



Transforming Early Childhood Education and Care

Sharing
International
Learning:
Part 2

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Transforming Early Childhood Education and Care

Sharing International Learning: Part 2

Fawcett Society
2024

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Fawcett 
Equality. It's about time.

ABOUT US

The Fawcett Society is the UK's only member-powered organisation working to end sexism and misogyny in all its forms. Our vision is a feminist future where every woman and girl has the power to make her own choices and thrive. Our research and advocacy puts women's voices and needs front and centre to persuade the powerful. We build community, bringing women and men together to maximise the power of our movement. Together, we generate change to create a feminist future for everyone. Find out more at fawcettsociety.org.uk

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EXECUTIVE SUMMARY

The Fawcett Society has long campaigned for **universal, free, accessible and inclusive education and care from end of maternity leave until the child is aged 12** as there is strong evidence that affordable childcare increases women's labour market participation and choices. With 98% of the Early Childhood Education and Care (ECEC) workforce female¹, and a retention and recruitment crisis, it is essential for pay and conditions in the sector to improve in order to address the systemic and long-term undervaluation of care work.

This report explores how England can undertake sustainable, holistic transformation from the position we are currently in. Our international research demonstrates that transformation is not a pipe dream – other countries, some of whom started in a similar place to England, are further along the process than we are and already delivering a better outcome for women and children. Moreover, if we can learn from what they've done we can go some way to catching them up, by avoiding their mistakes and learning from their current discussions.

For England to transform our system, we will need a shared understanding across all stakeholders and political parties about what it is that the transformation is trying to achieve, to prevent wasting time and money. The plan we set out below is consistent with our goals, and there is much to learn from the international evidence on how to deliver reforms that achieve better outcomes for children, as well as better outcomes for parents.

A universal and free system will not be delivered overnight, but can be achieved, in time, if a future government puts in place a clear, evidence-based plan that includes investment, training, and reforms to regulation. And we can do it a lot more quickly if we learn the lessons of those ahead of us.

This report is part two of a two-part project to identify what England can learn from the early childhood education and care systems (ECEC) in France, Estonia, Ireland, Australia and Canada. It builds on our previous research: *Childcare and Early Education Systems: a Comparative Literature Review of Liberal Welfare States*, exploring the systems in Australia, Canada, Japan, New Zealand, and Switzerland.

¹ Warin J, Wilkinson J, Greaves HM. How many men work in the English early years sector? Why is the low figure so "stubbornly resistant to change"? *Children & Society*. 2021 Jul 29;35(6):870–84.

Fawcett's 10-point plan to revolutionise Early Childhood Education and Care

Transformation

Our research demonstrates the importance of setting out a clear long-term plan for the full transition to a new system of provision rather than planning incrementally. It also demonstrates the need for a governance and transparency model that keeps everyone (all the relevant government departments, as well as regulators, local government, and sectoral partners) on track to achieving that plan. The Irish model is instructive. As part of their 'first five' strategy, a ten-year plan to help make sure all children have positive early experiences, an independent group of experts were tasked by the Irish Government to identify a model within specific parameters. The group was given a budget to commission timely and robust research to understand the existing market and to underpin the development of their models (including surveys on parent and provider views). Interestingly, the Irish expert group were told the amount that government was intending to spend on ECEC and then to design a funding model, rather being asked to make the case for increased investment.

France also used an expert group (the First 1000 Days Commission) to develop a policy agenda that centres young children and their needs, and developed reforms to ECEC based on expert evidence.

Australia is taking a different approach; using the economic instruments of the state, including the Competition Authority, and their Productivity Commission, to develop recommendations to Government that are based on detailed evidence and analysis of their country's market. This is further to a review that they last undertook in 2015. There is an expectation that the Government will agree to implement the outcomes of these studies.

We call for a substantive, independent and expert review, including multiple opportunities for consultation (and comment on draft findings), backed by a commitment to implement the findings. This is necessary to achieve the consensus and long-term political commitment to deliver the complete transformation of our ECEC sector.

Recommendations

1. Reform of the ECEC system should be placed within a wide transformation strategy and plan with clearly articulated and evidence-based policy objectives which have been developed through stakeholder engagement, evidence gathering and consensus building. The plan should be drawn up by independent experts, working to a clear mandate from government, underpinned by an expectation that their recommendations will be implemented. This group (or similar) should be kept as a standing independent group able to comment on and monitor progress as government implements its plans.
2. A transformation plan should have a staged approach with a long-term vision for at least 10 years (or two electoral cycles), with short- and medium-term objectives and evaluation built in at every stage.
3. The plan should have a holistic cross-governmental approach that brings together different policy areas such as workforce and skills, parental leave, public health.
4. The plan needs to put children and their wellbeing at the front and centre of reforms, based on multidisciplinary evidence of what children need from their early childhood experiences in order to thrive, as well as the economic benefits to the state of early intervention in education.

Funding

We strongly believe that a core ECEC offer should be provided on a universal free basis, as the best way to ensure take up amongst all communities, and support women in the labour market. However, we recognise that moving towards a universal free system is likely to take several stages. Whilst that work is ongoing, we need to maintain a focus on affordable ECEC, whilst recognising that attempts to reduce the cost of ECEC without parallel efforts to expand the workforce have failed to deliver the places families demand (as seen in Québec, Australia, and France).

The first priority must be for government funding for 'free hours' to fully reflect the cost of delivery. No other funding reforms will work if trust between government and providers is not restored, and if providers are forced to continue cross subsidising 'free' hours with payments from parents.

Beyond this, England should focus financial support for ECEC on those who need it most. The UK is an outlier in that poorer families spend proportionately more of their income on ECEC than richer families². We call for low-income families to be prioritised for subsidies – either through income-dependent subsidies or capped parent fees, variations of which are used in all the countries we looked at to maintain affordability and accessibility for low-income families.

There is strong, recent evidence from Australia that 'activity tests' or eligibility criteria for free hours based on number of hours worked, are likely to result in the children who most need access to ECEC not getting it. Consequently, we strongly argue for removal of these criteria, creating a universal offer accessible to all.

The English 'free hours' system is not designed to be easy for parents to use. Pushing complexity onto parents means that they are less likely to be able to take up government subsidies that they are entitled to. We call for a redesign of the system that prioritises parents. Québec has achieved this through a flat fee; Ireland has done it through a simple online calculator.

As England moves towards an offer providing subsidies from the end of parental leave to the beginning of school, extending paid parental leave will have less economic costs than previously thought, and allow children to spend more time with their primary caregivers in their earliest months. Australia, Ireland and France have undertaken recent reforms to parental leave to work alongside their ECEC goals, and Estonia already offers significantly more paid parental leave than England. This is yet one more reason for England to urgently prioritise reform of our parental leave system, ensuring that it incentivises parents to share caring for young children more equitably.

Currently only 'maintained' nursery schools in England (those run by local authorities – largely attached to primary schools) receive supply side funding, which allow funding streams to be linked to specific objectives. All the countries in our study barring Australia use supply side funding to drive up quality and provide a sufficient number of places in areas underserved by the market (Australia is currently considering using it more broadly).

Estonia, Ireland and Australia also use supply side funding to ensure that all children have access to support in their settings if they need it, whether or not they have a formal Special Educational Needs and Disability (SEND) diagnosis. Given the rising number of children with SEND in schools in England, this early support is ever more valuable (and cost effective).

2 Ville L, Marren C, Rose J, Parsons S and Bazeley A 'Childcare and early education systems: A comparative literature review of liberal welfare states'. The Fawcett Society; 2022.

Recommendations:

5. Government to offer free 'universal' hours of ECEC for all children from the end of parental leave until school age; supplement this with demand side funding that 'tops up' universal offer to ensure that all children can access ECEC whatever disadvantages they and their families face.

To include the introduction, over time, of:

- Rates paid to providers for universal hours to cover the full cost of providing ECEC
 - All activity tests for universal hours to be abolished – so that all families and children can benefit from ECEC.
 - Regulation to ensure that 'universal hours' can be taken on their own, without families having to pay for additional hours
 - Fee caps, starting with fee freezes, funded through government subsidies
 - Sliding scale of extra support to be introduced for ECEC not covered by universal hours so that children of parents who are on the lowest incomes, disabled, a registered carer, a victim of domestic abuse, refugees can access more ECEC.
 - A simplified offer to parents which makes it easy to register and maintain eligibility, combined with a public information campaign which gives parents more transparency over their entitlements
 - Demand side funding to be coordinated with supply side and workforce modelling to ensure that efforts to increase staffing and the number of places are undertaking in line with increases in demand
 - Reform of parental leave to enable parents who wish to care for their child at home in their first year of life to be able to afford to do so, on a more equitable basis between mothers and fathers or partners
6. Introduce more supply side funding measures conditional on spending on specific objectives within the ECEC plan. To include the progressive introduction of:
 - A specific funding stream to support and sustain new provision in poorly served geographical markets
 - A review of the best way to support inclusion in England, including universal investment in training to support the most common additional needs, in addition to targeted support for children with specific characteristics and consideration of whether settings operating in disadvantaged areas should receive higher levels of supply side funding for extra staff, extra training or extra resources
 - Funding to support workforce goals including enhanced pay and supporting continuous professional development
 - Funding to support the administration of these schemes

Regulation and Quality

Raising pay, and improving conditions across the ECEC workforce, should be a top priority for any government. Not only is this the right thing to do, but it is also crucial to ensuring quality education and care for children and promoting a sustainable and stable sector which has the capacity to deliver any reform. Ensuring enough trained ECEC educators to deliver government plans remains a challenge in Australia, Ireland and Canada. The experts at our roundtable agreed that the workforce is a fundamental building block, and that there is no quick fix but that multiple improvements need to be made – including to pay, staff-child ratios, and qualifications.

The international evidence consistently indicates that a highly qualified workforce, with progression opportunities and continuing professional development, is associated with better developmental outcomes for children. Options which raise the skills and qualifications of the workforce have included government funded accreditation routes for existing staff, such as those in Ireland, and funding opportunities for ECEC services to support the degree programmes undertaken by its staff. Crucially, we need to ensure that any transformation plan is accompanied by a comprehensive workforce strategy, and otherwise risks being undeliverable in practice.

Recommendation:

- 7.** Introduce a comprehensive workforce strategy which includes and makes links between pay, qualifications, training, and staff to child ratios. This strategy needs to be fully funded and ensure:
 - Current staff to child ratio levels are maintained.
 - Pay and qualification levels are increased, with sufficient funding for ECEC providers to support and incentivise this and transparent financial reporting on how they do this
 - Funded accreditation routes are provided for existing ECEC workers.

In England, Black and minoritised children are significantly less likely to take up free entitlements than white British children³, which contributes to lower employment rates and can be related to a lack of cultural inclusivity within settings⁴. Curriculum and staff training are important components of this issue, and international examples, such as in Ireland, point to options for incorporating celebration and learning about different cultures more explicitly in the early years framework.

We call for swift reforms to the curriculum and training to ensure that settings are more welcoming to families from a broad range of backgrounds.

Furthermore, gender stereotypes can have hugely detrimental effects on child development and wellbeing. Practitioners strongly support taking action to challenge gender stereotypes but are unsupported in doing so, with this issue infrequently addressed in CPD. We need to embed tackling gender and racial stereotypes in the EYFS curriculum, ensuring it is a key part of CPD training, and seen as an integral part of good EYFS practice.

Recommendation:

- 8.** Incorporate a greater level of cultural inclusion and challenging of gender stereotypes into the early years curriculum and staff training. Including:
 - Training on challenging stereotypes of all kinds – gender, racial, and those based on other protected characteristics – should be a core part of training for ECEC workers at all levels and built into continuous professional development.
 - A greater level of guidance for ECEC workers on celebrating different cultures and embedding anti-racism and anti-sexism into interactions with young children should be provided in the Early Years Foundation Stage.

The current regulatory system will not be fit for a transformed system and we will need to rethink governance. In doing so we should develop a greater role for self-regulation, supported by local authorities, alongside Ofsted's external inspection regime, as it can be undertaken more regularly, and more constructively, than inspections can be. Estonia provides a strong model for this, and additionally uses annual parent surveys to assess and understand parents' levels of satisfaction

3 Paull & La Valle. Evaluation of the first year of the national rollout of 30 hours free childcare. 2018.

4 Rose J, Li Yaojun, Ville L. The Ethnicity Motherhood Pay Penalty. 2023. www.fawcettsociety.org.uk/Handlers/Download.ashx?IDMF=2700108d-d095-4ba6-8830-48f4abcb9785

at the heart of their system. Australia and Québec also have a focus on 'continuous quality improvement' which drives up standards over time.

Recommendation:

9. Introduce ringfenced resourcing for local authorities to support ECEC providers to conduct their own continuous quality improvement (in addition to the existing independent inspection system), amid greater parent and child input. For this to take place, local authorities should be provided with ringfencing funding in order to create guidelines and provide training and support to ECEC providers. Furthermore,
 - Any level of self-evaluation should not replace independent inspections in England.
 - Self-assessments and improvement plans should be published online by ECEC providers to uphold transparency.
 - Improvements to structural quality standards like worker qualifications and training are necessary to build ECEC providers' capacity for self-improvement.
 - Evaluation and governance, including improvement plans, should include a greater level of child and parent involvement.

International evidence suggests that market-driven ECEC systems, particularly those with a large proportion of private, for-profit provision, pose risks in terms of quality and sustainability. Private firms react to incentives in the system, and so there are risks that they may try to minimise staff costs. There are also sustainability risks from large private chains running multiple sites funded through debt. These issues pose a case for greater levels of *market stewardship*, or *public management* (as referred to by Australian and Irish experts respectively at our roundtables). By these terms, they refer to a pro-active role for the state in taking action to regulate and supplement what the market can offer and mitigate its risks. At the heart of this approach is greater transparency in the data provided by private providers to the state, allowing the state to step in where there is a market failure or other public goals are not being met.

Recommendation:

10. Introduce greater levels of 'market stewardship', overseen by the Department for Education, to mitigate the risks to quality and sustainability associated with a marketized system. To include:
 - Inspection of ECEC services by Ofsted when there is a change in ownership.
 - Greater reporting requirements and prudential regulation of large providers' finances at a national level, with supply side funding to support the administration costs associated with this.
 - Local authorities to receive additional funding and enhanced powers to allow them to monitor conditionality of funding schemes and manage data to be able to undertake appropriate market interventions.

The next steps:

At Fawcett, we are dedicated to driving transformative reform in the ECEC sector, advocating with our partners for immediate rescue measures alongside long-term changes. We invite politicians of all parties to join us in recognising the urgency of these reforms and we will continue to use our position and influence to push for these essential changes. Delay is not an option.

“Do you share our commitment to levelling the playing field in education and childcare, enabling women from all backgrounds to access greater employment opportunities and life choices? Be a catalyst for change by becoming a member and joining our vibrant community at Fawcett. Together, let’s campaign for the changes needed to create a fairer education and childcare system.”

Note: terms used in this report

Supply side and demand side funding

This report uses the term ‘*supply side funding*’ to describe funds paid directly to the institution, independent of whether their available places are filled as operating subsidies, and ‘*demand side funding*’ to describe funds that ‘follow the child’—either paid to parents to subsidise costs or paid to institutions once parents have selected them.

Early Childhood Education and Care

This report uses the term ‘*Early Childhood Education and Care*’ to refer to formal provision for children before they are of school age, including nursery, preschool, childminders, and any other formal centre-based, school-based, or home-based provision available internationally. This term is preferable to the term ‘*childcare*’ as it emphasises the importance of both education and care in providing a foundation for children’s wellbeing and development.

INTRODUCTION

The pandemic confronted us with the reality that care work of all forms, paid and unpaid, props up society. Early Childhood Education and Care (ECEC) is one such form of work - essential infrastructure that serves the dual purposes of allowing parents and carers to make choices about work and child rearing that are right for them, and supporting a foundation for children at their most important developmental stage.

Despite progress over time, women continue to hold the lion's share of caring for and educating young children, both as mothers and as the majority of (low-paid) workers in the ECEC sector. Not only does this contribute toward the gender pay gap and limit women's choices regarding their lives, but women are disproportionately impacted when the system is not fit for purpose.

This is why, as the 2024 general election approaches, the Fawcett Society has built upon its analysis of international ECEC systems and applied this learning to reform in England. Whilst there are signs of momentum and a greater understanding of the importance of ECEC, there remains a need for a more holistic rethink and overhaul of the system. For change to be achievable, there are also important questions to be answered about how reform is to be scaled up and implemented, in a practical sense. With this project, Fawcett hopes to contribute to what's missing - a practical discussion using international evidence about what works and what doesn't work, along the long road to transformation.

ECEC in England

In England, ECEC comprises a market-based system, with high levels of private and voluntary group-based provision (around 67% of places), and lower levels of school-based (22%) and childminding provision (11%).⁵ Currently, in March 2024, all 3- and 4-year-olds (and 2-year-olds from low income households) are entitled to 15 hours per week of free ECEC, whilst working parents and carers of 3 and 4 year olds are entitled to 30 hours per week of free ECEC. The government provides funding for these hours to local authorities (an amount based on the Early Years Funding Formula), who in turn directly fund the ECEC providers.⁶

However, beginning next month (April 2024), the funded hours scheme is expanding in stages.⁷ In April 2024, all working parents and carers of 2-year-olds will be entitled to 15 free hours (i.e. not just low-income families with 2 year olds), expanding to 15 hours for working parents of all children aged 9 months and above in September 2024, and finally increasing to 30 hours per week for working parents of all children aged between 9 months and school age in September 2025.

5 Department for Education. Childcare and early years provider survey. 2023. <https://explore-education-statistics.service.gov.uk/find-statistics/childcare-and-early-years-provider-survey>

6 UK Government. Early years funding: 2023 to 2024. <https://www.gov.uk/government/publications/early-years-funding-2023-to-2024>

7 HM Government. Help paying for your childcare. <https://www.childcarechoices.gov.uk/upcoming-changes-to-childcare-support/#:~:text=From%20September%202024%2C%2015%20hours,hours%20of%20childcare%20a%20week.>

This expansion reflects an acknowledgement from the government that ECEC is a fundamental issue for society and our economy, and in theory should provide welcome additional support for working parents and carers. However, researchers, commentators and stakeholders have voiced deep concern about a lack of investment and planning to deliver what has been promised.^{8, 9} The Early Education and Childcare Coalition estimate that 6% more places will be needed to meet the increased demand produced by the new policy.¹⁰ Without sufficient ECEC places, many parents are unable to work (or to work as many hours as they would like to) and without being in work, they are not entitled to ECEC places under the new scheme – leaving many in a bind. A focus on greater, holistic reform, and careful planning toward expansion of the system as a whole is essential to deliver the new scheme without compromising sustainability and quality.

The introduction to our *Part 1* report highlighted the key challenges in the existing ECEC system in England. We summarise these again here, with reference to the greater challenges posed in implementing the new funded hours entitlements.

- **A fair start for all children.** Research suggests that high quality early years education can narrow the attainment gap between children from low-income families and their peers. However, many of the lowest income families are locked out of the 30-hour entitlements for 3- and 4-year-olds due to the requirement for parents and carers to work at least 16 hours a week.¹¹ Research from the Institute for Fiscal Studies indicates that the poorest third of families will see almost no benefit from the upcoming expansion of the funded hours scheme.¹²
- **The cost of ECEC.** The UK has the highest cost of ECEC for parents and carers in the OECD, as a proportion of women’s full-time median earnings.¹³ Furthermore, funding levels below the cost of delivery for ECEC providers for the funded hours entitlements has meant many nurseries raising their prices for younger children, who are currently not entitled to the non-funded hours (in March 2024). These costs make ECEC unaffordable for many, and lock women in particular out of the workplace, maintaining the gender pay gap.
- **Availability and inclusion.** According to Coram, only 66% of local authorities report enough ECEC provision ‘in all areas’ for 3–4-year-olds eligible for funded hours.¹⁴ There are currently no guarantees on place numbers, workforce training, or accountability to parents. Children with Special Educational Needs and Disability (SEND) are being turned away from settings, due to a lack of space or provision.¹⁵ These issues may worsen following the government’s planned expansion of the funded hours offer to younger children, due to funding shortfalls. That is, ECEC providers will no longer be able to ‘cross subsidise’ the shortfall in government funding (estimated at £5.2bn for 2025/26)¹⁶ by charging higher prices for younger children and for hours over and above the funded hours.

8 Women’s Budget Group response to the childcare measures Spring Budget 2023. <https://wbg.org.uk/wpcontent/uploads/2023/03/Response-to-childcare-expansion-Spring-Budget-2023.pdf>

9 Fawcett responds to the spring budget 2023. <https://www.fawcettsociety.org.uk/news/fawcett-responds-to-the-spring-budget-2023>

10 Hardy K, Stephens L, Tomlinson J, Valizade D, Whittaker X, Norman H, Moffat R. RETENTION AND RETURN: Delivering the expansion of early years entitlement in England Acknowledgements. 2023. <https://static1.squarespace.com/static/646ca30371a2ef6a657e9309/t/65482050ded6710668b8b62a/1699225681784/Retention+and+Return.pdf>

11 Brown E R, Groom M, Zhang K, Angell S. Sutton Trust. A Fair Start? World Class. What England can learn from global experience to make early years policy work for disadvantaged children. 2023. <https://www.suttontrust.com/wpcontent/uploads/2023/07/A-Fair-Start-%E2%80%93-World-Class-Global-Learnings-For-England-On-Early-Years-Policy.pdf>

12 Drayton and Farquharson, ---. New Childcare Entitlements Have Little to Offer the Poorest Families. 26 Sept. 2023, ifs.org.uk/news/new-childcare-entitlements-have-little-offer-poorest-families.

13 OECD. Is Childcare Affordable? Policy Brief on Employment, Labour and Social Affairs. 2020. [Is Childcare Affordable? POLICY BRIEF ON EMPLOYMENT, LABOUR AND SOCIAL AFFAIRS \(oecd.org\)](https://www.oecd.org/policy-briefs/2020/04/is-childcare-affordable-policy-brief-on-employment-labour-and-social-affairs/)

14 Jarvie M, Shorto S, Kunwar Deer L, Goddard E. Coram Family and Childcare. Childcare Survey 2023. <https://www.coram.org.uk/resource/childcare-survey-2023/>

15 Pite S, Gibson J. Early Years Alliance. One in five children with SEND being turned away from early years settings, new research finds. 2023. <https://www.eyalliance.org.uk/news/2023/11/one-five-children-send-being-turned-away-early-yearssettings-new-researchfinds#:~:text=This%2C%20combined%20with%20a%20lack,provision%20for%20children%20with%20SEND>

16 Women’s Budget Group response to the childcare measures Spring Budget 2023. <https://wbg.org.uk/wpcontent/uploads/2023/03/Response-to-childcare-expansion-Spring-Budget-2023.pdf>

- **Workforce pressures.** Availability is also closely tied to the sector's workforce, which sees an existing recruitment and retention crisis. This crisis is also likely to be exacerbated by the expansion of the funded hours offer. Currently, 94% of local authorities report difficulty in finding staff with the right qualifications.¹⁷ Many workers are leaving the sector due to low pay, poor working conditions, and a lack of career progression.¹⁸ Numbers of childminders in particular are dropping significantly due to funding pressures.¹⁹
- **Risks of provider failure.** Researchers and commentators have noted the rise in 'chains' of ECEC businesses and increased private equity investment in the sector. Lloyd and Simon highlight that these financial structures can often be opaque, and often funded through debt.²⁰ This creates substantial risk to the financial resilience of the sector, whilst also failing to provide sufficient places or widen access to ECEC for disadvantaged children.
- **Value for money.** Estimates from the IFS indicate that after the introduction of the new entitlements, the government will control parent costs of ECEC for around 80% of provision (compared to 50% currently).²¹ However, we need to ensure that parents, carers, and children receive value for this money in their education and care. All of the issues and debates stated above highlight the need for substantial financial investment into the early years sector, but this is not enough alone: we need greater consensus regarding how investment is used in the sector.

This project

There is a wealth of research regarding the strengths and weaknesses of early years systems across the globe, with many commentators (including the Fawcett Society) pointing to international systems and highlighting the need for transformative change in England.²² However, there is a crucial element often missing: on the ground, practical expertise about the process of implementing change. How have other countries carried out reform, and what challenges did they face? Making use of this type of knowledge and experience is critical to avoiding pitfalls and creating long-term, sustainable transformation. Therefore, this project focused on countries where reform has (or is currently) taking place. Uniquely, we conducted roundtable discussions and interviews with international experts involved in ECEC transformation in their countries, alongside a review of the literature.

Clearly, change also requires consensus on the end goals of transformation, with agreement on common objectives shared among the ECEC sector, campaigners, parents, carers, allies, and policymakers. Therefore, in this report, Fawcett contributes to this debate, analysing the international evidence to develop a series of recommendations for *what* change we think is required.

We seek to broaden the debate beyond affordability for parents and carers, which can often dominate the discourse in England. Whilst affordability is critical to ensuring families of all income levels have fair access to ECEC, designing a system which is focused narrowly on achieving this aim without strengthening and resourcing the system (e.g., through developing a sustainable workforce)

17 Jarvie M, Shorto S, Kinwar Deer L, Goddard E. Corum Family and Childcare. Childcare Survey. 2023. <https://www.familyandchildcaretrust.org/childcare-survey-2023-report-landing-page>

18 Hardy K, Stephens L, Tomlinson J, Valizade D, Whittaker X, Norman H and Moffat R. 2023. Retention and return: Delivering the expansion of early years entitlement in England.

19 Concerns childminders will cease to exist as DfE survey reveals a 5 per cent drop in childcare providers. Nursery World. 2023. <https://www.nurseryworld.co.uk/news/article/concerns-childminders-will-cease-to-exist-as-dfe-survey-reveals-a-5-per-cent-drop-in-childcare-providers#:~:text=The%20fall%20in%20the%20number,within%20the%20last%2012%20months>.

20 Lloyd, Simon A. Large for-profit nursery groups are becoming more common – with negative consequences for parents and the sector. The conversation. 2022. <https://theconversation.com/large-for-profit-nursery-groups-are-becoming-more-common-with-negative-consequences-for-parents-and-the-sector-175759>

21 Drayton E, Farquharson C, Joyce R, Waters T. Childcare reforms create a new branch of the welfare state – but also huge risks to the market. 2023. IFS. <https://ifs.org.uk/news/childcare-reforms-create-new-branch-welfare-state-also-huge-risksmarket>

22 Ville L, Marren C, Rose J, Parsons S, Bazeley A. Fawcett Society. Childcare and early education systems: A comparative literature review of liberal welfare states. 2022. <https://www.fawcettsociety.org.uk/childcare-and-early-education-systems>

may ultimately be counterproductive and unable to meet the demands it has set up. Furthermore, a focus on affordability without addressing quality risks a race to the bottom on standards, leaving our youngest citizens ill-prepared as they start school, and missing opportunities to close the achievement gap before the age of five. This puts parents in an impossible position as they make decisions about what is best for their families.

A history of piecemeal changes to ECEC without a clearly defined goal has created a fragmented, complex, and unsustainable system. Therefore, we explore funding and regulation options for holistic reform, and a system that promotes affordability as well as quality, sustainability, access and inclusion.

This project focuses on five countries which have undergone or are currently undergoing government-led transformation to their ECEC systems – Australia, Estonia, France, Ireland, and Canada, with the aims of:

- **developing our understanding of the current system in each country,**
- **drawing learning from the practical process of transformation the country is undergoing (or has undergone), and**
- **analysing our results to produce recommendations for England.**

This report, *Part 2* is the second and final output in a two-part study. *Part 1*, published in December 2023, provides the key facts, in detail, about the ECEC systems in Australia, Canada, Estonia, France, Ireland, and England. *Part 2*, the current report, collects on-the-ground evidence from international experts, and analyses this alongside the literature, to provide a series of recommendations for implementing reform in England.

Our analyses are outlined in three central chapters: *The Long Road to Transformation*, which uses international evidence to put forward guiding principles for the implementation of transformation, followed by *Funding for Outcomes* and *Promoting Quality and Sustainability: Regulating ECEC*, which provide our evidence and recommendations regarding the contents of this transformation i.e. *what change we think is required*.

These analyses are scaffolded by our *Methods* section and *Country Summaries*, which include diagrams of the ECEC systems in each country, for the reader's reference.

METHODS

This project, split across two reports, employed a mixed-methods approach to explore the early education and care systems in Australia, Estonia, France, Ireland, and Canada (with a focus on Québec), including a literature review, expert interviews, and roundtable discussions.

Part 1

Our first report for this project, *Transforming Early Childhood Education and Care: Sharing International Learning Part 1* was published in December 2023, and comprised a literature review to understand the following.²³

Research Question 1. What market structures have other countries adopted?

This includes:

- a. How does each country structure funding to early education and care providers?
- b. How does each country measure, assure, and incentivise good quality provision?
- c. How does each country ensure fair access and inclusive provision across geographical and demographic groups?

Drawing on Research Question 1, a framework was developed setting out the specific aspects of the ECEC systems that we wished to understand (**Appendix**). The answers to these questions were sought by accessing government websites, databases, and both academic and grey literature.

Part 2

The current report (*Part 2*) summarises the detailed findings outlined in *Part 1* and supplements them with further literature linking market structures to outcomes for children, parents, and ECEC workers. Furthermore, through research interviews with experts and two roundtable discussions, we sought to answer the following.

Research Question 2. How have other countries approached ECEC transformation?

This includes:

- a. How did each country prepare a plan for implementing transformation to early education and care, and what was included in this?
- b. Who was involved in the design and implementation of the transformation?
- c. What were the key challenges in implementing the transformation?

²³ Azad Z., De-Freitas A., Ville L. *Transforming Early Childhood Education and Care: Sharing International Learning Part 1*. Fawcett Society. 2023. <https://www.fawcettsociety.org.uk/transforming-early-childhood-education-and-care-sharing-international-learning>

d. How did each country ensure quality whilst implementing transformation?

The interviews, and roundtables were followed by analysis to draw key conclusions about what we can learn and apply to the implementation of transformation to ECEC in England.

Roundtables

We conducted two online roundtable discussions between December 2023 and January 2024, at which panels of international ECEC experts from Australia, Estonia, France, Ireland, and Québec/Canada shared their knowledge and reflections.

Both discussions, held online, were chaired by a Fawcett researcher, and attended by a small audience of other (mainly UK-based) ECEC experts and stakeholders, and Fawcett staff. The roundtables each lasted 2 hours, in which the panellists were asked a series of set questions by the chair, followed by selected questions from the audience. Discussions were recorded and transcribed, with permission.

The first roundtable included 4 expert panellists: 2 x Australia, 1 x Canada, and 1 x Ireland, who were joined by the Fawcett chair, 4 additional Fawcett staff members, and 8 other attendees. The second roundtable included 5 expert panellists: 2 x Estonia, 2 x France, and 1 x Australia, who were joined by the Fawcett chair, 3 additional Fawcett staff members, and 16 other attendees.

Each panellist had prominent current or former roles relating to ECEC in government, regulatory authorities, services, campaigning, academia/research, or independent advisory bodies. Topics covered across the roundtables included key current debates in ECEC, funding, quality, regulation, inclusivity and accessibility, workforce challenges, system complexity, parental support, and influencing for transformation.

Expert interviews

Fawcett researchers conducted online interviews between December 2023 and January 2024 with 1 expert from Ireland and 3 experts from Australia. The aim of these interviews was to supplement the roundtable discussions where individuals had been unavailable to take part, or where a more detailed discussion was helpful. The interviews, held online, were each approximately 1 hour long.

Semi-structured discussion guides were used flexibly, with variation in the questions researchers chose to ask, depending on interviewee's expertise. The discussions were recorded and transcribed, with permission from interviewees. The project was explained to interviewees prior to participation and they were provided with a privacy notice explaining how their data would be stored and used. Personal data was stored on Fawcett's secure file systems and in accordance with GDPR.

Analysis

Framework, a charting approach developed at the National Centre for Social Research, was used to manage the roundtable and interview data. This involved charting the recording and transcript data by theme and by participant, to summarise the facts and perspectives pertaining to each country. During this process, manual corrections to transcripts were made as necessary. The researchers then discussed each row and column together to draw out key themes, learning and conclusions and apply this to the English context, also drawing upon their own expertise, the literature, and information gathered in *Part 1*.

Strengths and limitations

This research is set apart in its engagement with international experts – including government officials, independent researchers, and campaigners - on the ground in each country. This engagement offers practical expertise and contextual information about policy implementation that is often lacking from the literature. However, there were some countries (e.g. Canada) for which we spoke to fewer experts, due to the limitations of our recruitment strategy. To fill this gap, the report also draws heavily on the research literature, including (but not limited to) that which was collected in our *Part 1 report*. Furthermore, we do not offer the perspectives of other important stakeholders, for example, children, parents and carers, and ECEC providers, due to a wealth of existing literature which does so.

Furthermore, the report focusses on ECEC in England as a comparator to the international ECEC systems, since Wales, Northern Ireland, and Scotland offer different schemes and entitlements. We recognise that this limits our findings to this context, whilst there may be some recommendations or principles that are relevant to the UK as a whole.

Finally, we have chosen to group our findings within the categories of funding models, regulatory systems, and the process of transformation itself, as these were the key topics which emerged from our data. However, within each of these topics are particular issues in which we may have covered in more or less depth: this does not necessarily reflect their importance (or unimportance). For example, the report does not cover childminding in detail, which is a significant gap, as it is a service which we know that parents value.

THE LONG ROAD TO TRANSFORMATION

The transformation – or attempted transformation - of ECEC systems in each country in this review has not happened in a vacuum. Rather, it is the next step in a long history of reform and development of childcare and early years education policy. Like all policy, different interventions at different times, or the lack of intervention over time, have led these systems to be where they are today. So, what do we then mean by transformation and how does this relate to the countries we have chosen to study?

For the purposes of this study, we discuss transformation as the conscious and articulated decision to significantly reform some or all aspects of the ECEC system. In most cases, this has happened due to a failure of the existing system – often brought into focus due to a ‘tipping point’ accelerated by crisis (e.g. Covid) or a changing political landscape (e.g. an election). In each of the countries we have chosen to study, there has been a new recognition of the importance of early years education and childcare, an acknowledgement of the ways it is failing children and families, especially those who need it most, and a desire to bring about substantial change. This recognition of the need for reform has been a result of outsider and insider campaigning, research, and advocacy over a long period of time, sometimes decades, and there are many stakeholders who play a vital role in this process.

This section will outline the transformation journeys and processes of each country, looking at politics, policy, and implementation of reform, with the ultimate aim of drawing out lessons for England’s journey of transforming ECEC.

Australia: from ‘Job for Families’ to ‘a path to universal ECEC’

In 2018, Australia introduced further reform to its funding of ECEC through the Child Care Package, framed as a labour force participation policy instrument with an explicit focus on increasing women’s participation.²⁴ An evaluation of the Package was published by the Australian Institute of Family Studies in 2022 and showed mixed results against the objectives set out in the policy. There appeared to be some evidence of success in targeting support to low- and middle-income families and reducing support for higher income families – indicating better targeting of interventions in terms of higher need.²⁵

However, there does not appear to be improvement in accessibility or flexibility of provision as a result of the Package and there is little evidence to suggest significant impacts on parents’ participation in the workforce – although some positive impact is identified, and supply has continued to increase over the period. There is also little evidence to suggest significant improvement in parents’ experience of navigating the system considering a key objective was the simplification of the system – although here too some positive impact is identified.

24 Australian Government, Australian Institute of Family Studies. Child Care Package Evaluation: Final report. 2022. <https://aifs.gov.au/research/research-reports/child-care-package-evaluation-final-report>

25 Ibid. Australian Government, Australian Institute of Family Studies.. 2022.

The evaluation recommended programmatic changes as a result of these findings, but crucially also pointed to the need for a '*clear, coherent and comprehensive policy environment for child care*'²⁶, identifying that simply changing the funding model is not enough to tackle persisting issues of affordability, access, quality, and workforce shortages. More recently, an inquiry into the childcare market by the Australian Competition and Consumer Commission found that while affordability initially improved after the introduction of the Child Care Subsidy and the subsequent Cheaper Child Care reform, benefits were likely to eroded by fee increases.²⁷ Access to quality childcare has been identified as a major issue with research by the Mitchell Institute showing that 30% of the Australian population live in neighbourhoods classified as 'childcare deserts' – defined as a populated area where there are more than three eligible children per childcare place.²⁸ A significant cause of this is the lack of available staff, with services forced to delay expansion, close rooms and limit enrolments.²⁹

It was in this context that ECEC became a key focus for the 2022 Australian election, including a commitment by Labor, who went on to win the election, to a Productivity Commission inquiry.³⁰ Subsequently, the Australian Government launched two major inquiries into the ECEC sector alongside 'Cheaper Childcare Reforms' (an immediate commitment to reduce prices for parents):

- Productivity Commission – directed to make '*recommendations that will support affordable, accessible, equitable and high-quality ECEC that reduces barriers to workforce participation and supports children's learning and development*'³¹
- Australian Competition and Consumer Commission – to look at '*costs of operating childcare, including employees' wages and property costs; the level of competition in the childcare market; the level of demand and supply; and prices charged to consumers, including any impacts of government policy.*'³²

Both inquiries have undertaken an extensive programme of consultation and engagement, with calls for submissions, public hearings, and commissioning of experts to take on board the views of children. The Commission has also published its draft report online, with a call for feedback and requests for further information on different aspects of the report. The transparency and engagement opportunities in this process have many learning points for England as we seek to develop our own strategy.

Finally, a clear thread that emerges in Australia's ongoing story of transformation is the move from a workforce participation lens to a more child centred approach that speaks to a universal right to ECEC and a greater focus on quality. The Australian Government have "committed to charting the course for universal access to ECEC in Australia that is high-quality, equitable, affordable and accessible".³³ In response, the draft report from the Productivity Commission, which recommends that three days of quality ECEC should be available to all children 0-5 years of age, with the maximum rate of subsidy rising to 100% of the hourly rate cap for families and the loosening of activity tests.³⁴

26 Ibid. Australian Government, Australian Institute of Family Studies.. 2022.

27 Australian Competition and Consumer Commission. Changes proposed to make childcare affordable and accessible for all families. 2024. [Changes proposed to make childcare affordable and accessible for all families | ACCC](#)

28 Hurley, P. Childcare Deserts & Oases: How accessible is childcare in Australia? Mitchell Institute. 2022. <https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>

29 Australian Government Productivity Commission. A Path to Universal Early Childhood Education and Care - Draft Report. 2023, www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft-full.pdf.

30 Election 2022 Education policy brief: Early childhood education and care [Internet]. 2022. <https://www.vu.edu.au/sites/default/files/election-2022-early-childhood-education-and-care-policy-mitchell-institute.pdf>

31 Australia Productivity Commission. Terms of reference - Early Childhood Education and Care 2023 <https://www.pc.gov.au/inquiries/current/childhood/terms-of-reference>

32 Australian Competition and Consumer Commission. Inquiry into childcare pricing welcomed.. 2022. <https://www.accc.gov.au/media-release/inquiry-into-childcare-pricing-welcomed>

33 Australian Government. Working Future: The Australian Government's White Paper on Jobs and Opportunities 2023. <https://treasury.gov.au/employment-whitepaper/final-report>

34 Australian Government Productivity Commission. A path to universal early childhood education and care - draft report 2023. <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft-full.pdf>

This highlights how policy proposals change based on the balance between priorities and the importance of being clear on objectives.

Estonia: a role for everyone

Estonia is somewhat unique in the countries we have chosen in the type of challenges it faces and the level of transformation it needed to embark on, perhaps due in part to the difference in its economic, political, and cultural context. The education and early years system in Estonia is generally considered of very good quality, with Estonia consistently appearing amongst the top performing countries in PISA., an international system of comparing educational quality.³⁵ The transformation in the Estonian system we are specifically exploring happened in 2014 when a duty was placed on local authorities to provide ECEC places for all children between the ages of 1.5 and 7 years.^{36 37} This duty sits in the wider context of governmental education strategies: the Estonian Lifelong Learning Strategy 2020 covering the period 2014-2020³⁸ and Education Strategy 2021-2035.³⁹

As with other the countries we have looked at, the transformation was instigated by a crisis of sorts – a shortage of ECEC places in the two largest Estonian cities of Tallinn and Tartu.⁴⁰ To mitigate this and the resulting waiting lists, the Preschool Child Care Institutions Act – which establishes regulation for ECEC institutions in law – was amended to place responsibility for guaranteeing ECEC places to families in the catchment area.⁴¹ The law also sets out the right for families to choose ECEC providers if places are available. Alongside the change in law, the Lifelong Learning Strategy 2014-2020, which is based on the principle of learning opportunities that cover the lifespan, set a goal of 95% participation in pre-school for at least one year before school from 89% in 2011.⁴²

It should be noted that even before the introduction of this policy, participation of children aged between 3 and 6 years in ECEC was significantly higher (almost double) than the EU average.⁴³ However, it was lower for children under 3 years of age which is likely to be explained by the generous parental leave policies in Estonia of up to three years⁴⁴ – highlighting again the interconnected nature of ECEC and parental leave policies.

Both the Lifelong Learning Strategy and the current Education Strategy 2021-2035 take an integrated view of education policy that encompasses ECEC, teaching and pedagogy, inclusion (in terms of gender equality as well as additional needs), digital competence, skills and labour market, and a focus on continued learning and retraining especially for older workers.^{45 46} This is alongside a whole system approach that outlines explicitly the responsibilities for all stakeholders from 'learners' and families to local government, employers and the state.

35 OECD. Early Learning and Child Well Being in Estonia 2020. <https://www.oecd-ilibrary.org/sites/24d65b83-en/index.html?itemId=/content/component/24d65b83-en>

36 Ibid. OECD. Early Learning and Child Well-Being in Estonia. 2020

37 Government of Estonia. Preschool Child Care Institutions Act [Internet]. 2014. Available from: <https://www.riigiteataja.ee/en/eli/517062014005/consolide>

38 Government of Estonia Ministry of Research and Education. The Estonian Lifelong Learning Strategy 2020. 2014. <https://www.kogu.ee/wp-content/uploads/2014/05/Lifelong-Learning.pdf>

39 Republic of Estonia: Ministry of Education and Research. Strategic planning for 2021–2035. 2021. <https://www.hm.ee/en/ministry/ministry/strategic-planning-2021-2035#documents>

40 Ibid. OECD. Early Learning and Child Well-Being in Estonia. 2020

41 Ibid. Government of Estonia. Preschool Child Care Institutions Act. 2014.

42 Ibid. Republic of Estonia: Ministry of Education and Research. The Estonian Lifelong Learning Strategy 2020. 2014.

43 Ibid. OECD. Early Learning and Child Well-Being in Estonia. 2020.

44 Pall, K. and Karu, M. Estonia country note, in Koslowski, A., Blum, S., Dobrotić, I., Kaufman, G., and Moss, P. (eds.) International Review of Leave Policies and Research 2021. Available at: <https://www.leavenetwork.org/annual-review-reports/>

45 Ibid. Republic of Estonia: Ministry of Education and Research. The Estonian Lifelong Learning Strategy 2020. 2014

46 Ibid. Republic of Estonia: Ministry of Education and Research. Education Strategy 2021-2035. 2021.

Crucially and of particular interest to this research is the emphasis on the education workforce as a whole – teachers, educators, school heads and managers, speech therapists, and trainers. This is articulated as one of the three strategic priorities of the Education Strategy and contains a focus on recruitment, retention, training (including in-service training), pay, professional development, and development of the field of education in general. For the ECEC workforce, there is an ambition in the strategy to increase pay to at least that of the average salary in Estonia.⁴⁷

Both strategies were developed through extensive research, consultation, and engagement with stakeholders from within and outside Government. They also rely on and are connected to EU-wide research and strategic priorities and goals. There is a strong cross-governmental agenda and the Education Strategy 2021-2035 in particular outlines how it contributes to other governmental objectives and priorities.⁴⁸ Steering Committees were established to oversee the implementation of both strategies with evaluation built in throughout, and representation from different ministries, trade unions, local government, academic experts and groups such as the Estonian Chamber of Disabled People. The role of these committees is not just to oversee the delivery but also to recommend adaptations during implementation which is a key element for us to learn from.

France: First 1000 Days

France has a particularly complex ECEC system. To start with, there is clear division between 'childcare' – which relates to children under the age of 3 - and 'education' which is compulsory in preschool settings from the age of 3 in the *École Maternelle* which is an integral part of the primary school system.⁴⁹ For under 3s, settings can be centre-based or home-based, with overlapping regional and national responsibilities.

This context is important to understand when looking at current reforms in the French system, which are linked to different policy priorities and are in the process of being implemented through legal instruments as well as programmatic interventions. They are brought together to some degree in the First 1000 Days Program which is based on the report produced by the First 1000 Days Commission in 2020. This Commission was set up in 2019 to develop a policy agenda that centres children and their needs in the first 1000 days of their lives – starting from the 4th month of pregnancy to 2 years of age (with some actions extending to 3 years within the program).^{50 51} It was made up of 18 experts and professionals from different fields including neuropsychiatry, child development, parental support, and midwifery. The Commission was accountable to the Secretary of State for Children and Families and based in the Ministry of Solidarity and Health.⁵²

The First 1000 Days Program has two main objectives as articulated by one of the experts we spoke to: '*improving child-friendly living conditions*' and '*reducing social inequalities from the start of living*'. This Program takes a holistic approach bringing together different policy areas together such as health, social security, parental support and includes ECEC and changes to parental leave as strategic priorities. These priorities can be linked quite clearly to the current context of ECEC in France and the challenges identified by the experts we spoke to as well as our own research.

Access and availability of places is one such challenge, which has motivated some of the recent reform through the First 1000 Days Program, the Interministerial Strategy for the Prevention of and

47 Ibid. Republic of Estonia: Ministry of Education and Research. Education Strategy 2021-2035. 2021.

48 Ibid. Republic of Estonia: Ministry of Education and Research. Education Strategy 2021-2035. 2021

49 Ibid. Azad Z et al. Transforming Early Childhood Education and Care: Sharing International Learning Part 1. 2023

50 Government of the French Republic: Ministry of Solidarity and Health. What are the first 1000 days? <https://sante.gouv.fr/archives/archives-affaires-sociales/familles-enfance/les-1000-premiers-jours-qu-est-ce-que-c-est/>

51 Ministère du travail de la santé et de la solidarité. 2020. Available from: <https://sante.gouv.fr/archives/archives-affaires-sociales/familles-enfance/les-1000-premiers-jours-qu-est-ce-que-c-est/>

52 Ibid. Ministère du travail de la santé et de la solidarité. 2020.

Fight Against Poverty 2018⁵³ ⁵⁴ and more recently, commitments as part of the 'Solidarity Pact' that came into force in January 2024⁵⁵ and a commitment to ensure '*the public service of early childhood for all*'⁵⁶.

Canada and Québec: feminist economic policy

Part 1 of this research focused primarily on Québec rather than Canada as a whole, outlining the market structure, funding, and regulation of ECEC in the province. The ECEC system in Québec underwent significant reform in 1997 when it introduced a universal, low, flat fee for childcare services⁵⁷ which in 2024 stands at CAD \$9.10 (£5.30) per day.⁵⁸ Since then, it has been studied extensively in part due to the natural comparison it provided with the rest of Canada but also as a case study on the impact of injecting large amounts of money to increase supply of provision with a target of affordability, and the possible unintended consequences of doing so. It is also one of the few places where enough time has passed since reform for there to be a large body of evidence on outcomes.

For Part 2, we still focus on Québec in future chapters on regulation and funding, but for the purpose of studying transformation, this chapter will explore the Canada-Wide Early Learning and Child Care (CWELCC) initiative announced in the 2021 budget with an investment of CAD \$27.2 billion (approx. £15.8 billion) over 5 years.⁵⁹ This sits alongside separate funding for Indigenous early learning and childcare. Canada has a federal system of government with responsibility for education fully devolved to the provinces and territories which means that it is not fundable by the federal government. However, 'childcare' that falls outside of kindergarten or pre-school is fundable and is what the reform mostly focuses on. The devolved nature of government also means that each province and territory has different systems of funding, regulation, and provision, shaped by the need, culture and politics of each.

The budget allocation from the federal government in 2021 not only marked the most significant investment in ECEC in Canada in decades but also a historic moment in articulating for the first time a national vision for childcare⁶⁰ – a Canada-wide Early Learning and Child Care (ELCC) system '*so all families have access to high-quality, affordable, flexible and inclusive early learning and child care no matter where they live.*'⁶¹

Through the Canada-wide ELCC, the Government of Canada set out specific objectives connected to the funding, including an ambitious commitment to provide CAD \$10-a-day childcare spaces on average by 2026 amongst other goals on quality, affordability, inclusion, and the workforce. In what is perhaps the most interesting and unique aspect of these reforms, the Government also explicitly set out objectives on the type of provision it wants to grow as supply expands in response to the funding: mainly not-for-profit sector providers.⁶²

53 RAND Europe. Holistic Early Education and Care: Policy and practice in France 2017 – 2021. 2022. https://www.rand.org/content/dam/rand/pubs/research_reports/RRA2000/RRA2051-1/RAND_RRA2051-1.pdf

54 Government of the French Republic: Ministry of Solidarity and Health. Interministerial Strategy for the Prevention of and Fight Against Poverty. 2018.

55 Government of the French Republic: Ministry of Labour, Health and Solidarity. The Solidarity Pact: fighting poverty at its root. 2023. <https://solidarites.gouv.fr/le-pacte-des-solidarites-lutter-contre-la-pauvrete-la-racine#anchor-navigation-88>

56 Government of the French Republic: Ministry of Labour, Health and Solidarity. The public service of early childhood: guaranteeing quality care for all children and their families. 2024. <https://solidarites.gouv.fr/le-service-public-de-la-petite-enfance-garantir-un-accueil-de-qualite-tous-les-enfants-et-leurs>

57 Ibid. Ville L, Marren C, Rose J, Parsons S, Bazeley A. Fawcett Society. Childcare and early education systems: A comparative literature review of liberal welfare states. 2022. <https://www.fawcettsociety.org.uk/childcare-and-early-education-systems>.

58 Québec Ministère des Finances: Daily childcare cost. 2024. https://www.budget.finances.gouv.qc.ca/budget/outils/garde_en.asp

59 Government of Canada: Early Learning and Child Care Agreements. 2023. <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories.html>

60 Macdonald, D. and Friendly, M. Measuring matters: Assessing Canada's progress toward \$10-a-day child care for all. 2023. <https://monitormag.ca/reports/measuring-matters/>

61 Government of Canada: Employment and Social Development Canada. Federal Secretariat on Early Learning and Child Care. 2023. <https://www.canada.ca/en/employment-social-development/programs/early-learning-child-care.html>

62 Ibid. Government of Canada: Employment and Social Development Canada. Federal Secretariat on Early Learning and Child Care. 2023.

This vision for a Canada-wide Early Learning and Child Care (ELCC) system was supported by the establishment of a Federal Secretariat on Early Learning and Child Care, to coordinate, monitor and implement the design and delivery of this new system.⁶³ The Secretariat also ensures engagement with stakeholders through supporting a newly set up National Advisory Council on early learning and childcare and coordinating with the Indigenous Early Learning and Child Care Secretariat.

Due to the nature of Canada's governing system, the reform is delivered through bilateral agreements with the provinces and territories, who have to meet the objectives set by the federal government as a condition of funding. They do, however, have freedom in how those objectives are met within the criteria set by the federal government and the agreements set out actions plans outlining how each province or territory will deliver on these objectives. As of 2024, all provinces and territories have signed agreements with the federal government except for Québec which will continue to deliver its own well-established ECEC agenda.⁶⁴

The context and politics of the introduction of the CWELCC provides learnings for advocates and campaigners, particularly in the UK where consensus is still being built on the scale of reform that is needed. Like we have seen in other countries, the urgency for reform was driven home by a crisis – that of the pandemic, which acted as a tipping point for a childcare sector that was characterised by high fees for parents and precarity for providers. Covid exacerbated these challenges, with research from the Canadian Centre for Policy Alternatives identifying drops in enrolments which in turn led to financial instability for providers.⁶⁵ The existence of a well-established advocacy movement for ECEC that had over many years developed strongly evidenced positions on most aspects of ECEC policy meant that when the crisis hit, the movement was able to step in and build momentum for change. We heard about this in one of our roundtables, with an expert from Canada saying:

"I know that played a major role...during the pandemic, when we were in a crisis that actually drove new people to understand that childcare was an essential service in an economy and essential for women because women's employment was particularly affected during the pandemic. So I think that yes, I think that the, let's call it the NGO community, including the unions and social justice organizations, really seized the time and said this is the time that the public, universal, Canada Wide childcare system that we have been working for, this is the time to do it."

[Canadian ECEC expert, roundtable]

The role of the advocacy movement in achieving the commitments for reform is reflected in the objectives, in particular around the government's indicated preference for non-profit provision. The budget announcement itself too made several references to the role of the feminist movement in achieving the commitment, with the Deputy Prime Minister and Minister of Finance calling it 'feminist economic policy' and giving thanks to the decades of feminist campaigning for a universal system of early education and childcare.⁶⁶

63 Ibid. Government of Canada: Employment and Social Development Canada. Federal Secretariat on Early Learning and Child Care. 2023.

64 Government of Canada: Early Learning and Child Care Agreements. 2023. <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories.html>

65 Macdonald, D. and Friendly, M. Sounding the Alarm: COVID-19's impact on Canada's precarious child care sector. 2021. <https://policyalternatives.ca/TheAlarm>

66 Government of Canada: Department of Finance Canada. Budget 2021: Address by the Deputy Prime Minister and Minister of Finance. 2021. <https://www.canada.ca/en/department-finance/news/2021/04/budget-2021-address-by-the-deputy-prime-minister-and-minister-of-finance.html>

Ireland: Partnership for the Public Good

In 2018, the Irish Government launched 'First 5' - a 'whole-of-Government strategy' focused on all aspects of children's early years. This strategy identified 'The First Five Big Steps' as priority reforms to improve the experiences of children and families in early childhood. These are:⁶⁷

1. Access to a broader range of options for parents to balance working and caring
2. A model of parenting support
3. New developments in child health
4. Reform of the Early Learning and Care (ELC) system
5. A package of measures to tackle early childhood poverty

This strategy sets out a broad and holistic vision for the early years, with the above 'steps' encompassing initiatives to increase parental leave, develop community-based initiatives, tackle disadvantage, and – most relevant in this context – reform early childhood education and care, referred to as ELC in the Irish context.

Within the First 5 strategy, the Irish Government made a commitment to at least double investment in 'Early Learning and Care' and 'School-Age Childcare' by 2028⁶⁸, i.e. from €485mil to €970mil. An independently chaired 'Expert Group' was set up in 2019, tasked with coming up with proposals for a new funding model – unique in that it was not set up to offer recommendations that were then costed up, but tasked to make recommendations for a new funding model in view of an existing government commitment to additional investment for the sector. Therefore, the Group was given considerable influence with the understanding that the government would give a fair hearing to the Expert Groups' recommendations on how the investment should be spent. This is encapsulated in the words of one of the experts we interviewed:

"So there was quite a clear task with an outcome that was expected to be usable for the government, which had a time scale of two years from 2019 to 2021 when the government was committed to starting to implement this"

[Expert interview, Ireland]

Alongside this ran several other programmes to look at and support the reform of different aspects of the system such as the workforce, childminding, evaluation of existing programmes, review of regulatory frameworks, and plans on capital investment.^{69 70 71} In this way the ambition of the Irish transformation is wide and deep, exploring multiple aspects of the factors that impact on the supply, quality, access, and sustainability, of ECEC provision. The Expert Group in particular has many lessons for England as we seek to design our transformation and is a unique model that has appeared to be quite successful in what it has been able to achieve: a shift to more supply side funding, a freeze in fees for families, and early indicators of positive outcomes such as improved pay for staff, a decrease in service closures, and increases in spaces for younger children.⁷²

67 Government of Ireland. About First5. 2023. <https://www.gov.ie/en/campaigns/5d81e-about-first5/?referrer=https://first5.gov.ie/>

68 Partnership for the Public Good A New Funding Model for Early Learning and Care and School-Age Childcare Delivering on a First 5 Action [Internet]. 2021. Available from: <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf>

69 Other programmes that ran alongside included: Workforce Development Plan, the National Action Plan for Childminding, Review of the Operating Model, evaluation of the Access and Inclusion Model (AIM), Review of the National Childcare Scheme (NCS), Action Plan on School Aged Childcare, evaluation of the Early Childhood Care and Education (ECCE) programme, National Development Plan to deliver capital investment, the Early Childhood Workforce Initiative

70 [62acc54f4bdf4405b74e53a4afb8e71b.pdf](https://assets.gov.ie/62acc54f4bdf4405b74e53a4afb8e71b.pdf) (assets.gov.ie)

71 <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf>

72 Lloyd, E. Early Education and Child Care Coalition. A Public Good Approach: Learning from Ireland's Early Education and Childcare Reform. 2023. <https://static1.squarespace.com/static/646ca30371a2ef6a657e9309/t/654a4765068b7b6d99db53b4/1699366757787/LEARNING+IRELAND+V5.pdf>

In November 2021, the Expert Group published its report, proposing 25 recommendations and a new model for funding: the '*Partnership for the Public Good*'⁷³. While the purpose of the Group and the report was to recommend a new funding model and implementation plan, it also suggested a shift the understood role of the State in the ECEC system in the context of a heavily marketised system:

*"The Expert Group's vision is that the sector is increasingly publicly funded and publicly managed, delivering a service for the public good, to the benefit of children, parents, practitioners and society overall."*⁷⁴

[The Expert Group's Report: Partnership for the Public Good]

Writing for the Early Education and Childcare Coalition, Eva Lloyd – one of the members of the Expert Group – outlines the journey of this Group and learnings for England, saying:

"It has been and continues to be a genuine deliberative and forward-looking process, involving in-depth discussions and consultations with a wide range of stakeholders."

[p. 14, Lloyd, E.]⁷⁵

The Coalition's report with Lloyd goes into detail about the work of the Expert Group but for the purposes of this research, there are several aspects of the Group that stand out as possible factors in its success that we can learn from:

- **Institutional set up** – our expert interviews identified the make-up, structure and mechanics of the Group as key in enabling creativity and opening up ideas that could be transformational. The Group was made up of experts, civil servants, and international partners, some of whom were paid for their involvement and knew that their recommendations would be seriously considered. The Group created their 'baseline' together – establishing the values they wanted to operate with.. This meant that there was a shared sense of purpose and commitment to transformation.
- **Research capability** – The Group was provided with the resources and ability to commission research including economic modelling, and for a programme of engagement sessions with parents, providers, educators / practitioners, and other stakeholders to be undertaken. This meant that they had a strong evidence base to support their findings and recommendations.
- **Clear terms of reference** – the Group was provided with clear terms on what the remit was, what aspects of the system could be changed and what had to stay (e.g. the market system). This meant that there was clarity on where the focus should lie.

73 Ibid. Partnership for the Public Good A New Funding Model for Early Learning and Care and School-Age Childcare. 2021.

74 Ibid. Partnership for the Public Good A New Funding Model for Early Learning and Care and School-Age Childcare. 2021.

75 Ibid. Lloyd, E. Early Education and Child Care Coalition. A Public Good Approach: Learning from Ireland's Early Education and Childcare Reform. 2023.

Table 1. Summary of key aspects of reform and challenges in each country

| Country | Plan | Timeframes | Responsible body | Key challenges* |
|------------------|---|------------|--|--|
| Australia | Jobs for Families reforms (2018) Cheaper Childcare (2023) Productivity Commission inquiry (2023-2024) | | | Equitable access especially in underserved areas and for vulnerable cohorts Workforce Affordability Role of different providers in the market |
| France | First 1000 Days | 3-5 years | | Lack of sufficient places Workforce Quality Accessibility Complexity of system Separation between childcare and education |
| Ireland | First 5 Partnership for the Public Good | 10 years | | Lack of sufficient places Workforce Quality Accessibility Complexity of system Separation between childcare and education |
| Québec | Canada-wide Early Learning and Child Care Plan | 5 years | Federal Secretariat on Early Learning and Child Care | Workforce Affordability Quality Equitable access Politicised policy agenda Role of large, private for-profit chains |
| Estonia | Education Strategy | 15 years | Ministry of Education and Research Steering Committee to oversee implementation | Language Child-centred approach to pedagogy Right educators in the right place Transition from childcare settings to kindergarten |

*As identified by experts in roundtables/interviews

Key principles of meaningful transformation – our learnings

Studying the transformation journeys of these countries and regions gives us valuable lessons in designing reform of the English system. These countries are at different points in their journeys and gaps remain in the evaluation of these systems and their transformation. However, we have identified four components that clearly emerge as key in designing a system that is truly transformative and goes beyond a sticking plaster approach.

1. Clearly articulated and evidence-based policy objectives

It is essential that any reform is clear about the policy objectives it is trying to achieve right from the beginning and that this is clearly articulated and understood across those making decisions (politicians), those responsible for implementing decisions (civil servants), and those trying to influence the decisions (campaigners and advocates). The framing of policy objectives sets the direction of interventions. Different goals require different interventions, even when they are in the context of the same broader objective of reforming the ECEC system.

For example, if the goal is to create equitable access to ECEC across the country, the ECEC system will need to be designed in a different way as compared to a goal that makes ECEC more affordable for parents already in work. This does not mean that those objectives are always in opposition to each other – they can both be achieved simultaneously but only if policies are explicitly designed to do so and impacts of policies are fully understood. We cannot set out to achieve one thing and expect the other to happen by itself.

Australia and France provide useful case studies to demonstrate this point. Australia's Child Care Package was introduced primarily to improve workforce participation, especially that of women. However, it was found to not have improved access to those who are most disadvantaged - leading to calls for a more child centred approach.⁷⁶ One of the experts at our roundtable spoke to this:

"We've taken a position to try and perhaps swing the pendulum a little bit back to rebalance that to centre the child.... which is suggesting that more of those services should be available for children, independent of their parents working activity, or income, etc. And so there's that same very subtle [difference] but it's actually quite profound when it flows through into policy implication."

[Australian ECEC expert, roundtable]

Similarly, as another expert at a roundtable pointed out, France has a long history of policies to enable free choice and workforce participation of women leading to a system where education and care are separate and distinct. The childcare system in France (for children under 3) is different from the preschool system (for children aged 2/3 to six), with different licencing and regulation infrastructure for childcare that is primarily aimed at enabling families to work and does not have a focus on education. This has raised serious concerns about quality and safety⁷⁷, and a key objective of France's First 1000 Days programme is to bring more consistency across the two policy areas.

For Estonia, a child-centred approach is central and there is a push to make this even more so with a key aspect of Estonia's Education Strategy 2021 – 2035. An expert from Estonia described this approach in one of our roundtables:

"The approach is that we make an environment where children can be more independent and teachers, they are like more shadowing, they are not like teaching and telling them what to do. We make an environment where children can be self-directed and can do everyday activities by [them]self. And it's the new curriculum, which will be established soon."

[Estonian ECEC expert, roundtable]

76 Pilcher S. The child-care sector needs an overhaul, not more tinkering. Victoria University, Australia. 2020. <https://www.vu.edu.au/mitchell-institute/early-learning/the-child-care-sector-needs-an-overhaul-not-more-tinkering>

77 Inspection General des Affaires Sociales. Qualité de l'accueil et prévention de la maltraitance dans les crèches 2022]. Available from: <https://igas.gouv.fr/Qualite-de-l-accueil-et-prevention-de-la-maltraitance-institutionnelle-dans-les.html>

Agreeing delivery: evidence, stakeholder engagement, and need for consensus

It's not just important what those policy objectives are and how they are framed, but also how delivery is agreed upon. If transformation is to be a long-term endeavour, then it is essential that there is some degree of consensus amongst various stakeholders about the plan, and that the process of developing it is depoliticised. It needs long-term commitment from a broad range of political actors, and agreement on at least the minimum principles of the value of ECEC to society, to families, and to the economy. Having a strong evidence base is key to that, not only because it identifies the issues and challenges of the particular country or context and helps identify solutions, but also because it creates a more neutral base to build consensus from.

In almost all the countries we have studied, transformation is rooted in a deep evidence base created through a mixture of public sector and independent expertise and research, often led by advisory groups representing a variety of fields. Australia utilised various instruments of the state such as the Productivity Commission and the Australian Competition and Consumer Commission who undertook extensive engagement with families, providers, workforce groups and other stakeholders, as well as economic modelling and cost forecasts. Similarly, in Ireland, the Expert Group was supported by research partners and given the power to commission modelling and research.

Therefore, while different countries have approached consultation in different ways, there is agreement that some level of involvement from academic experts, providers, advocacy groups and practitioners is important. Listening to families and understanding how they experience the system is fundamental in developing a vision that actually works for those it is meant to serve. It also helps to depoliticise the process and contributes to reaching consensus by showing in more objective terms what the needs of the system are. The feedback loop on consultation and engagement is also important with Australia as an example, providing opportunities for comments on proposal at different stages.

Children are one group that often get overlooked as part of this process but in Australia, Ireland, and Estonia we have seen a conscious effort to include children and hear their voices. Estonia especially takes a child-centred approach not just in the delivery of ECEC, but also in it's design:

"We have to make this environment where they can be independent, they have their own opinion, even in kindergarten. Example, we have this children meetings, and even four or five years old say something about how our kindergarten system can be and we involved them very, very much and, and all of this is now in a new curriculum. And we are very happy about this. And I think it's one of the reasons why Estonian education system is so one of the world's top..."

[Estonian ECEC expert, roundtable]

There are lessons for campaigners and advocacy groups in all of this. Experts spoke to the value of campaigners and different stakeholder groups being clear and specific about what they see as solutions to the challenges in the design and provision of ECEC. Coalescing around agreed set of demands or policy positions makes campaigning more effective and enables quick responses to opportunities in the political climate. There are of course challenges in doing that when different groups have their own priorities, but our research finds that in most cases the expert groups or advocacy movements have been able to do that over time by working together to build evidence and being willing to compromise on aspects of the system that are unlikely to change. One of the experts we spoke to about Ireland identified the set up of the Expert Group as being important in creating an environment where consensus was easy to reach, especially pointing to the terms of reference which invited the Group to start with creating a shared set of guiding principles for the work and consulting stakeholders on these.

This speaks to the important work of the Early Education and Childcare Coalition in the UK, an organisation bringing together the voice of different groups with 'a stake in the future of early education and care'⁷⁸, and the role of 'movements' that can bring different stakeholders together from a range of sectors and viewpoints. An expert from Canada talked about this as a major factor in achieving reform in Canada:

"It's been a very persistent and cohesive movement that includes all that pretty much all the players that you identified, and always has, has tried to develop positions on all of the issues that we're talking about."

[Canadian ECEC expert, roundtable]

Consensus amongst campaigners and advocates also makes it easier for Government and political parties to 'listen' and can be the difference between doing something and doing nothing, once the problem has been identified.

"Where it has been most effective has been when all the different stakeholder groups and different advocates or most of them at least have been asking for the same thing."

[Australian ECEC expert, roundtable]

Finally, there is cause for caution when the agenda is perceived as the domain of a particular political party or perspective. Implementing transformation takes time and cannot be seen as a partisan issue – it must be championed across politics and seen as an issue that impacts everyone. An expert from Canada spoke of these concerns:

"Early childhood education and care is quite a politicized issue in Canada. And we're looking at a situation where if we have a change in federal government in the next two years, we may end up in a completely different space than we are now."

[Expert at roundtable, Canada]

2. A staged approach with built-in evaluation

As we have established, transformation cannot be a quick win but is a long-term project and a staged approach is necessary especially when the system does not have strong foundations in place. **We recommend that a transformation strategy for the current English ECEC system needs to at least look to the next ten years – or two electoral cycles.** This strategy should set out long-term objectives as outlined above and consist of a plan that breaks this down into short- and medium-term priorities with clearly identified timelines and measures of success.

All policy objectives, however they are prioritised, will require a significant increase in the supply of places and measures to improve affordability – none of which can be delivered in the short term without significantly compromising on quality of provision and the safety of children in these settings. This was seen in Québec after the introduction of a low flat fee in 1997, which led to a rapid expansion of provision, mainly by for-profit providers. There is mixed evidence on the impact of this rapid increase in places on quality of provision, compliance with regulation and outcomes for children – but overall it didn't deliver the improvements in outcomes for children that were hoped.⁷⁹ Therefore, a long-term plan that holds these factors in balance is necessary for sustainable reform.

78 Early Education and Childcare Coalition. About us [Internet]. 2023 [cited 2024 Mar 20]. Available from: <https://www.earlyeducationchildcare.org/coalition>

79 Ville L, Marren C, Rose J, Parsons S, Bazeley A. Fawcett Society. Childcare and early education systems: A comparative literature review of liberal welfare states. 2022. <https://www.fawcettsociety.org.uk/childcare-and-early-education-systems>

The plan must also set some short-term measures of progress for the next two to three years as milestones towards the longer-term objectives, and to ensure buy in for the longer term reforms. People need to see progress is being made so that they can stay the course for the long term reforms. These short-term measures could have more scope to focus on 'repair' of the system and relief in the here and now for families, but it is imperative that they do not contradict the longer-term aims that the transformation is out to achieve. A workforce plan with investment in both numbers and training of the ECEC workforce is one such aim that is long-term but must start early and be a priority right from the start as without it none of the other objectives of transformation can be achieved. Some examples of short-term milestones from other countries are the freezing of fees in Ireland, the increase in the Child Care Subsidy in Australia, and the staggered objectives to ultimately reach \$10 places in Canada. All interventions should ultimately pull in the same direction, otherwise they risk cancelling each other out and ending up more expensive as a result, with poor value for money for taxpayers.

Evaluation at every stage

A transformation plan should have evaluation built in at every stage with clear governance, monitoring, and evaluation structures and a plan on how to engage with various stakeholders such as families, providers, the workforce, and children. It is important to define at the outset what success looks like at each stage and to have robust mechanisms for measurement against targets. This should be accompanied by a commitment to adapt aspects of the system that are not working.

All of the countries in this study have regular reporting against objectives and timeframes built in for interim evaluations. Ireland is an example of the benefits of this approach where the continued monitoring of the Funding Model and engagement with providers has meant that new levers have been introduced to address concerns such as the introduction of a core funding minimum and a core funding maximum grant values, as told to us by an expert at a roundtable.

Australia's Child Care Package was evaluated by the Australian Institute of Families which, amongst other things, pointed to the need for coherence in Australia's ECEC policy landscape. As a result, there are several inquiries ongoing in Australia utilising different apparatus of the state such as the Competition Authority and the Productivity Commission. It is interesting to note that these are economic rather than education-based actors, but it does showcase the cross-governmental nature of ECEC interventions and the need to use different powers available to Government to achieve the desired outcomes.

3. A Holistic Cross Governmental Approach

Following on from the point about the need for cross-governmental tools for the evaluation of ECEC, transformation should also have a cross-governmental approach to policy making that is holistic and considers the different policy areas that have an impact on demand, supply, and structure of ECEC. Parental leave is one key area that emerges here which should not be separated from ECEC, and in almost all of the countries we have looked at, plays an integral role in ECEC policy. It is one of the five pillars of France's First 1000 Days Programme, is a key component of Ireland's First 5 strategy and is directly linked to the design of Estonian ECEC provision.

There are also other factors that impact what families require from ECEC such as the existence of parenting programmes, public health interventions and one-stop-shop models (similar to SureStart). Similarly, an ECEC transformation strategy that does not deal with the challenge of a suitably qualified and sustainable workforce is almost certainly likely to fail with an expansion of places impossible without the availability of trained staff as we are seeing in England. Therefore, it needs to look at the crossover with education and skills strategies more broadly, workforce pay, and different interventions for the recruitment and retention of staff into what is currently an underpaid

and undervalued sector. A workforce strategy must look at all aspects of the workforce including childminding, which is important in providing parents with greater choice and flexibility. It is clear from the literature and from our own research that a market-based system of ECEC provision requires a greater role from Government in market shaping / stewardship – making it essential that the Government is using the different tools available to it to ensure high quality provision is available to those who need it most, where they need it and when.

4. Placing what's best for children at the centre of reforms

The plan needs to put children and their wellbeing at the front and centre of reforms, based on multidisciplinary evidence of what children need from their early childhood experiences in order to thrive, as well as the economic benefits to the state of early intervention in education.

Estonia, Ireland and France have very much focussed their reforms on what is best for children, grounded in child development theory, with efforts to increase the economic participation of mothers sitting alongside this (rather than the sole focus). This has a number of benefits; it prioritises universal interventions (as we see in Estonia and Ireland) rather than focussing interventions on the children of parents who work; focusses interventions on driving up quality (as we see in all three countries), rather than seeing quality as a trade off for lower prices; and it ensures that parents (particularly mothers) feel confident taking up childcare, knowing that it is good for their child (as we see in all of these countries, and also Québec).

“In Estonia and early childhood education, our mission is valued childhood. we are valuing child-led playing and less studying around the table.....And I think it's one of the reasons why [the] Estonian education system is .. one of the world's top because we value children ... and that I think it's very, very important.”

Estonian Childcare expert, roundtable.

Recommendation for England: Develop a long-term transformation strategy and plan with the following four principles at its heart.

- Reform of the ECEC system should be placed within a wider transformation strategy and plan with clearly articulated and evidence-based policy objectives which have been developed through stakeholder engagement, evidence gathering and consensus building. The plan should be drawn up by independent experts, working to a clear mandate from government, underpinned by an expectation that their recommendations will be implemented. This group (or similar) should be kept as a standing independent group able to comment on and monitor progress as government implements its plans.
- A transformation plan should have a staged approach with a long-term vision for at least 10 years (or two electoral cycles), with short- and medium-term objectives and evaluation built in at every stage.
- The plan should have a holistic cross-governmental approach that brings together different policy areas such as workforce and skills, parental leave, public health.
- The plan needs to put children and their wellbeing at the front and centre of reforms, based on multidisciplinary evidence of what children need from their early childhood experiences in order to thrive, as well as the economic benefits to the state of early intervention in education.

FUNDING FOR OUTCOMES

The UK government announced at Budget 2023 that they expected to double spending on childcare over the next few years, from around £4bn to £8bn each year. This will be delivered via an expansion of free hours for working parents, and reforms to the amount of childcare costs that can be claimed via Universal Credit.⁸⁰ The Institute of Fiscal Studies have, among others, drawn attention to the fact that the bottom 30% of the income distribution will see almost no direct benefit from the proposals.⁸¹ However, there has been relatively little mainstream discussion about whether the use of free hours to fund ECEC is the right mechanism for government subsidies, and the extent to which the affordability of childcare for wealthier parents should trump other potential funding objectives – such as number of spaces available (sufficiency), access to ECEC for children from poorer families, or higher quality of provision.

This section will explore what we can learn from other countries about who funds ECEC, the mechanisms used, and the impact of different funding options.

Note: In this report we use the term *supply side funding* to describe funds paid directly to the provider, independent of whether their available places are filled, as operating subsidies, and *demand side funding* to describe funds that ‘follow the child’—either paid to parents to subsidise costs or paid to institutions once parents have selected them.

Structure of markets – private or public provision?

England is relatively unusual in having a mixed economic model of funding – with the market mostly private (both for profit and not for profit), with significant (but overlapping) public provision for 3-4 year olds.

In our discussions we heard different things about private (both for profit and not for profit) provision. The private market has facilitated the broad and rapid rollout of ECEC, particularly in Australia, and gives families a range of choices in the type of ECEC that they can choose for their children. However we also heard from Australia, Canada, Ireland and France about the extra supply side measures that they were now contemplating or putting in place to address market failures – including the lack of provision in poorer, or more rural areas or serving disadvantaged families, where it is more difficult to turn a profit.

80 Department for Education. Free childcare: How we are tackling the cost of childcare - The Education Hub. 2023. <https://educationhub.blog.gov.uk/2023/07/07/free-childcare-how-we-tackling-the-cost-of-childcare/>

81 Drayton, Elaine, and Christine Farquharson. Early Years Spending Update: Budget Reforms and beyond IFS Report R274.

The justification for markets providing public goods is usually that the profit motive makes firms more efficient. For example, working paper two of the Irish Expert group notes that parents covering some of the costs of ECEC create market pressure on providers to operate efficiently, as providers have an incentive to compete on price charged to families.⁸² However, whilst economic theory suggests that market pressures should lead to economic efficiency, the Australian Competition and Consumer Commission (ACCC) found that in Australia, in practice, ECEC market dynamics are more complex. Once families have made decisions about how much childcare to use based on overall affordability measures, they are less sensitive to small fluctuations in price and prioritise availability of spaces and proximity. On the supply side, lack of trained ECEC workers constrains supply.⁸³ Consequently, competitive pressures in many geographical markets are likely to be weak. We see no reason why this analysis would not apply equally well to England.

Additionally, a market-led approach (absent regulation to the contrary) may result in some providers cutting costs with a consequent reduction in quality, or a failure to invest. This is not the ECEC that benefits children (or their parents) most.

Consequently, we reach the conclusion that an ideological approach to providing ECEC which argues for either public or private provision for their own sake, will be misplaced – instead, a focus on what is delivering the goals of transformation (which might be quality, access, inclusion, and/or supporting families to work) should be the yardstick by which any system should be judged.

“The market can deliver a lot of things but... no funding system is going to give you everything that you want from your ECEC system. And the market is certainly not going to give you everything that you want from your system. So you need to think about what are the other things that need to go around that, the other things that government can do, that help fill the gaps”.

[Australian ECEC expert, roundtable]

Demand side funding

Demand side funding is used to subsidise the cost of per child place. Across the countries in this review, there are two main types of demand side funding: *universal entitlements*, which are available to all children in an age range regardless of family circumstances, and *conditional support*, which varies according to family circumstances such as work, income and disability.

82 Paull, Gillian, and Cavin Wilson. Early Learning and Care and School-Age Childcare towards a New Funding Model Working Paper 2 International Approaches to Funding Early Learning and Care and School-Age Childcare to Reduce Costs for Parents. 2020.

83 Australian Competition and Consumer Commission. Childcare inquiry Final report. 2023. <https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf?ref=0&download=y>

Table 2. Demand side funding offered by each country or province.

| | Universal entitlements | Conditional support | | | |
|------------------|---|---|---|---|--|
| | | Working parents | Low income households | Disability support | Other |
| England | 15 free hours per week, 38 weeks per year, for 3-4 year olds | Additional 15 free hours for 3-4 for 38 weeks a year From April 2024 – 15 free hours for 2 year olds for 38 weeks a year From Sept 2024 – 15 free hours from 9 months for 38 weeks a year From sept 2025 – 30 free hours from 9 months for 38 weeks a year Tax subsidy | 15 free hours for 2 year olds for 38 weeks a year Early Year pupil premium directs money to providers in economically disadvantaged areas. Universal credit subsidy | 15 free hours for 2 year olds for 38 weeks a year Disability access fund compensates providers for higher costs Special Educational Needs Inclusion Fund goes to the Local Authority for them to distribute | 15 free hours for 2 year olds for 38 weeks a year if in foster care or were adopted |
| Australia | Universal entitlement to 15 hours of preschool for 4 year olds | Childcare subsidy – covering between 95% and 0% of hourly fees according to number of children in care and family income. Number of hours subsidised depends on activity level. Lowest level of activity provides 24 hours per fortnight. Eligibility calculated based on partner with fewest hours of activity | | Inclusion support Program subsidised extra costs of inclusion | Child Wellbeing Subsidy –100 hours of care each fortnight if a child is - vulnerable or at risk - Exceptional financial circumstance - Cared for by Grandparents on income support Activity test suspended for Aboriginal or Torres Strait Islander children |
| Estonia | Entitled to a place from 1.5 years – usually full time but can be part time | n/a | Local authorities may apply fee discounts based on income | | |
| France | 24 hours a week, for 36 weeks from aged 3 | Subsidy paid by the Family Allowance Fund based on income | | Higher level of subsidies paid if child is disabled | |
| Ireland | 3 hours a day 5 days a week, for 38 weeks from aged 3 | National childcare scheme – offsets fees through combination of universal and income assessed subsidies to parents Lower income parents receive higher subsidies Number of hours subsidised depends on activity level – up to 45 hours if in work / study, compared with 20 if not | | Access and inclusion model supports access for children with disabilities in ECCE (free preschool) without the requirement for a diagnosis | Full subsidies provided to children on child welfare or child protection ground, as well as homelessness, parents under 18, programme refugees and child development |
| Québec | None | Set fees at not for profit centres Tax subsidies for families paying market fees | | Free ECEC at not for profit centres for all children under 5 whose families receive social security payments | Supply side funding |

Source: https://www.earlychildhoodireland.ie/wp-content/uploads/2022/11/Explainers_AIM.pdf
www.service-public.fr/particuliers/vosdroits/F345

Universal Entitlements

Universal entitlements for the early years provided to all children in an age group regardless of family circumstances have traditionally been used to ensure that all children have the skills needed to start school (and therefore targeted at the oldest early years age group). They are the simplest way of ensuring that all children can benefit from ECEC, no matter their background, and generally have a very high takeup (94% in England⁸⁴, 91.9% in Estonia⁸⁵, 100% in Ireland⁸⁶). However, it is worth noting that in France, the government in 2019 made the universal offer in the école maternelle compulsory to ensure full take up by disadvantaged children, who they felt would benefit most from ECEC⁸⁷.

England is not alone in terms of delivering universal entitlements through a 'free hours' framework. However, there are potential problems with entitlements based on a core hours framework. ECEC which is 'sessional' (ie less than a standard 40 hour working week) is unlikely to be enough to support working families, who in many cases will need to work more than the subsidised hours available. That can lock parents out of work, if they can't find jobs compatible with their childcare arrangements. Sessional free hours are also only a partial solution to affordable ECEC – as the remaining hours can be expensive. If sessional hours are not available as a standalone offer, that can also reduce take up if families can't afford the extra hours.

Universal entitlements, while expensive, are the best way to ensure take up of ECEC, and to reduce costs to families. They nevertheless need to work with the wider system of government support for ECEC, so that both parents and providers can make the system overall work for them.

Affordability and fee controls

“The State cannot be expected to allocate substantial extra funding to the Early Learning and Care ...sector and simply leave it up to providers to set whatever fees they wish.”

[Report of the Expert Group to develop a new funding model for Early Learning and Care and School-Age Childcare, Ireland]⁸⁸

84 UK Government. Education provision: children under 5 years of age. 2023. <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5>

85 OECD. Family Database PF3.2: Enrolment in childcare and pre-school 2019. Available from: https://www.oecd.org/els/soc/PF3_2_Enrolment_childcare_preschool.pdf

86 Ibid. OECD Family Database 2019

87 French ECEC expert, roundtable

88 Partnership for the Public Good A New Funding Model for Early Learning and Care and School-Age Childcare Delivering on a First 5 Action 2021. <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf>

Table 3. Affordability measures in different countries

| | Fee cap / management | Tax Credit | Fee subsidy |
|-------------------------------|---|--|--|
| England⁸⁹ | None | Up to £2000 year (£4000 if child is disabled) | |
| Australia⁹⁰ | Hourly rate cap for subsidised hours. For Centre based care, this is currently \$13.73 (approx. £7); in home care (childminder equivalent) is €37.34 (approx. £19.20) | | Families earning under \$530,000 (Approx £272,000) receive subsidies, These are tapered, so that families earning under \$80,000 (Approx £41,000) or less get a Child Care Subsidy rate of 90% of costs, and this tapers to the maximum. |
| Estonia⁹¹ | 20% of minimum wage | | |
| France⁹² | | Government paid subsidies based on income | Up to 85% of fees subsidised |
| Ireland | 2022 - Commencement of a Fee Management System which initially has providers agree not to raise fees from 2021 baseline (for initial two years) ⁹³ | | Universal subsidy from government reduces costs by €1.40 per hour ⁹⁴ (approx. £1.20) raising to €2.14 in September 2024. means tested per hour subsidy depending on household income and the number of children in the household |
| Québec | Funded non-profit centres which charge the provincial set fee of CAD \$8.85/day in 2023 ⁹⁵ (approx. £5.20) | Parents accessing for-profit provision (ie not charging flat fee) can access a tax rebate that covers 67%-78% of eligible costs depending on income. ⁹⁶ | |

All countries covered in this study have had a significant focus on reducing costs of ECEC to parents. The countries have undertaken significantly different approaches to reducing fees.

To encourage more parents into the labour market, in July 2023 Australia enacted an increase in subsidy rates. The Australian Competition and Consumer Commission (ACCC) found that these subsidies were successful in reducing 'out-of-pocket' expenses for all childcare services in the 3 months following the introduction (11% 'for centre-based daycare, 13.8% for family daycare).

89 Gov.uk. "Tax-Free Childcare." GOV.UK, 25 Sept. 2018, www.gov.uk/tax-free-childcare.

90 "Child Care Subsidy Campaign - Department of Education, Australian Government." Department of Education, 2023, www.education.gov.au/child-care-subsidy-campaign

91 European Commission. Estonia; Early Access and Care 2023 Available from: <https://eurydice.eacea.ec.europa.eu/national-education-systems/estonia/access>

92 "Complément de Libre Choix Du Mode de Garde (Cmg) - Assistante Maternelle." Service-Public.fr, 2019, www.service-public.fr/particuliers/vosdroits/F345

93 Partnership for the Public Good a New Funding Model for Early Learning and Care and School-Age Childcare Delivering on a First 5 Action. 2021. <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf>

94 Government of Ireland . National Childcare Scheme 2024. <https://www.ncs.gov.ie/en/types-of-subsidy/>

95 Québec Ministère des Finances: Cost of a childcare space for 2023. 2023. <http://www.budget.finances.gouv.qc.ca/budget/outils/garde-net-en.asp>

96 Québec Ministère des Finances: Cost of a childcare space for 2023. 2023. <http://www.budget.finances.gouv.qc.ca/budget/outils/garde-net-en.asp>

That said, the fee reduction didn't necessarily feel that way to parents. We heard at our roundtable:

"At a time when Australia was running 6%, 7% inflation.... the cheaper childcare increases in fees got completely swamped by additional costs from services and general cost of living and parents didn't see the distinction. They just saw that more money was given and all that's just going straight to services."

[Australian ECEC expert, roundtable]

Comment from the ACCC's 'parents and guardians roundtable' supported this assessment.⁹⁷ Additionally, the ACCC judged that, over time, the subsidies were likely to be eroded by fee increases, as other improvements to the Child Care Subsidy had been.⁹⁸ Therefore, it would appear that while one-off attempts to lower fees are beneficial, systemic issues need to be addressed in the long run to permanently bring down prices.

A more sustained approach to reduction of fees can be seen in Québec. In 1997, Québec, introduced a universal low, flat daily fee for childcare services for 5-year-olds (\$5 [equating to £2.91], at the time). This resulted in a large increase in women's employment, from 63% of women employed in 1996, to 75% in 2011, for those aged 15-64. This rate of change was much faster than the national average for Canada. Poverty rates decreased for single mothers, as incomes rose.

However, several researchers have identified the effects of Québec's policy change in 1997 on child development outcomes, with mixed findings. For example, Kottelenberg and Lehrer found that children aged 3 or over saw small benefits to developmental scores, but children accessing subsidized childcare at earlier ages saw negative effects on developmental, health, and behavioural scores. However, Haeck et al., comparing the differences between pre- and post-policy data within Québec to the rest of Canada, saw no significant effects on children's cognitive scores.

Much of the difficulty of identifying the benefits and disadvantages of the Québec model have come with the variability in access and quality of the programme – with the directly funded childcare centres (CPEs), widely acknowledged to provide the highest quality ECEC, also having long waiting lists, and for profit centres identified as being of lower quality. Consequently the benefits of ECEC have been distributed unevenly depending on which service families were able to access.⁹⁹ This points to one of the significant challenges of reducing the price of ECEC – how to cope with the consequent increase in demand from parents, and in particular, the need for trained staff. This is a specific pitfall that England will need to avoid as it expands its 'free hours' offer.

Ireland has tried to limit the problem of expanding demand before expansion in supply by instituting a Fee Management System commencing initially with a fee freeze for parents, whilst increasing supply side funding and increasing the National Childcare Subsidy rate. This meant that the increase in funding from the government wasn't all passed onto parents, but instead was focussed on improving quality as well as directing more money to staff; but also that providers did not make extra profits out of the increased funding.¹⁰⁰ However, now that government has more sophisticated data from the providers (as part of their overall package of reforms) Ireland are looking towards more nuanced fee management, ie a way of government regulating fees that is more responsive to the actual costs faced by providers, but also which ensures that affordability measures (as distinct from other parts of core funding which are directed at eg quality and staff) are passed onto families.¹⁰¹

97 Ibid. ACCC 2023

98 Ibid. ACCC 2023

99 Cleaveland G, Mathieu S, February 18 CJO published on PO, 2021. What is "the Quebec model" of early learning and child care? Policy Options. 2021. <https://policyoptions.irpp.org/magazines/february-2021/what-is-the-quebec-model-of-early-learning-and-child-care/>

100 Ibid. 7. Partnership for the Public Good A New Funding Model for Early Learning and Care and School-Age Childcare Delivering on a First 5 Action]. 2021.

101 Together for Better: Guidelines on Fee Management. 2023.

This will be an important experiment for England to watch as it has potential to keep prices affordable for parents in the long term, whilst also sustainable for providers.

France, Ireland, Estonia and Australia all have an element of childcare support that is means tested; ie, that lower income families (or families with other types of disadvantage) receive higher financial support from the government to support the cost of childcare (albeit in Australia these families generally have to be in work – see the section on activity tests, below). If targeted affordability measures are necessary ahead of a universal system of support, we argue that these should be directed towards the families on the lowest incomes – who are least likely to use ECEC, and most likely to benefit. This should go some way to addressing the current anomaly in the UK whereby parents with the lowest incomes spend the highest percentage of their income on ECEC.

Activity tests

Activity tests are defined as hours of work, study or volunteering a family, or individual parent, must undertake in order to qualify for family subsidies.

Table 4. Activity tests by country or province.

| | Activity test required for subsidy |
|--------------------------------|--|
| England | For free hours (other than 15 free hours 3-4, and disadvantaged 2 year olds) both parents in a couple, or single parent, must earn at least national minimum wage for 16 hours a week (or be on statutory work leave eg maternity leave) |
| Australia¹⁰² | Paid work, unpaid work (eg in a family business or work experience), study or training, volunteering. In a two parent couple, activity is subsidised at the 'lower' activity level (ie the parent working fewest hours) |
| Estonia | n/a |
| France | Subsidies vary according to multiple family characteristics |
| Ireland | Higher number of hours (45) require work, study or training (both parents in a two parent household) but minimum amount to qualify for enhanced hour is 2 hours of qualifying activity per week. |
| Québec | n/a |

Activity tests are used to incentivise parents into economic activity (or activity, that is more likely to lead to future economic activity like training or volunteering). In some circumstances, they are used to ensure that a higher proportion of government spending goes towards working parents, thereby justifying this spend in immediate economic terms. England’s recent ‘free hours’ expansion has been justified on these terms.

However, we heard from our roundtables that there are two significant disadvantages from this policy. Firstly, most government spending goes towards higher income families, which is regressive. Secondly, activity tests can lock lower income families out of ECEC entirely, including when the universal offer is not available as a standalone offer without extra costs. In Australia, about two-thirds of poorer families found themselves charged for some of the ECEC that they used. An evaluation of a tightening of the activity test from 2018 stated that it was unclear whether labour force participation goals were achieved. Participants told the Productivity Commission inquiry on ECEC that the test cemented a view that ECEC is only for people who have jobs.¹⁰³

102 Australian Governmnet. Activity level and subsidised care for Child Care Subsidy - Child Care Subsidy - Services Australia [Internet]. Servicesaustralia.gov.au. 2023. Available from: <https://www.servicesaustralia.gov.au/activity-level-and-subsidised-care-for-child-care-subsidy?context=41186>

103 Australian Government Productivity Commission. A Path to Universal Early Childhood Education and Care Draft Report Nov. 2023, www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf

“We have currently an activity test in Australia that limits the number of subsidized hours that a parent can access depending on the activities that they’re engaged in, which is namely work or study, or volunteering or looking for work. In practice... What’s that meant [in] Australia is that effectively, if you’re not working, you don’t send your child to early childhood education and care as without the subsidy the cost is prohibitive for almost everyone.”

[Australian ECEC expert, roundtable]

The Australian Productivity Commission, and independent expert body who provide advice to government on areas of economic policy, have subsequently recommended relaxing the activity test for all families and increasing subsidy rates for low-income families. They estimate that this will lead to an increase of 12% in the hours of ECEC children attend, with about two-thirds of the increase in hours attributed to families who were not previously using ECEC. These reforms are also estimated to lead to a 3.4% increase in total hours worked (equivalent to 20,700 full-time employees) by single parents and secondary earners in couple families with young children. The total cost of the policy is estimated to be about \$2.5 billion per year, about a 20% increase in the estimated Childcare Subsidy for 2023-24.¹⁰⁴

We recommend that England abolish all activity tests / qualifying activity for subsidised hours (eg the expanding ‘30 free hours’ offer), so that all children can benefit from a core offer of ECEC, not just the children of parents who are currently in work.

Complexity to parents is an access issue

We heard from multiple experts across countries how the complexities of funding systems, and in particular finding out what support they were entitled to, provided a further barrier to families take up of ECEC.

The Productivity Commission report on ECEC in Australia notes that it is difficult for families to work out their entitlements. This is despite the fact that a key objective of the 2018 Childcare Package was to improve the simplicity of the provision of support.¹⁰⁵ Navigating the system can be substantially harder for individuals with low levels of English and/or computer literacy. For some families, this level of complexity creates a substantial barrier to ECEC access, and in some cases, means they choose not to access ECEC. They have made a number of recommendations on making the system more user friendly for parents, including making information easier to find, and improving the functionality of the online calculator families can use to calculate their entitlements.¹⁰⁶

“The challenges are that that’s [the cost to the parent] determined by how much the fee is set by each service. The subsidy is determined by some arbitrary measure being the rate cap. Nobody actually understands the rate cap.Most parents almost could not tell you..It’s a very complicated system.”

[Australian ECEC expert, roundtable]

104 Australian Government Productivity Commission. A Path to Universal Early Childhood Education and Care Draft Report . Nov. 2023, www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf.

105 12. Bray J, Baxter J, Hand K, Gray M, Carroll M, Webster R, Phillips B, Budinski M, Warren D, Katz I, Jones A. Discovering what works for families Child Care Package Evaluation: Final report AUGUST 2021 [Internet]. Available from: https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf

106 Australian Government Productivity Commission. A path to universal early childhood education and care Draft report [Internet]. 2023. Available from: <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>

"I think we've built a system in Australia that actually shifts a lot of the complexity of the system onto parents. ... and to the families. And that I think just freezes decision making and inhibits it a little bit."

[Australian ECEC expert, roundtable]

Ireland also have a complex scheme where the level of subsidies that an individual family can receive is not easy to predict or to understand, but have managed to simplify it for parents by making it as accessible as possible, pushing much of the complexity onto providers (with support for administration an element of Core Funding) as well as onto government.

"Most parents found it easy to access, easy to navigate, and very high kind of satisfaction rates. It's fully automated... There is an income assessment involved there but it's fully automated. So when a parent puts in their details, the application goes off behind the scenes to other revenue commissioners on the Department of Social Protection, who make payments, social welfare payments, and through his data generate an income assessment. So there's very little demands on parents in that regard."

[Irish ECEC expert, roundtable]

Québec, on the other hand, have developed a system which is very simple for parents to use, with the majority of providers charging a flat fee, and a straightforward online calculator which gives information on the tax credits for the remainder of places. There was broad agreement at our first roundtable that this 'gold standard' of simplicity is beneficial for parents in terms of taking up the offer.

We recommend that the government think afresh about the design of ECEC support to families in England, and make simplicity and useability a core goal of the design of the scheme.

Equitable parental leave needs to work alongside ECEC to support parents

In several of the countries that we have looked at, parental leave forms a key part of the overall ECEC offer. In their 'First 5' Strategy, the Irish government is clear about the benefits to children and families of extended time at home in the first year, and the need for more support to both parents (men and women) to be able to balance work life and home life when their children are young. This includes increases to paid parental leave for both partners. France has also used its 'First 1000 days' Commission to reform its parental leave policies, including expanding paternity leave. It also offers government support to parents who reduce their working hours to look after children.¹⁰⁷ And Australia is undergoing a process of expanding its parental leave by two weeks a year for the next three years, including 4 weeks of 'use it or lose it' for each parent by 2026.¹⁰⁸

As England moves towards an offer providing subsidies from the end of parental leave to the beginning of school, extending paid parental leave will have less economic cost than previously thought, and mitigate against the potential disadvantages of children spending extended hours in childcare in their earliest months (where the evidence on the benefits to the child is less strong).

Leave will also need to be shared more equitably between parents if it is not to reinforce existing structures that keep mothers out of the labour market and contribute to the gender pay gap.

107 Complément de Libre Choix Du Mode de Garde (Cmg) - Assistante Maternelle." Service-Public.fr, 2019, www.service-public.fr/particuliers/vosdroits/F345.

108 Australian Government. Paid Parental Leave scheme | Department of Social Services, Australian Government. 2023. Available from: <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/paid-parental-leave-scheme>

Recommendation for England: Government to offer free 'universal' hours of ECEC for all children from the end of parental leave until school age; supplement this with demand side funding that 'tops up' universal offer to ensure that all children can access ECEC whatever disadvantages they and their families face.

To include the introduction, over time, of:

- Rates paid to providers for universal hours to cover the full cost of providing ECEC
- All activity tests for universal hours to be abolished – so that all families and children can benefit from ECEC.
- Regulation to ensure that 'universal hours' can be taken on their own, without families having to pay for additional hours
- Fee caps, starting with fee freezes, funded through government subsidies
- Sliding scale of extra support to be introduced for ECEC not covered by universal hours so that children of parents who are on lowest incomes, disabled, a registered carer, a victim of domestic abuse, refugees can access more ECEC.
- A simplified offer to parents which makes it easy to register and maintain eligibility, combined with a public information campaign which gives parents more transparency over their entitlements
- Demand side funding to be coordinated with supply side and workforce modelling to ensure that demand is not increased before there is enough staffing to provider the places
- Reform of parental leave to enable parents who wish to care for their child at home in their first year of life to be able to afford to do so, on a more equitable basis between mothers and fathers or partners

Supply Side funding

This report uses the term '*supply side funding*' to describe funds paid directly to the institution, independent of whether their available places are filled as operating subsidies. In the UK we have relatively little compared to other countries.

Table 5. Supply side mechanisms of countries, including funding departments, and objectives of funding

| | Supply Side? | | Notes |
|------------------|-----------------|--------------------------|--|
| | Limited | Universal | |
| England | x | | Only for school based settings |
| Australia | x | | Specific fund for setting up in underserved markets. Recommended by Productivity Commission to be applied more widely in underserved and unserved markets. |
| Canada | | x | All funding for agreements with states under the new system is supply side |
| Estonia | | x | |
| France | X – for under 3 | | Creating additional places in areas poorly served |
| | | x – for école maternelle | |
| Ireland | | x | Core funding and funding for the ECCE programme |

Both the Australian Competition and Consumer Commission (ACCC) and the Ireland expert group on Early Education note the growing international trend towards supply side subsidies. We heard from our Irish expert that supply side funding can be used to give government more levers to achieve its objectives, by linking specific funding streams to policy objectives as set out in the national plan.

"The state can, through greater investment... have those levers to achieve ...some of the features of a public model might in terms of affordability, access and quality."

[Irish ECEC expert, roundtable]

On the converse, we heard from our Australian colleagues about the risks of not taking this approach.

"We talk sometimes about quality in the system, but ... there's not much if anything in the funding system that really incentivizes or requires quality to be delivered by the service... So expecting for profit services to respond to incentives that aren't in the funding system or to the wishes of government that aren't incentivized in the funding system, we not surprisingly find ourselves not always getting what we would like out of the system."

[Australian ECEC expert, roundtable]

We found supply side funding to be tied specifically to the following objectives:

Sufficiency

Sufficiency is about ensuring that there are enough places in every geographical market to service the families who may want to take them up. This is a significant problem across all the market based systems we have looked at, but particularly France, Australia and Canada.

Demand side funding alone does not incentivise providers to set up in locations where they cannot guarantee that they will be operating at profitable levels of occupancy. These are typically more remote or lower income locations – where children might benefit most from ECEC.

In France, the availability of centre-based settings for children younger than three is a central objective of their first 1000 days strategy. Although local governments have a role in providing centre-based care, this has not resulted in sufficient supply to meet demand.

"Well, I think it's quite difficult for parents to make decisions. But most of the time, they don't have the choice. And that's a big problem. ... collective [care] is not available throughout the country."

[French ECEC expert, roundtable]

An Evaluation of the Australian Child Care Package was published by the Australian Institute of Family Studies in 2022 and showed that the package had no marked changes in access to childcare.¹⁰⁹ They identified large differences in access geographically. The Australian Government does have a fund – the Community Childcare Fund - to provide establishment and capital support funding for new ECEC places in areas underserved by existing ECEC providers.¹¹⁰ The Productivity Commission draft report has recommended that the government will need to change the way this fund operates and substantially increase the amount of grant funding.¹¹¹

109 Bray, J, et al. Discovering What Works for Families Child Care Package Evaluation: Final Report AUGUST 2021.

110 Department of Education, Australian Government. Limited supply grant. 2023. <https://www.education.gov.au/early-childhood/community-child-care-fund/limited-supply-grant#:~:text=The%20Community%20Child%20Care%20Fund>

111 Australian Government Productivity Commission. A path to universal early childhood education and care Draft report [Internet]. 2023. Available from: <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>

In Canada, expansion in the number of childcare spaces is a key government objective but specific targets in terms of the number of spaces were left to the negotiated action plans to be developed by each province and territory. Despite its long term focus on childcare reforms, only 42.8% of children in Québec can access a full day or part day centre space; nationally, the record for Canada is just 28.4.¹¹²

“If you really want to have a childcare system, ... that you really actually have to think of growing and the supply of childcare through a publicly planned and led process much more than we ever have in Canada and I think more than most of the market driven countries have. So this is moving away from the market and saying this is going to become a public responsibility to lead a planning process that actually puts services where they’re needed so that low income communities and remote communities are not left out.”

[Canadian ECEC expert, roundtable]

Ireland has used their core funding to incentivise specific provision, which has also proved successful in growing provision where it is needed.

“If you operate a baby room you get more core funding than you would for a school aged place because you have higher and costs owing to the staff child ratio requirements. So we’ve seen in the first year of core funding that’s given rise to a really big shift in the number of baby places. We’ve seen services operating longer hours because they’re responding to the funding and it’s meeting ... a capacity challenge that we’ve experienced.”

[Irish ECEC expert, roundtable]

Inclusion

In England, there are three specific funding streams to support inclusion:

- The Disability Access Fund, which is a demand side funding stream for children in receipt of Disability Living Allowance:
- The early years pupil premium, a demand side funding stream dependent on a child’s family being in receipt of certain social security benefits
- The Special Educational Needs Inclusion Fund, which a demand side funding stream held by local authorities and used to support children with SEND.

However, there is widespread recognition that this model is insufficient for many families.

“The current funding system for many children with SEND is simply not working”

[Dingley’s Promise, Manifesto for Early Years Inclusion]

We have identified several countries using their funding models in a different way to embed inclusion across all settings, and for all children, not just those with a formal diagnosis.

In 2020, the Estonian National Audit Office identified that in one third of municipal kindergartens, children with additional needs receive inadequate educational support services from specialist teachers, social pedagogues, speech therapists and psychologists. This was blamed on a lack of graduates in these areas, but it was found that this could be mitigated through comprehensive coordination of support services, organised around the child. The Estonian National Audit Office

112 Beach, Jane, et al. ChildCare ResourCe and ResearCh Unit Early Childhood Education and Care in Canada 2021.

also found that support services for kindergartens had received less attention than in schools.¹¹³ Subsequently, local governments received EUR 15 million to fund support specialists. Although there is still clearly concern that demand for support services outstrips supply, it is notable that it would be very rare to find any of these services available in mainstream provision in the UK.

"We are grateful our local government, when we have so specific behaviour problems in our kindergarten, then they give us extra person to support specialists, the group, and ... she doesn't have exactly the bachelor degree... but that she's fourth the person in the group. And she can help"

[Estonia Childcare Expert, roundtable]

"A very big problem in Estonia is that we don't have a speech therapists enough. And that means so many children are not supported. This when they especially need this, and they are leaving kindergarten, they start to study school, and then school has this problem because children didn't get this support when they most needed it."

[Estonia Childcare Expert, roundtable]

The Australian Inclusion Support Program (ISP) helps children with disabilities or significant developmental delay to participate in mainstream ECEC settings, through tailored support and funding to ECEC providers. The programme is multifaceted; as well as specific support for children with SEND, it funds Inclusion Professionals who engage with settings to enable reflection and capacity building and inclusive practices.¹¹⁴ Only 1% of children in ECEC services are supported by funding from the ISP.¹¹⁵

The programme was subjected to an independent review in 2023, finding that the programme met its intention, but missed opportunities to build capability, and is insufficiently focused on outcomes or practice improvement.¹¹⁶

"Benefits would stem from increasing the ECEC Sectors overall knowledge, confidence and capability in inclusive practice, and ability to proactively develop adjustments to meaningfully include children with additional needs."

[Independent review of the Inclusion Support Program]

The Australian Productivity Commission's draft report on ECEC recommends changes to the ISP including extra funding to support additional educators, and reducing the administrative burden of applying for funding. It also recommends that the Government should implement an approach to professional development which focusses on inclusion support.

"I believe that when a service turns away a child or is reluctant to enrol a child with additional needs, it's because they actually don't know what to do. And so the inclusion Support Programme has a big component of professional development for educators and teachers to be able to understand and to have confidence in being able to do the right thing because it's a fear that they won't be able to help the child. ...And so we're looking at pre service courses to see whether some compulsory subjects are needed to help feel confident about supporting whatever additional needs or interests the child may have"

[Australian Childcare Expert, roundtable]

113 Estonian National Audit Office, In a quarter of Estonian Schools and a third of Kindergartens, children do not receive educational support services. 2020. <https://www.rigikontroll.ee/DesktopModules/DigiDetail/FileDownloader.aspx?FileId=14731&AuditId=2516>

114 <https://www.education.gov.au/early-childhood/resources/inclusion-support-program-review-final-report>

115 Australian Government Productivity Commission. A path to universal early childhood education and care Draft report [Internet]. 2023. Available from: <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>

116 Department of Education, Australian Government. Review of the Inclusion Support Program – Final Report. Department of Education. 2023. <https://www.education.gov.au/early-childhood/resources/inclusion-support-program-review-final-report>

In Ireland, discussion around inclusion has been broad. The Access and Inclusion Model (AIM) is intended to enable full inclusion and meaningful participation of children with disabilities in ECEC. The expert group supported universal measures to tackle economic disadvantage. This includes staff training, guidance and Continuing Professional Development. Alongside this, they recommended the development of a mechanism to identify and allocate targeted funding to support services with high levels of concentrated economic disadvantage, based on the aggregate deprivation score of the addresses of children attending. However, unlike the early years pupil premium in England, which is given to the local authority to distribute to all providers within its jurisdiction, the targeted funding would be given directly to the settings with high levels of disadvantage, to provide more consistent and higher-quality interaction with children and their families, e.g. through lower staff/child ratios, increased non contact time, extra training or retaining higher qualified staff. Providers should have some flexibility in how best to use this funding but should publish a report on expenditure.¹¹⁷ The Equal Participation Model based on these recommendations is currently under development and has not been implemented yet.¹¹⁸

Workforce

A full discussion of integrated workforce strategies is covered in the regulation section on [page 50](#). However, it would be remiss not to mention that all workforce strategies require extra funding for both improved pay for staff, and for professional development.

Ireland has included workforce costs in its 'Core Funding: stream. This supported the 2022 establishment of two Employment Regulation Orders for the Early Years Services Sector, which set minimum pay rates for various roles in the Early Years Sector. These rates were negotiated between Trade Unions and providers, and provide a pay ladder that both provides for progression and enhances pay for graduate leaders in the profession. It was estimated that 73% of staff in the sector would see a pay rises, with 20% of employees seeing a rise by 20% of more under the first ERO.¹¹⁹

"The Employment Regulation Orders adopted the roles that were identified in our Workforce Plan: educator, lead educator manager, and then those in graduate positions and codified them, endorsing the career framework set out in that Plan.

Obviously, the First 5 graduate target that we've put in place as well and the funding mechanisms that we've put around that has seen quite a considerable growth in the number of graduates in the system as well. Just two days ago, the Minister announced a new funding scheme, the Nurturing Skills Learner Fund which will fund up to 90% of the cost of a degree for those working in the sector. So you know, a lot of different things are happening to support the implementation of Nurturing Skills, supported through our funding model."

[Irish ECEC expert, roundtable]

Negotiations over the new ERO rates were contentious, and continue to be so as the sector looks for further pay rises to meet the continued challenge of attracting and retaining staff.¹²⁰ At the same time, many employees have expressed concern that a further ERO will challenge their viability.¹²¹

117 Partnership for the Public Good A New Funding Model for Early Learning and Care and School-Age Childcare Delivering on a First 5 Action [Internet]. 2021. Available from: <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf>

118 Irish Government. The Equal Participation Model 2023. <https://first5fundingmodel.gov.ie/the-equal-participation-model/>

119 Department of Enterprise, Trade and Employment, Irish Government; "Historic' New Pay Agreement to Provide Pay Increases and Wage Structure for Early Learning and Childcare Workers – Ministers English and O’Gorman." 2022, <https://enterprise.gov.ie/en/news-and-events/department-news/2022/september/070920221.html>

120 SIPTU, Ireland. 2024. <https://www.bigstartireland.com/>

121 Joint Committee on Children, Equality, Disability, Integration and Youth, Ireland. Report on Challenges Facing the Early Childhood Care and Education Sector. 2024. https://data.oireachtas.ie/ie/oireachtas/committee/dail/33/joint_committee_on_children_equality_disability_integration_and_youth/reports/2024/2024-03-05_report-on-challenges-facing-the-early-childhood-care-and-education-sector_en.pdf

Should England decide to adopt a process to set minimum floors for pay in the ECEC sector, it will need to agree a process for how to manage the negotiation process, to deliver a fair system for all.

Recommendation for England: Introduce more supply side funding measures aligned to specific objectives within the ECEC plan

To include the progressive introduction of:

- A specific funding stream to support establishment of new provision in poorly served geographical markets
- A review of the best way to support inclusion in England, including universal investment for inclusion in addition to targeted support for children with specific characteristics and consideration of whether settings operating in disadvantaged areas should receive higher levels of supply side funding
- Funding to support workstream goals including enhanced pay and supporting continuous professional development
- Funding to support the administration of these schemes

PROMOTING QUALITY AND SUSTAINABILITY: REGULATING ECEC

The systems which regulate ECEC serve the purposes of maintaining and promoting the quality, accessibility, and sustainability of provision. High levels of quality are essential to realising the long-term benefits of ECEC, for example in reducing educational attainment and wage disparities between children from high- and low-income backgrounds as they move into adulthood and increasing parents' labour force participation.¹²² Sustainability, and in particular, creating a financially resilient system, is essential to maintaining access to provision in the long-term and preventing instability or collapse, which has significant impacts on workers, children, parents, and the economy.

Drawing upon evidence from the countries and provinces we have reviewed, including literature, the roundtables, and expert interviews, this section highlights what makes for high quality ECEC, and the aspects of regulation which we believe are important for an effective system in England - including how regulation takes place and who is responsible for it.

Standards for quality

The research literature often makes a distinction between *structural quality* and *process quality* in ECEC. As Bonetti and Brown describe, "Structural quality relates to inputs that are more easily observed measured and regulated".¹²³ They include staff to child ratios, staff training, qualifications, wages and retention, and the buildings in which services are provided. The structural inputs influence process quality, with the latter referring to the quality of teaching and learning, interactions between staff and children, and the activities that children take part in. Whilst process quality has a greater direct impact on child outcomes, structural quality includes the measurable characteristics of ECEC that enable good process quality. For example, staff training and qualifications (structural quality) affect the quality of interactions between staff and children (process quality). Crucially, structural quality markers can be the targets for reform of ECEC regulations.

Valuing the workforce: Pay, qualifications, and ratios

Arguably, the most fundamental structural element in ensuring quality is valuing and supporting the ECEC workforce, which incorporates most of the elements under the umbrella of structural quality (which can be regulated): pay, qualifications, training, and working conditions, such as staff: child ratios. The workforce, and particularly recruiting and retaining sufficient and qualified staff, was highlighted as a key issue almost universally by the international experts we spoke to. One expert from Australia used the analogy of a "silver buckshot" to highlight their view that a single action or

122 Bustamante, A., Dearing E., Zachrisson, H. D., Vandell, D. L. Adult outcomes of sustained high-quality early child care and education: Do they vary by family income? *Child Development*. 2021; 93(2): 502-523. <https://doi.org/10.1111/cdev.13696>

123 Bonetti S & Brown K. Structural elements of quality early years provision: A review of the evidence. Education Policy Institute. 2018. https://epi.org.uk/wp-content/uploads/2018/08/Early-years-structural-quality-review_EPI.pdf p.8

"silver bullet" for building an ECEC workforce does not exist, but rather a group of actions is required.

"One of the people I used to work with was fond of saying there is no silver bullet, what you need is silver buckshot..."

"There is no magic answer... I think pay is a necessary but insufficient part of it... Something that we've tried to do to help build our workforce is try a lot of things. So a variety of incentives, support for people to study to join the sector, support for people joining the sector after they complete their university or other studies..., professional development and support for people that are already in the system."

[Australian ECEC expert]

Similarly, an expert from Canada highlighted higher pay for ECEC workers as necessary but insufficient unless accompanied by a wider, comprehensive workforce strategy.

"There's a pretty general agreement that it's pay but it's not only pay... definitely there is an interest and a recognition [in Canada] that there needs to be a comprehensive workforce strategy."

[Canadian ECEC expert]

As in the "silver buckshot", moving toward a more sustainable and quality-promoting workforce cannot happen without a comprehensive, joined up plan linking progression to pay valuing the crucial work of early years educators. In Ireland, a new workforce plan covering the period from 2022-2028, *Nurturing Skills*, includes detailed actions and milestones for establishing an ECEC career framework, raising workforce qualification levels, expanding professional development, and supporting recruitment and retention.¹²⁴ The strength of this plan lies in its centring of professional development, for example through its target to develop a "graduate-led" workforce, including by subsidizing degrees for those working in the sector.

Indeed, the broader research evidence consistently indicates that a better qualified workforce, with progression opportunities and continuing professional development, is associated with better socioemotional and educational outcomes for children.¹²⁵ According to an expert at our roundtable discussion, Ireland has so far been successful in boosting the number of graduates in the system but progress is still to be made - currently 37% of the workforce are graduates, with a government target of 50% by 2027.¹²⁶ Furthermore, Ireland has established a Joint Labour Committee to begin the process of regulating and raising wages in the sector, supported by Core Funding to ECEC providers in order to meet its terms. Linking pay to a career framework is an important part of the picture.

Most countries see more highly paid and qualified workforces than that of England. For example, in Estonia, ECEC teachers are required to have a bachelor's degree level qualification¹²⁷ and there are upcoming plans to increase this to master's degree level, as highlighted by experts in our roundtable discussion. Critically, ECEC workers in Estonia are paid the same amount as schoolteachers, which

124 Department of Children, Equality, Disability, Integration and Youth, Government of Ireland. *Nurturing Skills: The Workforce Plan for Early Learning and Care and School-Age Childcare 2022-2028*. 2021. <https://www.gov.ie/en/publication/97056-nurturing-skills-the-workforce-plan-for-early-learning-and-care-elc-and-school-age-childcare-sac-2022-2028/>

125 Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. *The Effective Provision of Pre-School Education [EPPE] Project*, Technical Paper 12. 2004.

126 According to Irish ECEC expert at roundtable.

127 OECD iLibrary. *Early Learning and Child Well-being in Estonia*. Chapter 2. The context of early learning in Estonia. 2020. <https://doi.org/10.1787/15009d8e-en>

reflects a greater level of value placed on the profession.¹²⁸ Similarly, in France, *école maternelle* are staffed by qualified teachers with degrees.¹²⁹

“And in French context, I think it’s really significant that the teachers in the école maternelle (for children aged two / three- to six) are qualified teachers. They have to, by the time they start, have a master’s degree. It’s a competitive process. As teachers they become civil servants. And so it’s a clear career trajectory, which is one of the things that I think is missing in the [UK].”

[French ECEC expert]

Moving toward a more qualified workforce is a task that requires significant time and investment. This includes funded accreditation routes for existing staff, such as those seen in the Irish plan - as an important part of a sustainable plan that values the existing workforce and seeks to retain staff. For example, in Australia, ECEC services can apply to the government for subsidies to complete components of their degrees.¹³⁰ They can also apply to fund further training for already qualified staff, i.e., continuing professional development.

Staff to child ratios are another important aspect of a workforce strategy plan, to ensure both safety and high-quality provision for young children and good working conditions for staff. Ratio requirements are often linked to staff qualifications in regulatory standards, with fewer staff per child required where qualification levels are higher. However, where qualification requirements are very low, such as in much of England outside of maintained nurseries, we cannot afford to reduce staff levels without compromising safety and the quality of care and education. An Australian expert in our roundtable discussion identified three important components of quality as non-negotiable in their view: staff to child ratios, qualified staff, and a consistent relationship between staff and children.

“We know that when we have a very high turnover of staff... the quality can’t be guaranteed, because it’s that relationship between the child and the educator and the child, the educator and the family, that really is a very important part of quality...”

[We are] very clear about the research that indicates that ratios, qualified staff, the relationship [between staff and children] should not be the components that should be touched.”

[Australian ECEC expert]

In contrast to several of the countries in this review, in England we currently see an unsustainable system - without a coherent workforce plan to meet the demand created by the upcoming expansion to the free hours scheme. The predominantly female workforce is low paid, with workers frequently departing for other sectors.¹³¹ This reflects the societal value we place on care work, both paid and unpaid, that is most often conducted by women. Not only does this contribute to the gender pay gap, but it means that the workforce capacity does not currently exist to deliver the new reforms whilst maintaining high quality care for children during their most important developmental period.

128 Ibid. OECD iLibrary.

129 West A, Blome A, & Lewis J. What characteristics of funding, provision and regulation are associated with effective social investment in ECEC in England, France and Germany? *Journal of Social Policy*, 2020; 49(4): 681-704. <https://doi.org/10.1017/S0047279419000631>

130 Professional development opportunities. Australian Government, Department of Education. 2024. <https://www.education.gov.au/early-childhood/early-childhood-workforce/professional-development-opportunities>

131 Early Years Alliance. *Breaking Point: The impact of recruitment and retention challenges on the early years sector in England*. 2021.

Recommendation for England: Introduce a comprehensive workforce strategy which includes and makes links between pay, qualifications, training, and staff to child ratios.

This strategy needs to be fully funded and ensure:

- Current staff to child ratio levels are maintained.
- Pay and qualification levels are increased, with sufficient funding for ECEC providers to support and incentivise this.
- Funded accreditation routes are provided for existing ECEC workers.

Process quality: Tackling stereotypes and promoting cultural inclusion

Curriculum frameworks are another important component to maintaining high quality ECEC, and form part of a regulatory framework in most countries. Australia, Estonia, Ireland and France see nationally set curriculum frameworks for ECEC teaching and learning (although for France this is only for children aged 3 and above), whilst Canada has curricula at the provincial level, e.g., in Québec. Previous evidence from Fawcett has highlighted the importance of tackling stereotypes and promoting cultural inclusion and anti-racism in early years settings.¹³² Black and minoritised parents currently see lower take-up rates of ECEC for their children, with evidence that this is in part related to a lack of cultural inclusivity within settings and leads to lower employment rates.¹³³

Curriculum is one part of tackling this issue, of which Ireland's *Aistear* curriculum provides a useful case study.¹³⁴ The framework highlights the importance of communication between ECEC providers and parents – providers are encouraged to *"invite parents to share information about their culture and traditions that might be useful in supporting their children's learning and development"*, and likewise, parents are encouraged to share this information with ECEC providers. It also contains practical examples with guidance for staff on learning about different cultures and celebrating difference with young children. This is in contrast to England's Early Years Foundation Stage framework, which does not provide guidance to parents or ECEC providers on this topic, but instead is primarily focused on "expected" developmental outcomes and assessment.¹³⁵

Whilst politicians and policymakers have acknowledged the importance of ECEC to promoting positive outcomes for children, including social development and educational attainment,¹³⁶ it is essential that these also encompass learning about and celebrating difference, and ensure children have understandings of themselves and others that are not limited by stereotypes. Indeed this is interlinked with social and educational outcomes - previous Fawcett research has highlighted the impact of gender stereotypes in early childhood on well-being and attainment.¹³⁷ For example, gendered expectations from peers and teachers have been shown to result in boys having lower confidence in their reading abilities, and girls by the age of six avoiding subjects they view as requiring them to be 'really, really smart'. Including a greater level of guidance and training for ECEC staff on these issues, including through regulated training programs, would be another route toward tackling stereotypes and improving outcomes for children.

132 Azad Z, De-Freitas A, & Ville L. Transforming Early Childhood Education and Care: Sharing International Learning Part 1. Fawcett Society. 2023. <https://www.fawcettsociety.org.uk/transforming-early-childhood-education-and-care-sharing-international-learning>; Rose J, Li Y, & Ville L. The Ethnicity Motherhood Pay Penalty. Fawcett Society. 2023. <https://www.fawcettsociety.org.uk/news/ethnicity-motherhood-pay-penalty>

133 Ibid. Rose et al. Fawcett Society. 2023.

134 National Council for Curriculum and Assessment. *Aistear: The Early Childhood Curriculum Framework*. 2009. <https://www.aistearsiolta.ie/en/introduction/full-print-version-aistear/guidelines-for-good-practice.pdf>

135 Department for Education. *Early years foundation stage statutory framework for group and school-based providers*. 2023. https://assets.publishing.service.gov.uk/media/65aa5e42ed27ca001327b2c7/EYFS_statutory_framework_for_group_and_school_based_providers.pdf

136 See, for example, *Mission-breaking-down-barriers.pdf* (labour.org.uk) and

137 Fawcett Society. *Unlimited Potential: Report of the Commission on Gender Stereotypes in Early Childhood*. 2020. <https://www.fawcettsociety.org.uk/unlimited-potential-the-final-report-of-the-commission-on-gender-stereotypes-in-early-childhood>

Recommendation for England: Incorporate a greater level of cultural inclusion and challenging of stereotypes into the early years curriculum and staff training.

- Training on challenging stereotypes of all kinds – gender, racial, and those based on other protected characteristics – should be a core part of training for ECEC workers at all levels and built into continuous professional development.
- A greater level of guidance for ECEC workers on celebrating different cultures and embedding anti-racism, and anti-sexism into interactions with young children should be provided in the Early Years Foundation Stage.

Responsibility for regulation

In England, the government provides statutory guidance, standards and curriculum for ECEC provision, known as the *Early Years Foundation Stage* (EYFS) framework. However, regulation of ECEC is carried out by the independent organisation, *Ofsted*, with which ECEC providers must register. *Ofsted* inspects all early years services at least once every six years, and produces a grade for each service ('outstanding', 'good', 'requires improvement' or 'inadequate') against markers of overall effectiveness, quality of education, child behaviour, child development, and staff leadership. Despite considerable recent debate surrounding *Ofsted* - and a clear need for reform and rebuilding the trust of the education and care sectors - we argue that there remains a need for an independent inspectorate in England to promote accountability, and in turn quality and sustainability of ECEC services. However, we highlight the urgent need for a greater level of resourcing to enable services to maintain and improve their quality, as outlined in the *Funding for Outcomes* chapter and the *Valuing the Workforce* subsection above. Furthermore, as described below, we point to a greater local role to support ECEC providers with their own continuous quality improvement, in addition to independent inspections.

The other countries in this review offer a range of regulatory systems with responsibility at national and local levels. Table 1 highlights the different organisational bodies responsible for regulation in each country or territory. In some cases, national and local bodies work together to regulate ECEC. For example, the Australian Children's Education & Care Quality Authority (ACECQA) is a national independent authority which oversees the National Quality Framework (NQF) trains staff at each of the 8 state or territories' own regulatory authorities to carry out inspections of ECEC services. Similarly in France the national government works with local authorities to create places and license ECEC provision, whilst national government bodies – the *Protection Maternelle et Infantile* (PMI) for *crèches* (0-3 years) and the *Inspecteurs de l'Éducation Nationale* (IEN) for *l'école maternelle* (3-6 years) - carry out inspections and assessments.

However, in Canada, regulation of ECEC is held at the provincial level. For example, in Québec, the provincial government's *Ministère de la Famille* licenses ECEC provision and carries out inspections. Ireland has an independent statutory national regulator – the *Child and Family Agency* (TUSLA) – which through its Early Years Inspectorate, conducts inspections of ECEC settings on the health, safety and welfare and promoting the development of children and reports to the Minister for Children, Equality, Disability, Integration and Youth. The Department of Education Inspectorate evaluate the quality of the early educational experiences for children participating in ELC.

Interestingly, the Estonian *Ministry of Education and Research* does not have an inspectorate, but ECEC providers are each responsible for their own internal evaluations once every 3 years, which they must publish online. This process is supported by the Ministry, to which ECEC services can apply for compensation and advice about evaluation.

Table 6. Regulatory systems in England, Australia, Estonia, France, Ireland, and Québec.

| | Setting standards for quality | Assessing & inspecting quality | Licencing/ registering provision | Providing support and advice for self-evaluation |
|------------------|--|--|---|--|
| England | Department for Education (National level) | Ofsted (National level) | Ofsted (National level) | - |
| Australia | Australian government (National level) | ACECQA-trained staff at state/territory regulator (Local/provincial level) | State/territory government (Local/provincial level) | - |
| Estonia | - | Individual ECEC providers (Individual level) | - | Ministry of Education & Research (National level) |
| France | PMI (0-3 years) and IEN (3-6 years) (National level) | PMI (0-3 years) and IEN (3-6 years) (National level) | Local/municipal authorities (Local/provincial level) | - |
| Ireland | TUSLA (for health, safety, welfare and promoting child development) Department of Education Inspectorate (for educational dimension of provision) (National level) | TUSLA (for health, safety, welfare and promoting child development) Department of Education Inspectorate (for educational dimension of provision) (National level) | TUSLA (National level) | Better Start (funded through the Department of Children, Equality, Disability, Integration and Youth)- |
| Québec | The Ministère de la Famille (Local/provincial level) | The Ministère de la Famille (Local/provincial level) Individual ECEC providers (Individual level) | The Ministère de la Famille (Local/provincial level) | The Ministère de la Famille (Local/provincial level) |

Outcomes for young children in Estonia are consistently high in international comparison tables. For example, an OECD report from 2020 highlights that young children in Estonia show stronger social-emotional skills compared to their English and American counterparts, with smaller gaps in outcomes between children of different socio-economic backgrounds.¹³⁸

These strong outcomes in the absence of independent inspections may be in part due to a significant level of resourcing, as well as a sector primarily composed of government-run provision (thus with a greater level of government oversight): staff are highly qualified and have the skills and resources to self-evaluate and make improvements on this basis. In our roundtable discussion, Estonian ECEC experts highlighted how evaluation is tied to planning for improvement.

138 https://www.oecd-ilibrary.org/education/early-learning-and-child-well-being-in-estonia_15009d8e-en

“Internal evaluation is certainly very important. It provides opportunities to assess the current situation of the organisation, by mapping strengths and areas for improvement based on this, plan your goals and activities.”

[Estonian ECEC expert]

Whilst Australia sees a less central role for self-evaluation compared with Estonia, its concept of ‘continuous quality improvement’ runs as a thread through its National Quality Framework, and applies at both the individual provider level, and to the system as a whole.

“The National Quality Framework is very strong about continuous quality improvement. Because, you know, 12 years ago, what we considered to be high quality, we just now consider it to be average quality. So every year we keep learning more, and improving and sharing information in the sector.”

[Australian ECEC expert]

ECEC providers must produce a *Quality Improvement Plan* which is informed by self-assessment (although the self-assessment itself is not required to be published), and ACECQA provides a guidance tool for them to do so. The guidance supports them to track progress against seven national quality standards, and encourages an embedded, systemic practice of collaborative and critical reflection in ECEC services, with consistent, incremental improvement a goal for all services, including those that are high performing. In Québec there is also some internal self-evaluation conducted by ECEC providers on the quality of education provided, the results of which are shared with the provincial *Ministère de la Famille*.

Furthermore, Estonian ECEC providers run annual parent surveys to assess and understand parents’ levels of satisfaction as well as expectations and needs for their child’s ECEC. These surveys cover a number of key topics, including leadership, workforce, finances, and teaching, and feed into policy decisions, as well as ECEC providers’ own improvement plans.

“We do surveys for parents every year. And it’s very important.... The director [of the kindergarten] is responsible for the evaluation system in its facility... And the five topics are leadership, personnel or workforce, and finance, teaching... and working with parents groups and outside [stakeholders].”

[Estonian ECEC expert]

Québec also sees some parental involvement in regulation, whereby not-for-profit centres (Centre de la Petite Enfance) are required to have a board of directors, two-thirds of whom are parent-users of the centre, whilst for-profit centres (garderies) must have a parent consultation committee.

Overall, the advantage of ECEC providers taking a greater role in their own self-evaluation and improvement, combined with parent and child input (seen in Estonia, and to a lesser extent in Australia and Québec) is that it is constructive and frequent, with ECEC providers able to provide honest reflection on their own services and take ownership of any changes. However, it cannot take place without the necessary resources, including guidance and ringfenced funding, being made available. Furthermore, it is best supported by ongoing professional development and a highly valued and qualified workforce. In the English context, greater local authority support for ECEC providers to conduct their own quality improvement could supplement Ofsted inspections.

Recommendation for England: Introduce ringfenced resourcing for local authorities to support ECEC providers to conduct their own continuous quality improvement (in addition to the existing independent inspection system), amid greater parent and child input.

For this to take place, local authorities should be provided with ringfencing funding in order to create guidelines and provide training and support to ECEC providers. Furthermore,

- Any level of self-evaluation should not replace independent inspections in England.
- Self-assessments and improvement plans should be published online by ECEC providers to uphold transparency.
- Improvements to structural quality standards like worker qualifications and training are necessary to build ECEC providers' capacity for self-improvement.
- Evaluation and governance, including improvement plans should include a greater level of child and parent involvement.

Market stewardship: Data transparency and financial regulation

International evidence suggests that market-driven ECEC systems, particularly those with a large proportion of private, for-profit provision pose risks in terms of quality and sustainability. In general (although there are many exceptions), for-profit provision tends to be of lower quality than not-for-profit or state provision (although, as is the case in England, this can be linked to the differences in funding and regulation). As highlighted by Martha Friendly, this can, in other circumstances, be linked to the workforce and working conditions.¹³⁹

"We are completely convinced that the market doesn't work for childcare."

[Canadian ECEC expert, roundtable]

Since staffing is among the most expensive costs for running an ECEC service, minimising these costs can take priority in for-profit settings, with costs as much as 14% lower than similar not-for-profit organisations in the UK.¹⁴⁰ For example, in competitive markets, providers may reduce staff to child ratios and staff wages (often associated with qualification level) to minimum regulated requirements. One route to mitigating these risks to quality is to hold inspections soon after a change of ownership, to ensure that there are no significant drops in quality following a takeover. Since it is not the case that all for-profit provision is of lower quality than not-for-profit provision, inspections should be for all ECEC provision, but mindful of the risks associated with profit-driven services. Furthermore, greater parental involvement in governance, as seen in Québec and mentioned above, can also add a greater level of accountability for quality education and care for young children.

As well as quality, a heavily market-driven system can pose risks to sustainability, especially in cases where small numbers of large chains of ECEC provision occupy a large proportion of the market. For example, an expert at our roundtable spoke about how Australian company, ABC – once the largest ECEC provider in the world – was liquidated after getting into financial difficulty, leaving many areas at risk of being without ECEC provision for parents and children.

139 Friendly M. A bad bargain for us all: Why the market doesn't deliver child care that works for Canadian children and families. Childcare Resource and Research Unit. 2019. <https://childcarecanada.org/sites/default/files/OP31-A-bad-bargain-for-us-all.pdf>

140 Simon, A; Penn, H; Shah, A; Owen, C; Lloyd, E; Hollingworth, K; Quy, K; (2022) Acquisitions, Mergers and Debt: the new language of childcare - main report. UCL Social Research Institute: London, UK

“We had a very large provider, ABC, and they went bankrupt very quickly. And so at that time, the nine governments decided that they’d never allow that to happen again. ”

[Australian ECEC expert, roundtable]

These issues with respect to both quality and sustainability pose a case for greater levels of *market stewardship*, or *public management* (as referred to by Australian and Irish experts respectively at our roundtables). By these terms, they refer to a pro-active role for the state in taking action to regulate and supplement what the market can offer and mitigate its risks. For example, the Australian system now has a framework of prudential regulation to mitigate the risks relating to ECEC providers’ finances. Large providers, that is, those operating 25 or more services, are required to report information about revenue, profits, and leasing.¹⁴¹

Beyond financial data, ECEC services must also provide information about their managers or others with decision-making power, including background checks and notifications about leaving or joining a service.¹⁴²

An Australian expert at our roundtable described how this data is shared transparently among state governments and can be used to inform decisions around approval of services, issue notices for further information, seek guarantees from parent companies, or suspend providers’ approval where risks are identified. Some of the information is also shared on the *Starting Blocks* website, which provides resources and guidance for parents currently or looking to access ECEC for their child.¹⁴³

“The National Quality Information system holds a wealth of data, including service quality ratings and compliance history, and that information may be used by governments when considering service and provider approvals as well as appropriate risk-based regulatory responses.”

[Australian ECEC expert, roundtable]

Furthermore, Ireland’s model for transformation, as reported by the Expert Group, also recognises the need for public management in order to supplement and guide their heavily marketized system.

“The provision of ELC and SAC [Early Childhood Education and Care] is for the public good and is a public responsibility that requires a strong, pro-active, and supportive public policy approach; it cannot be assumed that the development of an optimal sector will happen organically; nor can this simply be left to the market.”

[Partnership for the Public Good, (Report of the Expert Group), p. 106]¹⁴⁴

As part of this, they highlight the need for greater provider data transparency, including on parent fees, the costs of delivering services, and the numbers of children attending services. This data is for the purposes of improving the system, ensuring parent fees are fair, and ensuring funding is focussed where it is needed most, such as in low-income areas. Critically, they acknowledge the large administrative burden that this creates, and recommend supply-side funding for providers to meet the costs associated with governance and accountability.¹⁴⁵

141 Financial reporting obligations for large providers. Department of Education, Australian Government. 2024. <https://www.education.gov.au/early-childhood/provider-obligations/financial-reporting-obligations-large-providers>

142 Persons with management or control. Department of Education, Australian Government. 2024 <https://www.education.gov.au/early-childhood/provider-obligations/persons-management-or-control>

143 Starting Blocks. <https://www.startingblocks.gov.au/>

144 Scanlan M. et al, Expert Group. Partnership for the Public Good: A New Funding Model for Early Learning and Care and School-Age Childcare. First 5. 2021. <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf>

145 Scanlan M. et al, Expert Group. Partnership for the Public Good: A New Funding Model for Early Learning and Care and School-Age Childcare. First 5. 2021. <https://first5fundingmodel.gov.ie/wp-content/uploads/2021/12/Funding-Model-FINAL-REPORT-2.pdf> p. 113.

Recommendation for England: Introduce greater levels of 'market stewardship', overseen by the Department of Education, to mitigate the risks to quality and sustainability associated with a marketized system.

To include:

- Inspection of ECEC services by Ofsted when there is a change in ownership.
- Greater reporting requirements and prudential regulation of large providers' finances, with supply side funding to support the administration costs associated with this.
- More data analysis to enable up to date interventions in the market
- Local authorities to receive additional funding and enhanced powers to allow them to monitor conditionality of funding schemes and manage data to be able to undertake appropriate market interventions.

CONCLUSION

Whilst there is much we would hope to preserve within the English Early Childhood Education and Care system, the pandemic and cost-of-living crisis have exacerbated its fragilities, making now the time for wholesale reform. Our research both underscores the urgent need for comprehensive change to ECEC in England and draws upon international expertise to point a way forward. We contribute to the wider discussion not only by providing evidence-based recommendations for *what* reform we believe needs to take place, but by highlighting principles for *how* a transformation plan should be developed, drawing upon implementation challenges and successes that have been seen elsewhere on the globe.

It's plain from the international evidence that a transformation plan needs clear, evidence-based policy objectives and built-in evaluation mechanisms. The plan cannot stand alone, but should be integrated and cross-governmental, tying to other relevant policy areas such as parental leave. What's more, reform should bolster supply-side funding. This is important for addressing geographical disparities, promoting inclusion, and building the workforce capacity necessary to deliver change. Indeed, we recommend a full workforce strategy which enables the system to function sustainably and values the crucial work conducted by (the predominantly female) early years professionals through better pay and working conditions. Challenging stereotypes and centring cultural inclusion should be built into this strategy to ensure that access to ECEC is equitable, and that we provide the foundation for our youngest children's futures that they deserve. And last but not least, we are advocating for prudential regulation to reduce the financial risks to ECEC provision associated with a market-driven system. These reforms we see as crucial to fostering a more equitable, sustainable, affordable, and high quality ECEC system in the long term.

Early childhood education and care is fundamental to gender equality, as well as many other objectives. The way in which we prioritise and share the responsibility for raising children not only reflects upon our values as a society but impacts the level of choice that many women and men have over their lives. As the 2024 general election approaches, we hope that politicians of all persuasions will take note of the need for not just investment, but careful thought into designing a Early Childhood Education and Care system for the future.

COUNTRY DIAGRAMS: ECEC PROVISION, FUNDING, AND REGULATION

The diagrams below demonstrate the ECEC systems in England, Australia, Estonia, France, Ireland, Canada, and Québec. More detailed information about each system can be found in our first report for this project, *Transforming Early Childhood Education and Care: Sharing International Learning Part 1*.¹⁴⁶

Each page diagram shows three key aspects of the Early Education and Care system in the relevant country or province: the types of provision, government funding, and regulation. Due to its federal system, for Canada, an additional diagram illustrates the bilateral agreements between the provinces and the federal government, whilst the page diagram illustrates the system in Québec.

The *types of provision* include those which are registered or licensed through official routes. Listed next to each type of provision listed is the age group who can attend the service, the usual location for the service (centre-based, school-based, or at the home of an educator or the child), and the different types of ownership for this type of provision (for-profit, non-profit, and/or government).

The *government funding* diagrams show, via arrows, the flow of government funding to ECEC providers and/or parents or carers. It does not include the flow of funding from parents or carers to ECEC provision, or any additional funding sources for ECEC providers. The pink and blue boxes describe the type of funding or scheme, and whether it is supply side or demand side funding.

The *regulation* diagrams show the authorities responsible for regulating ECEC provision (at either the national or local level), with their respective duties listed in the box underneath.

All references for the information shown in the diagrams can be found at the end of the appendix.

146 *Ibid.* Azad Z et al. *Transforming Early Childhood Education and Care: Sharing International Learning Part 1*. 2023.



ECEC in England

Population of 60.2 million

RESPONSIBILITY FOR ECEC
Department for Education, local authorities

ECEC PUBLIC FUNDING
3.9 billion (2023)

GENDER PAY GAP IN ENGLAND
9.0% (2023, median, full-time)

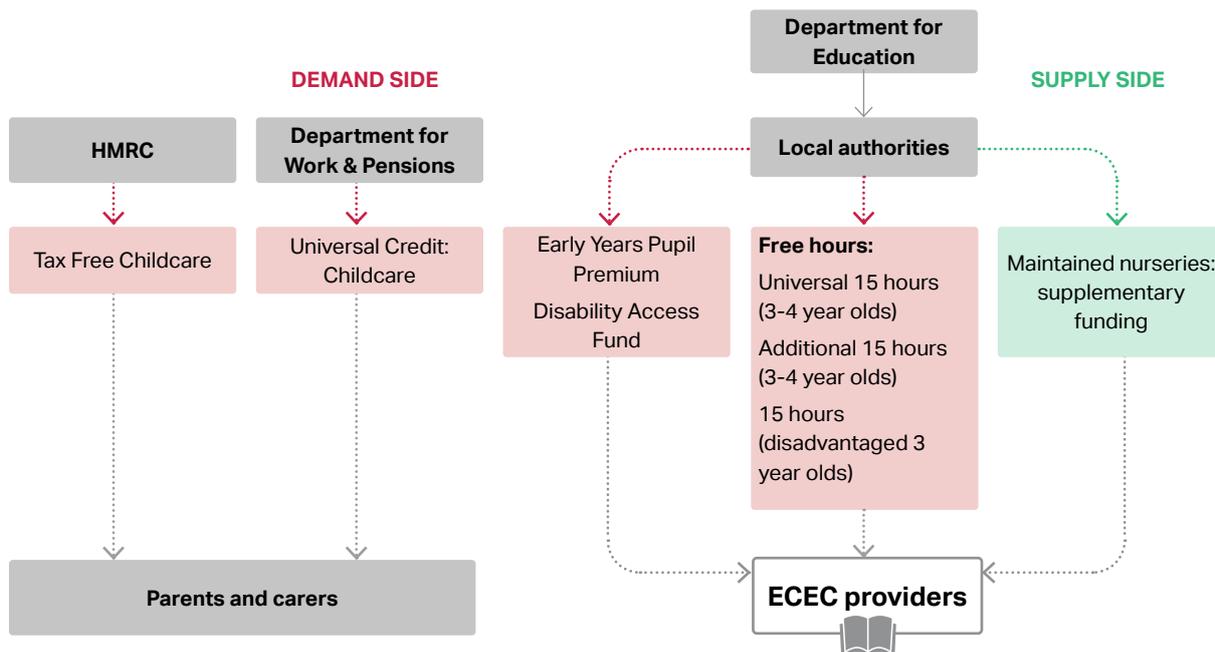
Types Of Provision

| | Age Group | Location | Ownership | |
|--|-----------|-----------------|------------|------------|
| Group based (Nurseries, playgroups and preschool) | 0 -4 yrs | Centre | For profit | Non profit |
| Childminders | 0 - 4 yrs | Educator's home | For profit | |
| School-based | 3 - 5 yrs | School site | Government | |

Overall ownership



Government Funding



Regulation





ECEC in Australia

Population of 26.6 million

RESPONSIBILITY FOR ECEC
Federal Government, State/
Territory Governments

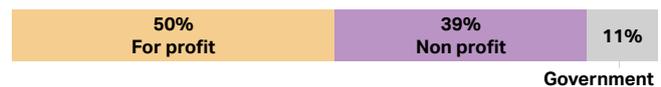
ECEC PUBLIC FUNDING
0.6% of GDP (2019)

GENDER PAY GAP IN AUSTRALIA
9.9% (2022, median, full-time)

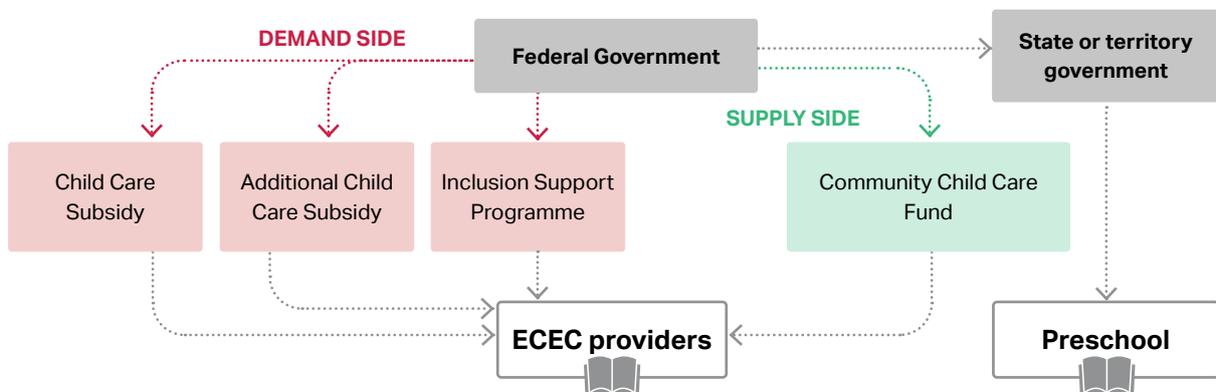
Types Of Provision

| | Age Group | Location | Ownership | |
|-----------------------------|-----------|-----------------|------------|------------|
| Family day care | 0 - 5 yrs | Educator's home | For profit | Non profit |
| In home care | 0 - 5 yrs | Child's home | For profit | Non profit |
| Long/ centre-based day care | 0 - 5 yrs | Centre | For profit | Non profit |
| | | | Government | |
| Preschool | 3 - 5 yrs | Centre | For profit | Non profit |
| | | School site | Government | |

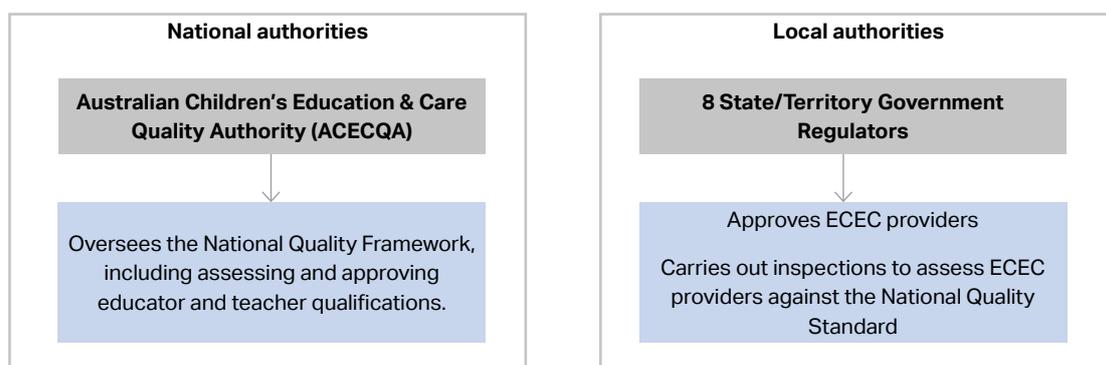
Overall ownership



Government Funding



Regulation



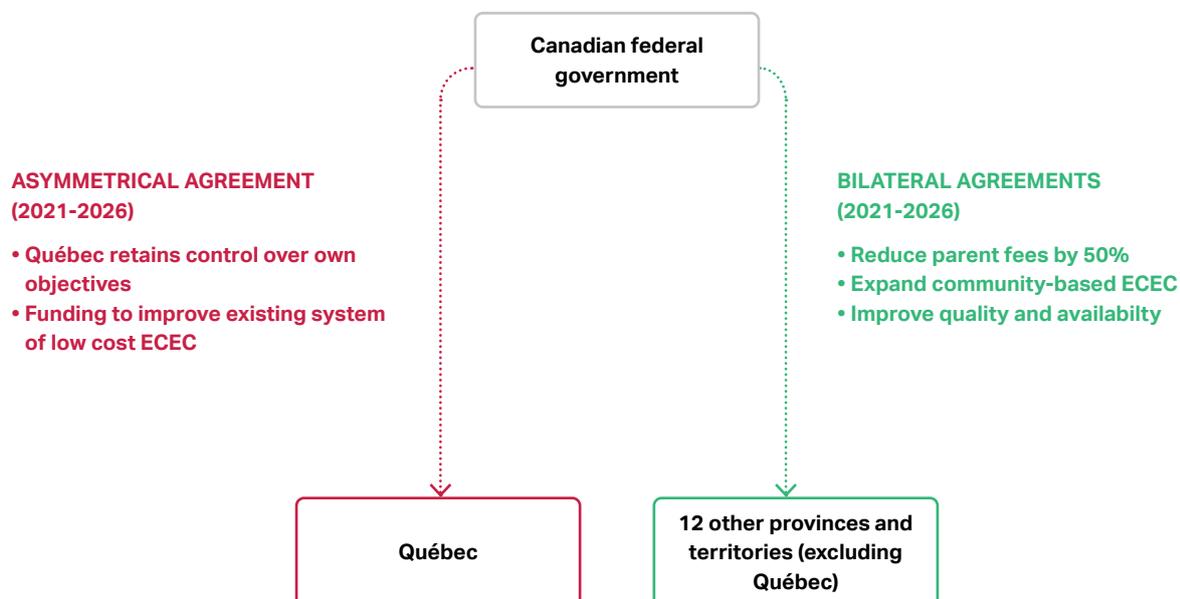
Canada

Canada is a federal system, with responsibility for ECEC at the provincial level. The diagram below displays the bilateral agreements between the federal government and each province or territory. The agreements set out a series of objectives between 2021 and 2026 for each province or territory, conditional on receiving funding from the federal government.

Québec sits as an exception, holding an 'asymmetrical' agreement instead; the province has had a system of low-cost ECEC in place since the late 1990s, and so they are receiving federal funding to maintain and improve this, whilst retaining full control over their own objectives for ECEC.

We have chosen Québec as a case study for ECEC in Canada: the province's system is summarised in the same way as the countries in this review on the following page.

Province and territory agreements for ECEC with the Canadian federal government, 2021-2026.¹⁴⁷



¹⁴⁷ Early Learning and Child Care Agreements. Government of Canada. Accessed 2024. <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories.html>



ECEC in Québec

Population of 8.8 million

RESPONSIBILITY FOR ECEC

Government of Quebec: Ministère de l'Éducation et de l'Enseignement Supérieur (MEES) for kindergarten
Ministère de la Famille for other ECEC provision

AVERAGE ECEC COST TO PARENTS AND CARERS

CAN \$8.85/day (£5.17) at funded CPEs (2023)

Types Of Provision

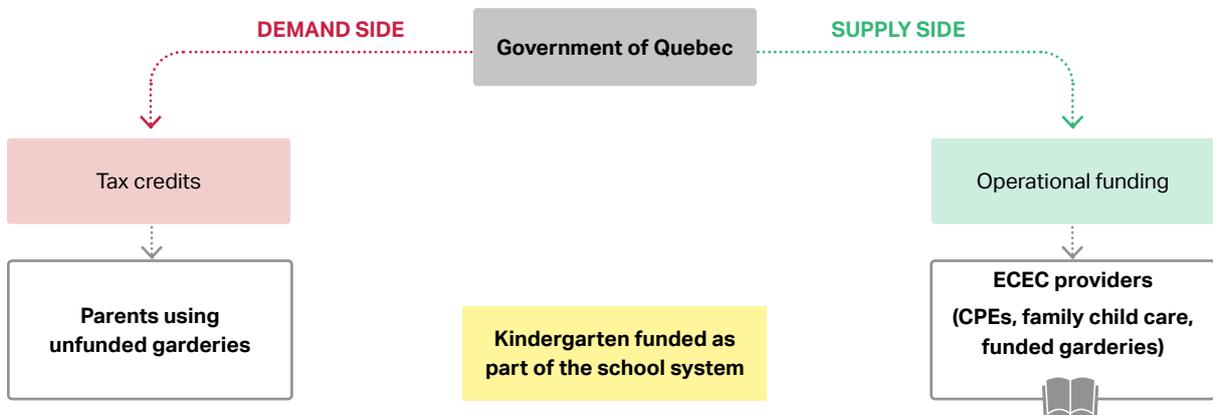
| | Age Group | Location | Ownership |
|-----------------------------------|-----------|-----------------|-------------------------|
| Centre de la petite enfance (CPE) | 0 - 4 yrs | Centre | Non profit |
| Garderie (funded or unfunded) | 0 - 4 yrs | Centre | For profit |
| Family child care | 0 - 4 yrs | Educator's home | For profit Non profit |
| Kindergarten | 4 - 5 yrs | School site | Government |

Overall (not including kindergarten or family child care)

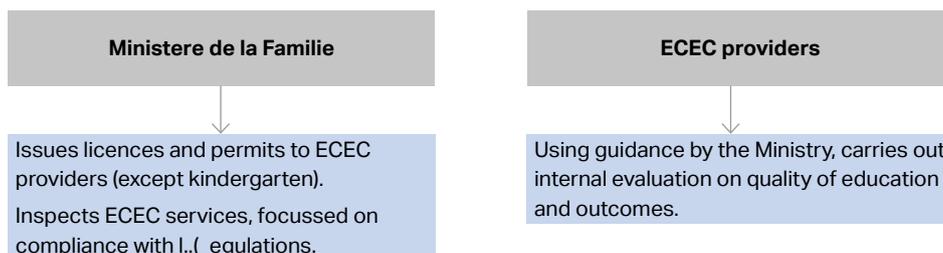
32% for profit
garderies

68% Non profit CPEs

Funding



Regulation





ECEC in Estonia

Population of 1.3 million

RESPONSIBILITY FOR ECEC
Local authorities

ECEC PUBLIC FUNDING
1.36% of GDP (2022)

GENDER PAY GAP IN IRELAND
20.5% (2022, median, full-time)

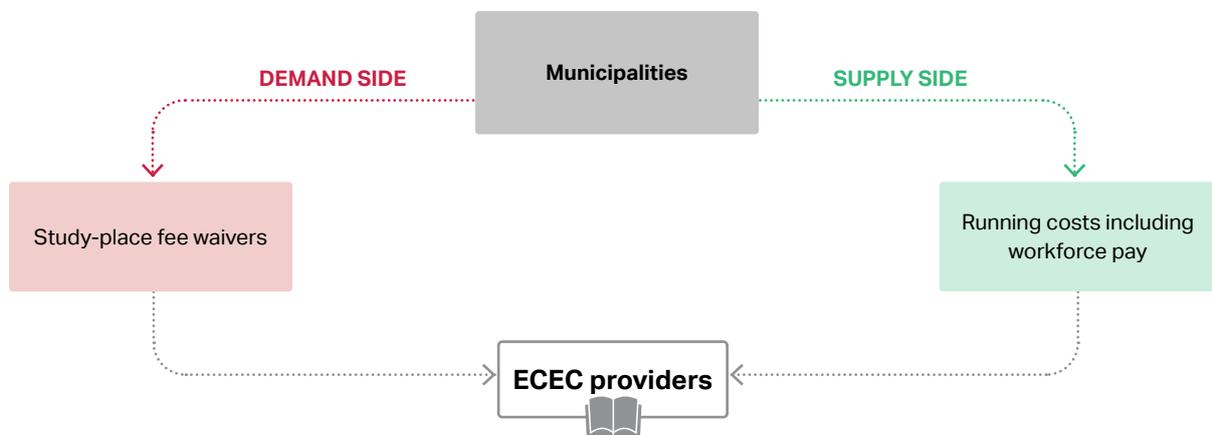
Types Of Provision

| | Age Group | Location | Ownership |
|------------------------------|-------------|--------------|------------|
| Preschool | 3 - 7 yrs | Kindergarden | Government |
| Creche | 1.5 - 3 yrs | Kindergarden | Government |
| Alternative provision | 0 - 5 yrs | Centre | For profit |
| Childminders | 0 - 5 yrs | Child's home | For profit |

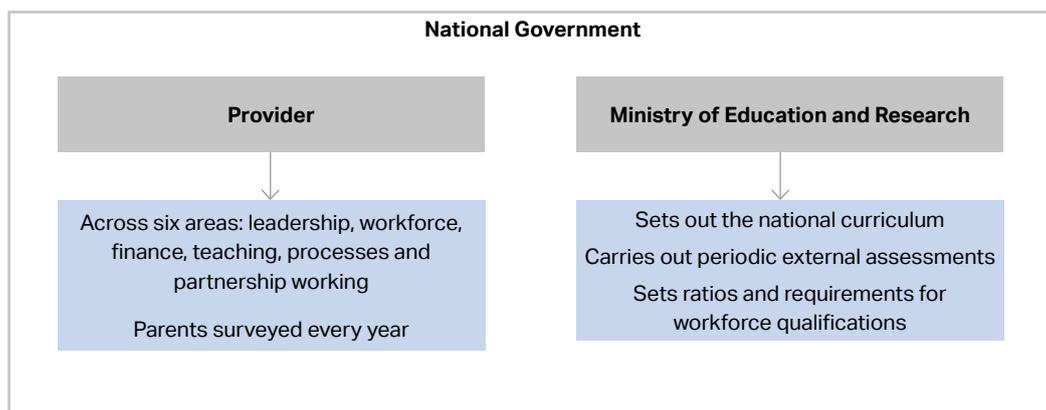
Overall ownership

91%
Government

Government Funding



Regulation





ECEC in France

Population of 67.75 million

RESPONSIBILITY FOR ECEC
National Government, local authorities

ECEC PUBLIC FUNDING
1.3% of GDP

GENDER PAY GAP IN FRANCE
11.6% (2021, median, full-time)

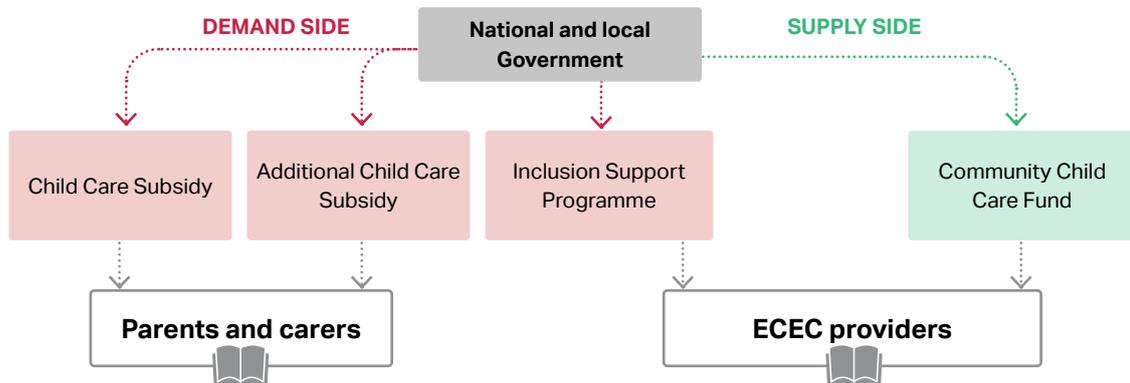
Types Of Provision

| | Age Group | Location | Ownership |
|------------------------------|-------------|-----------------|------------|
| École Maternelle | 2 - 6 yrs | School site | Government |
| Home based settings | 0 - 2/3 yrs | Child's home | For profit |
| | | Educator's home | |
| Centre-based settings | 0 - 2/3 yrs | Centre | For profit |
| | | | Non profit |
| | | | Government |

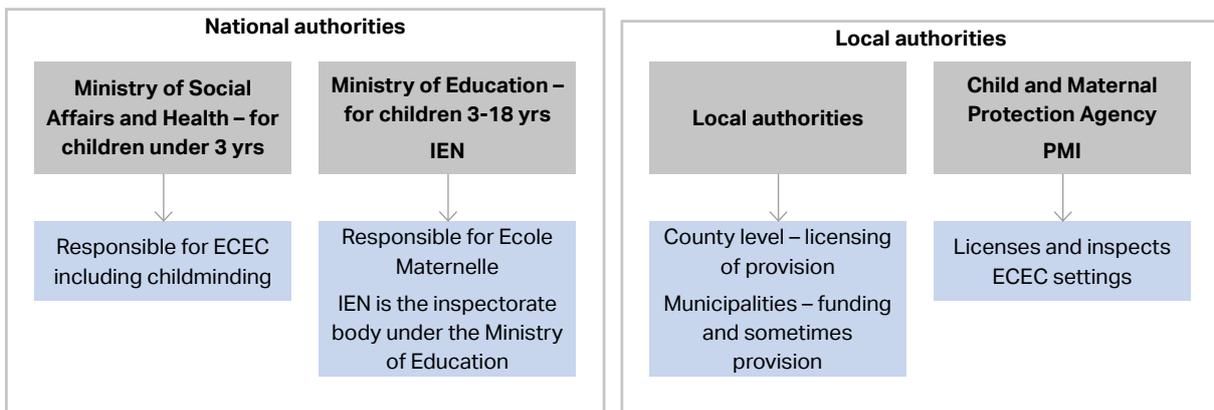
Ownership for centre-based settings



Government Funding



Regulation





ECEC in Ireland

Population of 5 million

RESPONSIBILITY FOR ECEC

Department of Children, Equality, Disability, Integration, and Youth

ECEC PUBLIC FUNDING

€1.109 billion (2024 allocation, equivalent to £0.95 bn)

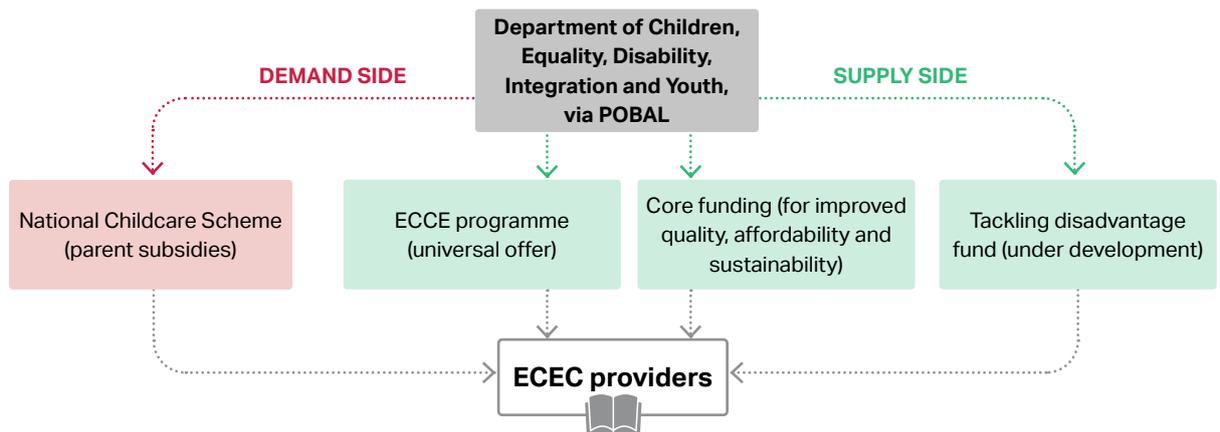
GENDER PAY GAP IN IRELAND

7.3% (2021, median, full-time)

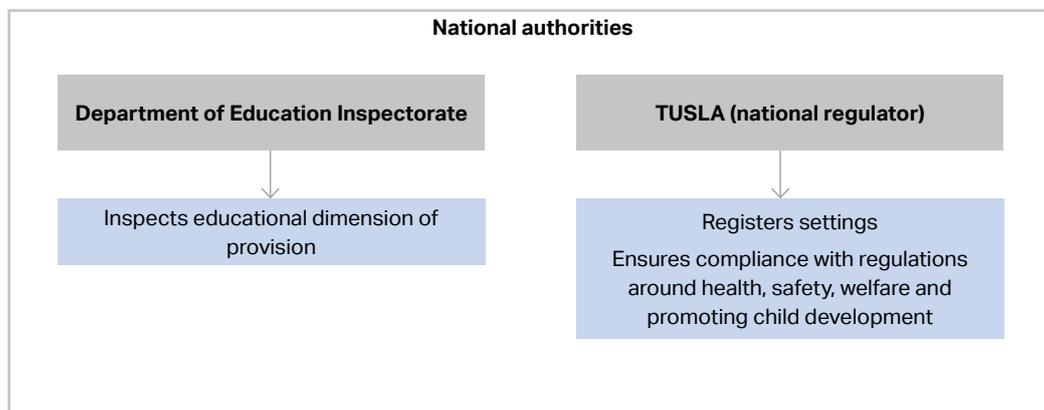
Types Of Provision

| | Age Group | Location | Ownership | |
|------------------------|-----------|-----------------|--------------------------|--------------------------|
| Centre-based provision | 0 - 5 yrs | Centre | For profit | Non profit |
| Childminders | 0 - 5 yrs | Educator's home | For profit | |
| | | | Overall ownership | |
| | | | 74% For profit | 26% Non profit |

Government Funding



Regulation



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