

The Coalition's Record on the Under Fives: Policy Spending and Outcomes 2010-2015

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The Government's strategy for improving social mobility emphasised the importance of early childhood. Against a backdrop of tightening austerity, what happened in practice to children's services, family incomes and early child development?

- Despite little mention of early childhood in either Coalition party's manifesto, its importance on the political agenda increased following the election. The Government's social mobility strategy identified children's "foundation years" as a key area for securing improvements.
- The Coalition also insisted that by moving away from a narrow focus on income measures and investing in support services for lower-income families it could deliver a more sustainable way to tackle child poverty and improve children's life chances.
- Health visitor numbers increased and the number of places on the Family-Nurse Partnership programme for teenage parents doubled. An Early Intervention Foundation was established, with a remit to promote and disseminate evidence about 'what works' to promote healthy child development.
- Substantial cuts to local authority budgets, nevertheless, left early years services vulnerable, while central support for childcare was also reduced. Real spending per child on early education, childcare and Sure Start services fell by a quarter between 2009-10 and 2012-13, from £2,508 to £1,867.
- Tax-benefit reforms hit families with children under five harder than any other household type. Those with a baby were especially affected by the withdrawal of a series of extra benefits during pregnancy and a child's first year.
- Take-up of the free nursery entitlement for three- and four-year-olds rose between 2010 and 2014. Early education places for disadvantaged two-year-olds were also rolled out, though not in the highest quality settings.

The impact of Coalition policies on children's wellbeing and life chances will take time to emerge fully. Yet the important role that early years services and family income play in child development is well known to policy makers. It is not too soon therefore to raise concerns about the long-term consequences recent spending decisions may have on the current generation of young children.

What were the Coalition's aims and goals?

Neither the Conservative nor Liberal Democrat manifesto for the 2010 election had a strong focus on early childhood. However, once the Coalition took office, young children rose up the political agenda. The new government commissioned Labour MP Frank Field to undertake an independent review of poverty and life chances with a particular focus on the pre-school years. Independent reviews followed of early intervention, the Early Years Foundation Stage and the early years workforce. Taken together, their reports made a powerful case for more investment in services and support for young families. Meanwhile, the Autumn 2010 Spending Review professed to have social mobility "at its heart", and the social mobility strategy published in April 2011 emphasised the "Foundation Years" as a key focus for government attempts to boost mobility, adopting terminology from the Field report.

To increase social mobility, the Coalition argued that policy needed to move away from an emphasis on financial support for households and "a narrow focus on income measures". In the words of the Government's 2011 child poverty strategy: "Our aim is to improve the life chances of children in lower-income families, and we believe that the most sustainable way to do this is to invest in the public services which they use, and to monitor the progress of those children more closely."

What did the Coalition do?

Early years education and childcare

The main expansionary policy affecting young children was a roll-out of free, part-time places in early education for the most disadvantaged 20 per cent of two-year-olds. This built on a Labour pilot programme and was subsequently extended to the most disadvantaged 40 per cent. The Coalition also pursued its commitment to a larger Health Visitor workforce and expanded the Family Nurse Partnership, an intensive programme of home visits for first-time teenage parents during pregnancy and their child's first two years. In addition, the Government introduced more flexibility in maternity leave, allowing parents to share leave from two weeks after birth instead of 20 weeks. It also established the Early Intervention Foundation, with a remit to promote and disseminate evidence about 'what works' for children, and to raise investment from non-governmental sources including charities and social investors to support the spread of tried and tested programmes.

However, the Government simultaneously acted to reduce the scope of service provision in a number of ways. The maximum subsidy for childcare in Working Tax Credit was reduced from 80 per cent to 70 per cent of costs. The Graduate Leader Fund, which helped childcare settings to train and retain degree-qualified staff, was abolished despite being positively evaluated. A requirement for children's centres in disadvantaged areas to provide daycare places for children and to employ a graduate was also lifted.

Other controversial reforms concerned childcare quality. Early Years Teacher status was introduced to replace Early Years Professional Status as the specialised graduate route for early education. But the new EYTs were not given Qualified Teacher Status or required to undertake a Post Graduate Certificate of Education, despite the recommendations of an independent review. The schools inspectorate, Ofsted, was made "the sole arbiter of quality in the early years", removing the local authority role in promoting best practice in childcare settings. A proposal to relax the required minimum ratios of staff to young children in childcare settings was shelved in the face of opposition.

Significantly for Sure Start children's centres and other support services for young children, Government funding for local authorities was substantially reduced. Authorities serving more disadvantaged areas took a proportionally larger hit than others. For example, funding for London councils was cut by 33 per cent in real terms between 2009/10 and 2013/14, with reductions on a similar scale affecting other large urban authorities.

Given the tough financial climate, the Coalition hoped that limited resources would be used to deliver "more for less". In that context, the ringfence that had prevented Sure Start funding (and other centrally directed grants) being used for wider purposes was removed. More than previously, early childhood services found themselves competing for funding within local authorities with services for other age groups. The Government also piloted 'payment by results' funding for children's centres and placed a requirement on them to target services on the most needy families.

Financial support for families with young children

In terms of cash transfers, the "per child" element of Child Tax Credits for parents in low-paid employment continued to be raised above inflation for the Coalition's first three years in office. Other sources of financial support for families with young children were cut back. A series of benefits for pregnant women and families with babies were removed. The Health in Pregnancy Grant and Baby Tax Credit were abolished, while the Sure Start Maternity Grant was restricted to first children only. Child Trust Funds – paid at birth, though not accessible until a child reached 18 – were also abolished.

The number of working hours required to qualify for Working Tax Credit was increased for couples with children, and the withdrawal rate as earnings increased became steeper. Child Tax Credit and Child Benefit payments were frozen in cash terms. The income threshold at which families cease to be eligible for the family element of Child Tax Credit was lowered substantially, so that CTC became a more tightly targeted benefit. Universal Child Benefit was removed from families that included a higher-rate taxpayer. Families with children were also affected by a cap introduced on total benefits received, and by reforms making local housing allowances less generous. Moreover, from April 2013, tax credits and benefits (including maternity benefits) were uprated by only 1 per cent a year, below the rate of inflation. An increase in personal income tax allowances from £6,475 in 2010-11 to £10,000 in 2014-15 benefited nearly all families with a worker earning more than the threshold, but this was poorly targeted in terms of helping lower earners and single-earner families.

Policy framework

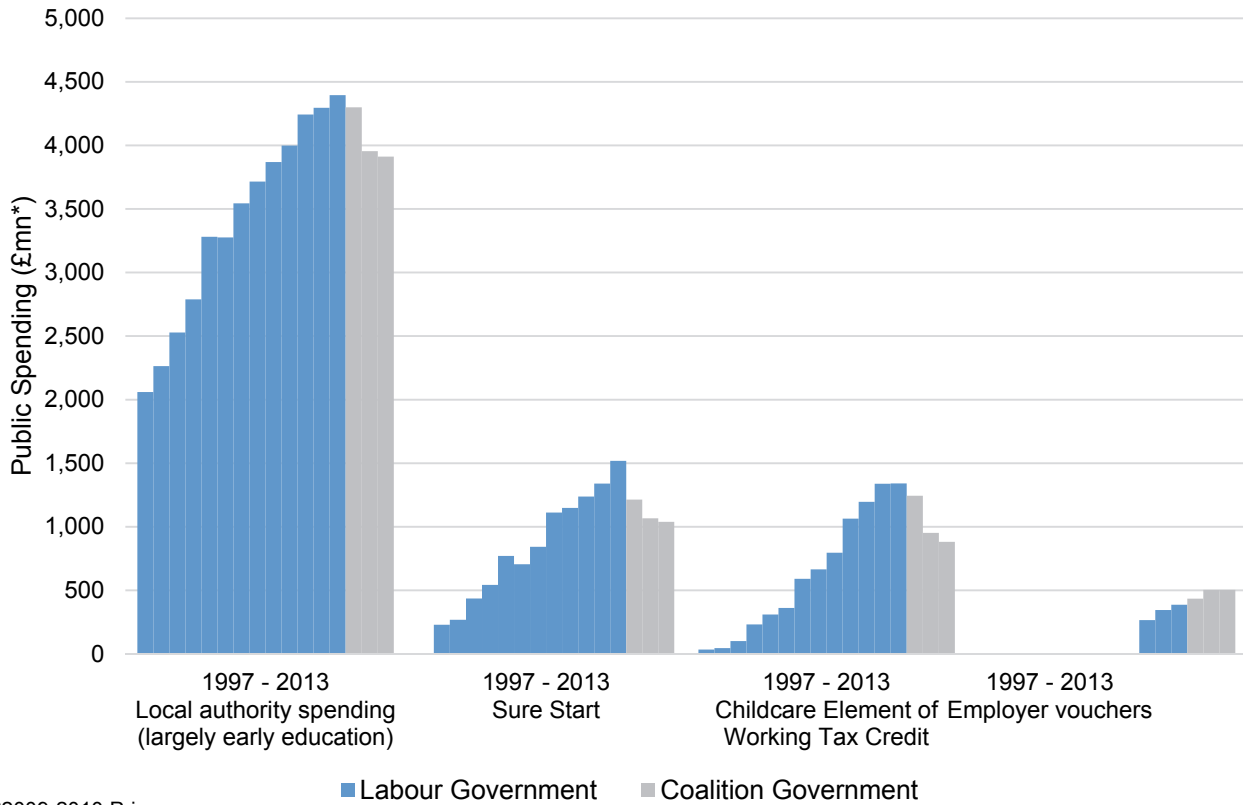
More broadly, the Coalition quietly dismantled Labour's "Every Child Matters" framework for child and family support services, with its focus on five wide-ranging outcomes: be healthy, stay safe, enjoy and achieve, make a positive contribution and enjoy economic well-being. The emphasis narrowed to a focus on achievement, from early childhood upwards. The Department for Children, Schools and Families was given the more traditional title of Department for Education, while a stronger "school-readiness" agenda was apparent in a revised Early Years Foundation Stage curriculum and in the replacement of the Children's Workforce Development Council with the National College for Teaching and Leadership.

How much did the Coalition spend?

Figure 1 records how the main areas of expenditure on services for young children have changed, in real terms, since 1997-98. It shows that spending on early education, Sure Start and the childcare element of Working Tax Credit all peaked in 2009-10 and fell steadily thereafter. Only spending on employment

childcare vouchers, aimed at families with incomes above the tax credit cut-off, continued to rise. Overall spending fell by 21 per cent between 2009-10 and 2012-13, with falls of 11 per cent for early education, 29 per cent for targeted support for childcare and 32 per cent for Sure Start. At the same time, the number of children under five rose by around 6 per cent, with the result that real spending per child fell by around a quarter, from £2,508 in 2009-10 to £1,867 in 2012-13.

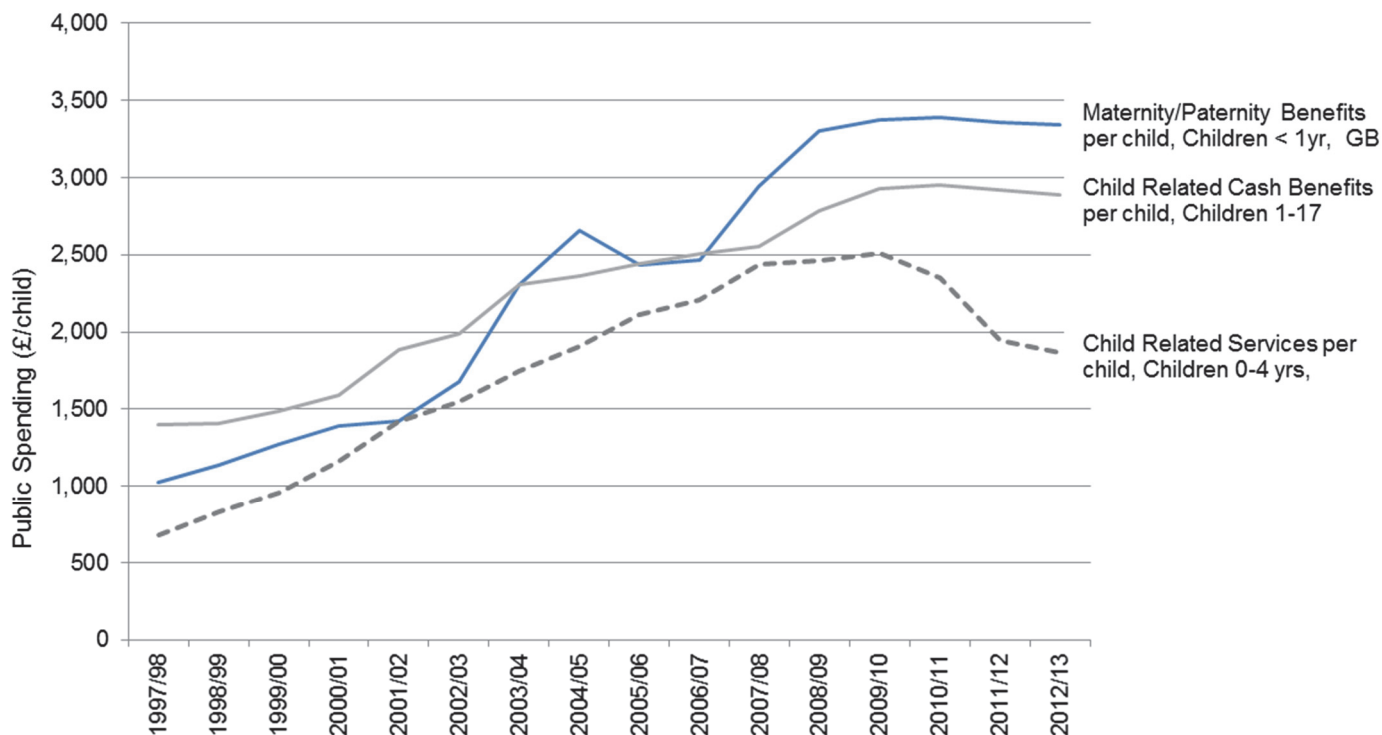
Figure 1: Spending on early education, sure start, and childcare in England



*2009-2010 Prices

In contrast to spending on services, there was no substantial overall change in real-terms spending on child-related benefits between 2009-10 and 2012-13. Reductions in the generosity of some benefits were balanced by increased demand on means-tested support during the recession. Figure 2 compares spending per child on services for children under five, maternity and paternity benefits, and other cash benefits (calculated by dividing all child-contingent spending by the number of children aged 0-17). It shows that spending on cash benefits and services rose at a fairly even pace until 2008-9. But spending on cash benefits rose in Labour’s last two years and has flattened since, while spending on services first flattened and then fell.

Figure 2: Spending on Child-Related Benefits Plateaued or Fell



What was achieved?

The number of Sure Start centres fell by a fifth – but those remaining showed resilience at a time of spending cuts

The number of Sure Start centres fell from 3,631 in April 2010 to 3,019 in June 2014, though the Government insisted that the net loss was only 72 centres, because of mergers. Services provided by the remaining centres were reduced in many local authority areas. In the national evaluation of children’s centres, nearly three out of four centre managers said service delivery had been affected by cuts in 2011-12 and 80 per cent expected further reductions in 2012-13. But there was also evidence of considerable resilience. A survey for the charity 4Children found that three-quarters of centres in 2012 and two-thirds in 2013 expected to maintain, or even expand, the services they provided.

Resilience at a time of expenditure cuts is likely to reflect efforts on the part of some local authorities to protect early childhood services. For example, case studies of three London authorities found that while one council had chosen to maintain its budget for early childhood services (though cutting provision for teenagers and the elderly), another had reduced spending on its children’s centres by more than 50 per cent. In addition, there was evidence of staff in children’s centres working longer hours and of more use being made of volunteers. Some centres, though not the majority, introduced charges for some services that were previously free.

In keeping with new Government guidance, services were targeted more closely at families with the greatest apparent needs. However, plans to secure better value-for-money by introducing a system of payment by results for children’s centres were abandoned after the evaluation of a pilot initiative highlighted cost and implementation barriers. Although some local authorities have tried hard to protect

their front-line children's services, it is not clear how far this can remain the case if the Coalition's plans for councils to face even deeper spending cuts are implemented after the 2015 election.

Attempts to expand other support programmes for parents had mixed success.

Fulfilling a Coalition commitment, the number of Health Visitors in England increased from 8,092 in May 2010 to 9,550 by September 2013. The evidence-based Family Nurse Partnership programme was expanded from 6,000 places in 2011 to 11,000 in 2013. However, two pilot parenting and relationship support initiatives launched by the Government failed to reach more than a fraction of the intended number of parents and were abandoned.

The number of childcare places for young children held up, although daycare provision in children's centres was more than halved

Ofsted registration figures point to a 4 per cent decline in the number of registered childcare providers between 2010 and 2014. However, data from the Childcare Providers Survey suggests the number of places available for young children increased by 8 per cent between 2010 and 2013. This was driven by increases in full daycare and nursery class provision. There is no doubt, however, that daycare provision in children's centres has been much reduced. Only 450 centres were providing places in 2014 compared with 1,000 in 2010. Although children's centre provision was never more than 3 per cent of total provision, it has tended to have more highly qualified staff than other settings and is more likely to cater for children with special needs.

Take-up of early education increased slightly for three- and four-year-olds and staff qualification levels continued to improve

The take-up of the free nursery entitlement for three- and four-year-olds rose between 2010 and 2014, from 91 per cent to 94 per cent of three-year-olds, and from 97 per cent to 99 per cent of four-year-olds. Within these figures there was a small shift towards the use of private, voluntary and independent sector (PVI) settings. Additionally, by January 2014, 13 per cent of two-year-olds were using free nursery care places, indicating incomplete take-up of the new entitlement covering two-year-olds from the 20 per cent most disadvantaged families. Nine out of ten of these children were cared for in PVI settings. Despite evaluation findings from a pilot programme that only the highest quality daycare places had a positive impact on child development, fewer than half the two-year-olds were in settings where a qualified teacher or Early Years Professional worked directly with them.

There were, nevertheless, improvements in staff qualification levels. This is illustrated in Figure 3, which shows the percentage of paid staff in different settings who hold a relevant graduate qualification. However, gaps between the lower level of qualifications found in PVI settings (daycare and sessional preschools or playgroups) and the higher levels in children's centres and other state-provided nursery provision remain large. There is also concern that the overall improvement in qualification levels reflects the impact of training investment under Labour, and may not be sustained.

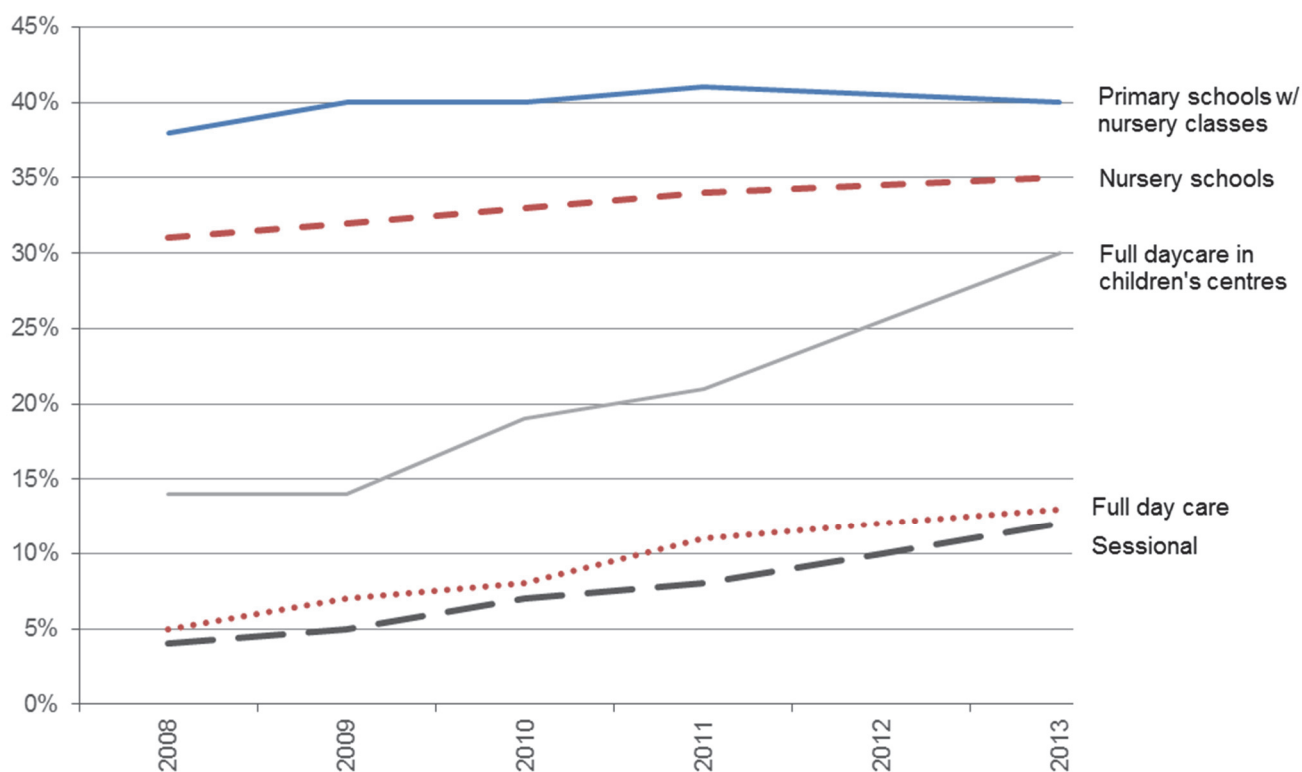
Tax-benefit reforms hit families with young children harder than other families, and poverty increased

Tax-benefit reforms since May 2010 have affected families with children more adversely than other types of household. Estimates suggest that children under 16 are the only age group worse off on average under the Coalition's tax-benefit policies than they would have been had Labour's policies been annually updated using the earnings index. Among families with children, those with a child under five were worst affected of all. For example, abolition of the Health in Pregnancy Grant and the Baby Tax Credit took

£730 out of a family's budget between the sixth month of pregnancy and their baby's first birthday, while restrictions to Sure Start Maternity Grant meant a further £500 loss for low-income families having a second or subsequent child.

Thus, while relative poverty among all families with children remained static between 2010/11 and 2012/13, the level among children in households with a baby has increased. Furthermore, when measured against a fixed income threshold, poverty levels increased among all children from 2010/11.

Figure 3: Percentage of paid staff who have a relevant Level 6 qualification (degree-level), by type of setting



Key child development data changed little after 2010 – but it is too soon to know what impact Coalition policies may have had

Assessing any effects that Coalition policies for the under-5s might have had on child development is difficult, and capturing their potential impact on social mobility harder still. Comparisons with Labour's record are hampered not only by data lags, but also by changing measurements and definitions. For the record, data on low birthweight (a key indicator of developmental disadvantage) show no change for babies born to parents with routine and manual occupations between 2009 and 2012, after steady improvement between 2005 and 2009. But the infant mortality rate fell in routine/manual classes between 2011 and 2012, driving a narrowing of the gap. The share of overweight 4-5 year olds fell in the least deprived areas but remained steady in the most deprived, so the gap between areas grew. The number of children assessed by social services to be 'in need' grew, as did the number subject to a child protection plan, especially in the year to March 2014.

Early Years Foundation Stage (EYFS) profiles, meanwhile, indicate a stalling of progress in reducing socio-economic gaps in child development at age five. The achievement gap between children eligible

for free school meals and those not eligible had fallen slowly but steadily in the few years to 2011, but the gap then rose slightly to 2012 and has been stable since. The gap in EYFS scores between children from the 30 per cent most deprived areas and others likewise narrowed between 2006 and 2011, and there have no further improvements thereafter.

Conclusions

Despite the Government's early rhetoric – supported by findings from the independent reviews it commissioned on early childhood – families with young children have borne one of the heaviest burdens resulting from austerity. They have been adversely affected by reductions in state financial support on the one side, and by cuts in funding for early years services on the other. Strikingly, children are the only age-group to have been negatively affected overall by the Coalition's tax-benefit reforms, with families with a baby losing the most financial support of all.

The Coalition insisted that efforts to increase social mobility required more emphasis on services and less on financial support than Labour's strategy. Yet services suffered substantial budget reductions, including a 25 per cent real terms cut per child in funding for Sure Start, early education and childcare.

To date, service delivery has held up remarkably well in the face of these cuts. Some local authorities have chosen to prioritise children's services as far as possible. There is also evidence that children's centre staff have worked harder and been more creative with service provision, as well as relying more heavily on volunteers. But the experiences of young children and their families depend increasingly on the budget choices made by their local authority, and there are doubts about the capacity of even the most dedicated children's centres to withstand further cuts. More positively, part-time early education has been rolled out to disadvantaged two-year-olds. But places are not in the highest quality settings, and it is difficult to know what impact the provision of 15 hours a week early education a week will have in the context of falling family income and wider service reductions.

By the time the impact austerity measures are having on the development of today's under-5s becomes clear, the children will be older and another Government may be in power. But although it is too early to judge the effects of current policies on children's outcomes, it is not too early raise concerns. Neither the present Government, nor any administration that replaces it, can doubt that family income and high quality support services are crucial to children's development and life chances. Compensating for gaps and deficiencies as children grow older becomes more difficult and expensive, as the independent reviews commissioned by the Coalition emphasised. The fact that this has become well-understood by policymakers adds to the surprise that it has, in practice, been forgotten, notwithstanding commitments to improving social mobility.

Further information

The full version of this paper *The Coalition's Record on Under Fives 2010-2015* is available at <http://sticerd.lse.ac.uk/dps/case/spcc/WP12.pdf> This is one of a series of papers produced as part of CASE's research programme *Social Policy in a Cold Climate* (SPCC). The research, concluded in 2015, examines the effects of the major economic and political changes in the UK since 2007, focusing on the distribution of wealth, poverty, inequality and social mobility.

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