Towards a public ECEC system

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The need for transformative change

The evolution of a marketised system

The notion of a public early childhood education and care (ECEC) system is defined differently across member states of the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD). Such systems range across a continuum from high to low state involvement and vary in the social, legal, regulatory and financing conditions supporting them. This diversity is best explained with reference to the historical, cultural and institutional contexts of different countries (Scheiwe and Willekens 2009). At one end of the continuum, in countries like Sweden, the state plays the dominant role in the shaping, financing, delivery and regulation of a universal ECEC system and its infrastructure, including workforce training and remuneration (Naumann 2011).

Towards the other end we find England, where ECEC policy implementation is supported by a complex mix of demand- and supply-side subsidies for parents and providers, alongside some childcare-related parental state benefits (Lloyd 2017). Here the government’s expressed ambition for a coherent, integrated and inclusive publicly supported ECEC system is thwarted by its reliance on private childcare markets as the primary service delivery model (Penn and Lloyd 2014). This chapter provides an overview of how England got into this state and some of the consequences that make transformative change so urgent; offers a definition of a public ECEC system; and, drawing on the case of Norway, considers what transformative change might mean for England, emphasising also the connections needed between formal ECEC services and other policy areas.
For the past 70 years, English childcare provision for the children of employed parents has largely been situated in the private-for-profit sector, and has only received state subsidisation from the 1990s onwards (Penn 2011). In contrast, early education has a much longer history of public support. Currently, ECEC in England features a complex mixed market economy of part-subsidised private sector and fully funded public sector provision. As already noted, such a private/public mix is not unusual; but, arguably, the English ECEC system manifests some of the most problematic contradictions between services and sectors and their underpinning rationales, reflecting neoliberal economic policies adopted by the 1997–2010 Labour government and continued by subsequent governments (Cameron 2003; Moss 2014a).

The Labour government of 1997 to 2010 introduced universal, free part-time early education in England for 3- and 4-year-olds; then free part-time early education was offered to disadvantaged 2-year-olds (Gibb et al. 2011). As well as nursery schools and nursery classes in primary schools, private-for-profit and not-for-profit childcare businesses, including childminders, also became eligible for direct public subsidies to deliver this early education entitlement, provided certain quality and safeguarding criteria were met. This helped to fuel a rapid rise in private-for-profit childcare businesses, including corporate childcare chains with stock market listed shares. Further fuel for expansion was provided by childcare subsidies paid to parents in the form of tax credits and employer childcare vouchers, introduced with the express intention of stimulating competition and quality within local childcare markets and offering employed parents more choice.

The childcare market has come to dominate the English ECEC system. The country has one of the most marketised ECEC systems in the EU, and between 2000 and 2007 the UK private-for-profit ECEC sector (dominated by England) increased by 70 per cent (Penn 2007). The 2006 Childcare Act was responsible for a far-reaching reduction in the role of local government in England, by imposing a duty to ensure sufficient childcare to meet parental demand, while simultaneously removing its ability to fill gaps in provision by providing parallel ECEC services.

While statistics on the uptake of childcare and early education within this system are not aggregated in one place, the latest official statistics (DfE 2019) confirm that the majority of 2- and 3-year-olds eligible for free early education attend private provision, mostly for-profit services. Most 4-year-olds, by contrast, are in nursery and reception classes in primary schools.
The latest English ECEC policy is an extension to the early education entitlement from 15 to 30 hours weekly, but only for 3- and 4-year-olds whose parents meet certain employment criteria (Paull and La Valle 2018). This regressive policy, aimed at increasing affordable childcare for working parents rather than an education entitlement for all children, benefits higher-income parents the most.

**System failures**

A surprising amount of profound criticism has come English ECEC’s way in recent reports from within government itself (House of Commons Committee of Public Accounts 2016; House of Commons Treasury Committee 2018; House of Commons Education Committee 2019). Criticism has also come from independent agencies such as the National Audit Office (NAO 2016) and the Office of the Children’s Commissioner for England (Kelly et al. 2018). These reports primarily focus on present policy designs and on unintended consequences of their implementation. In contrast, they largely pass over the most glaring weaknesses of the English ECEC system.

**Disconnects between ECEC system elements**

The awkward split between early education to promote children’s development and childcare for the children of employed parents, with service delivery within both the state sector and the private market, and the discrepancies between their two workforces go back a long way (Penn 2009). The English ECEC system has never truly abandoned this ‘path dependence’ (Pierson 2004) in the shape and administration of its provision.

Responsibility for all aspects of early education and childcare in England remains shared between the Department for Education (DfE) and the Department for Work and Pensions (DWP). While the devolved UK administrations (Northern Ireland, Scotland and Wales) determine their own early education policies, financing, other than the early education entitlement, is a UK-wide responsibility of the DWP, with Her Majesty’s Revenue and Customs (HMRC) responsible for administration. The English Department of Health and Social Care retains a specific role in relation to the programme of services for young children growing up with disadvantage, delivered in the rapidly dwindling number of children’s centres (Bate and Foster 2017), as well as its general role in relation to maternal and child health.
The disparate policies emanating from separate departments tend to be contradictory, lack synergy and display awkward interfaces. This impedes their efficient implementation and positive impact on young children and their families (Stewart and Obolenskaya 2015).

Funding model deficiencies
The unhelpful discrepancies between ECEC funding streams is well illustrated by the contrast between ‘Tax-Free Childcare’ and the ‘childcare element of Universal Credit’. Since 2017, the Tax-Free Childcare policy offers a demand-side subsidy from birth to help with parental childcare costs up to a maximum of £2,000 per child annually (HM Government 2019). However, this is not a universal entitlement, as it is not available to low-income working parents claiming Universal Credit, a controversial and problematic reform of the UK social security system intended to integrate a number of benefits. Instead, parents in receipt of Universal Credit may be able to claim back up to 80 per cent of their childcare costs within the benefits system (Norris 2018).

Two-parent families where only one parent works are not entitled to Tax-Free Childcare. Their children only qualify for the early education entitlement, and the stay-at-home parent is not directly rewarded for their childrearing role. Finding a resolution to this issue within a public ECEC system is not simple. Even within the Nordic countries the concept of ‘cash for care’ (that is, payments to at-home parents) has remained controversial (Eydal et al. 2018); some argue that it increases choice, others that it subverts gender equality.

Parental – demand-side – subsidies involve cost reimbursements either through the tax or the benefits system, after parents have made payments to childcare services. These retrospective payments have been characterised as a ‘fundamental flaw’ by the House of Commons Treasury Committee (2018, 14). Such funding problems originate in the dual-track system of supply-side funding for early education versus demand-side funding for childcare components of the English ECEC system. As Stewart and Waldfogel (2017) argue, this contributes to the increasing social segregation characterising English ECEC and the difficulty of realising the system’s underpinning policy rationales of promoting children’s social mobility and families’ economic well-being. So, too, does intensifying marketisation, which according to one private research agency is responsible for private provision being increasingly concentrated and expanding in well-to-do areas, whereas in disadvantaged areas places are being lost (Ceeda 2018).
Marketisation consequences

Consolidation within the private ECEC market has resulted in 8 per cent of the market share now being held by two stock-market-listed childcare ‘super chains’, one British and one American, each owning over 300 nurseries. More than half of the private day nursery market is held by other major and minor childcare chains, while public sector settings, including children’s centres, account for a mere 7 per cent (LaingBuisson 2019).

Parental fees for private nurseries rose by about 6 per cent in 2018, well above inflation, and accessibility and affordability are becoming more problematic for middle- and low-income families in England. The average weekly cost of 25 hours of day nursery care for a child under 2 years old in 2018 was £129, and was £114 with a childminder (Coleman and Cottell 2019). Several studies evidence the negative impact of ECEC marketisation on disadvantaged children’s equitable access to good-quality provision (Blanden et al. 2016; Paull and Xu 2017; Campbell et al. 2018). Disaggregating ECEC access data shows that advantage is inextricably linked to ethnicity, mental and physical health issues affecting children or their parents, family housing status and family size (Gambaro et al. 2015).

The level of state financing of the system and its infrastructure, notably the ECEC workforce, helps determine whether an ECEC system can be defined as ‘public’. According to OECD (2017) calculations, the UK and Japan are the only OECD member states where half of early years spending derives from private sources. In many OECD member states, governments carry over 80 per cent of such spending; the 50 per cent of spending costs borne by the UK government is, therefore, well below the OECD average.

Levels of state spending on the English system, which is representative of the UK, justify describing it as at most partially public; particularly when compared with countries where ECEC is publicly funded and run, or else partially or wholly run with the involvement of the private sector but subject to tighter regulation and more generous funding.

SEND challenges

Inadequate provider subsidies largely account for the lack of access to publicly funded ECEC for 3- and 4-year-old children with Special Educational Needs and Disability (SEND). The flat-rate service provider subsidy calculated according to the Early Years National Funding Formula (ESFA 2018) takes no account of any additional costs of providing services to SEND children. Either parents must pay these, or the provider must apply for funding from separate local authority budgets, which have been drastically cut...
during the last 10 years of austerity. These circumstances explain why only 5 per cent of the children whose parents in 2017/18 qualified for 30-hour childcare were recognised as having a special educational need or disability (Paull and La Valle 2018).

A recent government study illustrated the different hourly costs associated with delivering ECEC to children with a range of disabilities and special educational needs (Blainey and Paull 2017, Figure 18). Just over half the sample children received some additional funding from their local authority; moreover, most of this funding did not cover the actual costs of providing the early education entitlement for these children (Blainey and Paull 2017, 83). This situation persists despite policies designed to ensure equity for SEND children (Griggs and Bussard 2017).

**ECEC workforce inequities**
The early childhood workforce is an essential component of a public ECEC system’s infrastructure. It is a key influence on provision quality and hence children’s well-being, enjoyment and developmental outcomes. A transparent training and qualifications framework, adequate remuneration, continuous professional development and good employment conditions should reflect the value of the ECEC workforce. As we saw in Chapter 5, this is not the case in England. For example, pay and employment conditions for qualified teachers in publicly funded schools contrast starkly with those of early childhood practitioners working in the private ‘childcare' sector (Hawthorne and Brown 2016; Bonetti 2019). The latest official survey of ECEC providers (DfE 2018a, 9) confirmed that 11 per cent of practitioners aged over 25 years working in group-based childcare settings earned hourly wages below the mandatory national living wage.

**Policy implementation failures**
A precondition for any public ECEC system should be that it fully implements its underlying policies; the current English ECEC system does not. For example, while the entitlement for 3- and 4-year-olds to 15 hours per week of free early education during term time is universal, only a minority of children with special educational needs and disability access this (Blainey and Paull 2017). Similarly, the targeted offer of early education for 2-year-old children growing up with disadvantage currently fails to reach about a third of eligible children (Albakri et al. 2018). Implementation problems with both these universal and targeted policies can be directly traced to the marketised English system (Lloyd and Penn 2012).
Different parts of the system fail to connect during a child’s early years. For instance, there is a 35-month gap between the end of the well-paid element of employed parents’ statutory leave entitlements and the point at which their children qualify for publicly funded early education (discussed further in Chapter 13). This gap may be one reason for the limited impact of universal early education on English mothers’ employment rates (Brewer et al. 2016).

The continuing decline of public nursery schools illustrates how market operations adversely influence ECEC accessibility, affordability and quality, actively undermining the viability of public provision. For a century, nursery schools have been delivering ECEC, primarily in disadvantaged areas and to children experiencing a range of disadvantages (Paull and Popov 2019), with the help of graduate Early Years Teachers enjoying adequate employment conditions. Among a sample of English nursery schools inspected in 2016/17 by Ofsted (the national inspection agency for early childhood education and care), 63 per cent were graded outstanding (Ofsted 2017). Yet their number across England has almost halved over the last 20 years, to 392, as cash-strapped local authorities have reallocated funding to cheaper private sector providers. Their sustainability is now seriously at risk.

Towards transformative change

The subject of this chapter is a ‘public ECEC system’, and several references have already been made to the term ‘public’. So, what allows an ECEC system to be defined as public? What might a transformed public ECEC system look like?

This chapter makes two assumptions. First, in a public system provision need not be fully publicly funded and delivered; certain kinds of public–private ECEC partnerships are permissible, provided stringent regulatory criteria are met, intended outcomes for all children are rigorously monitored and the system is fully inclusive (Lloyd 2019). Second, a public system should not have profit as its driving force (Moss 2014b; Tronto 2013). This position is in line with the 2013 UN General Comment 16 on Article 2 of the UN Convention on the Rights of the Child (UNCRC 2013, 5), which relates to business interests. It also chimes with the recommendation from an ECEC policy brief prepared for the 2019 G20 meeting in Osaka on the 2030 Agenda for Sustainable Development. This recommends that nations should designate ECEC as a public good and public responsibility, consequently countering privatisation and
corporatisation and phasing out for-profit provision (Urban et al. 2019). Given the extent to which English ECEC relies on the private-for-profit sector, this poses a challenge.

**What it looks like in practice: The case of Norway**

Bearing in mind these assumptions, is there an example that could inform a public ECEC system for England? The case of Norway comes closest to demonstrating in practice the kind of strategies and policies that may deliver an equitable system that works for children, families, the workforce, communities and society. Since the 1960s, kindergartens (*Barnehage*) have been provided, regulated and subsidised by local authorities, which receive a block grant from the state to this end. From 2009, all Norwegian children aged 1 to 6 years old, the school starting age, have had a legal right to a full-time place in kindergarten, while the first year of life is covered by parental leave policies (see Chapter 13 for more details).

In 2004, the small proportion of private kindergartens, which charged high parental fees, became entitled to public subsidies, provided they met the same regulatory conditions as public provision (Jacobsen and Vollset 2012). A growing mixed market economy has resulted. More than 50 per cent of Norwegian kindergartens are currently run by private providers, mostly not-for-profit, while a debate continues about the role of for-profit businesses. About a third of kindergarten staff are educated to degree level and they are supported by assistants with lesser or different qualifications. The 2010 Kindergarten Act stipulates ratios of one graduate preschool teacher per seven to nine children under 3 years old and one per 14 to 18 older children. These ratios exclude unqualified assistants.

The system, therefore, is based on generous funding for both public and private provision in a mixed market economy, which is tied to strong regulation (Haug 2014). Local government plays a key role in both the distribution of grants, which are paid direct to providers, and provider regulation, including control over entry and exit from the market. Income-related parental fees are pegged at around 15 per cent of household income, while since 2004 fees are capped at 20 per cent of service costs. Under this regime, uptake of kindergarten by low-income families has increased sharply compared with other European countries (Ellingsæter 2014).

This combination of measures and the equal subsidies available to all types of kindergarten provider make for a homogeneous, integrated and universally accessible market. Moreover, Norway spends more than other Nordic nations on cash benefits for parents, in recognition of their
childrearing role; Norwegian ECEC support is transparently linked to other family policies aimed at enabling mothers and fathers to combine work and care (Eydal et al. 2018). Arguably, Norway’s ECEC system is truly public, given the way its public–private partnership operates.

Working towards a public ECEC system

The Norwegian case study could inform the remodelling of English ECEC, although Penn and Lloyd (2014, 34) warn that:

the story in Norway is of a strong state allowing private ECEC providers to contribute providing they meet the already well-established norms of the state sector. It is not an attempt to control or arbitrate in an already burgeoning private sector. Therefore, its transferability as a model may be limited.

Consequently, changing the ECEC system in England, with its ‘already burgeoning private sector’, could prove more difficult than in Norway.

What could such a public system look like in England? Here is a working definition:

A system that provides all young children from birth until compulsory school age within their communities with accessible, affordable, enjoyable and high-quality education and care provision that promotes their development and well-being, while simultaneously meeting their parents’ childcare needs and facilitating an adequate work–life balance within their families by recognising the valuable role of childrearing within society.

This definition provides a vision to strive for, but it needs effective infrastructure elements to ensure quality across the system. Workforce conditions and financing models have already been highlighted. Systems theory explains their essential role.

A transformed public ECEC system should reflect systems theory’s basic tenet that effective interactions between all system elements are a precondition for systems to function effectively (Kagan et al. 2016). Equity, quality and sustainability are the three macro-level outcomes of a well-functioning ECEC system that influences child and family outcomes. Equity covers equitable access to services, an equitable distribution of budgets and an equitable distribution and remuneration of personnel. Quality relates to pedagogical frameworks and standards and meaningful
professional preparation and development. While financing, data monitoring and accountability systems and political and public support all need to be geared to promoting sustainability. All these aspects are deficient in England today and these deficiencies are magnified by risks inherent in the system’s marketised nature. How might such risks be addressed?

**Mitigating childcare market risks**

Several OECD member states have adopted policies and strategies aimed at mitigating the equity risks associated with marketised ECEC systems. Penn and Lloyd (2014) reviewed positive strategies employed in five countries – Australia, the Netherlands, the UK, Norway and New Zealand – to improve aspects of ECEC market operations. Different measures were shown to be effective in containing the growth of the private-for-profit market share in favour of not-for-profit and public sector provision. Improving variable quality and inequitable access could also be achieved, provided that strong regulations were enforced, including planning controls for entry to and exit from local markets (Penn and Lloyd 2014, 13).

Such improvements require substantial supply-side rather than demand-side public funding, subsidising services rather than parents, coupled with regulations such as fee-capping, to prevent the equity impact of greater public funding being undermined by price inflation and profit taking. Funding models are as important as funding levels in countering social stratification. Generous public funding is also required: to improve employment conditions of the early childhood workforce and their initial and continuous professional training; to increase local accountability; and to improve monitoring, research and policy evaluation. This set of conclusions and recommendations echoes those in earlier EU (Lindeboom and Buiskool 2013) and OECD (2006) reports.

**ECEC’s essential policy linkages**

As was evident from the Norway case study, a well-functioning public ECEC system needs integration within wider family and public health policies. It also needs to take account of informal care and the value to communities, society and the economy of the parental caring role itself.

For the first year of a child’s life a statutory entitlement to well-paid and flexible leave, including adoption leave, for employed mothers and fathers should be on offer (see Chapter 13 for a fuller discussion of leave policy). This position can be justified on public health grounds alone (Marmot Review 2010). Leave policies should connect seamlessly with a wider set of family-work policies that apply beyond the first year,
including flexible parental leave, leave to care for sick children, and a right to flexible working for parents with SEND children. For non-employed parents, these should be complemented by equivalent public health and welfare policies ensuring specific financial and practical support before birth, during infancy and later childhood. Since 2008, England has instead seen a substantial reduction in benefits for mothers around pregnancy, birth and the first year of a child’s life (Stewart and Obolenskaya 2015, Figure 11; Lloyd 2014).

Recent ECEC policies are almost exclusively focused on increasing mothers’ labour market participation. They fail to acknowledge a range of factors influencing parental employment decisions. One is that the time and effort required for childrearing need to be accommodated; another is parents’ continuing desire for informal care. In the latest survey of English parents’ ECEC use, 19 per cent of children under 2 years old with employed parents received informal care only, while 40 per cent were looked after exclusively by their parent(s) (DfE 2018b, Table 9.1).

The changing profile of the employment market also affects parental employment decisions, with more and more jobs involving irregular or atypical working hours (DfE 2018b, Table 8.6). Among the survey’s sample of working mothers of children from birth to 14 years old, 31 per cent worked atypical hours, rising to 37 per cent among those employed full time. Informal childcare might have filled the gaps left by formal childcare; a recent survey of childcare costs found enough formal childcare to meet parental demand during atypical working hours in only 22 per cent of English local authorities (Coleman and Cottell 2019).

But should parents of young children need to work atypical hours at all? Should employers offer parents greater flexibility through more family-friendly employment policies? A public ECEC system would have an interface with a wide-ranging set of family-friendly policies. Yet the UK government appears reluctant to introduce mandatory policies regarding flexible working and taking unpaid time off; employed parents and carers merely have the right to request flexible working. The Netherlands (Akgunduz and Plantenga 2014) and Nordic countries (Brandt and Gisláson 2011) offer part-time and flexible work for both genders. As their average wages are higher than in England these work patterns disadvantage young families less financially. An English think tank (NEF 2014) imaginatively explored a better balance between parental work and care, which involved moving to a standard 30-hours working week alongside the introduction of free universal childcare of high quality. Parents, children and society, they argued, would be better off, while existing inequalities, notably those related to gender, would be reduced.
A public ECEC system needs an underpinning consensus on how the parental childrearing role can be valued more explicitly and recognised financially more generously than at present. To achieve the intended results this consensus needs translating into enforceable legislation.

Informal care, the economy and society
The issue of informal care by friends and family is complex. The English Department for Education (2018b) parent survey suggested that informal care, particularly kinship care by grandparents, was a positive choice for many parents, particularly for children under 2 years old. So was care by fathers and mothers themselves. The value of UK informal childcare, by parents, family members and friends, as a contribution to unpaid household services is second only to transport, according to the ONS (2018, Figure 1), and is considerably larger than the value of formal ECEC services (Belfield et al. 2018). For England, the time spent in formal childcare represented 12 per cent of total childcare hours per child, as opposed to 88 per cent in parental and informal childcare (ONS 2018, Figure 6).

ECEC policy documents barely acknowledge the value to the economy and society of parental time spent on childrearing and childcare. An innovative aspect of the recent Treasury Committee childcare report was therefore its inclusion of a note on the economic contribution of stay-at-home parents, although the Committee did not recommend this role should be financially recognised (House of Commons Treasury Committee 2018, 10).

Current levels of informal care might alter if ECEC complexity were reduced and the gap removed between well-paid parental leave and ECEC. Nordic parents’ uptake of full-time ECEC suggests parents want to use such a generously subsidised formal system perceived as high quality, even though most have to make an income-related contribution (Eydal et al. 2018). This type of financing model, incorporating fee caps and free provision for disadvantaged children within a simplified ECEC system, might well prove acceptable to English parents. Findings from a study of ECEC policy evolution across 22 European countries suggest as much, demonstrating that parental support for public policies and systems and their assessment of quality co-varied with the level of public support (Chung and Meuleman 2017, 49).

This chapter’s analysis of current deficiencies in England’s ECEC system has demonstrated the need for its transformation into a public system and outlined pathways towards its realisation. Norway provides one model, offering a mixed economy of high-quality, accessible, affordable
and enjoyable ECEC that promotes the interests of children, families, the workforce and the state, while maintaining a balance between these interests. In addition, a variety of parental leave, family-friendly employment and ECEC workforce policies appear essential to a broad-based, effective, comprehensive, inclusive and equitable public ECEC system. Policies and strategies were identified that could prove helpful in realising the required transformation away from a heavily marketised system.

The state must retain ultimate accountability and provide essential financial, monitoring and regulatory support, although it need not provide services directly. A collective sense of responsibility for investing in ECEC and its infrastructure needs nurturing within English society, with the profit motive removed from the system and replaced by a public motive. This requires a new kind of civic solidarity that can turn back 30 years of marketisation.

Undeniably, transformative change in English ECEC needs to be politically driven. Globally, human rights are being challenged by the fast encroaching privatisation and marketisation of human and other public services (UNGA 2018). In a separate United Nations report on UK poverty, childcare and housing costs, alongside benefit cuts and Universal Credit, were identified as factors responsible for 20 per cent of the population, 14 million people, now living in poverty (UNGA 2019).

Official UK poverty figures confirm that families with children are bearing the brunt of rising poverty (DWP 2019). Across the UK, over 4 million children now live in poverty, almost one in three, with children under 5 years old making up 53 per cent of this total – meaning poverty affects over 2 million young children, jeopardising their present and future well-being, health, educational and socio-economic outcomes. Children growing up in Black, certain Asian and other ethnic minority communities and in families with three or more children are disproportionately represented. Clearly, structural problems with England’s ECEC system add to the disadvantage these children experience: a transformed public system is long overdue.

Further reading

My article ‘Early childhood education and care in England under the Coalition Government’ (London Review of Education, 2015), available free at https://repository.uel.ac.uk/item/8549y, documents the ECEC policy turn that occurred when a Coalition government took office in 2010 after 13 years of a Labour government; its increased emphasis on marketised
ECEC operations continue today, and economic austerity has exacerbated their negative impact on service access, affordability and quality, particularly for the increasing numbers of children growing up in poverty.


Finally, The SAGE Handbook of Early Childhood Policy, edited by Linda Miller and colleagues (SAGE 2018), offers well-researched chapters on different aspects of ECEC systems and policies in a wide range of countries, many featuring marketised ECEC services.

References


