

A 2020 vision for early years: extending choice; improving life chances

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Executive Summary

This paper presents a vision for early years policy and provision in 2020 that has the life chances of disadvantaged children and their families as its primary focus. By 2020, all parents and children would have the following entitlements to early years education and care:

- Twelve months parental leave to be shared freely between parents. The first six weeks would be paid at 90 per cent of earnings and the remaining 46 weeks would be paid at the national minimum wage.
- Parents of children between one and two years old would be entitled to claim home care allowance (paid at half the national minimum wage) to remain at home or to combine home based care with part time work.
- All two, three and four year olds would be entitled to four hours of free early years education and care a day for 48 weeks of the year.
- Children between one and five years old would be entitled to a subsidised childcare place in a group setting or in family daycare for up to 50 hours a week. Parental contributions to the costs of childcare would be related to income.

These entitlements would be supported by the following improvements:

- A significant improvement in the qualification levels of the early years workforce from 2004 levels accompanied by a substantial pay increase. 60 per of the work force would be qualified to graduate level and 40 per cent to at least National Vocational Qualification 3.
- A significant increase in funding for parenting education and management programmes.
- A funding system for children's centres that channels extra resources to the areas of greatest need to support additional service provision.

1 Speech by the Prime Minister to the National Association of Head Teachers, Cardiff, 3rd May 2004

2 Announcement made by the Chancellor at the 2004 Comprehensive Spending Review

3 Social Exclusion Unit (2004) *Breaking the Cycle of Social Exclusion*, ODP

Introduction

Early years policy and provision in the UK is almost unrecognisable today from where it was in 1997 before the introduction of the National Childcare Strategy. Huge progress has been made in improving the availability, affordability and quality of early education and care.

The Government has signalled that its ambitions for early years have not waned. Earlier this year, the Prime Minister made a long term commitment to 'a nationwide early years service for under fives based around the personal needs of each child and their parents'¹. The first indications of how the Government plans to deliver this will come in the ten year childcare plan to be published with the 2004 Pre-Budget Report².

As the profile of early years policy has increased, the tensions underpinning it have become exposed. It is no longer clear what is driving the expansion of early years, as different departmental priorities compete for a share of available funding. For the Department of Trade and Industry, childcare is primarily about returning women to the labour market and a better work life balance for mothers. From this perspective, coverage takes precedence over quality. But quality is vital for child development and later school achievement - top priority for the Department for Education and Skills. Meanwhile, the Treasury is concerned with reducing child poverty which, in the short term, may be better pursued through income transfers than investment in early years services.

The risk of trying to satisfy all these competing priorities is that early years policy fails to deliver effectively on any one goal. In moving forward, it is vital that the Government clarifies and prioritises the objectives underpinning policies for nought to five year olds and their families.

This paper is part of an ongoing project at the Social Market Foundation exploring the contribution of early years to improving the life chances of disadvantaged children and their families. As the Government's latest report into the effectiveness of policies to tackle social exclusion makes clear, the contribution of early intervention in this area is indisputable: 'Early intervention to provide a better start in life remains the best lever for tackling long term social inequality'³.

This paper presents a vision for early years policy and provision in 2020 that has the life chances of disadvantaged children and their families as its primary focus. It has been developed by the Social Market Foundation in collaboration with Daycare Trust. By committing to a 2020 vision the Government would bring its early years strategy in line with its commitment to eradicate child poverty, highlighting the importance of income transfers and effective service provision in breaking cycles of deprivation over the long term.

This paper addresses parental leave, early education and care, parental support and the role of children's centres, and explores how each component of the vision contributes to improved life chances. In doing so, it puts forward a case for making life chances the driving objective of early years policy and provision over the next ten years to accelerate the progress made in tackling inequality since 1997.

The paper concludes that life chances are being undermined by the lack of meaningful choices for disadvantaged parents and their children. Alongside additional investment in areas of greatest need, a long term vision for early years must extend meaningful choice to all families, not just the affluent.

The vision

Early years education and care 2020

By 2020, all parents and children would have the following entitlements to early years education and care:

- **Twelve months parental leave to be shared freely between parents.** The first six weeks would be paid at 90 per cent of earnings and the remaining 46 weeks would be paid at the national minimum wage.
- Parents of children between one and two years old would be entitled to claim **home care allowance** (paid at half the national minimum wage) to remain at home or to combine home based care with part time work.
- All **two, three and four year olds** would be entitled to **four hours of free early years education and care a day for 48 weeks of the year.**
- Children between one and five years old would be entitled to a **subsidised childcare place** in a group setting or in family daycare for up to 50 hours a week. Parental contributions to the costs of childcare would be related to income.

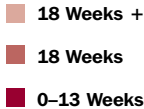
These entitlements would be supported by the following improvements:

- A significant **improvement in the qualification levels of the early years workforce** from 2004 levels accompanied by a substantial pay increase. 60 per cent of the work force would be qualified to graduate level and 40 per cent to at least National Vocational Qualification 3.
- A significant **increase in funding for parenting education and management programmes.**
- A **funding system for children's centres** that channels **extra resources to the areas of greatest need** to support additional service provision.

Each of these entitlements would enhance the capacity of early years provision to improve life chances by extending choice to all parents. The rationale behind each is examined below.

In parallel, the Social Market Foundation and Daycare Trust have commissioned PricewaterhouseCoopers (PwC) to estimate the costs and benefits of moving to the kind of vision outlined in this paper. A brief summary of costs and benefits appears at the end of this paper. For an in depth discussion, see PricewaterhouseCoopers (2004) *Universal early education and care in 2020: costs, benefits and funding options*, Daycare Trust and Social Market Foundation.

4 Chatterji, P and Markowitz, S. (2004) 'Does the Length of Maternity Leave Affect Maternal Health', NBER Working Papers 10206, National Bureau of Economic Research, Inc



Parental leave

2020 entitlement: twelve months parental leave to be shared freely between parents. The first six weeks would be paid at 90 per cent of earnings and the remaining 46 weeks would be paid at the national minimum wage.

The current system of maternity leave gives better off mothers the choice to remain at home for a full year but the choice is not open to all mothers because six of the twelve month maternity leave period is unpaid. Figure 1 below highlights the correlation between the length of maternity leave and the level of financial support received. The likelihood that mothers will take only thirteen weeks maternity leave increases as financial support decreases.

Figure 1: Amount of maternity leave taken by type of maternity pay received, 2002



Source: Hudson, M. Lissenburgh, S and Sahin-Dikmen, M (2002) *Maternity and Paternity Rights in Britain 2002: Survey of parents*, DWP and DTI.

Addressing this barrier to parental choice is crucial to improving life chances. The benefits of a full year of parental leave to parents (usually mothers) and children is well documented. Parental leave is associated with better maternal and child health, including lower maternal depression⁴, lower infant mortality, fewer low weight babies and more breast

feeding⁵. Furthermore, research conducted by Janet Currie and Matthew Neidell shows that critical early attachment between mother and baby cannot be replaced by a mother's attention later in life⁶.

Conversely, maternal employment in the first year is associated with poorer cognitive development and more behavioural problems for some children. While child outcomes are mediated by the length of time children spend in childcare and the quality of care they receive, twelve months parental leave recognises that child well being in the earliest period of life appears to be best supported by parental care. Unpaid parental leave does not have the same protective benefits because lower income mothers are forced to return to work once their period of paid leave runs out, reinforcing the socio-economic disadvantage of their children from as early as six months.

Extending paid leave to twelve months at the minimum wage extends meaningful choice to all families, without oversubsidising affluent families by linking parental leave to earnings beyond the initial 6 week entitlement. It would also bring parental leave payments in the UK closer to European standards. A woman in the UK earning £15,000 is paid £3,558 for six months' maternity leave, compared to £6,058 in Italy, £6,756 in Denmark and £7,500 in Norway⁷.

Allowing parents to choose to share leave between mother and father promotes the positive contribution of fathers to the early development of children. Studies into the impact of fathers' involvement on children's later educational attainment show that the relationship has a statistically significant impact on a child's cognitive development. According to Flouri and Buchanan, "Father involvement [at age seven] independently and significantly predicted educational attainment by late adolescence"⁸.

Only one in five fathers in the UK takes their full two weeks paternity leave entitlement⁹. Even in Sweden, the world leader in generous family friendly policies, only thirty five per cent of fathers take their full six months entitlement¹⁰. An extension of paternity leave alone will not significantly alter the gender imbalance in child caring duties but it would signal the Government's intention to support a more active role for fathers.

5 Tanaka, S. (2004) *Parental Leave and Child Health Across OECD Countries*, Columbia University

6 Currie, J. and Neidell, M. (2003) *Getting Inside the 'Black Box' of Head Start Quality: What matters and what doesn't?*, University of California, Los Angeles

7 Mercer Human Resources Consulting (2003)

8 Flouri, E. and Buchanan, A. (2004) "Early Father's and Mother's Involvement and Child's Later Educational Outcomes" *British Journal of Educational Psychology* 74:141-153

9 Cater, Helen, 'Fathers Failing to Take Up Paid Paternity Leave', *The Guardian*, 27th July 2004

10 Speech by Margaret Hodge, Minister for Children, to the Social Market Foundation, 27th May 2004

11 Bunting, Madeleine, 'Nursery Tales', *The Guardian*, 8th July 2004

12 CMPO (2004) *Up to 5: Preliminary results under project: Understanding the Impact of Poverty on Children of the 90s*, DfES

13 House of Commons Committee of Public Accounts (2004) *Early Years: Progress in developing high quality childcare and early education accessible to all*, The Stationery Office

Home care allowance

2020 entitlement: Home care allowance paid at half the national minimum wage for parents of children between one and two to care for their children at home or to combine home care with part time work.

A high profile row has developed in recent months about what is the best option for children between one and two. The accusation from commentators such as Madeleine Bunting writing in *The Guardian* is that current government policy is grooming a generation of aggressive children with behavioural difficulties by forcing parents back to work and children into formal care at too early an age¹¹.

Research on the impact of group care on children between twelve and twenty-four months shows mixed results. There is evidence that long hours spent in childcare can lead to children having behavioural difficulties, although the quality of care is once again the critical factor¹².

The lack of a clear policy direction for this age group coming from research suggests that policy should offer parents the choice to stay at home or return to work in response to an individual child's needs. In its recent report on progress in developing high quality, accessible early years provision, the House of Commons Committee of Public Accounts called on the Government to reassess whether current arrangements offer parents genuine choice in the earliest years of a child's life: 'The Department [for Education and Skills] should work with the Department for Work and Pensions and the Treasury to examine whether there is genuine choice for parents between returning to work and looking after a child at home, taking into account the research evidence on the benefits of parental care'¹³.

The introduction of a home care allowance similar to that in Finland would enhance parental choice during this period (see box: Home care allowance in Finland). Paid at 50 per cent of the minimum wage, it would offer all parents, not only affluent parents, the opportunity to remain at home full time or part time in combination with part time work.

Home care allowance in Finland

All families with a child under the age of three who is not enrolled in a local authority childcare service are entitled to claim home care allowance. The parent who remains at home (96 per cent mothers) receives a flat rate of FIM 1 500 per month (£173), plus FIM 500 (£53) for any other child under three and FIM 300 (£35) for children over three. In addition to the basic home care allowance, the family is entitled to receive an income related supplement depending on the size and income level of the individual family. The supplement is paid for one child only up to a maximum of FIM 1 000 a month (£115). Across Finland, a family receives on average around FIM 2 151 per month (£247).

Partial care leave is paid to parents who negotiate a reduction in working hours with their employer (up to a six hour day or a thirty hour week). They receive a taxable allowance of 375 FIM (£43) in addition to their salary until their child reaches three years of age.

In 2000, 27 per cent of children under six received child home care allowance¹⁴.

Source: Ministry of Health and Social Affairs, Finland

An OECD report into early years education and care in Finland raised concerns about the possible negative impact of home care allowance on disadvantaged families. Paying parents to care for children at home until the age of three could delay entry into centre based care for those children who would benefit most from early entry: immigrant children and children from low income families. The Equality Ombudsman in Finland has also voiced concern that home care allowance keeps mothers out of the labour market for long periods of time and does not promote the caring responsibilities of fathers¹⁴.

The proposal for an early years benefit in the UK avoids the negative outcomes associated with home care allowance in Finland, while supporting parental choice. Early years benefit for children between twelve and twenty-four months would not delay the entry of children into formal settings from two years onwards. It would also not create a significant disincentive for parents to return to work. Set at half the minimum wage, lower income earners would still be better off returning to work part time and using subsidised childcare than claiming full time home care allowance.

14 OECD (2000) *Finland Background Report*

15 Woodland, S., Miller, M. and Tipping, S. (2004) *Parents' Repeat Demand for Childcare*, National Centre for Social Research

16 London Development Agency (2004) *Childcare in the City Fringe: A role for the LDA*

17 Sylva et al (2003) *The Effective Provision of Preschool Education Project: Findings from the preschool period*; Waldfogel, Jane, Presentation given at SMF seminar 'Visions for the future of early years in the UK', July 2004.

Free early years education and care

2020 entitlement: All two, three and four year olds would be entitled to four hours of free early years education and care a day for 48 weeks of the year

Under the Government's current commitments, all three and four year olds are entitled to twelve and a half hours of free early education and care a week. Take up is high: 98 per cent of four and 88 per cent of three year olds. However, some of the hardest to reach families and children are not making use of their entitlement. Take up for four year olds of manual workers and low income families is around 93 per cent and it is 90 per cent for children from ethnic minorities¹⁵. To some extent this reflects problems of supply and affordability in more deprived areas. For example, a survey of early years education and care provision in the London city fringe conducted by the London Development Agency found that several wards lacked any provision at all¹⁶. Problems of supply are best addressed through changes to the funding system for early education and care (see Additional Childcare Provision section).

But more active outreach is also required to ensure that hard to reach families take up the free early years education and care that is essential in promoting school readiness. The Effective Provision of Preschool Education (EPPE) study in the UK and the Early Childhood Longitudinal Study (ECLS-K) in the US both highlight cognitive improvements from preschool attendance, leading to improved school readiness and lower grade retention, with larger effects for children at risk of special educational needs (SEN), children with English as a second language and children from lower income families¹⁷.

School readiness refers to a child being prepared, both academically and behaviourally, for the start of formal schooling. A well prepared child will adapt more quickly to the new setting and enjoy better academic achievement than his peers. At the beginning of the 2004 school year, David Webster President of the Association of Educational Psychologists

reported that the expansion of preschool provision for three and four year olds was easing traditional anxiety around starting primary school by giving children early experience of time away from their parents¹⁸.

School readiness can make a significant contribution to later attainment. There is clear evidence that initial achievement on school entry can set the tone for later achievement, by shaping the expectations of teachers, parents and children themselves. According to Professor Doris Entwisle, a leading expert on school transition, a child who performs well on entry to primary school tends to fall into a virtuous circle of educational achievement thanks to the raised expectations of his teachers, his own boosted self confidence and the avoidance of remedial classes in the first years of schooling¹⁹.

There are several examples of successful outreach programmes. For example, in Southall in West London, family workers attached to the community preschool approach parents on the streets as a first step to building the trust based relationships needed to bring the local ethnic minority community into a preschool setting. The most effective outreach programmes are community specific but in general, they are expensive and additional funding is required. Several potential funding sources exist, including the Home Office's Communities Fund and the Neighbourhood Renewal Fund. However, a rationalisation of funding to create a central resource for early years outreach work would significantly reduce the administrative burden and improve effectiveness.

There is also a strong case for current entitlements to be extended in two ways. First, research highlights that children benefit from every additional month of preschool from the age of two, with disadvantaged children benefiting disproportionately. The EPPE study found that improvements in literacy, numeracy and language development were greater for children who attended three rather than two years of preschool and that duration had a greater effect than many background factors such as mother's academic achievement and low birth weight²⁰ (see Figure 2). Similarly, the Infant Health and Development Programme (IHDP) that serves low birth weight babies from birth to three has been found to boost IQ at three by twenty points for children whose parents had not finished high school and by ten points for the children of high school graduates. No

18 <http://news.bbc.co.uk/1/hi/education/3619204.stm>

19 Entwisle, Doris (1995) *The Role of Schools in Sustaining Early Childhood Program Benefits*

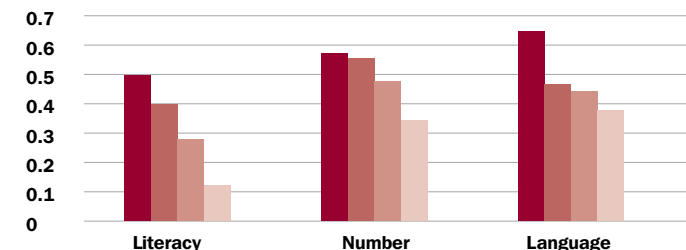
20 Sylva et al (2003) *The Effective Provision of Preschool Education Project: Findings from the preschool period*

21 Currie, Janet (2000) *Early Childhood Intervention Programs: What do we know?*; Karoly et al (1998) *Investing in Our Children: What we know and don't know about the costs and benefits of early childhood interventions*.



IQ boost has been found for the children of college graduates²¹. By 2020, all two year olds should be guaranteed at least two and a half hours of free early education and care a day to ensure every child will receive at least 3 years of preschool. The extension of free provision to two year olds should begin in disadvantaged areas where the returns on investment are greater.

Figure 2: Effect size for amount of preschool versus none



Source: Sylva et al (2003)

Second, evidence from research into school achievement highlights the drop off in achievement among disadvantaged children during the long holidays. The Baltimore School Study which began in 1982 looked at a randomised sample of school children and compared their cognitive test scores for the first five years of elementary school. Disadvantaged children made the same progress in reading and maths as their peers while in school but during the holidays, children from more affluent families continued to make progress, while disadvantaged children made no progress or slipped back. This effect was most dramatic during the long summer holiday. The cumulative effect of five summers during elementary school was that low socio-economic status (SES) children gained less than one point in reading and lost eight points in maths. During the same period, high SES children gained 47 points in reading and 25 points in maths. Similar effects have been found in data sets from New Haven and Atlanta. Entwistle, Alexander and Olson, authors of the Baltimore School Study, have called this phenomenon 'faucet theory':

When school was in session, the resource faucet was turned on for all children, and all gained equally; when school was not in session, the school resource faucet was turned off.

In summer, poor families could not make up for the resources the school had been providing and so their children's achievement reached a plateau or even fell back. Middle-class families could make up for the school's resources to a considerable extent so their children's growth continued, though at a slower pace'²².

Although research has not investigated the existence of faucet theory for preschool children, it is highly plausible that similar effects exist. This creates a strong rationale for free provision to be extended to 48 weeks a year rather than the current 33 by 2010²³. As with the extension of free provision for two year olds, disadvantaged areas should be a priority as the benefits of maintaining year long provision are likely to be greater in these areas.

By 2020, a further extension of free provision from two and a half hours a day to four hours would be desirable. This would give all two, three and four year olds access to free part time provision, irrespective of the working status of their parents.

22 Entwisle, Alexander and Olson (2001) 'Keeping the Faucet Flowing: Summer learning and home environment', *American Educator*, Fall 2001

23 The current funding rules stipulate that the Nursery Education Grant (NEG) can only be claimed for 33 weeks a year.

24 National Audit Office (2004) *Early Years: Progress in developing high quality childcare and early education accessible to all*

25 Daycare Trust (2004) *A New Era For Universal Childcare*

26 Inland Revenue Analysis and Research, *Child and Working Tax Credits Summary Statistics*, July 2004

Additional childcare provision

2020 entitlement: A subsidised childcare place for children between one and five years old in a group setting or in family daycare for up to fifty hours a week. Parental contributions to the costs of childcare would be related to income.

The UK currently has a mixed economy in early years education and care with public, private and voluntary sector providers. The main growth in the sector since the introduction of the National Childcare Strategy in 1998 has been among private providers, with 80 per cent of providers now in the private sector²⁴. Within this mixed economy, there is a wide range of available education and care options, from childminders and sessional playgroups to full time day nurseries and nursery classes in primary schools. This mixed economy is important in supporting choice by providing parents with different options according to the age and needs of their child.

But the high cost of childcare acts as a barrier to choice for less affluent parents. According to Daycare Trust, a full time nursery place for a child under two costs in the region of £7000 a year and a place with a childminder around £6,200 a year²⁵. At present parents in the UK contribute 75 per cent of the costs of childcare compared to average parental contributions across the EU of between 25 and 30 per cent.

Parents earning up to £43,500 a year with two children in childcare are eligible for a public subsidy paid through the childcare tax credit. The childcare tax credit was introduced to make childcare an affordable option for lower income parents and to encourage a return to work. It was also intended to make disadvantaged areas more attractive for providers by boosting the income available to pay for childcare places. But it is failing on both counts, leaving disadvantaged parents priced out of provision in certain areas. In July 2004 only 340,000 families were benefiting from the childcare element of the working tax credit, receiving an average of £50 per week²⁶.

The main flaw in the design of the childcare tax credit is that the Government will only pay up to 70 per cent of the total

cost of childcare, leaving parents to pay the remaining 30 per cent. This means that low earners still have to pay a significant proportion of their earnings towards childcare, creating a significant disincentive to return to work. This is particularly the case for low income earners living in more affluent areas where prices are set in line with higher salaries.

Affordability is an acute problem in London where high land values and premises costs lead to extremely high prices that are not matched by an increase in the maximum government contribution payable through the childcare tax credit. If the average cost of a full time childcare place in London is £168 a week, a family with two children can receive a maximum of £140 through the childcare tax credit, leaving £196 to pay each week. Larger families are also severely disadvantaged given that the maximum tax credit entitlement is for two children.

For early years providers, a funding model based around a demand-side tax credit makes it difficult to plan and develop services as there is no consistency of funding. The level of funding is dependent on how many parents claim the tax credit and how much of it they pass on to the provider. Furthermore, in deprived areas the poor take up of the childcare tax credit can make it difficult to sustain provision over the long term. As a report by the National Centre for Social Research into local childcare markets commented, 'sustainability might be particularly threatened by lack of local employment opportunities for mothers. This is likely to be an issue in most deprived areas, with the success of efforts to expand childcare provision being largely dependant on the success of employment regeneration strategies'²⁷.

Tackling affordability to give all parents a meaningful choice of childcare options if they decide to return to work would make a significant contribution to the life chances of disadvantaged children and their families. Research from the UK and US provides compelling evidence that family income does have a direct impact on a child's educational attainment and is not only a transmission route for other socio-economic factors such as parental education²⁸. For example, analysis of the National Child Development Survey by Gregg and Machin found that childhood poverty is strongly linked to poorer economic and social outcomes, such as low income and the

27 Harris, La Valle and Dickens (2004) *Childcare: How local markets respond to national initiatives*, DfES

28 Blanden, Jo and Gregg, Paul (2004) *Family Income and Educational Attainment: A review of approaches and evidence for Britain*

29 Gregg, P. and Machin, S. (2000) 'Child Development and Success of Failure in the Youth Labour Market' in Vleminckx, Koen & Smeeding (eds.), *Child Well-being, Child Poverty and Child Policy in Modern Nations. What Do We Know?*, The Policy Press

30 McCarton at al. (1997). 'Results at age 8 years of early intervention for low-birth-weight premature infants', *Journal of the American Medical Association*

31 Ministry of Health and Social Affairs (2003) *Swedish Family Policy Fact Sheet*

likelihood of being unemployed for long spells at 23 and 33²⁹. The IHDP study found that poverty was the biggest single factor affecting cognitive development in its 'risk factors' theory and that poverty increased the chances of other risk factors being present, for example poor nutrition and a poor home learning environment³⁰.

The most effective way of ensuring equitable access for all parents to the range of choices on offer is to replace the childcare tax credit with a grant paid directly to providers. By 2020, additional childcare provision will be funded through a per child grant paid directly to providers along similar lines to the Nursery Education Grant. The grant would be payable for children between one and five, offering parents of children between one and two the choice between home care allowance, a subsidised childcare place, or a combination of the two.

The grant would be supplemented by an income based parental contribution. There are two possible models for how parental contributions could operate: the Swedish model and the New Zealand model. In Sweden, parental fees are calculated according to income and are capped at a reasonably low level even for the highest earners: SEK 1260 a month (£92) for the first child, SEK 840 (£61) for the second and SEK 420 (£31) for the third. It is part of the Swedish welfare tradition that childcare should be universally available and largely supported by the state rather than by parents³¹. In New Zealand, lower income earners receive a subsidy from the Government paid directly to the provider that reduces the overall parental contribution. But there is no cap on prices as in Sweden so parents can be left with a significant amount to pay even after the subsidy is taken into consideration.

A system of capped parental contributions would better support the choice of all parents and avoid current problems with the childcare tax credit where the post-subsidy level of parental contribution remains too high for lower income earners. In contrast to Sweden, however, parental contributions should be more progressive, with the top rate for the highest earners capped at a much higher level in order to support minimal contributions from low income earners. By 2020, overall parental contributions should have fallen to around 30 per cent of total costs in line with other EU countries.

In shifting to supply-side funding, it is also important to build in greater flexibility than currently exists with the childcare tax credit. Parents who face temporary periods of unemployment immediately lose their ability to claim childcare tax credit and with it, their ability to pay for childcare. Continuity of care is critical for child well being and changing childcare arrangements can be extremely disruptive and does not support parents in finding a new job. Grant funded places need to support temporary periods of unemployment by waiving parental contributions for at least three months.

Supporting the slow transition back into work for parents who have been unemployed for long periods by providing continuity of childcare is also vital. The assurance that children are well looked after in a familiar environment gives parents the freedom to concentrate on their own education and training. While many training courses offer childcare places, for example through the New Deal for Lone Parents, each course provides its own childcare facilities. A far better option for children and parents would be to support childcare in the setting the parent chooses on condition that the parent participates regularly in the training course. The childcare grant would be paid directly to the provider as is currently the case with the Care to Learn programme for teenage parents.

32 Melhuish, Edward, Presentation given at SMF seminar 'Visions for the future of early years in the UK', July 2004.

33 Melhuish, Edward (2004) *Child Benefits: The importance of investing in quality childcare*, Daycare Trust

Quality provision

2020 vision: 60 per cent of the early years workforce should be qualified to graduate level and be paid in line with the teaching profession. The remaining 40 per cent should be qualified to at least NVQ3 level.

One point on which all early years research studies agree is the overwhelming importance of high quality provision for positive child outcomes. Results from the EPPE study show how high quality provision enhances the outcomes of an earlier start. The effect on literacy of three years of low quality preschool compared to no preschool provision is 4.6 months. This shoots up to 7.78 months for three years of high quality preschool provision. The combination of high quality and long duration has a greater effect on literacy than is even possible with a massive increase in household income. Increasing household income from zero to £67,500 only delivers a literacy effect of 6.25 months³².

The nature of quality provision depends on the age of the child. For under threes, affection, communication and responsiveness have been identified as particularly important. For older children, learning opportunities and the educational aspects of the environment become increasingly significant (see box: Defining high quality in early years education and care)³³.

Defining high quality in early years education and care

In defining quality provision, it is common to distinguish between process (sometimes referred to as dynamic) and structural features of early years settings.

Process features indicating high quality include:

- Affection, communication and sensitive responsiveness between adult and child
- Peer interaction within a stable peer group
- Secure attachment to a caregiver
- Provision of learning opportunities

Structural features indicating high quality include:

- Low staff/child ratio and small group size
- Highly qualified, well paid staff
- Low staff turnover
- Stability of care for each child

Source: Melhuish, Edward (2004)

One of the most important determinants of whether children of different ages receive appropriate and responsive education and care is the level of staff qualification. The Cost, Quality and Outcomes study demonstrated that better qualified teachers provided better quality care in the “child/teacher closeness” aspect of care and that this produced better test results in primary school. A one point increase in preschool quality produced a 28 per cent improvement in reading skills in the first year of primary school which was still a 23 per cent improvement in the 3rd year of primary school. The study concluded: ‘The quality of child care is primarily related to high staff-to-child ratios, staff education, teacher turnover, administrator's experience, and their effectiveness in curriculum planning. In addition, teachers' wages, their education and specialization training were the most important characteristics that discriminate among poor, mediocre, and good quality centers’³⁴.

The most recent workforce survey highlights existing difficulties with recruiting adequately trained staff in a rapidly expanding early years sector. The proportion of supervisors and other paid childcare staff holding an NVQ level 2 qualification rose from 11 per cent in 2001 to 21 per cent in 2003. But this was accompanied by a decrease in those holding level 3 (the Ofsted recommended level for supervisors), from 60 per cent in 2001 to 51 per cent in 2003. This reflects the continued expansion of the sector through the recruitment of more junior, less well qualified staff³⁵. Retention is an equally big problem. Given the low pay and low status of much of the sector, staff turnover is in the region of thirty to thirty five per cent³⁶. This makes it extremely difficult to provide the secure attachment and continuity of care that are the hallmarks of quality early years provision.

34 University of North Carolina et. Al (1999) *The Children of the Cost, Quality and Outcomes Study Go To School*

35 Sure Start Unit (2004) *Childcare and Early Years Workforce Survey 2002/3: Overview Report*

36 Melhuish, Edward (2004) *Child Benefits: The importance of investing in quality childcare*, Daycare Trust

37 Ministry of Education (2002) *Pathways to the Future: Nga Huarahi Arataki*

38 Demographic and Statistical Analysis Unit, Ministry of Education (2004) *Qualifications and Registration in the Early Childhood Education Teacher-led Workforce*

39 Bachelor of Education, Diploma of Teaching, New Zealand Qualifications Authority equivalence of a diploma, New Zealand Free Kindergarten Union diploma, Overseas qualification comparable to diploma of teaching

40 For more detailed analysis of possible funding models and incentives to improve the early years workforce, see PricewaterhouseCoopers (2004) *Universal early education and care in 2020: costs, benefits and funding options*, Daycare Trust and Social Market Foundation

Improving the qualification levels of the workforce is the biggest challenge facing early years policy in the UK. The Government has committed to have one graduate trained centre manager and one qualified teacher in every children's centre as an interim measure. This is not ambitious enough to secure the high quality provision that is critical to many of the benefits of early education and care. By 2020, 60 per cent of the early years workforce should be qualified to graduate level and be paid in line with the teaching profession. The remaining 40 per cent should be qualified to at least NVQ3 level. This would bring the UK in line with staffing levels in Sweden but falls short of the ambitious reforms proposed in New Zealand.

By 2012 New Zealand intends to have an early years workforce entirely staffed by trained teachers. There are two interim targets: by 2007, 50 per cent of regulated staff in every teacher led service are required to be registered teachers and by 2010, 80 per cent³⁷. A New Zealand workforce survey conducted in August 2003 found that 56 per cent of employees across all types of childcare provision held at least one benchmark qualification³⁸ recognised by the Teachers' Council³⁹. Approximately 20 per cent of the current early years work force in the UK is qualified to graduate level, putting New Zealand some way ahead. However, the transformation required to take New Zealand up to an entirely graduate trained workforce and the UK up to a 60 per cent graduate work force is similar in scale and, therefore, the workforce improvement strategy put in place in New Zealand offers an interesting model.

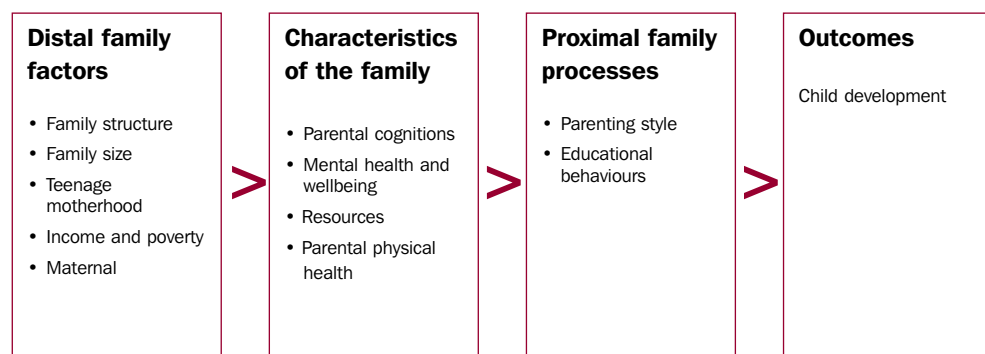
There is a latent demand among early years workers to upgrade their skills but service providers struggle to fund training, particularly the cost of replacement cover. The New Zealand Government has opted to drive its ambitious workforce improvements through financial incentives. Those needing to upgrade their skills and knowledge to meet new qualifications standards will receive credit for existing skills and experience and early years services will receive incentive grants to meet some of the costs of upgrading staff qualifications⁴⁰.

Parenting and the home learning environment

2020 vision: A tiered system offering parenting education and management programmes according to need

Creating high quality early years environments for children from 8am to 6pm will have limited effect on life chances if policy does not simultaneously seek to influence the most significant determinants of child development: the home environment and parenting behaviour. Figure 3 shows how many of the background factors influencing child development such as family income and parents' level of education are mediated by parenting behaviour.

Figure 3: Conceptual model for the related influences on child development



Source: Feinstein et al (2004) *A Model of the Inter-generational Transmission of Educational Success*, Centre for Research on the Wider Benefits of Learning

A study by Capron and Duyme identified a significant difference in IQ according to the type of upbringing children received even when they came from the same socio-economic background. A low SES child who receives a low SES upbringing is fifteen IQ points behind a low SES child who receives a high SES upbringing (see Figure 4)⁴¹. This finding

41 Capron, C. & Duyme, M. (1989) *Nature* (London) 340, 552–554

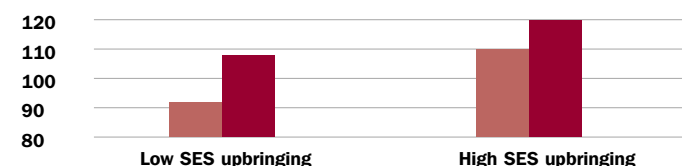
42 Sylva et al (2003) *The Effective Provision of Preschool Education Project: Findings from the preschool period*

43 Quinton, David (2004) *Supporting Parents: Messages from research*, Jessica Kingsley Publishers

Low SES birth parents
High SES birth parents

has been confirmed by subsequent studies, including the EPPE study. The EPPE researchers conclude: 'Although parents' social class and levels of education were related to child outcomes, the quality of the home learning environment was more important. The home learning environment is only moderately related to social class. What parents do is more important than who they are'⁴².

Figure 4: Impact of rearing environment on IQ



Source: Capron and Duyme (1989)

44 Scott and Sylva (2004) *The Spokes Project: Supporting parents on kids' education*, Department of Health

45 Ghate and Hazel (2004) *Parenting in Poor Environments: Stress, support and coping. A summary of key messages for policy and practice from a major national study*, Policy Research Bureau.

Positive parenting can protect children against risk factors such as material deprivation and poor parental education. Research into the influence of different styles of parenting behaviour on child outcomes has identified the following common features of positive parenting: sensitivity, boundary setting, supervision and child-centredness⁴³. Conversely, the following five aspects of parenting are consistently found to be damaging: poor supervision; erratic, harsh discipline; parental disharmony; rejection of the child; and low involvement in the child's activities⁴⁴.

While disadvantaged parents are often excellent parents, the stress of living in poverty can negatively influence parenting behaviour and consequently child development. A study of parenting behaviour in poor environments found that parents had poorer physical and mental health than parents in other areas. 40 per cent had long term problems such as arthritis, rheumatism or respiratory difficulties. One in twelve had mental health difficulties and 40 per cent scored high on an index of anxiety and depression. Major stresses arose through low income, unemployment, anxiety over finance and housing problems⁴⁵.

Promoting positive parenting is one of the most effective ways that government can improve life chances. In general, there are two types of parenting programmes: parenting education and parent management. Parenting education programmes seek to boost parents' knowledge about parenting

and child development, for example, through home visits. Parent management programmes are designed for parents of children with problem behaviour, particularly conduct disorders. They teach parents concrete behavioural strategies designed to improve their children's behaviour, for example, parents are taught how to reinforce positive and punish negative behaviour appropriately.

There is some evidence from research in the UK and US that parent education programmes improve parenting behaviour but evidence that this in turn improves child outcomes is more limited. According to a review of 24 parent-focused home interventions for low SES children conducted by Brooks-Gunn et al., nineteen of the programmes reported favourable effects on parenting outcomes, such as more sensitive parenting, but these failed to translate into positive impacts on children's behavioural or cognitive development⁴⁶.

Piloted in 1992 in Birmingham, Bookstart has since become a national parenting programme in the UK following evaluations demonstrating positive impacts on parents and children. As part of the programme, parents (usually at their child's seven month hearing test) are given a pack with a free book, a nursery rhyme poster, a library joining card and information on how important it is to read to your baby. According to evaluation of the pilot programme, 68 per cent of Bookstart parents said that looking at books was among their child's three most enjoyable activities, compared to only 21 per cent of the comparison group and 75 per cent said they usually bought their children books as presents, compared to 10 per cent of the comparison group. Bookstart also had a positive effect on parents' method of reading to their children. The 300 original Bookstart babies from Birmingham were tested on entry to preschool and were found to perform better on listening and reading than non-Bookstart children. By Key Stage 1, the Bookstart babies had a 30 per cent English and a 25 per cent Maths advantage over the control group. However, these results do not control for other factors, most importantly the other preschool experiences the children might have had⁴⁷.

Parent education programmes conducted by trained health professionals consistently show positive child development outcomes. An experimental evaluation of an intensive nurse home visiting programme in New York found that, fifteen years later, children who took part in the programme reported

46 Brooks-Gunn et al (2001) 'Early childhood intervention programmes: What about the family? In Meisels and Shonkoff (eds) *The Handbook of Early Intervention*, 2nd Edition, Cambridge University Press

47 More, Maggie and Wadestart, Barrie (1998) *A Gift for Life, Bookstart: The First Five Years*, The Book Trust

48 Olds et al (1999) 'Prenatal and Infancy Home Visitation by Nurses: Recent Findings', *The Future of Children*, 9.

49 See www.maternityalliance.org.uk

50 Magnusson and Duncan (2003) *Parent vs. Child-based Intervention Strategies for Promoting Children's Well-Being*

51 Scott and Sylva (2004) *The Spokes Project: Supporting parents on kids' education*, Department of Health

52 *ibid*

fewer emergency health-related visits, fewer arrests and sexual partners and less tobacco and alcohol use than the control group⁴⁸. This suggests that health visitors in the UK could have an important role to play in parenting education. Maternity Alliance, the national charity working to improve support for pregnant women, new parents and children under the age of one, argues that in the long term the role of health visitors needs to change from performing simple clinical functions such as baby weighing to providing more holistic care. Health visitors should place greater emphasis on parenting support and advising new parents on how to meet a child's cognitive and behavioural development needs⁴⁹.

In contrast, parent management programmes that target children with or at risk of conduct disorders have a much better record of success on both sides of the Atlantic⁵⁰. One of the most successful parent management programmes in the UK is the Spokes project. The project offered parents of five and six year olds with behavioural difficulties an intensive support programme aimed at improving parenting in relation to children's behaviour and learning. The programme has demonstrated clear benefits for children whose parents received intensive support over the control group which had access to a telephone help line only. Children showed significant reductions in antisocial behaviour and hyperactivity and a seven month gain in reading skills⁵¹.

Directors of the Spokes project, Stephen Scott and Kathy Sylva, identify the following as contributing to an effective parent management programme:

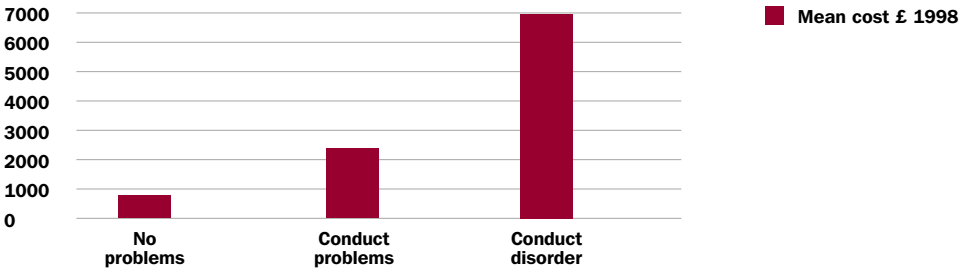
- A collaborative approach between parents and professionals that does not stigmatise parents as failures
- Programme content that offers parents specific coping strategies rather than unfocused social support
- A ten to twelve week minimum duration since behaviour change takes time
- Highly trained professionals
- Childcare and transport provision to ensure low drop out⁵².

The research evidence on parenting programmes suggests that a tiered system of national provision should be put in place. By 2020, all parents should have access to an appropriate level of

parenting support and advice. Many parents will require little more than information and basic support but more intensive parenting programmes run by professionals should be available in disadvantaged areas where the need for support is likely to be greater. Parents whose children are identified as being at risk of antisocial behaviour should be offered an appropriate parent management programme.

From a cost-benefit perspective, directing the bulk of resources at parent management programmes with a proven track record of success is a shrewd investment. Early signs of antisocial behaviour are reasonably good predictors of antisocial behaviour in later teenage years. Between the ages of five and seventeen, a fifth of children manage to improve their behaviour and escape this group every three years, while four fifths remain⁵³. By the age of 28, a person with a conduct disorder has cost the public purse £70,000 compared to £7,400 for a person with no specific conduct problems (see Figure 5). Preventing early behavioural problems escalating into antisocial behaviour and associated negative conduct such as criminality and drug abuse provides a huge return on public investment. Cost-benefit studies of US early intervention programmes indicate that the most significant benefits come from savings to the criminal justice system⁵⁴.

Figure 5: Total extra cost to age 28 from antisocial behaviour



Source: Scott, Stephen (2004)

53 Scott, Stephen (2004) Presentation given at SMF seminar, 'Visions for the future of early years in the UK', July 2004

54 Karoly et al (2001) *Assessing Costs and Benefits of Early Childhood Intervention Programmes*, Rand; Reynolds et al (2002) *Age 21 Cost-benefit Analysis of the Title I Chicago Child Parent Centers*, IRP

55 Data refers to Sure Start waves 1 and 2 only

56 Melhuish, Edward (2004) Presentation given at SMF seminar: *Visions of the future of early years in the UK*, July 2004.

Delivering the vision: Maximising the effectiveness of children's centres

To date the Government has adopted a dual approach to early education and care: a universal entitlement to two and a half hours of free provision for all three and four year olds, alongside targeted provision for families living in the twenty per cent most deprived wards in the country.

This paper has so far focused on the universal framework for early years that should be in place by 2020, highlighting how changes to existing funding mechanisms can extend meaningful choice to all parents and make a significant contribution to life chances. Within this universal framework, it is essential that the Government continues to target socio-economic disadvantage through the provision of additional resources and services, recognising that children growing up in disadvantage face extremely high barriers to realising their potential.

Data from the National Evaluation of Sure Start highlights the enormous barriers to achievement that children living in the twenty per cent most deprived wards in the country face. 45 per cent of children in Sure Start areas live in workless households compared to 23 per cent nationally. 50 per cent of children in Sure Start areas are at some risk of developing special educational needs and 11 per cent face a strong risk compared to 16 per cent and 2.5 per cent nationally. 54 per cent of parents read regularly to their child in Sure Start areas⁵⁵ compared to 72 per cent nationally⁵⁶.

As Nobel Prize winning economist Amartya Sen explains in his capabilities approach to development, individual circumstances affect our ability to translate opportunities into well being. A disabled person, for example, faces different barriers to returning to work from someone who is long term unemployed or someone with poor educational attainment. Equality of income for each of these three individuals will not translate into equality of opportunity, let alone equality of outcome. Improving the

life chances of those who face disproportionate barriers to achievement, therefore, depends on a level of investment commensurate to the barriers they face⁵⁷. Building on the current differentiated approach to funding and service provision is an essential part of the effective personalisation of services by ensuring that provision addresses different levels of need. A differentiated funding system for early years exists in New Zealand where an equity fund has been set up specifically to target disadvantage and special educational needs (see box: Equity funding in New Zealand).

Equity funding in New Zealand

Equity funding aims to reduce educational disparities and improve access between different groups by targeting additional funding at early years settings with a high proportion of children from disadvantaged, ethnic minority or special needs backgrounds. Individual settings can decide how best to spend additional funding.

Eligibility for the Low Socio-Economic and Special Needs components is based on the early childhood Equity Index (EQI). This index measures the extent to which an early childhood education service draws children from low socio-economic communities. A service supplies a list of the addresses of children who attend and this information is then matched with information from the New Zealand Census of Population and Dwellings. The Census variables used to calculate the EQI are: equivalent household income, parents' occupation, household crowding, parents' educational qualifications, and income support payments received by parents. The proportion of Maori and Pacific children on the roll of the service is also used to calculate the EQI.

The 40 per cent of services that have the highest proportion of children from low socio-economic communities are the target group for equity funding. After combining the data, all services are ranked into 10% groupings. The 10% with EQI 1 have the highest proportion of children from low socio-economic backgrounds. Only services with EQI 1, 2, 3 and 4 are identified for funding purposes.

The Special Needs and Non English Speaking Backgrounds component of equity funding is combined with

57 Sen, Amartya (1999) *Freedom as Development*, Anchor Books

58 NESS (2004) *The Impact of Sure Start Local Programmes on Child Development and Family Functioning: A report on preliminary findings*

the Low Socio-Economic component since research shows that the incidence of children with low to moderate special needs and for whom English is their second language is four to six times higher in low socio-economic services.

In 2002, 1334 early years services received equity funding: 1016 for low socio-economic and special needs; 460 for isolation; and 647 for services in another language and culture other than English. The total budget for equity funding was NZ \$8 million (£2.96 million).

Source: New Zealand Ministry of Education

The commitment announced in the 2004 Comprehensive Spending Review to create 2500 children's centres by 2008 will ensure that there is a children's centre in each of the 30 per cent most deprived wards, covering 67 per cent of children living in poverty. Extending area based targeting to cover a further ten per cent of the most deprived wards would ensure that additional services were targeted at three quarters of the children living in poverty, with outreach programmes extending to children living in poverty outside target areas.

A tiered system of additional funding based on ward level deprivation similar to the Equity Index in New Zealand would further target resources, with the most deprived wards within the 40 per cent securing more investment.

Additional funding would be used to support services that address the needs of more disadvantaged parents and children, for example:

- Intensive parent education and management programmes
- English as a second language training
- Adult education and training
- Welfare rights advice

The National Evaluation of Sure Start should inform the development of these additional services. Initial evidence from the evaluation has identified only 24 per cent of Sure Start Local Programmes as being effective in improving child and parent outcomes⁵⁸. While this may be in part due to the immaturity of the initiative, guidelines based on the service

delivery models employed by successful programmes would ensure that additional services are provided with maximum effectiveness, at the same time as maintaining some discretion over how best to respond to local needs.

In addition, a major role of children’s centres in disadvantaged areas would be to provide additional capacity for early education and care, recognising that the market does not always provide adequately in these areas.

In more affluent areas, a set of core services would be available to parents and children, including:

- Access to health information and advice
- Access to parenting information and advice.

There would be limited need to provide additional capacity for early education and care as this is well provided by the private and voluntary sectors. A more effective approach would be to link existing provision into children’s centres to provide parents with an integrated service offer.

59 For detailed cost-benefit analysis, see PricewaterhouseCoopers (2004) *Universal early education and care in 2020: costs, benefits and funding options*, Daycare Trust and Social Market Foundation

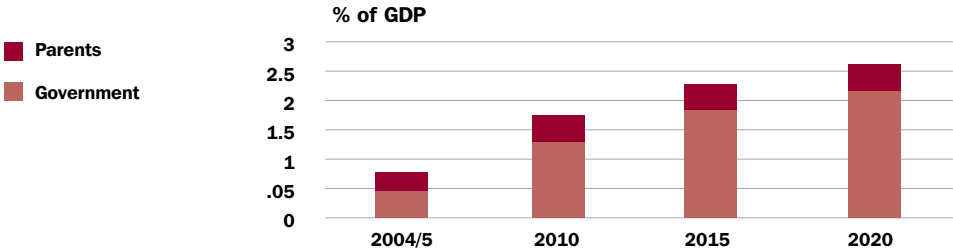
60 This cost estimate includes out of school and holiday care for 5 to 14 year olds that is not included in the vision outlined in this paper and does not include the costs of parent education programmes or other services delivered through children’s centres.

The costs and benefits of the vision

The Social Market Foundation has been working with PricewaterhouseCoopers and Daycare Trust to estimate the costs and benefits of the kind of ambitious vision for early years outlined in this paper⁵⁹.

According to PwC, total spending on early years education and care in the UK, plus parental leave payments, is just under £10 billion in 2004/5 (around 0.8 per cent of GDP). Estimates of the total costs of the vision over the period to 2020 are illustrated in Figure 6 below. The vision implies a total cost of around 2.6 per cent of GDP and an increase of around 1.8 per cent of GDP (c.£21 billion at 2004/5 values) on current spending levels⁶⁰.

Figure 6: Projected build-up of costs over time



Source: PricewaterhouseCoopers (2004)

The analysis assumes that parents on average contribute around 30 per cent of costs for the non-free elements of the 2020 vision, broadly in line with current average parental contribution rates in other EU countries. On this basis, the gross cost to the Government is estimated at around 2.2 per cent of GDP in 2020, or around 1.7 per cent of GDP (c.£20 billion at 2004/5 values) above current government spending levels in the early years area.

The costs of delivering an ambitious vision for early years are substantial but, according to PwC’s estimates, the vision would also deliver significant economic and social benefits. High quality, affordable early years provision can boost female employment levels, which, in turn, can help both to increase

economic output and to reduce child poverty, much of which is linked to low employment levels of lone parents in particular. In the longer term, higher female employment can also help to meet the economic and financial challenges of an ageing population, as can the potential increase in future productivity if children develop better cognitive skills at an early age through high quality preschool education and care. Extended parental leave and home care allowances would complement this programme by allowing more contact between parents and children in the first one to two years of life. The overall package also allows parents who want to spend more time with their children in this early period a better chance of remaining attached to the workforce, rather than taking extended career breaks that can have significant negative effects on lifetime earnings potential and, related to this, also future pension levels.

For the economy as a whole, PwC estimates that the policy package outlined in the vision could boost total UK parental employment by around 700,000, implying an increase in national output of around one per cent of GDP in 2020⁶¹. In addition, the longer term quantifiable economic benefits of the package, in terms of increased lifetime employment and earnings of parents and the future productivity of children as adults could be of the order of 0.5 per cent of GDP, when expressed as an equivalent annual present value. It should be stressed, however, that this base case estimate is subject to significant uncertainties, with a plausible range for total economic benefits being of the order of one to two per cent of GDP in equivalent annual terms. Note that this is the incremental estimated economic benefit of moving from where we are now to the vision for 2020, over and above the benefits from current provision.

These estimated economic benefits are broadly of the same order of magnitude as the incremental costs discussed above, as illustrated in the table below, although the margin of error on the net benefit estimates is clearly large.

61 This estimate draws on a previous PwC study into the costs and benefits of universal childcare. For further details, see Ambler, Armstrong and Hawksworth (2003) *Costs and Benefits of Universal Childcare: A preliminary economic analysis for the UK*.

Estimated incremental costs and benefits from early years vision for 2020 compared to current position

	Impact on Exchequer		Overall economic impact	
	% of GDP 2004/5 values	£ billion at 2004/5 values	% of GDP	£ billion at 2004/5 values
Incremental economic benefits	0.4-1 (+ social benefits)	5-12 (+ social benefits)	1-2 (+ social benefits)	12-24 (+ social benefits)
Incremental costs	1.7	20	1.8	21
Net economic benefits/costs	-0.7 to -1.3 (+ social benefits)	-8 to -15 (+ social benefits)	-0.8 to +0.2 (+ social benefits)	-9 to +3 (+ social benefits)

Source: PricewaterhouseCoopers (2004) *Universal early education and care in 2020: costs, benefits and funding options*, Daycare Trust and Social Market Foundation

62 Karoly et al (2001) *Assessing Costs and Benefits of Early Childhood Intervention Programmes*, Rand

Furthermore, this cost-benefit comparison excludes potentially important social benefits from the 2020 vision. Evaluations of early years programmes, particularly interventions aimed at disadvantaged children and families, highlight a range of non cognitive benefits such as improved health, reduced drug taking and lower incidence of criminal behaviour. Furthermore, early intervention reduces the need for later, more costly remedial interventions. While these social benefits are very difficult to quantify in financial terms, where estimates exist, they have been found to be substantial.

The High/Scope Perry Preschool Programme was based in an area of extreme urban deprivation in the US working with African-American children from the age of three. Cost-benefit analyses have estimated an overall benefit of up to \$7 for every dollar spent. Approximately 65 per cent of the benefits of the programme came from reductions in crime, with improved schooling, additional tax revenue on earnings and welfare savings making up the remainder⁶².

The Chicago Child Parent Center programme for disadvantaged families delivers benefits worth \$7.10 for every dollar spent. These stem from a higher rate of high school completion, fewer arrests, a reduction in the incidence of special educational needs and a reduction in child abuse and neglect. Furthermore, the Chicago Child Parent Center estimates that its preschool provision delivers benefits worth

\$7.10 per dollar spent, while its primary provision delivers \$6.11 and its primary/secondary provision only \$1.66 for every dollar spent, making a strong case for early intervention⁶³.

The economic benefits identified by these cost-benefit studies come from targeting disadvantaged children and stem in large part from the prevention of negative behaviour. As such, they cannot be generalised across the population as a whole. The probability of the average child falling into similar patterns of negative behaviour in later years is much lower and, therefore, the benefits more modest⁶⁴.

For example, a cost-benefit analysis of the Prenatal/Early Infancy Project (PEIP) in New York estimated benefits worth \$31,000 per mother-child pair for the higher risk portion of the sample, compared to only \$6,700 for the lower risk portion. The cost per child of the programmes was \$6,100, indicating a positive, although far more modest, return on investment for the lower risk group⁶⁵.

Assuming that the estimated economic benefits of the 2020 vision outlined in this paper are broadly of the same magnitude as the costs, the inclusion of additional social benefits, even if relatively modest when generalised across the population as whole, would appear to tip the balance of investment in early years in favour of the benefits.

63 Reynolds et al (2002)
*Age 21 Cost-benefit Analysis
of the Title I Chicago Child
Parent Centers*, IRP

64 Melhuish, Edward (2004)
*A Literature Review of the
Impact of Early Years
Provision on Young Children,
with Emphasis Given to
Children from Disadvantaged
Backgrounds*, National Audit
Office

65 Karoly et al (2001)
*Assessing Costs and Benefits
of Early Childhood
Intervention Programmes*,
Rand

Conclusion

It is a common misconception that choice cements inequality by reinforcing existing socio-economic disadvantage. In actual fact, it is the lack of meaningful choices for many disadvantaged parents and children that reinforces their position and limits their life chances, whether it is inequality in parental leave choices or childcare possibilities.

Meaningful choice for all parents underpins the Social Market Foundation's vision for early years in 2020, not only because choice is valuable in itself but also because it is the most effective way of promoting life chances. This should remain the overriding goal of early years policy and provision in the UK.

A choice to remain at home for a full twelve months would give lower income children the same protective benefits from parental care in the first year of life that more affluent children enjoy. The choice to work part time and receive home care support would offer lower income parents greater say over whether their children are best cared for at home, by a childminder or in a group setting. A real choice of affordable childcare options for lower income families would allow more parents to return to work, raising family incomes and, ultimately, benefiting child development. By 2020 all parents of children under five should have the freedom to choose how to combine parenting, childcare and work according to their own needs and the needs of their child.

Pursuing choice for all means radical change in the early years system as it currently operates: replacing the childcare tax credit with a supply-side grant; overhauling the early years workforce; prioritising parenting as well as institutional settings. It also means additional resources being spent on disadvantaged children and their families within an emerging universal framework that grants entitlements to all parents and children.