

## **PACEY<sup>1</sup> submission to the 2025 spending review February 2025**

### **Summary**

PACEY supports the Government's clear focus on the importance of the early years. Within that we warmly welcomed the increase in Early Years Pupil Premium (EYPP) at the last budget, and the ongoing commitment to supporting early childhood development.

In this paper we outline why the government commitment should go even further.

High quality early education has a core value in itself. It is also one of the most prudent investments that any government can make. Delivered well and efficiently it delivers both short- and long-term return on investment, supporting economic growth and reducing the burden on other public services. It also supports the delivery of multiple government priorities including Best Start in Life, Opportunity for All, Child Poverty, and Workforce Participation.

Further, for children themselves, high quality early years education and childcare holds the key to their physical, mental and emotional wellbeing, giving them the foundations with which to fully maximise their opportunities in life.

**However, childminders are in long-term decline, despite the rising need for more bespoke and flexible provision.**

Our submission outlines the following recommendations:

1. A workforce strategy that addresses the plummeting numbers of childminders.
2. Reform of the funding system.
3. Measures to ensure fair and equal access to government funded schemes for all children regardless of their circumstances.

### **Introduction - The importance for opportunity and growth**

Early education introduces a wealth of benefits for the development of children's mental and physical wellbeing; however, these are not the only benefits. A functioning and high-quality childcare sector is an absolute necessity for any thriving economy. When parents can access flexible childcare that fits around their work patterns, they not only reduce the likelihood of their child growing up in poverty, they also ensure their own active contribution to the economy.

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<sup>1</sup> PACEY (The Professional Association for Childcare and Early Years) was formed in 1977. We currently represent over half of all childminders in England and Wales through our membership.

Due to caring responsibilities, women across the board are 7 times more likely to be economically inactive than men. In their 30s this gap is even more striking with 1 in 10 women being out of the labour market, compared to 1 in 100 men.<sup>2</sup> Labour market research has shown that improving women's access to early years services could generate as much as £28.2 billion in additional economic output per year.<sup>3</sup> Currently, however, mothers miss out on £9.4 billion in earnings every year and the economy loses 1 per cent in GDP as a result of unaffordable, inaccessible childcare.<sup>4</sup> The Trade Union Commission has estimated that this, approximately, equates to 1.7 million women who are prevented from taking on more hours of work due to childcare issues.<sup>5</sup>

Flexibility has remained a major challenge in getting both women and men back to work. As many as 85 per cent of mothers and 81 per cent of fathers stated that they are struggling to find jobs that accommodate their childcare needs.<sup>6</sup> An estimated 250,000 young mothers of children aged four and under have left their jobs due to the difficulties of balancing work and childcare.<sup>7</sup> As many as 40 per cent of working mothers told the Fawcett Society that they would prefer to increase their working hours if childcare was more accessible,<sup>8</sup> and another 41 per cent of women have stated that they have had to decline promotions or career development opportunities due to their childcare arrangements.<sup>9</sup>

Not only can a functioning early education system encourage the economic development of families, but it can also help get families out of poverty. There are 8.1 million working age adults, and 4.2 million children are living in poverty in the U.K.<sup>10</sup> Furthermore, more than one million children in the U.K. are currently facing destitution levels of poverty, an increase of nearly 3x since 2017.<sup>11</sup> Destitution poverty refers to people who are unable to meet the basic physical needs of staying warm, dry, clean and fed.<sup>12</sup> Poverty like this, has an extremely negative impact on children's developments and long-term outcomes. In addition, it puts unnecessary stress on our social systems, as it causes long lasting damage to children's physical and mental health.

The Joseph Rowntree Foundation stated that although early education benefits all families, it makes the biggest difference to disadvantaged families.<sup>13</sup> However, the pre-school attainment gap is significant. In 2022 in England, according to Early Years Foundation Stage profile results, 48.1 per cent of children known to qualify for free school meals were assessed as having a 'good level of development', compared to 68.8

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<sup>2</sup> *Paths to Parenthood: Uplifting Mothers at Work* 2023, The Fawcett Society, page 5.

<sup>3</sup> *General Election Manifesto 2024*, Early Years Alliance, page 3.

<sup>4</sup> *Manifesto 2024*, Pregnant Then Screwed, page 2.

<sup>5</sup> *A New Deal for the Childcare Sector* 2022, Trade Unions Commission, page 6.

<sup>6</sup> *Paths to Parenthood: Uplifting Mothers at Work* 2023, The Fawcett Society, page 16.

<sup>7</sup> *Motherhood Penalty 'Has Driven 250,000 Women out of Jobs'* 2023, The Guardian, page n/a.

<sup>8</sup> *Paths to Parenthood: Uplifting Mothers at Work* 2023, The Fawcett Society, page 16.

<sup>9</sup> *Ibid*, page 16.

<sup>10</sup> *UK Poverty* 2024, The Joseph Rowntree Foundation, page 4.

<sup>11</sup> *Ibid*, page 4.

<sup>12</sup> *Ibid*, page 5.

<sup>13</sup> *Tackling Disadvantage Through Childcare* 2023, Coram and Joseph Rowntree Foundation, page 5.

per cent of their peers.<sup>14</sup> According to the Sutton Trust the development gap between better off and poorer children when they start primary school is already 11 months, and there is no evidence to suggest this gap is closing under current measures.<sup>15</sup>

Moving into well-paid and secure work is the best route out of poverty for families, but working, or working more, can only assist in raising family income if childcare is affordable. Data from the Young Women's Trust indicates that 1 in 3 mothers have been forced to leave their job because they could not afford childcare.<sup>16</sup> Additionally, the organisation Pregnant Then Screwed found that 22 per cent of parents are considering quitting their job or reducing their hours due to childcare costs despite the expansion of the 30-hour offer.<sup>17</sup>

*It is important to note here that non-working families are not entitled to the extended childcare offer. Although the reasoning behind this decision is to focus assistance on improving availability of childcare for working families, this means that non-working parents often cannot afford childcare costs and, as a result, struggle to find suitable employment.*

Low-income families are also more likely to be affected by the additional costs of the 'free childcare' places, as government funding does not cover meals, consumables, extra hours or additional activities.<sup>18</sup> As a result, these disadvantaged families may rely on informal childcare with family or friends instead of formal early years education.<sup>19</sup> While Universal Credit Support assists these disadvantaged families with childcare affordability, in practice the complexity of the claims process creates a barrier for parents and discourages some families. As a result, the uptake of the Universal Credit Support among eligible working parents, stands at just 13 per cent.<sup>20</sup> Similarly, for disadvantaged families who can claim the 15-hour extension, the take-up rate is lower compared to non-disadvantaged families.<sup>21</sup>

### **Section 1. A workforce strategy that addresses the plummeting numbers of childminders.**

Persistent underfunding has led to poor pay and conditions among the workforce, as well as limited opportunities for development and a consensus of feeling undervalued.<sup>22</sup> As a direct result, there is a mass exodus of qualified and experienced staff moving away from the early years sector, as well as a failure to entice new workers into the early years field.

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<sup>14</sup> Ibid, page 5.

<sup>15</sup> *A Fair Start? Equalising Access to Early Education* 2021, Trade Unions Commission, page 13.

<sup>16</sup> *Childcare – What Young Women Want* 2019, Young Women's Trust, page 3-4.

<sup>17</sup> *Childcare Cost Crisis Persisting Despite New Government Funding* 2024, Pregnant Then Screwed, page n/a.

<sup>18</sup> *Tackling Disadvantage Through Childcare* 2023, Coram and Joseph Rowntree Foundation, page 8.

<sup>19</sup> Ibid, page 8.

<sup>20</sup> *Tackling Disadvantage Through Childcare* 2023, Coram and Joseph Rowntree Foundation, page 10.

<sup>21</sup> Ibid, page 14.

<sup>22</sup> *Retention and Return* 2024, Early Education and Childcare Coalition, page 13.

- 75 per cent of local authorities identified the lack of local childcare workforce as the biggest challenge in meeting the expansion of funded childcare.<sup>23</sup>
- More than eight in ten providers have said they are struggling to recruit professionals.<sup>24</sup>
- Between March 2022 and March 2023 alone, 5,000 providers left the sector, the equivalent to a net loss of 24,500 places.<sup>25</sup>
- In the last decade childminder numbers have fallen by 50 per cent.<sup>26</sup>
- 57 per cent of group-setting staff and 38 per cent of childminders stated they were considering leaving the early years sector within the next 12 months.<sup>27</sup>

There are myriad reasons why early years educators are choosing to leave the sector. One of the main reasons cited is the lack of adequate pay for qualified professionals. In 2020 the average wage for an early years educator, 96 per cent of whom are women, was £7.42 an hour. In comparison, the average wage for a female worker in the UK in 2020 was £11.37 an hour.<sup>28</sup> A 2019 investigation by Nursery World found that 14 per cent of early years staff were living in relative poverty, with one in ten using food banks.<sup>29</sup>

Childminders, like the rest of the early years sector, are facing major issues in regard to sector pay, working conditions and funding, causing the profession to be unsustainable. Consequently, the number of childminders is rapidly dwindling.

- In the last ten years, childminder numbers have fallen by 50per cent in England<sup>30</sup>
- At the rate of current decline, there will only be 1000 childminders left in England in 2035, falling from its peak of 60,000 practitioners in 2012.<sup>31</sup>

The very latest data from Ofsted<sup>32</sup> show a 5% decline in the number of registered childminders between December 2023 - December 2024.

Data release	All childminders	Childminders on Early Years Register	Early Years Register places
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<sup>23</sup> *Childcare Manifesto 2024*, Coram, page 3.

<sup>24</sup> *Every English Region Struggling to Recruit Childcare Workers 2023*, Trade Unions Commission, page n/a.

<sup>25</sup> General Election Manifesto 2024 6 EYA

<sup>26</sup> *Retention and Return 2024*, Early Education and Childcare Coalition, page 13.

<sup>27</sup> *Ibid*, page 7.

<sup>28</sup> *A Strategy for the Care Workforce 2023*, Trade Unions Commission, page 8.

<sup>29</sup> *Childcare Practitioners 'Living in Poverty' 2019*, Nursery World, page n/a.

<sup>30</sup> *Retention and Return 2024*, Early Education and Childcare Coalition, page 13.

<sup>31</sup> *Ibid*, page 6.

<sup>32</sup> [Childcare providers and inspections: management information - GOV.UK](https://www.gov.uk/government/collections/childcare-providers-and-inspections-management-information)

31 December 2023	27,003	25,350	165,395
31 Aug 2024	25,991	24,372	158,096
31 December 2024	25,556	23,968	155,293

There are still very low numbers registered with Childminder Agencies.

Agency name	Number of childminders on roll
Orange Moon Childcare Community Interest Company t/a @Home Childcare	73
Suffolk Childcare Agency Limited	265
tiney	1180
Unique Support Early Years Agency	2

**This depletion of childminders threatens to seriously risk not only the number of places available but also the quality and diversity of provision available.**

According to the Policy Exchange, the 50 per cent drop in childminders has led to an estimated 25per cent (minimum) reduction in childminder places. Their modelling shows that if childminder levels had stayed constant over the past ten years, rather than drastically declining, there would be 70,000 more childcare places in the early years market.<sup>33</sup>

Research shows that childminders account for some of the lowest paid workers within the early years sector. Childminder average pay fell from just over £17,500 pre-pandemic to £14,300, and 32 per cent of childminders reported earning less than £10,000 versus 13 per cent in 2018/19.<sup>34</sup> In comparison average hourly pay amongst group setting providers stands at just below £11 and hour with an annual pay equal to £23,000.<sup>35</sup> Many childminders reported being dependent on male partners' wages to subsidise low income from childminding.<sup>36</sup>

The EECC found that childminders, in comparison to group settings, were more likely to try and absorb extra costs, to make-up for the shortfall in funding, rather than passing this cost on to parents.<sup>37</sup> As many as 49 per cent of childminders have had to use their own personal savings to meet the rising costs they are incurring.<sup>38</sup>

Childminders who have attempted to expand their business by employing an assistant have faced significant obstacles in the recruitment process. Only 20 per cent of

<sup>33</sup> *Better Childcare: Putting Families First*, Policy Exchange Think Tank, page 27.

<sup>34</sup> *A New Deal for the Childcare Sector 2022*, Trade Unions Commission, page 10.

<sup>35</sup> *Retention and Return 2024*, Early Education and Childcare Coalition, page 21.

<sup>36</sup> *Ibid*, page 22.

<sup>37</sup> *Ibid*, page 22.

<sup>38</sup> *Manifesto*, Pregnant Then Screwed, page 2.

childminders currently employ extra staff, at an average of 1-2 assistants.<sup>39</sup> A fifth of childminders who responded to the EEC's survey stated that they had current vacancies, and these vacancies had been in place for an average of 19 weeks.<sup>40</sup> Almost 93 per cent of childminders said they would not be able to recruit the relevant qualified and experienced staff necessary to increase the number of places.<sup>41</sup>

Further, the extension of the funded offer is changing dynamics within the childminder market significantly. With nearly two-thirds of childminders' business coming from children aged two years and under, many will face a stark choice of whether to open up to the funded entitlement or close their business. The generous rates offered to younger children may be enough to incentivise some – but without the security of regular monthly payments or simplified administration processes it remains to be seen how many will stay. This risks losing the home-based setting that many parents of very young children prefer.

### **Why are childminders important?**

Childminders provide all the benefits of quality early education and childcare in terms of supporting child development and providing access to the workplace for many parents. They also offer flexible care and education which is more responsive to individual children and their families specific needs. This kind of provision can be harder to find in group-settings.

**One of the greatest economic benefits of childminders is that they offer flexible care that can be more easily tailored to the working patterns of parents and wider families.**

In November 2024, the government published their White Paper titled *Get Britain Working* in which they put forward their legislative proposals which aim to achieve an 80% employment rate in Britain, putting the country in line with other GED economies. The paper states that “a key part of this government's mission to kick-start growth is our commitment to building an inclusive and thriving labour market where everyone has the opportunity of good work, and the chance to get on at work.”<sup>42</sup>

As the paper itself identifies, the lack of access to flexible high-quality early education is currently a structural barrier preventing parents, but specifically women, from either re-entering the workforce, accessing it for the first time, or developing better career opportunities.

Simply put, the current early education system is not working for all families, and its lack of flexibility, in particular, is preventing economic prosperity on an individual and societal scale. As a result, the government will not be able to deliver the *Get Britain*

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<sup>39</sup> *Retention and Return 2024*, Early Education and Childcare Coalition, page 43.

<sup>40</sup> *Ibid*, page 43.

<sup>41</sup> *Ibid*, page 43.

<sup>42</sup> *Get Britain Working White Paper 2024*, Department of Work and Pensions.

*Working* White Paper without an overhaul of the childcare system and a greater focus on provision that is centred around the needs of individual families.

Childminders are in a unique position to provide flexible care for children from a range of backgrounds, proving a key resource in the drive to ‘Get Britain Working’.

For example, there are an increasing number of people employed in roles that have a-typical hours, but the current childcare provision in this country does not account for this.

**37%** of UK workers work evenings  
**16%** work nights  
**31%** work weekends<sup>43</sup>

A-typical hours are most common in sectors such as the public sector and hospitality but industries such as health and social care, transport and storage, agriculture, forestry and fishing all have at least 30% of their workforce working night-time hours.<sup>44</sup>

Unlike school-based and other group-based provisions, the smaller individual aspect of childminding gives childminders the freedom to work outside of the typical 9:00-17:00 or 8:00-18:00 operating hours.

However, only 9 per cent of local authorities in England say they have sufficient provision in all areas for families with parents working a-typical hours, a drop from 15 per cent in 2023.<sup>45</sup> As discussed in the first section, 85 per cent of mothers and 81 per cent of fathers stated that they were struggling to find employment that could accommodate their childcare needs.<sup>46</sup>

**Women alone are missing out on an estimated £9.4 billion in earnings each year due to unaffordable and inaccessible childcare.**<sup>47</sup>

Coram, in their research, have directly attributed the shortage of childcare for parents with a-typical hours to the loss of childminders.<sup>48</sup> Increasing the amount of childminding provision available would significantly increase the number of parents able to take-up work that does not conform to typical 9-5 working week hours. As a result, more parents would have the opportunity to be economically active, this would not only positively affect their household income but also the wider economy.

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<sup>43</sup> *Population in Employment Working During Unsocial Hours 2024*, Eurostat.

<sup>44</sup> *The Night Time Economy 2022*, Office for National Statistics.

<sup>45</sup> *Child Care Survey 2024*, Coram, page 6.

<sup>46</sup> *Paths to Parenthood: Uplifting Mothers at Work 2023*, The Fawcett Society, page 16.

<sup>47</sup> *Manifesto, Pregnant Then Screwed*, page 2.

<sup>48</sup> *Child Care Survey 2016*, Coram, page 41.

The Joseph Rowntree Foundation found that in Estonia the early education system was based on a school-style, where the overwhelming amount of provision was only for within ‘ordinary’ working hours. As a result, the country suffered from a complete lack of childcare and early education for families with parents working a-typical hours. This negatively affected the workplace possibilities for families, and as a result has prevented many from developing the economic stability of their homes.<sup>49</sup>

Another crucial benefit of childminding provision is that it allows for a more tailored approach to how children are cared for and educated. This is beneficial for all children, but particularly for children from disadvantaged backgrounds and children with SEND.

A third of PACEY’s members care for children who are formally recognised as having a disability or additional learning needs.<sup>50</sup> Mainstream provision may not always be suitable for SEND children, even if the setting is deemed high quality by Ofsted.<sup>51</sup> Childminding settings are considered to be particularly beneficial for SEND children as they can provide a ‘home from home’ experience that is calmer and more relaxed than a group setting. Presently, settings across the sector are reporting higher levels of children being diagnosed with SEND and requiring placement support.<sup>52</sup>

Some disadvantaged children are also likely to benefit more from a childminding setting compared to a group setting. As mentioned in section one, children who speak English as an additional language are nearly three times less likely to take up their full entitlement, compared with children who spoke English as a first language.<sup>53</sup> For example take up rates among children from Bangladeshi backgrounds are low, standing at around 30 per cent.<sup>54</sup> Bangladeshi families also have high levels of poverty rates. In these scenarios, childminders who are from minority communities and have bilingual language skills, can play an incredibly important role in providing children with an early years education. Where a parent may be apprehensive to apply for a group-setting when they do not speak English as their first language, having childminders in the community who speak the same language can help lift that barrier for parents. In addition, they can provide important language support and development for the child and, moving forward, any government plan must also encourage the recruitment of ethnic minorities into the sector.

### **Restoring the childminder profession**

A comprehensive childminder strategy is urgently needed. Recent attempts to boost numbers through the new childminder grant and the ‘Do something big’ campaign have not delivered anywhere near the numbers required.

Both central and local government must take a stronger lead on growing and

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<sup>49</sup> *Support for Childcare and Early Years 2023*, Trade Unions Commission, page 16.

<sup>50</sup> *A Manifesto for Childminders 2024*, PACEY, page 6.

<sup>51</sup> *Support for Childcare and Early Years 2023*, Trade Unions Commission, page 33-34.

<sup>52</sup> *Retention and Return 2024*, Early Education and Childcare Coalition, page 24.

<sup>53</sup> *Tackling Disadvantage Through Childcare 2023*, Coram and Joseph Rowntree Foundation, page 2.

<sup>54</sup> *Ibid*, page 15.



supporting childminders, enabling them to play a key role in the expansion of entitlements. This must include a plan for growing supply, making interaction with different funded entitlements easier, and requiring all local authorities to pay monthly.

The childminder agency model has not fulfilled its intended role with numbers enrolled remaining persistently low.

A single, clear and accessible route into childminding would enable growth in the profession. This should be facilitated through a universal, nationally funded, childminder pre-registration programme that takes a potential childminder from their initial enquiry, through mandatory training and onto Ofsted registration through a package of support that then goes on to support business and professional development through training and access to innovative digital resources.

Given PACEY's expertise in this field we would be keen to pilot a programme if sufficient funding was available from Government.

In the short term we would recommend the following cost-effective measure to make a significant difference:

**Reform of the current rule that excludes non-parental relatives from providing funded childcare to related children in England.**

The definition of "childcare" in the Childcare Act 2006 excludes care provided for a child by parents or any other relatives. In England, the government has interpreted this to mean that childminders cannot deliver the early years and childcare entitlements to any children related to them by blood or marriage, whom they may already be looking after for payment.

There is currently overwhelming support among childminders to get this rule overturned as we estimate that just over a third of childminders currently have at least one child in their setting related to them, however they cannot access entitlement funding for those children.

Wales is far ahead of England in this area, with them including non-residing related children in funding entitlements from 2018. Furthermore, the ban on related children in England is unique to childminders; individuals working in or owning a nursery, school or pre-school are permitted to deliver the entitlement to related children.

Given that the entitlement funding follows the child we believe this would also be a relatively cost neutral change. In other words, whatever the setting the child is entitled to the funding and better that they can stay in the care of their relative rather than move to a group setting to qualify for the funds.

## **Recommendations**

A comprehensive strategy for childminder recruitment and retention.

A single national route to a childminding career through a programme of support and development. Initially funded through a pilot and provided by an expert body like PACEY.

Reform of the current rule that excludes non-parental relatives from providing funded childcare to related children in England.

## **Section 2. Reform of the funding system.**

For many years the government funding for early education and childcare has failed to meet the cost of delivering funded entitlement places, leaving childminders struggling to survive.

This situation has been exacerbated by the cost-of-living crisis; rising inflation, energy costs and the costs of essential like food and travel. According to the Institute of Fiscal Studies early education and childcare providers have experienced a 13 per cent real-term cut in funding for three- and four-year-olds since 2017-18.<sup>55</sup>

Further, once the new childcare entitlements are fully rolled out, the Institute of Fiscal Studies estimates that around 80 per cent of pre-school childcare hours in England will be funded by the free entitlement. This makes it even more critical that the funding rate is right. If it is inadequate, there is a chance that providers will opt out of offering the new entitlements, reduce the quality of their provision, or close.

Childminders are predominantly sole traders, with very small margins for turnover, and so are particularly vulnerable to inadequate funding rates. They are also extremely vulnerable to the impact of poor payments practice.

We are therefore calling for an independent review of childcare funding, looking at the funding mechanisms as well as the rates, to ensure that funding is simplified and increased to a sustainable level across all age groups, and stronger directives to ensure that local authorities are following fair and timely procedures in regard to the entitlement funding for childminders.

In addition to increasing the amount of money given to local authorities to provide funded places to mirror the true cost of delivering these places, the government should continue to enhance the Early Years Pupil Premium and use it as leverage to address the areas of greatest need in provision.

Additionally, the funding systems for SEND places should be re-evaluated and streamlined, making funding far easier to access for providers.

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<sup>55</sup> Institute of Fiscal Studies <https://ifs.org.uk/articles/what-you-need-know-about-new-childcare-entitlements>

The Joseph Rowntree Foundation has presented their own recommendation on how the government could re-allocate funds within the current model to cover the cost of initial funding increase, making it as cost neutral as possible. They argue that maintaining Tax-Free Childcare is significantly harder to justify considering its low take-up rate and the new entitlement extension. If Tax-Free Childcare is scrapped, this would provide £600,000 million extra funding in 2024 alone, and up to £1 billion a year over the medium term. At the very least, they explain, this will top-up the lowest paid workers to the Real Living Wage, implement reforms to boost inclusion of SEND children, and give better resources to local authorities.<sup>56</sup>

Indeed, there is an argument for overhauling the current system of funding entirely. At the moment there are eight funding streams across three government departments that make up a muddled mesh of bureaucracy that does not an efficient return on the total investment.

## Recommendations

Establish an independent Early Education Funding Review Body to undertake a transparent annual review of funding rates and make recommendations to government. Ensure that any further investment in SEND has a ringfenced element for early years, and that funding is not attached to formal diagnosis but can be used for emerging needs.

Provide further increases to the EYPP to allow childminders to offer tailored provision for the most disadvantaged children.

Simplify the funding application process for children with SEND and unlink Disability Access Funding from Disability Living Allowance.

Implement reforms to the current funding model that will move the sector towards supply side funding with mutually-agreed expectations attached to receiving government funds, including conditions on workforce pay and terms.

### **Section 3. Measures to ensure fair and equal access to government funded schemes for all children regardless of their circumstances.**

For early education and childcare to be at the centre of the Opportunity mission, access to government funded provision must be accessible to all children. Too many people and communities have been left behind and access to high quality education and care can restore hope and opportunity for all; be they one parent or kinship families, children with SEND or just families that are struggling and need support.

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<sup>56</sup> *Support for Childcare and Early Years 2023*, Trade Unions Commission, page 40-41.

Since the pandemic, we have seen rising numbers of stories detailing children with severe speech and language delays, and of children not reaching the developmental milestones expected for their age range. One study found that the performance of children in reception class, following the pandemic, who achieved a ‘Good Level of Development’, fell by 13 percentage points.<sup>57</sup> We must invest to address this.

There is also a wealth of international research that shows children with SEND especially thrive in early education settings.<sup>58</sup> However, only 6 per cent of local authorities in England believe that they have sufficient provision for SEND in all areas.<sup>59</sup> Indeed, the Early Years Alliance found that 28 per cent of settings have been forced to turn away children with SEND<sup>60</sup> while demand for SEND places is higher than ever.

Research from the New Economics Foundation found that 1.5 million children in England are living in a ‘childcare desert’ with an average for three children for every one place.<sup>61</sup>

There are particular pockets of acute shortages. Current funding, for example, does not adequately cover the cost associated with providing SEND places. Despite funding models for SEND places, such as the Disability Living Allowance and Sen Inclusion Funding, settings are unable to apply for this until a child has commenced their placement, leading to delays in securing the required support.<sup>62</sup> In fact, the barriers involved in securing extra funding for SEND children can often delay funding access until it is almost time for that child to move on to a school setting.<sup>63</sup> Even when settings are able to access funding, often the number of hours funding received is not equal to the number of hours of low ratio provision that that child takes up.<sup>64</sup> Research carried out by the Early Years Alliance found that 87 per cent of providers believed that funding, alongside their early years rate, did not accurately cover the cost of a SEND place. As a result, 92 per cent of providers had previously had to fund additional support for children with SEND out of their own pockets and 53 per cent of respondents stated that they did so regularly.<sup>65</sup>

## Recommendations

Equalise access to government-funded schemes for all children regardless of their parents' employment or immigration status through introducing a universal guarantee that all children can access affordable, high-quality provision in their local area irrespective of who they are, where they are from, or any additional support needs they may have.

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<sup>57</sup> *Better Childcare: Putting Families First*, Policy Exchange Think Tank, page 4.

<sup>58</sup> *Support for Childcare and Early Years 2023*, Trade Unions Commission, page 32.

<sup>59</sup> *Child Care Survey 2024*, Coram, page 6-34.

<sup>60</sup> *Too Little, Too late 2022*, Early Years Alliance, page 20.

<sup>61</sup> *A Fair Start For All 2023*, New Economics Foundation, page 4-5.

<sup>62</sup> *Ibid*, page 18.

<sup>63</sup> *Ibid*, page 18.

<sup>64</sup> *Ibid*, page 18.

<sup>65</sup> *Ibid*, page 18.

Widen eligibility for the 30 funded hours to include parents in education and training, those with no recourse to public funds and disabled single parents, all of whom are currently excluded. Develop this into a single streamlined approach to childcare for families from birth through to the end of primary school.

Extend government-funded childcare entitlements from 38 weeks a year to 48 weeks a year, targeting the families that would benefit most from increased hours. This should be done in a phased way and in consultation with providers, giving due consideration to the financial impact on those currently operating in areas of deprivation.

Collect and publish complete and full annual data on the sufficiency of places for children experiencing disadvantage, SEND and other additional needs.

### **Conclusion**

Our new government has a once in a lifetime chance to set out a decade of renewal for early education and childcare that in turn will deliver its ambitions for growth through full employment and opportunity for all.

Outlined above are recommendations to improve the current system, both in the short term and long term.

A properly resourced long term strategy for our sector would be transformational for children and their families, and the return on investment for wider public services would enable the delivery of the wider reforms that are desperately needed.

Helen Donohoe  
Chief Executive, PACEY.

With additional research provided by Mai Cook.

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