survey

There were positive impacts on family well-being

Mixed views about the amount saved on childcare spending relative to expectations:

- 29% thought they had saved more
- 54% thought they had saved about what they expected
- 17% thought that had save less.

Positive impacts on school readiness:

- 86% of parents thought that their child was better prepared for school because of the extended hours.

Most families felt they had more money to spend:

- 22% thought they had much more money to spend
- 56% thought they had slightly more money to spend.

Source:
Evaluation
survey of
parents
2018

Most families felt the extended hours had improved their quality of life:

- 43% thought they had made family life “much better”
- 36% thought they had made family life “slightly better”.

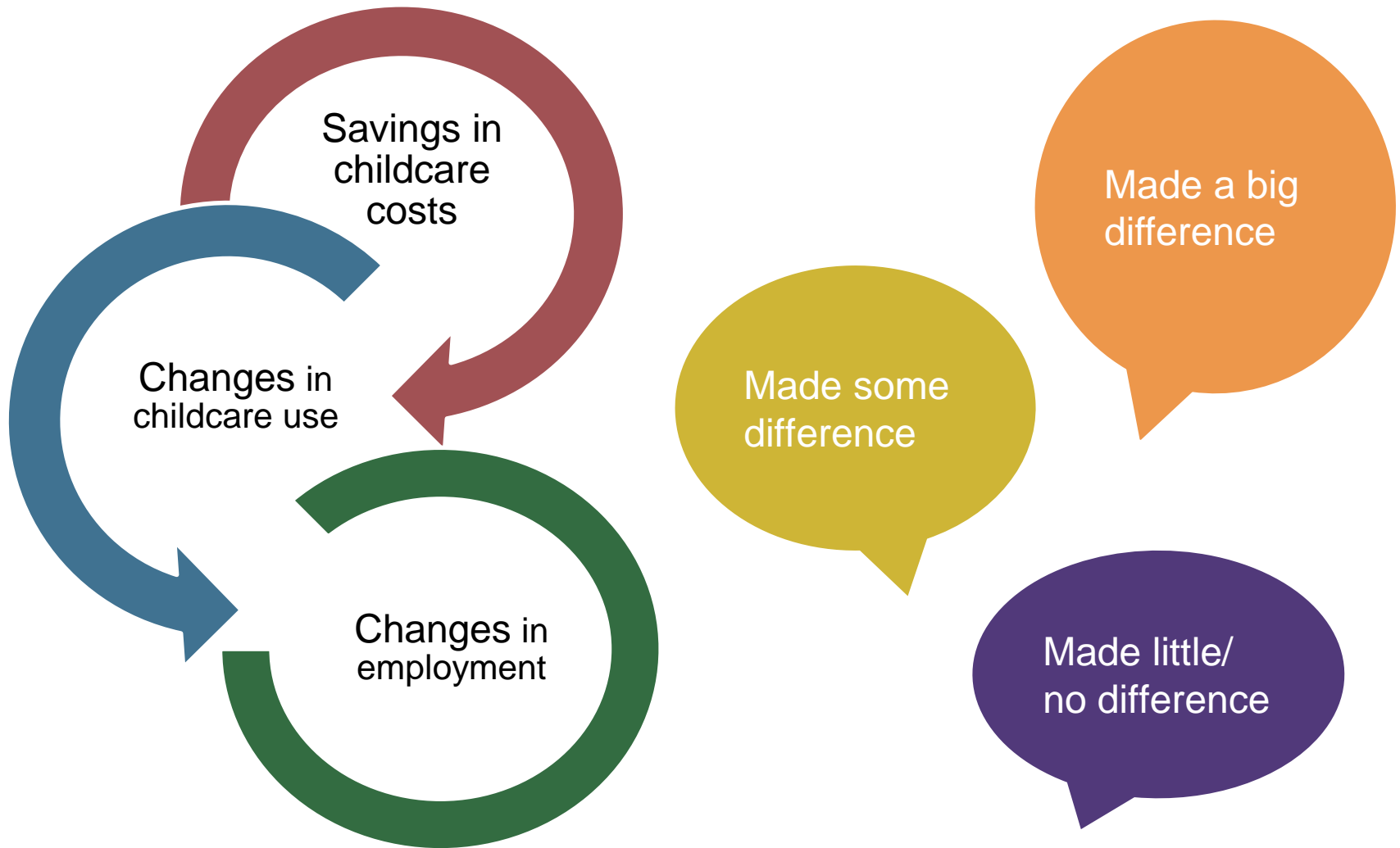
Positive impacts on saving, school readiness and quality of family life more likely for:

- Couples, larger families, parents without a degree, lower income families and families of black or Asian ethnicity

Positive impacts on having more money to spend more likely for:

- Higher income families (spend more on childcare so save more)

Impact of the extended hours depended on whether and to what extent families made:



What it has meant to families

“For us it has meant a massive saving ...we have been saving £400 a month which has meant we have been able to save for a deposit [to buy a house] and we’ve been able to get a mortgage.”

“Money feels less of struggle now... and I can afford to buy shoes and clothes, without having to ask my mum to help out...”

“It’s nice not to have to rush through the door [at work] because now I’ve more time to collect him.... [and have] more time in the morning and I don’t have to worry about being late for work...”

“My husband can now do some day shifts because our daughter starts earlier at the nursery ... and that means he is around more in the evenings and at the weekend...”

“...with my daughter at nursery for longer my health has improved... I feel less tired, I’ve some time for myself and to catch-up with the jobs in the home ...and my husband is also probably happier because I’m not so tired all the time...”

Conclusions

Key findings:

- Most providers were willing and able to offer the extended hours, although this required some adjustments to provision for some and the financial impacts were mixed.
- Better information about the extended offer and how to access it locally could facilitate access for the unknown number of eligible parents who have not applied. Support is also needed for families who face barriers to take up
- The offer was not completely flexible or free for all parents with substantial proportions reporting that they had to pay charges for additional items or activities.
- High proportions of parents believed that the policy has supported them to work and has had positive impacts on their family finances and quality of family life.
- There were two potential concerns going forward:
 - Downsizing of local childcare teams in some areas may mean insufficient resources to support policy implementation in the future.
 - Sufficiency of places may not continue: demand for extended places may increase as parents become better informed, but some providers may conclude with experience that delivering the extended hours is not financially viable in the long term.

Possible implications for policy

- **Parental take-up:** better understanding of why some eligible parents do not take-up the extended hours could help to inform future policy promotion and targeting strategies.
- **Nudge impact on parental work:** parents' *belief* that policy supported them to work could be used to “nudge” others that this is the time to return to work or increase hours.
- **Integration with broader work support:** involvement of other agencies (such as Job Centre Plus, Health Visitors and Children's Centres) could help promote the offer to parents not currently working.
- **Immediate eligibility when parents secure work:** would remove the barrier to take-up of having to pay for additional hours until the start of the next term.
- **Removal of requirement to renew eligibility:** reducing the burden on parents, providers and LAs, planning uncertainty for providers and the risk of erroneous loss of eligibility needs to be balanced against the cost of additional take-up.
- **Addressing perceived ambiguity in the statutory guidance:** amendments to the guidance could focus on regulated “transparency” of the offer in terms of charges and flexibility rather than focusing on being “free”.
- **Effects of impacts on profitability:** need to monitor whether reductions in profit or surplus for providers have longer term effects on investments in physical infrastructure and staffing (including training).

Questions? Discussion?

- What's surprising?
- What rings particularly true?
- What doesn't ring true?
- What's missing?



- What are the key conclusions from this evidence?
- Is the policy a “success”?

- What lessons are there for policy design?
- What lessons are there for policy implementation?





Frontier Economics Limited in Europe is a member of the Frontier Economics network, which consists of separate companies based in Europe (Brussels, Cologne, London and Madrid) and Australia (Melbourne & Sydney). The companies are independently owned, and legal commitments entered into by any one company do not impose any obligations on other companies in the network. All views expressed in this document are the views of Frontier Economics Limited.

FRONTIER ECONOMICS EUROPE LTD.
BRUSSELS | COLOGNE | LONDON | MADRID

Frontier Economics Ltd, 71 High Holborn, London, WC1V 6DA
Tel. +44 (0)20 7031 7000 Fax. +44 (0)20 7031 7001 www.frontier-economics.com