THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
CASE Centre for Analysis of Social Exclusion
Research at LSE
Nuffield Foundation
Social Policies and Distributional Outcomes in a Changing Britain

SPDO Research Summary paper

December 2020

The Conservative Governments' Record on Early Childhood from May 2015 to pre-COVID 2020: Policies, Spending and Outcomes

Kitty Stewart and Mary Reader

This report summarizes our full SPDO paper on the record of successive Conservative governments in relation to early childhood (children under five) from 2015 to the eve of the COVID-19 pandemic. The paper points to a mixed record on policies for young children and their families: there was progress on improving childcare affordability, but little action on childcare quality, while Sure Start children's centres continued to be squeezed and cash benefits were cut. Overall, spending on young children fell and became less progressive. By 2020 inequalities had widened in a range of early child outcomes.

- The flagship policy during this period was the extension of free early education from 15 to 30 hours a week for three- and four-year-olds with working parents, improving childcare affordability.
- At the same time there were deep cuts to Sure Start and to child-contingent cash benefits, alongside reductions in childcare support through the benefits system, all of which are targeted towards more disadvantaged families.
- Overall spending on services grew due to the 30 hours policy, but spending on benefits and services taken together fell.
- There was an increased focus on language and vocabulary in the Early Years Foundation Stage, aimed at promoting social mobility, but no investment in the quality of early education and care.
- Employment rose among mothers with a youngest child aged three or four, but rates of child poverty increased sharply.
- The disadvantage gap for reception-age children in the Early Years Foundation Stage Profile (EYFSP) increased in both 2018 and 2019 after narrowing until 2017. Social inequalities also increased in low birthweight (after narrowing to 2011) and obesity at age five.
- The infant mortality rate increased for three consecutive years from 2014 to 2017. The social class gap in infant mortality rose between 2014 to 2016 but has fallen since.

What were the Conservative Governments' goals?

By the time of Cameron's re-election in 2015, the principles of early intervention and investment in the early years were well established. But the governments of this period were also committed to cutting spending and tackling worklessness. Despite differences between the three administrations, goals in relation to early childhood policies were broadly consistent across the period. We observe:

1. **A broad commitment to improve the take-up of parental leave:** Election manifestos promised to improve the take-up of paternity leave and shared parental leave in particular.

2. **A strong focus on childcare affordability:** All three administrations emphasised the aim of making childcare more affordable and accessible, underlining the pledge to extend free childcare to 30 hours for three- and four-year-olds and to deliver on the Coalition Government's tax-free childcare policy.

3. **A commitment to reduce both child poverty and spending on cash benefits:** All three manifestos repeated these two goals. The commitment to cut benefit spending was put most starkly in 2015, with the pledge to find £12 billion of welfare savings on top of existing cuts. Increasing parental employment rates was seen as integral to tackling poverty: the 2015 manifesto promised to eliminate child poverty "by recognising the root causes of poverty: entrenched worklessness, family breakdown, problem debt, and drug and alcohol dependency".

4. **An emphasis on social mobility**, particularly under Theresa May. The 2017 manifesto promised to strengthen literacy and numeracy teaching in the early years to ensure all pupils "get the best possible start in life". May also committed to a Social Mobility Action Plan to improve the availability and take-up of high quality early years provision by disadvantaged children.

5. **A pledge to tackle childhood obesity:** This was repeated in each manifesto, though policy commitments to provide improved food labelling and reduce unhealthy ingredients were thin on detail.

What policies did the Conservative Governments pursue?

We group policies under four broad headings, all policy areas known to be important to ensuring young children can develop to their full potential.

Parental leave

There were no changes to parental or maternity/paternity leave between 2015 and 2020 and no substantial attempts to improve take-up other than an advertising campaign in 2018. However, unlike other working-age benefits, which were frozen in cash terms, flat-rate maternity/paternity pay continued to rise with inflation.

Support for parents and parenting

Under Cameron, a Life Chances Strategy was developed which was intended to include a "significant expansion in parenting provision", but the strategy was dropped when Cameron left office, and there was no explicit focus on parenting in later years. At the same time, Sure Start children's centres, which had been the main vehicle for delivering support for new parents since their establishment in the early 2000s, experienced substantial funding cuts, as discussed below.

Childcare and early education

Affordability: The 2016 Childcare Act legislated for the extension of the 15-hour free entitlement in England for three- and four-year-olds in working households, offering a total of **30 hours free childcare** for 38 weeks a year from September 2017. In the same year, the government introduced the Coalition policy of **tax-free childcare** across the UK, gradually replacing employer vouchers scheme. Under the scheme, working parents earning less than £100,000 can open a tax-free childcare account online that enables them to claim back £2 for every £8 they spend on childcare, up to a maximum of £2000 per child per year (£4000 for disabled children).

There was no formal policy change to more targeted childcare support through the benefit system, but as Universal Credit was rolled out, more families became eligible for the more generous subsidy of 85% of total childcare costs (as opposed to 70% under tax credits, itself reduced from 80% in 2011), up to a maximum of £646 a month for one child and £1,108 for two or more children. However, this had affected relatively few families by the end of 2019: 59,101 families were receiving childcare support through UC as opposed to 229,000 through tax credits.

Quality: There was much more limited policy action on childcare quality. On staff qualifications, standards were loosened: the **2017 Early Years Workforce Strategy** removed the requirement for Level 3 practitioners to have passes in GCSE English and Maths, which had been introduced in 2014 after the Nutbrown Review. On the other hand, in spring 2017 the government announced **revisions to the Early Years Foundation Stage Profile (EYFSP)** to strengthen the focus on language and vocabulary development, with effect from 2021.

The new **Early Years National Funding Formula (EYNFF)**, introduced in April 2017, also had implications for quality. This changed the way resources for funded hours were allocated with the aim of redressing the 'non-level playing field' between maintained and private, voluntary and independent (PVI) providers, to make it easier for PVI providers to deliver the 30 hours policy. The new formula posed a threat to the maintained sector, which is generally considered to offer the highest quality provision, and where staff qualifications and therefore costs are higher. With maintained nursery schools facing particular financial challenges, the government agreed to introduce and then extend supplementary funding for maintained nursery schools. Theresa May's administration also introduced a £30 million **school nursery capital fund** as part of its Social Mobility Action Plan, with the intention of increasing access for children from disadvantaged backgrounds to graduate staff. Thus the capital fund sought to encourage more maintained provision even as the EYNFF removed funding from maintained settings.

Financial support for households with children

In the July 2015 budget, Cameron's government announced the **two-child limit** for tax credits and Universal Credit across the UK. For new claims and new births from April 2017, only the first two children would be recognized in a benefit claim (with a few exceptions). After a concession from then Secretary of State for Work and Pensions, Amber Rudd, the policy was amended so that it would only apply to new births from April 2017. By spring 2020 all households affected therefore had a child aged three or younger.

The Conservative administrations also implemented wider **benefit cuts** across the UK which have affected families with young children. These included the four-year freeze on working-age benefits from April 2016; the lowering of the benefit cap to £20,000 (£23,000 in London) from November 2016; and the abolition of the family element of Child Tax Credits for families with first children born after 6 April 2017.

In the 2016 Welfare Reform and Work Act, the government removed all mentions of child poverty from the Child Poverty Act 2010, renamed it the Life Chances Act 2010, and **removed all four income-based child**

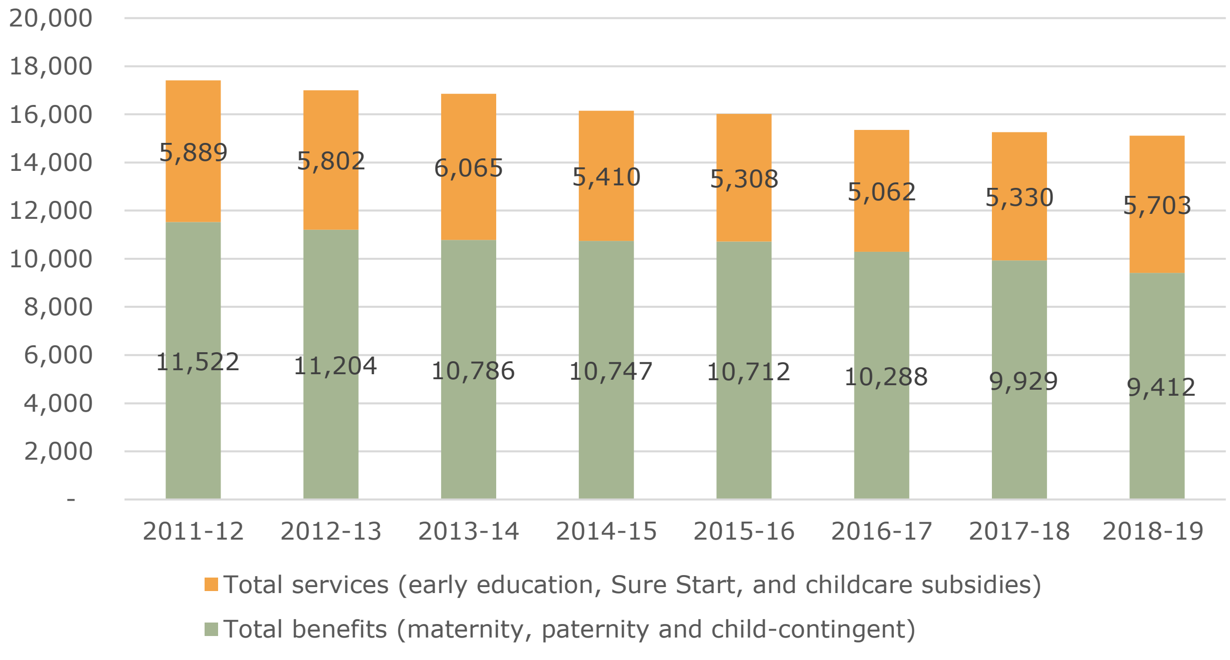
poverty indicators and their targets. The Scottish Parliament overrode these changes in 2017 and reinstated child poverty targets.

The 2016 act also **increased work conditionality for responsible carers** (lone parents or main carers in couples) of children under five, reducing the age at which parents have to start attending work-focused interviews (age one), take 'active steps' to prepare for work (age two), and be available for and actively seeking work (age 3-4). Parents face sanctions if they do not meet these conditions.

How much did the Conservative Governments spend?

Total spending on services and benefits for the under-fives in England stood at just over £15 billion in 2018-19. Total spending has fallen fairly steadily since 2011-12, down by 7% in real terms in the three years of the Coalition up to 2014-15 and by a further 6% in the four subsequent years. Since 2014-15, spending on services has risen, though not yet back to the level of 2011-12, while spending on cash benefits has fallen year on year (see Figure 1). There has therefore been a slight shift in the balance of spending away from cash benefits and towards services.

Figure 1: Spending on benefits and services for the under-fives since 2011-12 in England (£ million, 2018-19 prices)



Source: Various; see notes to Tables A1 and A2 in Stewart and Reader (2020).

Spending on benefits

We include all spending on child-contingent cash benefits (such as Child Benefit and child elements of tax credits and Universal Credit) as well as maternity/paternity benefits. Spending on maternity and paternity benefits has remained stable since 2010, with a slight increase per child, suggesting higher take-up. Meanwhile, child-contingent cash benefits have seen real terms cuts every year since 2010-11, falling by 8% from 2010-11 to 2014-15 and by a further 12% from 2014-15 to 2018-19.

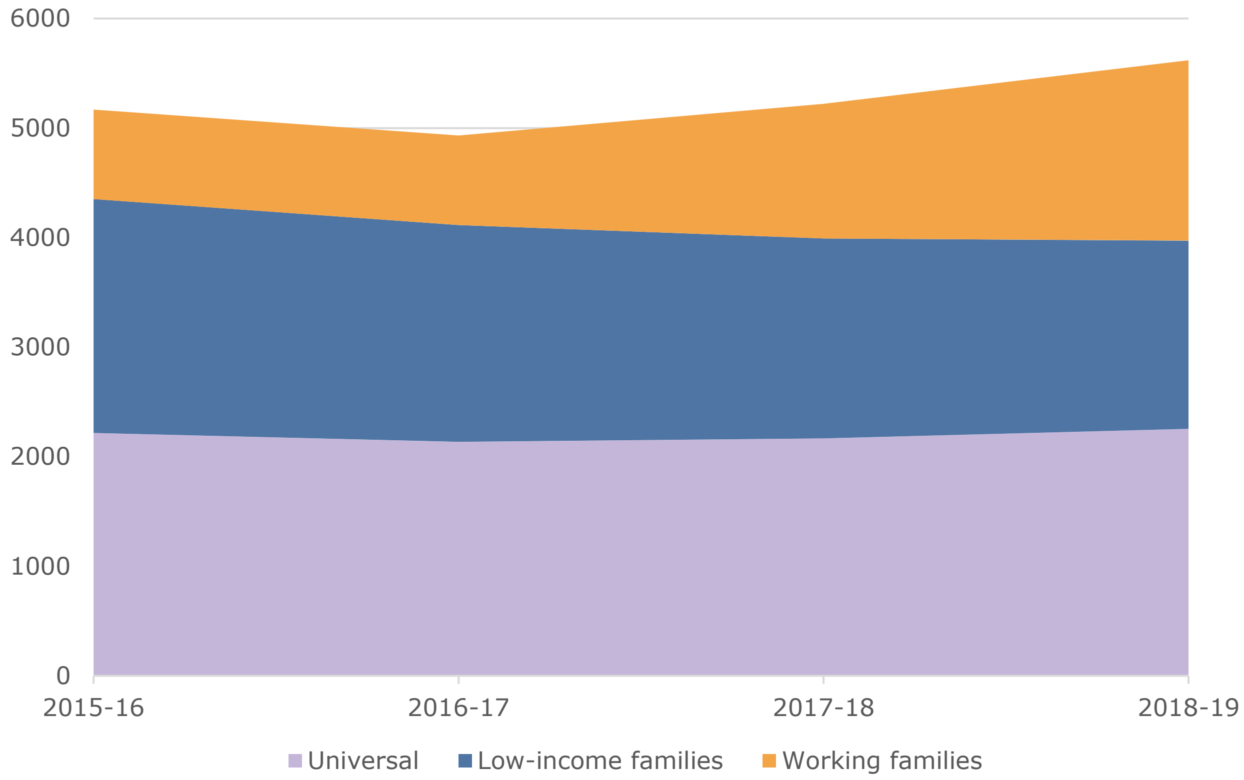
Spending on services

Our estimates of spending on services for children under five includes Sure Start, early education, and demand-side childcare subsidies (childcare support through Universal Credit or Working Tax Credits, employer childcare vouchers, and tax-free childcare). Since 2014-15, total spending on these services increased by 5% in real terms, driven by the introduction of the 30 hours policy, with a small increase also in spending on childcare support through the tax system.

At the same time, Sure Start children's centres have seen extensive cuts. From 2014-15 to 2018-19 spending on Sure Start was cut by 43%, coming on top of a cut of 48% between 2010-11 and 2014-15. Real spending on childcare subsidies provided through the benefits system has fallen by 21% as allowances have remained the same in cash terms. Funding rates for the Early Years Pupil Premium – introduced under the Coalition Government in 2015 to provide increased early education funding for disadvantaged three- and four-year-olds – have also remained stable in cash terms, translating into an 8% real terms cut since 2016-17 (no consistent earlier data are available).

These developments add up to a shift in spending away from universal and low-income support towards greater support for working families, within the overall profile of spending on early years services, as shown in Figure 2.

Figure 2: Distribution of spending on services for the under-fives, by income/employment targeting mechanism, 2015-16 to 2018-19 (£ million, 2018-19 prices)



Notes: Universal spending includes the 15 hour entitlement, supplementary funding for maintained nursery schools and the Disability Access Fund (DAF). Low-income families includes the two-year-old entitlement for disadvantaged children, childcare support through the benefit system, the Early Years Pupil Premium (EYPP), and Sure Start. Working families includes the additional 15 hour entitlement, employer childcare vouchers and tax-free childcare.

Sources: See notes to Table 1 and Table A1 in Stewart and Reader (2020).

What did the Conservative Governments achieve?

A small fall in take-up of paternity leave

The number of women taking maternity leave increased between 2014-15 and 2019-20, but the number of men taking paternity leave fell slightly. In 2018-19, 31% of eligible new fathers took up their statutory two-week paternity leave, down from 34% in 2014-15.

A squeeze on Sure Start children's centres

The number of Sure Start children's centres continued to fall from 2015. There were 3050 children's centres in 2019, 240 fewer than in 2015 and 570 fewer than in 2010. While in some cases, centres merged rather than closed entirely, the overall number masks reductions in services, opening hours and staff and a reliance on external funding. In some cases, centres were incorporated into packages of early help with a wider age range, 0-19 or even 0-25. Action for Children suggests that there was an 18% fall in the number of young children using children's centres since 2014-15 and 2017-18, with larger falls in more deprived areas, despite closures being concentrated in more affluent areas. Centres have also moved towards greater separation between open-access and targeted services for disadvantaged children, posing risks for social cohesion.

Increases in childcare affordability and in maternal employment

The 30 hours free childcare policy made a positive difference to the affordability of provision for parents of three- and four-year-olds: more than three-quarters of parents using the policy in 2018 said they had more money to spend as a result. There were also increases in maternal employment: between 2015 and 2019 the share of mothers with a youngest child aged three or four who were working rose from 61% to 70%, after years with very little change. The biggest jump was from 2017, when both the 30 hours policy and increased conditionality were introduced. The increase is observed for both lone parents and mothers in couples and is not seen for mothers of children aged 0-2.

But a fall in overall take-up of early education places

While roughly one-third of three- and four-year-olds accessed a longer funded day under the 30 hours policy, overall take-up of universal free early education places fell between 2015 and 2020, down from 93% to 91% of three-year-olds and from 97% to 94% of four-year-olds. One clue as to why comes from provider survey evidence, which suggests some providers have prioritized access for children who are eligible for 30 hours, as it may be more cost-effective to cater for one child for a full day than two children for half a day each. In addition, some local authorities were already providing more than 15 hours of free hours before the 30 hours policy, but targeted based on needs rather than parental working patterns; there is evidence that this provision has been cut to prioritise delivery of the new policy.

For two-year-olds, take-up of targeted free places is much lower than for the universal offer. After a big increase from 58% in 2015 to 72% in 2018, take-up fell slightly to 69% in 2020. There is significant regional variation in take-up of the two-year-old offer, and some local authorities report that the 30 hours policy has made it harder to deliver two-year-old places.

And a falling share of children attending maintained nursery settings

There has been a steady increase in the share of two-year-olds taking up a place in a maintained nursery school or nursery class, reaching 13% in 2019, but the share has fallen for three- and four-year-olds. For two- to four-year-olds overall, there were about 5% fewer children accessing maintained places in 2019 compared to 2015. Analysis up to 2016 points to a much greater fall for children who go on to access free school meals than their higher income peers. Further research is required to investigate the drivers of this trend.

A mixed story on quality of early education and childcare

Ofsted ratings show increases in the proportion of settings that are rated good or outstanding for two- to four-year-olds between 2015 and 2019. There have also been increases in this period in the share of children who attend settings where a qualified graduate (a qualified teacher, Early Years Teacher or Early Years Professional) works directly with the children. However, the share of children attending PVI settings with a graduate who is a qualified teacher (QTS), which is the strongest graduate qualification, has not changed. Further, the decline in the maintained sector means that the share of children overall attending settings with a QTS has fallen very slightly from 55% to 54%. As the fall in enrolment in the maintained sector appears to be concentrated among lower income children, these children will also be the most likely to have lost access to teachers.

Falls in the adequacy of the safety net for children and families

Welfare reforms – including the two-child limit, benefit cap and wider benefit cuts – have resulted in large reductions in the value of the minimum safety net as a share of the poverty line for families with children. This is particularly the case for larger families and for those with a baby. For an out-of-work couple with three children including a baby born after 1 April 2017 (and therefore subject to the two-child limit), the value of financial support fell from 88% of the poverty line in 2013-14 to 67% in 2017-18.

Rising child poverty for families with children under five

Despite rising rates of employment, including maternal employment, relative child poverty (both before and after housing costs) has increased sharply since 2013-14 for children in households with a child under five, particularly if they have a toddler or baby aged 0-1. Anchored child poverty (both before and after housing costs) for households with children under five was falling dramatically until 2010, but has since stagnated in the case of households with a youngest child aged 2-4, and either stagnated or risen slightly for households with a baby or toddler. Most of the rise in relative poverty is driven by trends for households where no adult is in paid work, but poverty has also risen in working households, particularly those where parents work part-time or where one works full-time and one part-time or not at all.

Widening gaps in some indicators of early child development

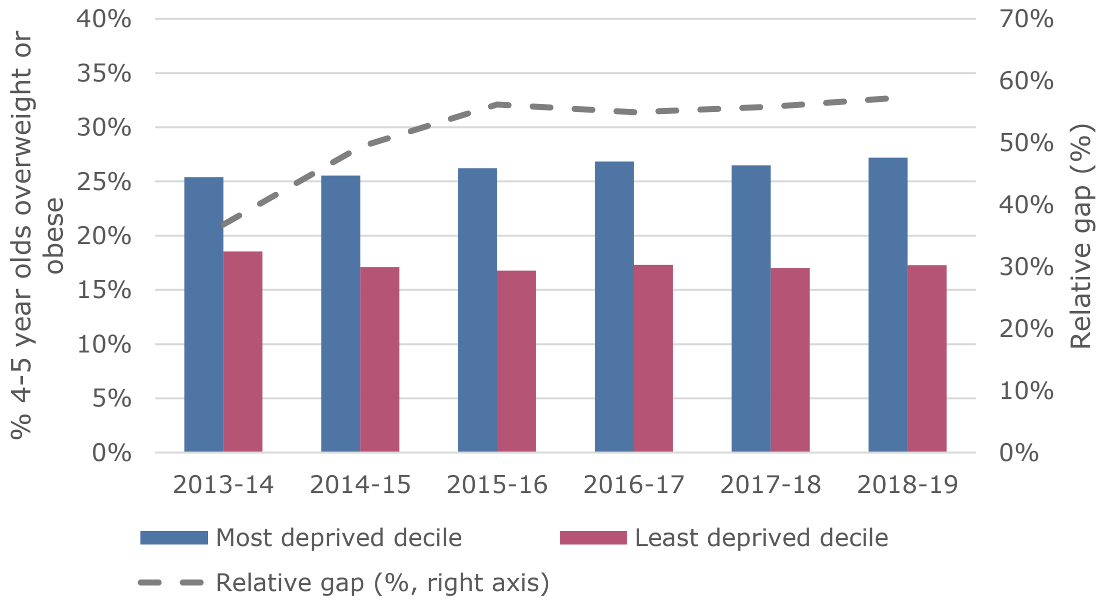
Between 2015 and 2018 the share of babies born at low birthweight fell in families from professional or managerial social classes and increased for those from routine or manual occupations, so the social class gap increased. This continued a trend starting in 2011, after several years in which the gap narrowed.

After years of steady reductions, the overall infant mortality rate rose for three years in a row from 2014 to 2017 – the first such persistent rise on record. Since the rise was more pronounced for lower SES mothers, the infant mortality gap widened from 2014 to 2016, although it has since narrowed again.

Little progress was made on tackling childhood obesity, despite this being a policy goal. The proportion of children aged 4-5 who are overweight or obese has remained steady at around 22-23% since 2013-14. The social class gap in obesity has also been fairly stable since 2015-16, after a sharp increase between 2013-14 and 2015-16 (see Figure).

The share of children assessed by teachers as reaching a 'Good Level of Development' in the Early Years Foundation Stage Profile continued to improve from 2015, though at a slowing rate. But among children registered for free school meals, the rate barely increased between 2017 and 2019, leading to a widening gap between these children and others. This follows a decade in which this gap had narrowed steadily.

Figure 3 Percentage of children aged 4-5 overweight or obese by deprivation level in England, 2013-14 to 2018-19



Source: NHS Digital (2020) National Child Measurement Programme (NCMP), 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 tables.

Conclusions and policy challenges looking forward

Overall reflections

One stand-out policy for the under fives was introduced by the Conservative administrations 2015-2020 – the extension of free childcare for three- and four-year-olds of working parents to 30 hours. This policy improved the affordability of childcare and appears to have increased employment for mothers with young children. But in most other regards young children experienced cuts to both services and family benefits during this period. Sure Start children's centres, the value of childcare support targeted at more disadvantaged families, and cash benefits were all squeezed. Overall, spending on the under fives fell, and there was also a shift in spending priorities within the early years budget, towards affordable childcare for working parents and away from policies focused on early child development and on ensuring a more equal start for children from all backgrounds.

These cuts came on top of those implemented under the Coalition Government 2010-2015. The impact of a decade of cumulative cuts is starting to show up, not only in sharp rises in child poverty from 2013-14 onwards, but also in indicators of child health and development. Gaps have started to grow between more and less disadvantaged children in measures of child development at age five, low birthweight and childhood obesity. Infant mortality rose each year between 2017 and 2019.

Policy challenges for the 2020s

Significant policy challenges lie ahead. The increased affordability of childcare is a very positive step given high childcare costs in the UK in comparative perspective. But there has been no investment in the quality of provision, alongside indications that access both to any early education, and to the highest quality provision, may be falling for more disadvantaged children. Further stringent cuts to Sure Start have also squeezed provision for the very youngest, as well as reducing access to parenting support. All of this must be expected to contribute to further increases in inequalities in early child development in the future.

In addition to the immediate implications for children's lives and wellbeing, increased poverty and growing inequalities in early child health and development lay the foundations for widening disparities in later attainment, and for a less healthy, well-educated and resilient adult population. While other European countries emphasise the importance of social investment, the 2010s in the UK have been the opposite – a decade of disinvestment in the country's youngest citizens and its future parents and workers.

Strengths and weaknesses on the eve of the COVID-19 pandemic

The pandemic presented substantial challenges to early education and childcare settings, given the initial full lockdown and ongoing repercussions on parental employment and wages. The impact on the sector may have been greater because of a squeeze on the profitability or viability of some childcare settings due to changes to the national funding formula and the need to deliver the 30 hours, which reduced the ability of settings to cross-subsidise from parental fees. On the other hand, the 30 hours policy may have provided a secure income to settings even through closure. Nonetheless, it is likely that some childcare providers will not survive.

The lockdown meant more young children spending more time at home, making the consequences of increased income poverty even more severe. The Coalition Government, and to some extent the Conservative administrations too, emphasized the idea that social mobility could be promoted through the provision of services, with household financial circumstances of little consequence. The lockdown closure emphasized how flawed this strategy was.

This is particularly true given that after seven years of cuts the social security system was not well placed to provide an adequate safety net for families through hard times. While the £20 temporary addition to Universal Credit helped many households during 2020, there were no increases in child benefit or the child elements of UC, and no scrapping of either the two-child limit or the benefit cap: indeed the benefit cap will have ensured that some families did not receive the full £20 boost. As a result, the pandemic's impact on child poverty is likely to be much greater than it needed to be.

Further information

The full version of this paper *The Conservative Governments' Record on Early Childhood May 2015 to pre-COVID 2020: policies, spending, and outcomes* (including references) is available at
https://sticerd.lse.ac.uk/dps/case/spdo/spdorp08.pdf

This is one of a series of papers produced as part of CASE's research programme *Social Policies and Distributional Outcomes in a Changing Britain* (SPDO) funded by Nuffield Foundation. The research examines what progress has been made in addressing inequalities through social policies, looking across ten major social policy areas. The views expressed are those of the authors and not necessarily those of the funders.