



Growth through
Knowledge



The facts on 30 hours: parent eligibility and demand

January 2017



The facts on 30 hours: parent eligibility and demand

To date there has been limited information on what a 30 hour offer might look like for settings in terms of levels of eligibility, take up and parents' preferred delivery models. This vacuum makes preparations challenging. With this in mind, the Pre-School Learning Alliance commissioned independent research agency Ceeda to conduct a national study.

The parent survey was carried out August to September 2016, by direct email invitation to a targeted sample of parents with children aged two to three years, resident in England. The survey link was not published or promoted on-line in order to protect the integrity of results. A total of 1,708 households took part, giving feedback for children who will be in the eligible age range for 30 hours in the 2017/18 school year.

Key facts

- The survey found that more than four fifths of *working households* (88%) and an estimated 478,000 children meet the eligibility criteria now: 23% higher than Government estimates of 390,000 children.
- Two fifths (43%) of families in *working households* earning below the income threshold plan to change their work activity to meet the criteria meaning a potential 92% of working households and 500,000 children could be eligible in 2017/18; 28% higher than Government estimates.
- Parents also say the offer is likely to encourage them to *return to work*; this will not translate into immediate demand. Whilst this is positive news in terms of policy impact it signals future pressures on market capacity and sustainability.
- The vast majority of parents meeting the criteria intend to take up the offer (98%) and 70% would use the full 1,140 hours. Many would prefer this to be stretched (59%); 50 to 52 weeks are the most popular choices.
- Overall, eligible parents expect to use an *average* of 1,057 funded hours per annum with the range being 304 to 1,140 hours.
- The majority of children eligible for the offer in 2017/18 are already using care; 72% of two year olds in eligible working households access an average of 19.16 hours of care and 88% of three year olds are using an average 22.42 hours of care.¹ A 30 hour offer, taken up in full by the majority of parents, will involve a significant increase in demand.
- The market is also set to see significant churn; one in four parents using care now would leave their current provider in favour of one who could offer all 30 hours and 27% would use two providers if necessary. One in three new entrants would be prepared to use more than one setting - partnerships between providers will be critical to the quality of care received.

This research clearly highlights the popularity of the 30 hour offer and its potential longer term impact on economic activity. It also highlights the very real market pressures which will ensue should the high levels of take up anticipated by parents come to pass.

What next

The next phase of the research programme will involve sharing these findings with a national random sample of private voluntary and independent non-domestic childcare providers to evaluate capacity in light of this new information; if your setting is selected for the study please do lend it your support. Fieldwork will take place in the coming weeks and we look forward to sharing the complete picture on demand and capacity for a 30 hour offer in due course.

¹ Some of these children will not yet have reached the term they become eligible for the existing free entitlement.

Who is eligible for 30 hours?

To be eligible for 30 hours free childcare both parents, or one parent in a lone parent family, must be working and earning the equivalent of at least 16 hours pay at the minimum wage and less than £100,000 per annum.² Other exceptional circumstances also apply and were evaluated in the study³.

Analysis of the Labour Force Survey ⁴ indicates that in the period April to June 2016, **57.9% of households with children aged 3 to 4 years are working households, 31.4% are mixed (one of two parents work) and 10.7% are workless households (no adult works).**



So how many working households are **eligible** for the extended offer? The parent survey found that **more than four fifths of working households (88%) with children aged three to four years and not in full time reception as at September 2017** are eligible, based on prevailing minimum and National Living Wage rates.

This means an estimated 478,000 children could be eligible for the extended offer, 23% more than the 390,000 children the Government has planned for.

What about working households not meeting the criteria right now, will they make changes to access the offer? Over one in ten **working households** surveyed had one or more parents who earn too little (11%) or too much (1%) to be eligible.

The survey found that **43% of families in working households earning below the income threshold plan to change their work activity to earn the minimum.** Given the relatively low income threshold, the fact that parents are in work already and the high reward at stake, this is a realistic and logical step to take.

Up to 92% of working households could be eligible if parents carry out these intentions, involving provision for an estimated 500,000 children, **28% higher than Government estimates.**

Estimates by type of household in England with children aged 3 or 4 years - Labour Force Survey April-June 2016

Number of:	Working households		Mixed households		Workless households	
Households with children aged 3 to 4 years	801,000	(57.9%)	434,000	(31.4%)	148,000	(10.7%)
People (aged 16-64) in households with children aged 3 to 4 years	1,524,000	(55.8%)	1,005,000	(36.8%)	201,000	(7.4%)
Dependent children aged 3 to 4 years	830,000	(57.4%)	459,000	(31.7%)	157,000	(10.9%)

Source: Office for National Statistics November 2016

Will 30 hours encourage people back to work?

What about households where both parents, one parent or a lone parent are not working? Will 30 hours encourage people back to work? 42% of lone parents not working say they are likely to go back to work if 30 hours was open to them, as do 43% of households where one parent works and 8% of workless households.

Intentions do not always translate into action and a return/entry into the labour market can be seen as a more challenging step to take; these figures will not translate straightforwardly into additional demand and are not forecasts. Whilst painting a positive picture for families and the economy, these figures also signal a warning of future pressure on sector capacity and sustainability, given the current funding context.

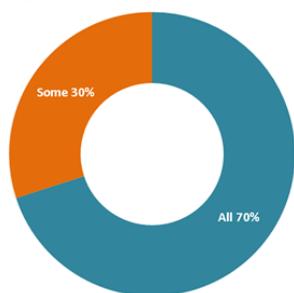
² Maximum income threshold *per parent* not per household.

³ See [Department for Education Childcare Bill Policy Statement, December 2015](#).

⁴ The Labour Force Survey (LFS) is a study of the employment circumstances of the UK population. It is the largest household study in the UK and provides the official measures of employment and unemployment. Analysis of the LFS household dataset by the Office for National Statistics has provided estimates of household type for families with a dependent child aged 3 to 4 years. Analysis is based on the period Apr-Jun 2016 and is not seasonally adjusted.

How much of the 30 hours will parents want and when?

How much of the 30 hours will eligible parents want to take?



A very small proportion of eligible households plan not to take up their child's free entitlement at all (2%). Of those parents who will take it up, the vast majority want to take the full 1,140 hours (70%).

Base 951 parents

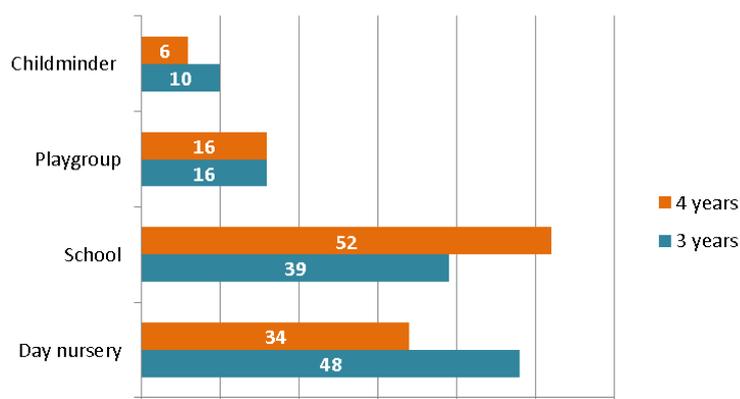
Stretched offers

A narrower majority of parents (59%) would like a stretched rather than term-time offer (41%). Parents were given scope to specify anything within the range 39 to 52 weeks. Use across **52 weeks of the year** was the most popular amongst parents preferring a stretched offer (38%), followed by 50 weeks (18%) 51 weeks (16%) and 48 weeks (10%). This level of demand for a stretched offer could cause problems for school and sessional operators, whilst potentially improving sustainability for year round provision.

Ideally, where would you take up this care?

When asked where they would like to take the free entitlement hours most parents expressed a preference for one type of provider (90%), others by preference, would like to use a mix (10%).

Preferred provider by age of the child at roll-out of 30 hours



Base: preferred arrangements for 931 children

As now, most parents of four year olds expect to use a school-based setting (52%); however parent preference for school provision was lower than usage for the current cohort of four year olds as measured by the DfE Early Years Census⁵ (75%).

How much care and the mix between funded and private hours

Slightly less than one third of all eligible children will want to use private hours **in addition to the 30 hour offer** (31%); differences by age were not statistically significant.

Overall, across all mixes of provision, eligible parents expect to access an average of 1,057 funded hours per annum, with the range being 304 to 1,140 hours.

⁵ Education provision: children under 5 years of age, January 2016. Department for Education, published 30 June 2016

Preferred use of funded and private childcare for eligible children including term time and stretched offers is shown below. The tables show analysis for all cases and families opting for one type of childcare provision only.

Eligible parents' preferred childcare use: all arrangements

All children including mixed provider arrangements		
	Funded Hours	Private Hours
Term Time	Average	Average
School	23.63	1.18
Day nursery	21.08	5.16
Childminder	16.56	3.96
Playgroup	20.33	0.6
Stretched		
	Average	Average
School	19.57	1.47
Day nursery	20.54	5.54
Childminder	16.09	5.16
Playgroup	14.97	0.63

Base: 931 children

Eligible parents' preferred childcare use: single provider type only

Children intending to use one provider type		
	Funded Hours	Private Hours
Term Time	Average	Average
School	27.45	1.03
Day nursery	27.88	3.47
Childminder	27.13	1.38
Playgroup	25.19	0.66
Stretched		
	Average	Average
School	21.99	2.03
Day nursery	21.57	5.93
Childminder	22.11	6.5
Playgroup	22.94	1.5

Base: 834 children

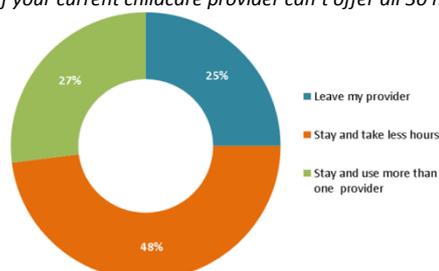
How much care do eligible families use now?

By definition, families eligible for the 30 hour offer are working – and therefore more likely to be using registered childcare right now: 72% of two years olds who will be eligible for the offer in 2017/18 are using registered care already and access an average of 19.16 hours of care. For three year olds the figures are 88% and 22.42 hours.⁶ On this basis, a move to 30 hours represents a significant expansion of total demand.

What if a child's current or preferred provider can't deliver all the hours?

Of those parents using care right now, 88% would choose to use the same provider for the 30 offer. If that provider could not accommodate the full entitlement, **one in four say they would leave this provider** in favour of a setting which could accommodate all the hours, 48% would stay and use less than the full entitlement and 27% would use a mix of two or more providers.

If your current childcare provider can't offer all 30 hours



Base: 573 parents using registered childcare

In the case of children not using care now, 35% of parents say they would use more than one provider if needs cannot be met at one setting, whilst 65% would prefer to take less hours at their provider of choice. Of those parents who *would consider* more than one provider, 98% would use a combination of two providers only.

This feedback suggests there may be significant churn in the market at the on-set of 30 hours and a need for strong partnership working between providers.

A round up of the key messages from this paper is highlighted at the start of the document. **The final and crucial stage of the research is to gain childcare providers' views on what this feedback means for their capacity to offer 30 hours.** A national survey of a random sample of childcare providers will take place in the coming weeks. If your organisation is approached for the study we hope you are able to participate.

⁶ Some of these children will not yet have reached the term they become eligible for the existing free entitlement.

Technical Notes

Ceeda estimates of the eligible population for a 30 hour offer have been calculated using the following data sources:

1. ONS Population Projections 2017 (2014-based Principal Projections Single Year of Age and Sex) Published 29 October 2015 [download here](#)
2. Proportion of four-year-old children in infant classes in primary school: DfE Provision for children under 5 years of age. SRF23_2016_Tables published January 2016, [download here](#)
3. Proportion of households with children aged 3 to 4 years that are 'working households': ONS Ad-Hoc Query Labour Force Survey Household Datasets April to June 2016, produced November 2016.
4. Proportion of working households, and children within working households that meet the 30 hour offer eligibility criteria: sourced from a survey of 1,708 households with children aged two to three years of age, commissioned by the Pre-school Learning Alliance and conducted by Ceeda in the period August to September 2016.

Department for Education estimates of the eligible population for a 30 hour offer have been calculated using the following data sources:

1. Family Resources Survey 2012/13
2. Survey of Personal Incomes 2012-13
3. Annual Population Survey 2014
4. ONS population projections 2017-18 (mid-2012 based DfE and OBR adjusted)
5. Early Years Census and School Census January 2015.

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