

**Debate Pack**

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By David Foster,  
Niamh Foley,  
Shadi Danechi, and  
Colin Harrison

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# The spending of the Department for Education on early years and childcare

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**Summary**

On 8 Wednesday March the House of Commons will consider the estimates of public spending by the Department for Education on childcare and early years.

# 1 Supplementary Estimates 2022/23

## 1.1 The Estimates Process

The approval of public spending through Estimates (the supply process) operates on the basis of ‘annuality’, whereby money is voted for use in a particular financial year only.

- **Main Estimates:** consideration and approval of the spending plans for the new financial year for each government department. Main Estimates are normally published in April, but not approved until July. Money already authorised through the Vote on Account is deducted from the amounts required for the year to provide government with funding for the remainder of the financial year.
- **Supplementary Estimates** (where required): consideration and approval of any changes to amounts or purposes of money required by departments. Supplementary Estimates are normally published in February and approved in early March to allow for any additional funds to be spent before the end of the financial year.

The government published its final spending plans (Supplementary Estimate) for financial year 2022/23 spending in HM Treasury’s Supplementary Estimates 2022/23 on 28 February 2023. These will be put to Parliament for approval following the Estimates Day debates on 8 March 2023.

The spending plans set out in the DfE Supplementary Estimate include several separate spending limits, which Parliament must approve before the final full year’s budget can be made available to the department.

Departmental Expenditure Limits (DELs) cover net spending, which is subject to limits set in Spending Reviews, and based on the assumption that the expenditure is within the department’s control, whereas Annually Managed Expenditure (AME) cover demand-led spending which is difficult to control and forecast.

- The Resource Departmental Expenditure Limit, or Resource DEL covers DfE’s day to day spending, the majority of which comprises grants to fund schools’ running costs including staffing;
- The Capital Departmental Expenditure Limit, covers the costs of investment in facilities and infrastructure for schools and other educational institutions;
- Other budget limits, known as Resource and Capital Annually Managed Expenditure, cover costs and repayment of student loans.

Departments also produce an explanatory memorandum, which is published and scrutinised by the relevant House of Commons Select Committee and the House of Commons Scrutiny Unit. This memorandum should compare the Supplementary Estimate to the Main Estimate, and explain the reasons for changes proposed. Select committees currently publish memoranda on their webpages and the Scrutiny Unit uses the memoranda to prepare briefings for select committees and other Members.

## 1.2 DfE spending in 2022/23

In the 2022/23 Supplementary Estimate, the Department for Education (DfE) is seeking to **increase its Resource DEL budget by around £3.9 billion (+5.4%) compared to the 2022/23 Main Estimate**, taking the budget from around £71.9 billion to **£75.8 billion**. This increase is mainly driven by a £4.0 billion increase required to cover the annual revaluation of the student loan book and its impairment charge.

The DfE is seeking to **reduce its Capital DEL budget by around £96 million (-1.5%)**, taking the budget from around £6.4 billion to **£6.3 billion**. This is mainly due to a budget surrender of around £95 million to contribute to Ukraine aid. Whilst Early Years budget has decreased by around £186 million, this is largely offset by a similar increase to the Grants to Academies budget.

The DfE is seeking to **reduce its Resource AME budget by £797 million (-8.3%)**, taking the budget from around £9.6 billion to **£10.4 billion**. This is mainly driven by a £782 million reduction relating to the student loan book contingency provision to account for volatility in the effective interest rate as well as discount rate changes.

The DfE is seeking to **reduce its Capital AME budget by around £1.5 billion (-5.2%)**, taking the budget from around £28.7 billion to **£27.3 billion**. This is due to a £1.5 billion reduction in the reserve claim for the student book loan.

## 1.3 Early years funding in 2022/23

Some additional information on Early years funding is set out in the Department's explanatory memoranda for the 2022/23 Supplementary Estimate. This will be published on the [Education Select Committees website](#) and is summarised below.

## Resource DEL

The DfE is seeking to increase its Resource DEL (day to day spending) on Early Years Education by around £52 million (+1.4%), compared with the 2022/23 Main Estimate.

This takes the budget from £3,781 million to £3,833 million disaggregated as follows:

- A £17 million (+14.0%) increase in Early Years funding for Families.
- A £35 million (+1.0%) increase in Early Years funding for Schools.

## Capital DEL

The Capital budget has less granular information on Early Years investment spending (compared with day to day spending), and it is included within a broader budget sub-head of Early Years & Schools Group.

The budget for Early Years and Schools groups combined has decreased by £186 million (-11.1%) from around £1.7 billion in the 2022/23 Main Estimate to £1.5 billion.<sup>1</sup> This is due to a reduction in the schools budget.

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<sup>1</sup> These figures are a combination of Early Years and Schools funding at both departmental and ALB (Arms Length Bodies) level.

## 2

# Early years funding system

Most Department for Education (DfE) funding for the early years in England is delivered via the three childcare entitlements:

- **15 hours universal entitlement for three and four-year-olds:** all three and four-year-olds are entitled to 570 hours of Government-funded childcare a year, commonly taken as 15 hours a week for 38 weeks of the year (and often referred to as “15 hours of free childcare”). The entitlement is universal and applies irrespective of income.<sup>2</sup>
- **15 hours entitlement for disadvantaged two-year-olds:** introduced under the Coalition Government, some two-year-olds are eligible for the “15 hours of free childcare” if certain conditions are met – eg, their parents are in receipt of specified benefits, they are a looked after child, or they have an Education, Health and Care Plan.<sup>3</sup>
- **Extended 30 hours entitlement:** introduced in September 2017, some three and four-year-olds qualify for a further 570 hours of funded childcare on top of the “15 hours of free childcare”. This, together with the universal entitlement, is commonly taken as 30 hours a week for 38 weeks of the year (and often referred to as “30 hours of free childcare”). Only three and four-year-olds from working households and certain other households specified in regulations qualify for the extended entitlement.<sup>4</sup>

Funding for the childcare entitlements is included in the Early Years Block of each local authority’s Dedicated Schools Grant (DSG). Additional Government funding for disadvantaged children (Early Years Pupil Premium) and children with additional needs (Disability Access Fund) is also included in the Early Years Block, along with supplementary funding for maintained nursery schools.<sup>5</sup>

Although the DSG itself is ring-fenced (and there are limits on how much money can be moved out of the Schools Block), local authorities determine how much funding to allocate to early years as a whole, and the funding rate paid to individual providers.

The total early years block allocation for the 2023/24 financial year will be around £3.9 billion.<sup>6</sup> This will be the largest cash amount in any of the years following the introduction of the 30 hours entitlement. These figures do not take into account changes in the number of children covered by the early years block.

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<sup>2</sup> [15 hours free childcare for 3 and 4-year olds](#), Gov.uk.

<sup>3</sup> [Free education and childcare for 2-year-olds](#), Gov.uk.

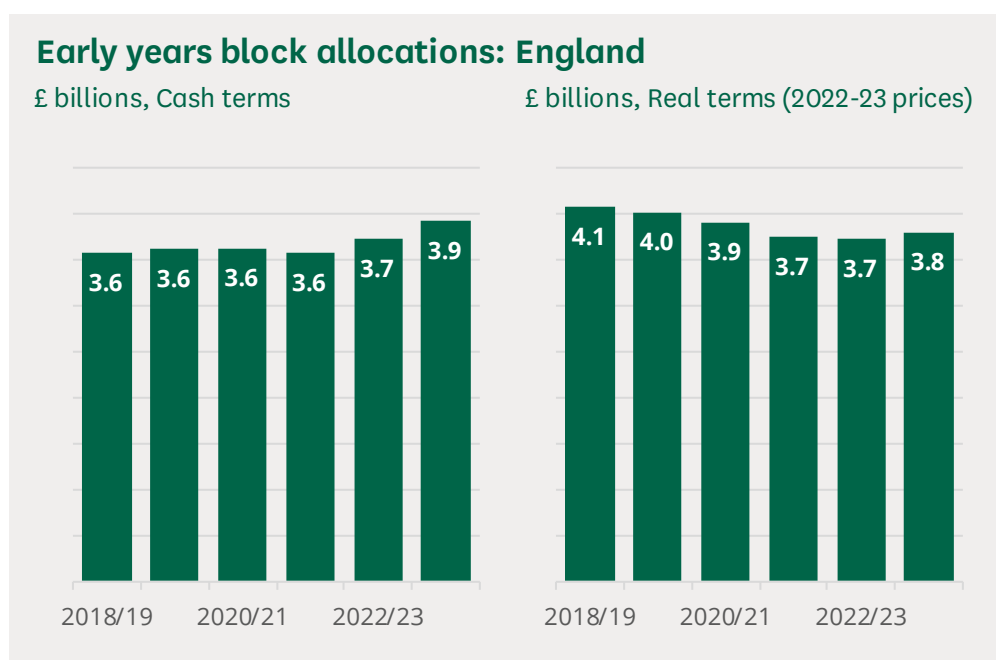
<sup>4</sup> [30 hours free childcare](#), Gov.uk.

<sup>5</sup> [Get extra funding for your early years provider](#), Gov.uk.

<sup>6</sup> Department for Education, [Dedicated schools grant 2023 to 2024](#), 16 December 2022

The chart below shows that in the last few years the total early years block allocation has increased in both cash and real terms (an increase of 10% and 1% respectively since 2021/22).

However, between 2018/19 and 2021/22 the early years block was broadly unchanged. This means that between 2018/19 and 2023/24 the early years block has fallen by 7% in real terms (it increased by 10% in cash terms over this period).<sup>7</sup>



Notes:

The pandemic has caused unusual movements in the GDP deflator, which is used to measure inflation in the economy. This means that for 2020/21 and 2021/22 it does not provide an accurate representation of price changes over this period. GDP deflator growth for 2020/21 and 2021/22 have been averaged across the two years to smooth the distortions caused by pandemic-related factors. OBR forecasts are used for 2021/22.

Sources:

HMT, [GDP deflators December 2022](#), 5 January 2023; OBR, [Economic and fiscal outlook](#), 17 November 2022 (table 1.7 of supplementary economy tables); [Department for Education, Dedicated Schools Grant: various years](#).

## 2.1 Funding from the DfE to local authorities

The Early Years National Funding Formula (EYNFF) determines the hourly per-child funding rate each local authority is paid in respect of the 15 hours universal entitlement and the 30 hours extended entitlement (the funding rate for both entitlements are the same). This is then multiplied by the number of part-time equivalent children taking up the entitlements (based on the

<sup>7</sup> 2022-23 prices. Department for Education, [Dedicated schools grant 2023 to 2024](#), 16 December 2022; HMT, [GDP deflators](#), 18 November 2022;

January early years census) to determine the funding to be included in the Early Years Block of the local authority's DSG.<sup>8</sup>

The EYNFF is composed of three parts:

Local authority hourly per-child funding rate = (base rate + additional needs) x area cost adjustment.

In addition, the DfE guarantees each local authority will receive a minimum level of per hourly funding – referred to as the minimum funding floor. This was originally set at £4.30 an hour for 2017/18 but was increased to £4.38 in 2020/21, £4.44 in 2021/22 and £4.61 for 2022/23.<sup>9</sup> It will be £4.87 in 2023/24.<sup>10</sup>

A separate formula is used to determine funding for the 15 hours entitlement for disadvantaged two-year-olds.

## 1 Reforms to the funding formulae

The Government will make several technical changes to the funding formulae from the 2023/24 financial year. In addition, instead of providing local authorities with fixed-pence uplifts, the formula will be used to update hourly funding rates (eg, the base rate will be altered).<sup>11</sup> The reforms will result in changes to local authorities' funding rates, with some seeing a reduction. The Government has set out transitional protections to mitigate this.<sup>12</sup>

Further information is available in section 2.3 of the Library briefing: [Early years funding \(England\)](#).<sup>13</sup>

## 2.2

## Funding from local authorities to early years providers

While the early years funding formulae determine a local authority's funding allocation for the early education entitlements, local authorities determine the hourly rate paid to early years providers in their area.

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<sup>8</sup> The funding allocations for local authorities are based on actual take up of the entitlement hours and as a result, initial allocations are subsequently updated using more recent census data. [PQ30811](#) provides more detail on how this happens in a typical year.

<sup>9</sup> ESFA, [Early years funding: technical note for 2021 to 2022](#), 22 April 2021. [HCWS421 \[Early Years Education Entitlements: Hourly Funding Rates\]](#), 25 November 2021.

<sup>10</sup> DfE, [Early years funding formulae: Government consultation response](#) (PDF), December 2022, pp23 & 7.

<sup>11</sup> DfE, [Early years funding formulae: Government consultation](#) (PDF), July 2022, pp13-18.

<sup>12</sup> DfE, [Early years funding formulae: Government consultation response](#) (PDF), December 2022, p8.

<sup>13</sup> Commons Library briefing CBP-8052, [Early years funding \(England\)](#).

There are, however, several requirements local authorities must follow when allocating funding to providers. These include (but are not limited to):

- 95% of the funding for the entitlements for three and four-year-olds must be passed through to providers.<sup>14</sup>
- Local authorities are required to use the same base funding rate (a universal base rate) for all childcare providers in their three and four-year-olds funding formula.<sup>15</sup>

## 2.3 Maintained Nursery Schools

Maintained nursery schools (MNS) are local authority run schools for 2, 3 and 4-year-olds. Their status as schools means they can face higher costs than other early years settings – for example, they are required to have a headteacher and at least one qualified teacher.<sup>16</sup>

As mentioned above, local authorities are required to use the same base funding rate for all childcare providers in their three and four-year-olds funding formula. This applies to maintained nursery schools (MNS) as to other providers, but local authorities may use “lump sums” to distribute additional funding to MNS.<sup>17</sup>

The Government provides additional funding to local authorities in recognition of the higher costs faced by MNS. In 2022/23 this supplementary funding was worth around £52 million.<sup>18</sup>

The Government is making changes to the way supplementary funding for MNS is distributed from 2023/24. An additional £10 million of supplementary funding will also be provided to facilitate the reforms.<sup>19</sup>

## 2.4 Catch-up funding

The Government is providing additional funding to support education to recover from the impact of the Covid-19 pandemic in England. This includes

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<sup>14</sup> DfE, [Early years funding: Changes to funding for three- and four-year olds: Government consultation response \(PDF\)](#), December 2016, p5.

<sup>15</sup> ESFA, [Early years entitlements: local authority funding of providers operational guide 2022 to 2023](#), 25 November 2021.

<sup>16</sup> DfE, [Early years funding formulae: Government consultation](#), 4 July 2022, p27.

<sup>17</sup> ESFA, [Early years entitlements: local authority funding of providers operational guide 2022 to 2023](#), 25 November 2021.

<sup>18</sup> ESFA, [Dedicated schools grant \(DSG\) 2022 to 2023](#), 16 December 2021.

<sup>19</sup> DfE, [Early years funding formulae: Government consultation](#), 4 July 2022, p28.



the following funding for the early years announced in 2021 (not including children in reception):

- £10 million for a pre-Reception early language continued professional development programme, to support early years staff to work with disadvantaged children who are at risk of falling behind.<sup>20</sup>
- £153 million to fund training for early years staff, including new programmes focusing on speech and development.<sup>21</sup>

Prior to this, in June 2020, the Government announced £350 million for a [National Tutoring Programme](#), which included around £17 million of funding for the [Nuffield Early Language Intervention Programme](#) for reception-aged children.<sup>22</sup>

Further information on the £153 million of funding for staff training was provided in a DfE press release in October 2022: [£180 million to improve children's development in the early years](#). The press release also set out that funding would be provided for a third phase of the Professional development programme and to continue the Nuffield Early Language Intervention Programme for another year.<sup>23</sup> Guidance published by the DfE provided additional details: [Early years education recovery programme](#).<sup>24</sup>

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<sup>20</sup> DfE, [New education recovery package for children and young people](#), 25 February 2021. [PQ12949](#), 9 June 2021; DfE, [Targeted training for staff to teach early language and numeracy skills](#), 6 September 2021.

<sup>21</sup> DfE, [Huge expansion of tutoring in next step of education recovery](#), 2 June 2021; Schools Week, [DfE's £1.4bn education recovery plan: what you need to know](#), 2 June 2021; DfE, [Factsheet: Early Years Recovery Package](#) (PDF).

<sup>22</sup> DfE, [Billion pound Covid catch-up plan to tackle impact of lost teaching time](#), 19 June 2020; DfE, [Catch-up Premium](#), 27 April 2021; DfE, [Factsheet: Early Years Recovery Package](#) (PDF).

<sup>23</sup> DfE, [£180 million to improve children's development in the early years](#), 20 October 2022.

<sup>24</sup> DfE, [Early years education recovery programme: supporting the sector](#), 7 February 2023.

## 3 Funding levels

Information on the rate at which the DfE has funded local authorities for the three childcare entitlements since the 2017/18 financial year is provided in sections 2.5 and 4.1 of the Library briefing: [Early years funding \(England\)](#).<sup>25</sup>

### 3.1 Funding from 2022/23

At the Autumn Budget and Spending Review 2021, the Government said it would provide £170 million by 2024/25 to increase the hourly funding rate paid to early years providers.<sup>26</sup> The day after the Budget, the then Minister, Will Quince, confirmed additional funding of £160 million in 2022/23, £180 million in 2023/24 and £170 million in 2024/25.<sup>27</sup>

The DfE subsequently clarified the additional funding each year is based on a 2021/22 baseline and is not cumulative (ie funding in 2024/25 will be £10 million lower than in 2022/23). The Department was reported as saying the funding levels reflect “cost pressures as well as anticipated changes in the number of eligible children”.<sup>28</sup> Further details on the population estimates underlying the funding levels was provided in response to a parliamentary question on 2 February 2022.<sup>29</sup>

In a written statement on 25 November 2021, the Government said the hourly funding rate for the 3 and 4-year-old entitlements in 2022/23 would be increased by 17p.<sup>30</sup>

The Autumn Statement 2022 did not announce any additional funding on top of that set out the previous year.<sup>31</sup>

In its response to the consultation on the funding formulae (see box 1 above), the Government said it would provide an additional £20 million in 2023/24 on top of the £180 million announced at the 2021 Spending Review, to help meet

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<sup>25</sup> Commons Library briefing CBP-8052, [Early years funding \(England\)](#).

<sup>26</sup> HM Treasury, [Autumn Budget and Spending Review 2021](#), 27 October 2021, para 4.14.

<sup>27</sup> Children and Young People Now, [Children’s minister confirms £340m funding boost for early years not announced in Spending Review](#), 28 October 2021.

<sup>28</sup> Children and Young People Now, [Early years funding significantly less than expected](#), sector fears, 27 January 2022.

<sup>29</sup> [PQ 120848 \[Pre-school Education: Finance\]](#), 21 February 2022.

<sup>30</sup> [HCWS421 \[Early Years Education Entitlements: Hourly Funding Rates\]](#), 25 November 2021. The operation of transitional protections means a small number of local authorities saw a different change in their funding rate.

<sup>31</sup> HM Treasury, [Autumn Statement 2022](#), 17 November 2022.

the cost of increases in the National Living Wage. It also said the minimum funding floor for 2023/24 would increase to £4.87.<sup>32</sup>

[Details of local authority funding rates for 2023/24](#) were published on 16 December 2022.<sup>33</sup>

## 3.2 Commentary on funding of early years providers

Whether early years funding is high enough has been the subject of debate since well before the Covid-19 pandemic. “This is an extremely difficult question to answer”, the IFS said in 2020, “not least because there are different definitions of ‘high enough’.”<sup>34</sup>

Data obtained from the DfE by the Early Years Alliance, a body representing early years providers, suggested the average funding rate paid to local authorities for the 3 and 4-year-old entitlements in 2020/21 was two-thirds of what the Government previously estimated would be needed to fully fund the scheme. The data showed, the Alliance said, that the DfE estimated a Government-funded place for 3 and 4-year-olds would cost an average of £7.49 per hour by 2020/21. However, the average rate paid for these entitlements was £4.89.<sup>35</sup>

In response, a DfE spokesperson was reported as saying: “We’ve made an unprecedented investment in childcare over the past decade, spending more than £3.5 billion in each of the past three years on our free childcare offers and increasing the hourly rate paid to councils above inflation for the past two years.”<sup>36</sup>

### DfE’s 2021 provider finances report

In April 2022, the DfE published an analysis of the finances of early years providers using data from the [survey of childcare and early years providers 2021](#).<sup>37</sup> It should be noted that the 2021 survey took place between March and July 2021 when early years providers were still experiencing some disruption as a result of the Covid-19 pandemic.<sup>38</sup>

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<sup>32</sup> DfE, [Early years funding formulae: Government consultation response](#) (PDF), December 2022, pp23 & 7.

<sup>33</sup> ESFA, [Early years funding: 2023 to 2024](#), 16 December 2022.

<sup>34</sup> IFS, [2020 annual report on education spending in England](#), 3 November 2020, p33.

<sup>35</sup> Early Years Alliance, [New data shows ministers knew early years was underfunded](#), 14 June 2021.

<sup>36</sup> Children and Young People Now, [Government ‘knowingly underfunded free childcare’ EYA investigation reveals](#), 16 June 2021.

<sup>37</sup> DfE, [Providers’ finances: survey of childcare and FY providers 2021](#), 28 April 2022.

<sup>38</sup> DfE, [Providers’ finances: survey of childcare and FY providers 2021](#), 28 April 2022, p11.

Among other things, the report found:

- The mean income-to-cost-ratio (total weekly income divided by total weekly cost) for all early years providers was 1.25 in 2021 (1.35 for all providers excluding childminders). The mean ratio was highest for private providers (1.49) and lowest for MNS (1.07). The median income-to-cost ratio (the middle observation when providers are ranked from lowest to highest) was 0.96, indicating that half of providers were around or below the breakeven point where total costs equal total income.
- The mean unit cost (an approximate measure of the average cost per child per hour) for all providers was £4.51 in 2021.<sup>39</sup>

## IFS annual report on education spending

In December 2022, the IFS published its [2022 annual report on education spending in England](#).

The report noted that funding for the early years entitlements has “grown much more than funding for other stages of education, or for public services more broadly” over the last two decades. This has largely been driven by expansion of the free entitlements (eg, the introduction of the extended 30 hour entitlement from September 2017), but spending per hour also increased by 28% in real terms between 2009/10 and 2021/22.<sup>40</sup>

### Impact of inflation

The report noted the “substantial boost” to early years funding provided at the 2021 Spending Review (see above) but said “higher than expected inflation is now set to undo recent gains.”

While rising costs are a challenge for the entire economy, the report said, there are particular pressures on some of the main budget lines of early years providers. For example, wages make up around three quarters of providers’ costs and many workers are paid the minimum wage. As a result, changes to the National Living Wage “have been a significant driver of rising costs in the early years sector in recent years.” Other important components of provider costs, including utilities (3% of average costs) are also at high levels.<sup>41</sup>

Based on an index summarising how prices facing childcare providers have changed since 2017/18, the report found:

- The prices faced by childcare providers have grown more quickly than those facing households or the economy as a whole. In 2021/22 the prices

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<sup>39</sup> DfE, [Providers’ finances: Evidence from the Survey of Childcare and Early Years Providers 2021](#), March 2022, pp12-16.

<sup>40</sup> IFS, [Annual report on education spending in England: 2022](#), December 2022, p25.

<sup>41</sup> IFS, [Annual report on education spending in England: 2022](#), December 2022, p25.

facing childcare providers were 15% higher than in 2017/18. Consumer prices were 9% higher.

- Between 2022/23 and 2024/25, providers' costs are estimated to grow by 8%. Over the same period consumer prices are forecast to grow by 7%.
- Between 2017/18 and 2024/25, prices facing childcare providers will have grown by an estimated 32%. Over the same period the GDP deflator will have grown by 21%. This means "analysis of the 'real-terms' change in providers' resources based on the GDP deflator – the standard approach when analysing public spending – will understate the squeeze on resources that providers are likely to face."<sup>42</sup>

The report said funding for the free entitlements will not keep up with increasing costs over the coming years. Based on the childcare providers' cost index, the report estimated funding for the free entitlements will fall by 9% in real terms between 2021/22 and 2024/25.

The report noted the population of young children is set to fall over the next few years but added this "will not be enough to offset the real-terms decline in free entitlement funding." It estimated that core hourly funding for three and four-year-olds will be 14p lower in real terms by 2024/25. Forecasts at the time of the 2021 Spending Review implied a "modest real-terms growth in hourly funding."<sup>43</sup>

It should be noted that the analysis in the report does not account for the additional £20 million of funding in 2023/24, which was announced by the Government in December 2022 (see above).<sup>44</sup>

Further analysis of early years spending was published is available on the IFS website at: [Education spending - early years](#).<sup>45</sup>

### 3.3 Childcare sufficiency

There is a debate as to whether financial pressures in the early years sector are forcing providers to close and negatively affecting childcare sufficiency.<sup>46</sup>

The number of registered early years providers has fallen steadily since 2015 and there was a net overall decrease of around 5,410 providers between 31 August 2021 and 31 August 2022. This was the largest annual decrease since

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<sup>42</sup> IFS, [Annual report on education spending in England: 2022](#), December 2022, pp27-28.

<sup>43</sup> IFS, [Annual report on education spending in England: 2022](#), December 2022, pp29-30.

<sup>44</sup> DfE, [Early years funding formulae: Government consultation response](#) (PDF), December 2022, pp23 & 7.

<sup>45</sup> IFS, [Education spending - early years](#).

<sup>46</sup> [HC Deb 13 September 2021, cc205WH-230WH](#).

the 2015/16 academic year, most of which was due to a fall in the number of childminders.

The number of places offered by providers on the early years register has also declined, but not at the same rate as the number of providers. While the number of providers fell by 8% between 31 August 2021 and 31 August 2022, the number of places declined by 2% to 1.28 million.<sup>47</sup>

In its annual report for the 2021/22 academic year, published in December 2022, Ofsted said the decline in the number of early years providers and available places may “in part be caused by the considerable decrease in the birth rate. There are also more parents working from home, which may reduce demand for childcare places.”<sup>48</sup>

In response to a parliamentary question in February 2023, the Children’s Minister, Claire Coutinho, said the number of places offered by providers has “remained broadly stable since 2015.” She added that no local authorities were currently reporting any sufficiency issues:

The department has regular contact with each local authority in England, and if a local authority raises concerns about sufficiency issues, we will support it with any specific requirements. At present, all local authorities report that they are fulfilling their duty to ensure sufficient childcare.<sup>49</sup>

### Coram Childcare Surveys

In March 2022, Coram published its [Childcare Survey 2022](#). This was based on survey responses gathered between November 2021 and February 2022.

The report noted the decrease in the number of early years providers and said compared to the previous year a lower proportion of local authorities in England report having enough childcare to meet demand for pre-school children.<sup>50</sup> Between 57% and 79% of local authorities reported having enough childcare in all areas for children under two, those aged two, and three and four-year-olds in receipt of the early education entitlements.<sup>51</sup>

[Early data from Coram’s Childcare Survey 2023](#), published in January 2023, suggested over half of local authorities said the sustainability of childcare providers had been negatively impacted by the rising cost of energy (57%) and food (53%).<sup>52</sup>

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<sup>47</sup> Ofsted, [Ofsted Annual Report 2021/22: education, children’s services and skills](#), 13 December 2022, pp25-26; Ofsted, [Main findings: Childcare providers and inspections as at 31 August 2022](#), 30 November 2022.

<sup>48</sup> Ofsted, [Ofsted Annual Report 2021/22: education, children’s services and skills](#), 13 December 2022, pp25-26.

<sup>49</sup> [PQ 147481 \[Childcare\]](#), 17 February 2023.

<sup>50</sup> Coram, [Childcare Survey 2022](#), March 2022, p5.

<sup>51</sup> Coram, [Childcare Survey 2022](#), March 2022, pp21-22.

<sup>52</sup> Coram, [Childcare Survey 2023 early release](#), January 2023.

## 4 Childcare costs and affordability

### 4.1 Support with childcare costs

As set out in section one above, the Government provides financial support with the costs of childcare via the three childcare entitlements:

- 15 hours universal entitlement for three and four-year-olds
- Extended 30 hours entitlement for working households
- 15 hours entitlement for disadvantaged two-year-olds

Other sources of Government support with childcare costs include Tax Free Childcare (TFC), childcare vouchers and the childcare element of Universal Credit (UC).

#### Tax Free Childcare (TFC)

Under the TFC scheme, a parent or carer pays funds for childcare into a TFC account. The Government then tops up each £8 paid in with an extra £2, up to a maximum of £500 per child every three months, or £1,000 every three months for a disabled child. Money in the TFC account can then be used to pay for childcare.

The eligibility criteria for TFC are the same as the for the 30 hours entitlement (ie, generally only available for working households) and can be paid in respect of any child aged under 12 years of age, or under 17 years of age if they are disabled. It is possible to claim TFC at the same time as the 30 hours entitlement.

#### Childcare element of Universal Credit (UC)

UC is means-tested and is payable to individuals and families in or out of work. UC can include a childcare costs element covering up to 85% of childcare costs, with the maximum amount payable being £646.35 a month for one child, or £1,108.04 a month for two or more children.

It is not possible to claim TFC at the same time as UC.

#### Childcare vouchers

Employees who receive childcare vouchers from their employer may be entitled to claim tax relief on this benefit, but only if they joined their employer's scheme on or before 4 October 2018.

Further information on the childcare entitlements, and other sources of support with childcare costs, is available in the Library briefing: [Help with childcare costs \(England\)](#) and on the Government’s [childcare choices website](#).

## 4.2 Take-up

Concerns have been raised that some people may not be accessing all the support available to them. This has particularly been raised as an issue concerning Tax Free Childcare (TFC).

As a proportion of all families who were eligible for TFC in March 2022 and had qualifying childcare, the take-up rate in the UK was 30%. Across the 2021/22 financial year, 40% of eligible families used TFC. Take-up varies by region and tends to be higher in regions with higher populations, such as London.<sup>53</sup>

The Nuffield Foundation has highlighted the TFC scheme as “underutilised” and has noted that in the first three years of TFC, the government spent £385 million compared to the original forecast of £2.1 billion.<sup>54</sup> The Office for Budget Responsibility (OBR) has also highlighted that forecast spending for TFC has been revised down “due to lower-than-expected take-up”.<sup>55</sup>

### Government forecast and actual expenditure for TFC £ millions

Year	Forecast expenditure <sup>1</sup>	Actual expenditure
2017-18	400	32
2018-19	800	117
2019-20	900	236
2020-21	400	241
2021-22	600	411

Notes: <sup>1</sup> Forecast expenditure for 2017/18 to 2019/20 was the original forecasted spend from the OBR in March 2017. The forecasted expenditure for 2020/21 and 2021/22 are from the OBR March 2019 economic and fiscal outlook report.

Source: HMRC, [Tax-Free Childcare statistics, June 2022](#), 17 August 2022; PQ 88366 [[on Children: Day Care](#)], 17 September 2020; OBR Economic and fiscal outlook [March 2017](#), [March 2019](#) & [March 2020](#)

<sup>53</sup> [PQ 6945 \[Children: Day Care\]](#), 23 May 2023

<sup>54</sup> Nuffield Foundation, [The role of early childhood education and care in shaping life chances \(PDF\)](#), October 2021, p11; PQ 88366 [[on Children: Day Care](#)], 17 September 2020

<sup>55</sup> OBR, [Economic and fiscal outlook \(PDF\)](#), March 2020, p103



Research published by the Institute for Fiscal Studies (IFS) in May 2022 found under half of parents with pre-school-aged children were aware of all the support available for help with childcare costs. The IFS recommended increasing awareness and take-up of already existing financial support:

Increasing take-up of existing financial support for childcare would benefit both children and parents, particularly as the cost of living crisis means that parents who are currently able to meet their childcare costs won't necessarily be able to do so in the near future. As this IFS research highlights, less than half of parents with pre-school-aged children even know about the full range of support that is available.<sup>56</sup>

Details on Government efforts to improve take-up of childcare support is provided in section 5.4 below.

Further information on take-up of childcare support is available in the Library briefing: [Help with childcare costs \(England\)](#)

## 4.3 Cost of childcare

Childcare costs vary widely depending on individual circumstances (household structure, region, number of hours of childcare, type of childcare provision). This limits how informative national average childcare cost data can be. In addition, there are many different ways of measuring these costs. This means that depending on exactly how childcare costs are measured the estimates will vary.

These considerations also apply when making international comparisons of childcare costs. International comparisons are further complicated by the very different childcare provision and types of government assistance available in different countries.

### International comparisons

The Organisation for Economic Co-operation and Development (OECD) has suggested UK parents face some of the highest net childcare costs as a percentage of average wages.<sup>57</sup>

The IFS has also said “the cost of childcare in England is high compared with other countries and has risen quickly over time”.<sup>58</sup>

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<sup>56</sup> IFS, [Policies to tackle the cost of childcare need to be honest about the minority of parents with pre-school children who will benefit](#), 20 May 2022

<sup>57</sup> OECD, [Net childcare costs \(indicator\)](#) (Accessed on 20 October 2022)

<sup>58</sup> IFS, [The changing cost of childcare \(PDF\)](#), 20 May 2022, p3

## Department for Education’s childcare provider survey

The Department for Education’s [2022 Survey of Childcare and Early Years Providers](#) (SCEYP) in England, published in December 2022, found the mean hourly fee charged by providers to parents in 2022 was:

- £5.68 for children under the age of two, an increase of 2.7% from 2021;
- £5.72 for two-year-old children, an increase of 3.4% from 2021; and
- £5.60 for three- and four-year-old preschool children, up 3.8% from 2021.<sup>59</sup>

The Department for Education highlighted that these annual increases were all well below the rate of inflation recorded in May 2022 (the middle of the survey period).<sup>60</sup>

## Coram family and childcare survey

The [Coram Family and Childcare Survey 2022](#), published in March 2022, is the latest in a series of annual reports based on surveys sent to Family Information Services at local authorities in Great Britain.

The report explored the average cost of childcare in England for part-time and full-time places in 2022. Among other things (set out in the table below), the report found the average price of a part time childcare place (25 hours a week) in a nursery in England was £140.68 a week for a child under two and £135.28 for a child aged two. For 25 hours of childcare with a childminder, the average price was £124.83 for a child under two and £122.33 for a child aged two and over.

The survey highlighted the cost of childcare for a child under the age of three was around double the average household spend on food and non-alcoholic drinks per week (£63.70).<sup>61</sup>

Average cost of childcare per week 2022, England				
Age of child	Nursery		Childminder	
	Part time (25 hours a week)	Full time (50 hours a week)	Part time (25 hours a week)	Full time (50 hours a week)
Under two years old	£140.68	£273.57	£124.83	£237.58
Two year olds	£135.28	£265.38	£122.33	£236.01
Three and four year olds*	£54.10	£105.76	£48.67	£93.98

<sup>59</sup> DfE, [Childcare and early years provider survey](#), Gov.UK, 15 December 2022, Section 9- Provider fees

<sup>60</sup> DfE, [Childcare and early years provider survey](#), Gov.UK, 15 December 2022, Section 9- Provider fees

<sup>61</sup> Coram, [Childcare Survey 2022](#), 22 March 2022, pp11-13.

Note: \*The price of childcare for three- and four-year-olds includes the extended entitlement, paying for 10 hours for a part time place and 20 hours for a full-time place

Source: Coram, [Family and Childcare Survey 2022](#), 22 March 2022

## Parents' perception of childcare costs

[The Department for Education's annual survey of parents](#) asks parents to rate the affordability of local childcare (very good, fairly good, fairly poor, very poor, or not sure). The survey also asks parents to rate how difficult they find it to meet their childcare costs (very easy, easy, difficult, or very difficult).

In 2021, around 42% of parents (with children aged 0-14) rated the affordability of local childcare as very or fairly good. This was the highest rate since comparable survey data was first published in 2008 (when the rate was 35%).<sup>62</sup>

In 2021, around 19% of parents (with children aged 0-14) reported finding it difficult or very difficult to meet their childcare costs. This was lower than the 24% rate recorded for parents with younger children (aged 0-4).

Unsurprisingly, this rate varies depending on household income. 45% of parents (with children aged 0-14) earning £10,000 per year or less, reported that they find it difficult or very difficult to meet their childcare costs. This compared with 13% of families earning £45,000 per year or more.

The survey also asked non-working mothers whether they would prefer to go out to work if they could arrange "good quality childcare that was convenient, reliable and affordable". In 2021, 45% of non-working mothers (with children aged 0-14) reported that they would. This was lower than the 53% rate recorded for mothers with younger children (aged 0-4).<sup>63</sup>

## Childcare and cost of living pressures

In its [submission to the Treasury ahead of the Spring Budget 2023](#), the Confederation of British Industry (CBI) suggested the current childcare system is "exacerbating the cost-of-living crisis". It also said the system is contributing to labour market shortages, dampening economic output, slowing down social mobility and contributing to gender inequality.<sup>64</sup>

A March 2022 survey by UK campaign group 'Pregnant then Screwed' and the organisation 'Mumsnet', found 62% of parents of young children said the cost

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<sup>62</sup> DfE, [Childcare and early years survey of parents: 2021](#), 25 August 2022.

<sup>63</sup> DfE, [Childcare and early years survey of parents: 2021](#), 25 August 2022. (Accompanying table 8.12)

<sup>64</sup> CBI, [Five ways the UK's broken childcare system is preventing economic growth](#), 13 February 2023.

of childcare is now the same or more than their rent/mortgage.<sup>65</sup> In addition, of the parents surveyed:

- 25% said to afford childcare, they had cut down on “necessary expenses” (such as food, heating or clothing);
- 80% expected an increase in their childcare bill in the next 6 months;
- 99% said “the cost of childcare is making the cost of living crisis even more challenging”; and
- 13% of single parents had used a food bank because of increased childcare costs (alongside other costs).<sup>66</sup>

## 4.4 Government position

In response to a parliamentary question on 27 February 2023, the Children’s Minister, Claire Coutinho, said “improving parents’ access to affordable childcare is a Government priority.” She added that the Government was working to raise awareness of the support available (see below) and was “exploring options” to support families.<sup>67</sup>

The Minister made similar comments in response to a Westminster Hall debate on the affordability and availability of childcare on 21 February 2023. She also referred to the support offered by the childcare entitlements:

We recognise that cost of living pressures are affecting families across the country and we have been looking at a range of measures to directly support households. One of our key areas of support has been the 30 hours’ free childcare entitlement. It was introduced in 2017 and has helped countless working parents. Nearly 350,000 children were registered for a place in January 2022, which saved those families up to £6,000 per child per year. That is making a real difference. Our 2021 childcare and early years survey of parents found that 73% of parents reported having more money to spend since they started using the 30 hours and 38% thought that without those 30 hours, they would be working fewer hours. We also remain committed to that universal 15 hours of free early education, which is helping more than 1 million children this year.<sup>68</sup>

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<sup>65</sup> Survey of 26,962 parents of young children; Pregnant then Screwed, [Press release – 1 in 4 parents have had to cut down on heat, food & clothing to pay for childcare](#), 25 March 2022

<sup>66</sup> Pregnant then Screwed, [Press release – 1 in 4 parents have had to cut down on heat, food & clothing to pay for childcare](#), 25 March 2022

<sup>67</sup> [HC Deb 27 February 2023, cc515-516](#).

<sup>68</sup> [HC Deb 21 February 2023, c44WH](#).

## Government consultation

In July 2022, the Government launched a consultation on proposals aimed, in part, at reducing the cost of childcare. The proposals included:

- Changing the mandatory staff to child ratio for two-year olds in early years settings from 1:4 to 1:5.
- Increasing flexibility for childminders, so they can care for more than the maximum of three children under the age of five “if they are caring for siblings of children they already care for, or if the childminder is caring for their own baby or child”.
- Making the Early Years Foundation Stage Statutory Framework (EYFS) explicit that “adequate supervision” means children “must be in sight and hearing of an adult” while they are eating or drinking.<sup>69</sup>

The Government said the change to the ratio for two-year-olds could reduce childcare costs by up to £40 for a family paying £265 per week. However, some stakeholders questioned whether the changes would lead to savings for families. Further information can be found in the Library insight on the [Government’s consultation on childcare ratios](#).<sup>70</sup>

The Government has not yet responded to the consultation, which closed on 16 September 2022.<sup>71</sup>

## Awareness raising campaign

In June 2022, the Government launched a campaign costing £1.2 million, though [the Childcare Choices website](#), to increase awareness of government-funded support with childcare costs.<sup>72</sup> The first campaign ran from 30 June to 31 August 2022, and the second went live on the 31 October 2022.<sup>73</sup>

In January 2023, the Government said the first campaign had resulted in more referrals for the different child support elements:

The first burst of the campaign... demonstrated a solid conversion rate, with 77,995 referrals to Gov.UK pages from Childcare Choices for each element of childcare support:

- Universal Credit – 6,598 referrals, a 156% increase
- Tax-Free Childcare – 25,840 referrals, a 116% increase

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<sup>69</sup> DfE, [Childcare: Regulatory changes](#), 4 July 2022.

<sup>70</sup> House of Commons Library, [Childcare ratios in England](#), 6 July 2022

<sup>71</sup> PQ HL4971 [on [Childcare: Reform](#)], 6 February 2023

<sup>72</sup> DfE, DWP & HM Treasury press release, [Drive to reduce the cost of childcare for parents](#), 4 July 2022

<sup>73</sup> PQ HL4439 [on [Childcare: Tax Allowances](#)], 6 January 2023

- 30 hours – 16,731 referrals, a 27% increase<sup>74</sup>

## 4.5

### Education Committee inquiry

On 15 December 2022, the Education Committee announced an [inquiry into “childcare affordability and early years education”](#). Among other things, the Committee will examine:

- How affordable and easy to understand is the current provision of childcare in England and what steps, if any, could be taken to improve it, especially in relation to families living within the most deprived areas in England?
- Are the current entitlements providing parents/carers with sufficient childcare, and to what extent are childcare costs affecting parents/carers from returning to work full-time?
- Whether the current Tax-Free Childcare scheme, and support for childcare from the benefits and tax credit system, is working effectively or whether these subsidies could be better used within other childcare subsidies. The Committee said they are looking into why childcare has become too expensive for an increasing number of families. It is also examining the Government’s current provision of support with childcare costs.<sup>75</sup>

The deadline for evidence submissions to the Committee was 19 January 2023.

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<sup>74</sup> PQ HL4439 [on [Childcare: Tax Allowances](#)], 6 January 2023

<sup>75</sup> Education Committee, [Education Committee launches inquiry into childcare affordability and early years education](#), UK Parliament, 15 December 2022

## 5 Parliamentary material

### 5.1 Debates

[Childcare: Affordability and Availability](#)

Volume 728: debated on Tuesday 21 February 2023

### 5.2 Select Committees

Education Committee news article, [Education Committee launches inquiry into childcare affordability and early years education](#), 15 December 2022

Education Committee news article, [Childcare and early years debate in House of Commons main chamber](#), 2 March 2023

### 5.3 Parliamentary question

[Childcare](#)

27 Feb 2023 | Written questions | Answered | House of Commons | 147481

Asked by: Fleur Anderson

To ask the Secretary of State for Education, what steps her Department is taking to increase the number of childcare spaces in Britain; and how much additional funding her Department plans to allocate to childcare.

**Answered by:** Claire Coutinho | Department for Education

The department understands that childcare is a key concern for parents, which is why we are committed to improving the cost, choice, and availability of childcare.

[...]

In the 2021 Spending Review, the department announced additional funding for the early years entitlements of £160 million in the 2022/23 financial year, £180 million in 2023/24 and £170 million in 2024/25, compared to the 2021/22 financial year.

In the 2023/24 financial year, we will invest an additional £20 million into early years funding, on top of the additional £180 million for 2023/24. Taken

together, this will help support providers at a national level with the additional National Living Wage costs associated with delivering the free childcare entitlements next year.

With the additional £20 million, local authorities are set to receive average funding increases of 3.4% for the 3- and 4-year-old free childcare entitlements and 4% for the 2-year-old entitlement, compared to their 2022/23 rates.

The department has again increased the Early Years Pupil Premium, which for 2023/24 will provide up to £353 per eligible child per year to support better outcomes for disadvantaged 3- and 4-year-olds. Additionally, we have increased the Disability Access Fund, which will be worth at least £828 per eligible child per year.

The department continues to engage with sector stakeholders and local authorities to monitor dynamics within local markets, parents' access to the government's entitlements and the childcare they require, and the sustainability of the sector.

### **Pre-school Education: Finance**

**27 Feb 2023 | Written questions | Answered | House of Commons | 150460**

**Asked by:** Bridget Phillipson

To ask the Secretary of State for Education, if her Department will make an estimate of the average hourly cost of funding an early years place for a child aged (a) three or four and (b) two in each of the next five years.

**Answered by:** Claire Coutinho | Department for Education

On 16 December 2022, the department published local authority funding rates for the early education entitlements for the 2023/24 financial year. Average funding rates, along with supporting data, can be found in the step-by-step calculations (national details) available at: [https://www.gov.uk/government/publications/early-years-funding-2023-to-2024\(opens-in-a-new-tab\)](https://www.gov.uk/government/publications/early-years-funding-2023-to-2024(opens-in-a-new-tab)).

As the early education entitlements are demand-led, the department cannot forecast average funding rates for the 2024/25 financial year until funding rates for local authorities are announced later this year. Average funding rates beyond 2024/25 will be determined following the next Spending Review.

### **Family Hubs**

**15 Feb 2023 | Written questions | Answered | House of Commons | 141602**

**Asked by:** Mullan, Dr Kieran

To ask the Secretary of State for Education, what progress her Department has made with Cabinet colleagues on rolling out the Family Hubs programme.

**Answered by:** Claire Coutinho | Department for Education



On 9 February 2023, the government announced a number of updates which demonstrate positive progress in delivering the manifesto commitment to champion family hubs and their continued commitment to ensure every baby has the best start in life. The announcement included:

- Publication of a progress report on delivering the government's Best Start for Life vision, written in consultation with Dame Andrea Leadsom MP in her capacity as the government's early years adviser. This can be found here: [https://www.gov.uk/government/publications/the-best-start-for-life-a-vision-for-the-1001-critical-days\(opens-in-a-new-tab\)](https://www.gov.uk/government/publications/the-best-start-for-life-a-vision-for-the-1001-critical-days(opens-in-a-new-tab)).
- The extension of Dame Andrea Leadsom's term as the government's early years adviser.
- Confirmation that all 75 eligible local authorities have successfully signed up to the £300 million Family Hubs and Start for Life programme.
- The names of local authorities which have been successful in their bid to become trailblazers, leading the way on ambitious programme delivery and supporting other areas with their expertise.
- Publication of guidance for local authorities on publishing 'Start for Life Offers' and setting up Parent and Carer Panels, both form part of the Family Hubs and Start for Life Programme.
- The names of the final five local authorities enrolled on the £12 million Family Hubs Transformation Fund, building on the seven local authorities that were announced in May 2022.

An additional £28 million has also been made available to the 75 local authorities to improve children's home learning environments, helping them to recover from the COVID-19 pandemic. Further information can be found here: [https://www.gov.uk/government/news/thousands-of-families-to-benefit-from-local-support-in-rollout-of-family-hubs\(opens-in-a-new-tab\)](https://www.gov.uk/government/news/thousands-of-families-to-benefit-from-local-support-in-rollout-of-family-hubs(opens-in-a-new-tab)).

Thousands of parents and carers across England will be able to access local, co-ordinated support and advice in raising a family, through the 75 upper tier local authorities that have received investment from the Family Hubs and Start for Life programme.

The 75 upper tier local authorities who are eligible for this Family Hubs and Start for Life funding were announced on 2 April 2022. The Programme Guide and sign up process was launched in August 2022 and all 75 local authorities have now signed up to the programme. We are now working with local authorities on their delivery plans.

Local authorities will be expected to open family hubs in the first half of 2023 and meet programme expectations by the end of March 2025.

### **Childcare: Costs**

**09 Feb 2023 | Written questions | Answered | House of Commons | 137938**

**Asked by:** Mr Tanmanjeet Singh Dhese

To ask the Secretary of State for Education, whether her Department has made an assessment of the effect of (a) the cost of childcare for families and (b) the number of parents not in work due to the affordability of childcare on the economy.

**Answered by:** Claire Coutinho | Department for Education

The most recent Childcare and Early Years Survey of Parents provides some data on the cost of childcare and families. Almost three in five (56%) parents who paid for childcare in 2021 said it was easy or very easy to meet their childcare costs, a rise from 52% in 2018.

The department continues to look at ways to make childcare more affordable and to encourage families to use the government-funded support they are entitled to. In England, we have spent over £3.5 billion in each of the past three years on our early education entitlements to support families with the cost of childcare.

In the 2021 Spending Review, the department announced additional funding of £160 million in 2022/23, £180 million in 2023/24 and £170 million in 2024/25, compared to the 2021/22 financial year. This is for local authorities to increase hourly rates paid to childcare providers, reflecting cost pressures and changes in the number of eligible children anticipated at the time of the spending review.

For the 2023/24 financial year, we will invest an additional £20 million into early years funding, on top of the additional £180m for 2023/24. This will help support providers at a national level with the additional National Living Wage costs associated with delivering the free childcare entitlements next year.

In July 2022, the department announced measures to increase take-up of childcare support to ensure that families can access government support to save them money on their childcare bills. This included our Childcare Choices communications campaign to ensure every parent knows about the government funded support they are eligible for.

We do not hold the data on the number of parents unable to work due to the cost of childcare.

### **Childcare**

**20 Jan 2023 | Written questions | Answered | House of Commons | 124068**

**Asked by:** Carden, Dan

To ask the Secretary of State for Education, what steps she plans to take to improve the (a) accessibility, (b) affordability and (c) quality of childcare.

**Answered by:** Claire Coutinho | Department for Education

The department is committed to improving the cost, choice, and availability of childcare. We continue to work across government to look at ways to make childcare more affordable and accessible, and to encourage families to use government-funded support they are entitled to.

In July 2022, the department announced measures to increase take-up of childcare support and reduce the costs and bureaucracy facing providers. We announced a £1.2 million marketing campaign via the Childcare Choices website to ensure that every parent knows about the government funded support they are eligible for. More information is available here: <https://www.childcarechoices.gov.uk/> (opens in a new tab).

### **Childcare**

**19 Jan 2023 | Written questions | Answered | House of Commons | 124062**

**Asked by:** Dan Carden

To ask the Secretary of State for Education, with reference to the Institute for Public Policy Research report entitled Delivering a Childcare Guarantee, published on 6 December 2022, what assessment she has made of the potential merits of that report's recommendations.

**Answered by:** Claire Coutinho | Department for Education

The report “Delivering a Childcare Guarantee” makes several recommendations that cover sustainable funding for childcare and early education, the sufficiency of the number of childcare places on offer to parents, and our investment in the early years workforce. Getting this right is fundamentally important for parents and children, and we are looking at all options to improve the cost, flexibility and availability of childcare, and crucially, outcomes for children.

The department has spent over £3.5 billion in each of the past three years on early education entitlements to support families with the cost of childcare. At the Spending Review 2021, we announced additional funding for the early years entitlements of £160 million in 2022/23, £180 million in 2023/24 and £170 million in 2024/25, compared to the 2021/22 financial year. For 2023/24, we are investing an additional £20 million, on top of the additional £180 million already announced, to help support providers at a national level with additional costs associated with the national living wage.

The department is not currently planning to extend our free early education entitlements. We remain committed to supporting working parents through a range of childcare offers, including Universal Credit and Tax-Free Childcare, which are available to working parents of children from age 0.

The department is supporting parents to access the childcare they need through the ‘right to request’, which enables a parent to request that the school their child attends considers establishing wraparound and/or holiday

childcare provision, if they are not already doing so. Schools must respond to these requests and should not refuse them without a reasonable justification. The government is also investing up to £30 million to continue our national school breakfast programme until July 2024, supporting up to 2,500 schools in disadvantaged areas. The programme offers free nutritious breakfasts to children from low-income families, to support their attainment, wellbeing, and readiness to learn.

Under Section 6 of the Childcare Act 2006, local authorities are responsible for ensuring that the provision of childcare is sufficient to meet the requirements of parents in their area. The department has regular contact with each local authority in England, and if a local authority raises concerns about sufficiency issues we will, of course, support it with any specific requirements. We are currently seeking to procure a contract that will provide support to local authorities who are seeking to improve their ability to fulfil their childcare sufficiency duties.

Finally, we recognise that workforce recruitment and retention are key issues for the early years sector. The majority of the sector is made up of private, voluntary and independent organisations who set their own rates of pay. However, we acknowledge the concerns raised by the sector regarding the perceived impact of salary rates. The department is working with the sector to build our understanding of the workforce situation, and how we might support providers in this area.

The government is already providing a package of training, qualifications, expert guidance, and targeted support for the early years sector to focus on the development of the youngest and most disadvantaged children and help to address existing recruitment and retention challenges. We are funding a range of programmes, including additional funding for graduate level specialist training which leads to early years teacher status and an accredited level 3 early years SENCO qualification.

Childminders are an important part of the early years workforce and the childcare market more widely, providing flexible, high-quality and affordable childcare that many parents both want and need. We have announced a set of measures to support childminders and boost their numbers. More information about this will be provided in due course.

## 6

### News articles

[PM told to 'prioritise' childcare and deliver more support for early education](#)

1 March 2023

Nursery World

[Early years funding shortfall leaves providers at risk of closure, charity warns](#)

23 February 2023

Children & Young People Now

[Almost nine in 10 early years providers set to increase fees this year](#)

15 February 2023

Early Years Alliance

[Cost-of-living crisis: Childcare settings forced to increase fees and a third warning of closure](#)

15 February 2023

Nursery World

[Treasury considering huge expansion of free childcare in England](#)

10 February 2023

Guardian

[Senior Tories urge Rishi Sunak to prioritise childcare reform](#)

4 January 2023

BBC

[Rishi Sunak shelves 'big bang' childcare reforms](#)

1 January 2023

The Telegraph

## 7

### Further information

[New pregnant then screwed data shows three-quarters of mothers who pay for childcare say that it does not make financial sense for them to work](#)

1 March 2023

Pregnant then screwed

[Thousands of families to benefit from local support in rollout of Family Hubs](#)

9 February 2023

Department for Education

[Funding for the early years likely to fall by 8% up to 2024 as a result of faster-than-expected cost rises](#)

IFS

11 November 2023

[Childcare in crisis: how do we fix a broken system?](#)

Children's Commissioner

24th February 2023

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