

Free childcare and child development: the free childcare policy in England

IMPACT CASE STUDY

Summary

In 2012 the UK government was spending around £1.9 billion on free early education and childcare places for 3- and 4-year-olds. This figure is set to be around £3.55 billion in 2021-22.

Free access to childcare and early education has been available since 2000 for all four year olds and since 2005 has included all three year olds. At the time this research started, and after more than 10 years of the free childcare policy, there was ongoing debate in all UK nations about whether to increase families' entitlement. Yet at the time there was surprisingly little evidence on the causal impact of this specific (and very high cost) intervention.

In 2012 we began [the most comprehensive UK study](#) of the causal effect of free childcare on working mothers and on child development. We found:

- **Small and short-lived effects of free part-time childcare on child outcomes in school.** We found no evidence that the policy disproportionately benefitted children from disadvantaged backgrounds, suggesting that it has not worked to close the gap in attainment between those from richer and poorer families (Blanden et al., 2016)
- **No beneficial effect of more time in a nursery with highly qualified staff,** but children have better educational outcomes at age 5 if they spend more time in a setting with the highest inspection ratings. This is in stark contrast to previous descriptive research which has emphasised the importance of graduate teachers for child outcomes (Blanden et al., 2022).
- **Free part-time childcare only marginally affects the labour force participation of mothers whose youngest child is eligible.** Our research compared the effects of offering free part-time childcare and of

expanding this offer to the whole school day; a policy option that has been considered by several countries, including the UK (Brewer et al., 2022).

The main reason free part-time childcare has had relatively little impact on children and mothers was that **it did not significantly change parents' use of childcare.** 82% of 3-year-old children were already accessing some form of childcare in 1999 before the age three entitlement came into effect. Of six places funded under the policy only one was a new place taken up by a child that would not otherwise have attended nursery. This suggests that **the policy was mainly a financial transfer to parents of young children** rather than affecting what parents do and consequently child outcomes and parental employment.

Our research provided evidence that was **contrary to the direction of policy and the views of interest groups of non-governmental organisations.**

Our impact

Changing the way UK Government and Parliament view the objectives and effectiveness of the free childcare policy

The main aims of the free childcare policy in England were to simultaneously support child development and encourage maternal employment, thereby creating a 'double dividend' (Cabinet Office, 2002). Our research constitutes the first causal evaluation of this important and costly government policy and we presented results to HM Treasury (HMT), Department for Work and Pensions (DWP), Department for Education (DfE), the Welsh Government, the Government Equality Office and others.

Our finding that the policy had to a great extent crowded out private investments into early education

with little behavioural change among parents and consequently very small and short-lived effects on children's outcomes and modest increases in female labour force participation significantly changed the way that Government viewed the effectiveness of the free entitlement policy.

We clarified to Government and policymakers the trade-offs inherent in early years' policy in the UK. Our [written](#) and [oral](#) evidence to the House of Lords Select Committee on Affordable Childcare is cited in [their report](#) multiple times, highlighting that the policy had little impact on child outcomes or maternal employment. In 2018 the House of Commons Treasury Committee on childcare conducted an inquiry into the implementation and effectiveness of the two schemes, 30-hours free childcare and Tax-Free Childcare, introduced in 2017. [Our evidence](#) was quoted throughout [the report](#), which emphasised that free childcare had not led to a significant impact on working patterns of parents.

Our research has aided policy makers to understand that the policy instead has a substantial transfer element and has displaced expenditure by parents to a significant degree. Department for Education (DfE) Chief Analyst wrote: 'We have briefed our Minister, Sam Gyimah on your research and it fed into discussions about what objectives we are really pursuing in early years.' Consequently, for the first time, the aim of helping families with the cost of raising children was included as a policy aim of the extension of the free entitlement from 15 to 30 hours for working families from September 2017 in England.

The research provided a unique evidence base for Government on the effect of free childcare on maternal employment. The finding of a larger effect of full-time rather than part-time subsidies has led the Government Equalities Office to take 'a more nuanced approach to the policy changes we were seeking.'

Improving understanding of third sector organisations and interest groups on 'what works' in Early Years Policy

We provided evidence on the Early Years policy features that are related to favourable outcomes for children.

We demonstrated the limited importance for child development of having graduate teachers in childcare settings while documenting a significant role of settings that have been rated as Outstanding by Ofsted (Blanden et al 2022). This provided a strong challenge to third sector organisations and interest groups. For example, Save the Children (SCF) was campaigning for graduates to be present in all childcare settings. "Their findings... have challenged our thinking and led to us to consider what quality means in early education, how it influences children's early development and what we can do to ensure all children have access to high quality settings." (Head of UK Policy, Save the Children). Ofsted was made "to think carefully about what the particular features of Outstanding nurseries might be, and to focus much more of [their] published statistical analysis on Outstanding settings rather than the combination of Good and

Outstanding as [they] did previously." The Rt. Hon David Laws, Executive Chairman, Education and Policy Institute stated that our research has made it "clear at policy level that a more nuanced view of the link between qualifications and quality is needed."

Influencing research strategies by funders and government departments

We have also influenced the research strategies of funders, such as the Nuffield Foundation and government departments, such as the Department for Education. The Nuffield Foundation launched their new Early Years research stream with [a report](#) on lessons from evidence and future priorities that drew heavily on the results of our research. Our work "helped to shape our research priorities in this area and led to a new research programme on Early Years Education and Childcare." We worked with Frontier Economics on a project for HMRC and DfE on [how best to evaluate the tax-free childcare, and the extension of free childcare to 30 hours](#). We have advised the Early Intervention Foundation on their research strategy, explaining the uses and limitations of existing data sets and commented on their research plans. We submitted to [a DfE consultation](#) on surveys on childcare and early years in England contributing to changes of the focus of the surveys from ages 0-14 to pre-school aged children.

More recently, our research has been used by:

- Department of Children, Equality, Disability, Integration and Youth (Ireland) – our research is included in [the review of evidence](#) on children's outcomes Review of Work-Study Tests for Childcare Subsidies (24 November 2021)
- The Parliamentary Office of Science and Technology, PostNote Number 649 August 2021 [Early Childhood Education and Care](#) (ECEC) summarises the evidence on the association between ECEC and children's development in England and the key factors that affect this. It cites more recent (2020) research that indicates there is a significant increase in labour force participation and employment of mothers, if full-time free childcare is available.

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Key research papers

- Blanden J., Del Bono E., McNally S. and Rabe B. (2016): 'Universal pre-school education: the case of public funding with private provision', *Economic Journal* 126 (May), 682-723. <https://doi.org/10.1111/eoj.12374>
- Blanden, J., Del Bono, E., Hansen, K. et al: 'Quantity and quality of childcare and children's educational outcomes'. *J Popul Econ* 35, 785–828 (2022). <https://doi.org/10.1007/s00148-021-00835-4>
- Brewer, M., Cattan S., Crawford C. and Rabe B. (2022): 'Does more free childcare help parents work more?', *Labour Economics*, Volume 74, 2022, 102100, ISSN 0927-5371 <https://doi.org/10.1016/j.labeco.2021.102100>