Introduction
NNI was launched in 2001 to provide high quality childcare in the most disadvantaged neighbourhoods of England, to help parents into employment, reduce child poverty and boost children’s development. By 2005 45,000 new childcare places had been created in approximately 1,400 neighbourhood nurseries. A comprehensive evaluation examined the implementation of the programme, the quality of provision it offered to young children, and its impact on parental employment, childcare use, take-up of Working Tax Credit, and socio-emotional outcomes for children using the nurseries, as well as changes in areas with NNI provision.

Key findings
► Neighbourhood nurseries have successfully reached some of the most disadvantaged groups – low income families, lone parents, ethnic minority parents, and parents with low qualifications. Three quarters of the nurseries were located in the 30% most disadvantaged neighbourhoods of the country, and neighbourhood nurseries located in the 30% most disadvantaged neighbourhoods drew more than six out of ten of their children from such neighbourhoods. London had the highest success rate of targeting its nurseries. Voluntary and maintained sector and ‘joint’ nurseries were more likely to be located in the most disadvantaged neighbourhoods than were private sector nurseries.
► Half of the parents using neighbourhood nurseries had not used any childcare before, either formal or informal. Only one in five had previously used formal childcare.
► Neighbourhood nurseries were providing integrated childcare and early education, and developing a wider range of services, with those designated as children’s centres leading the way. Although just over a quarter said they received support from a trained teacher, only 10% were employing a half-time equivalent teacher. Maintained sector nurseries were the most likely of all sectors to have well qualified staff, have links with Sure Start Local Programmes (SSLPs) and children’s centres, and be located on school sites.
► Fees charged in a typical neighbourhood nursery cost less than in an average nursery in England in 2004/05, for children both under and over two. However, there was considerable variation in fees (on the whole, private sector fees were higher), eligibility, and fee policy (e.g. deposits, flexibility for part-time places).
► Average quality of provision in the sample nurseries was adequate and tending towards good. Just under a quarter of the nurseries were offering good quality provision, with educationally stimulating, nurturing and healthy environments for children; 70% were offering adequate provision. Highest quality was shown by local authority maintained sector nurseries, children’s centres and rooms with well qualified staff teams.
The effects of quality on children’s behaviour were significant but modest. Children in rooms with well-qualified staff, a good quality physical environment and a well-thought-through structure to the day were less worried and upset, and more cooperative and sociable. Although the presence of a qualified teacher was related to better child outcomes, very few nurseries had teachers working directly with the youngest children.

Mixed age rooms, when younger children mix with children aged four and over, offered higher quality educational provision for young children, but were not always beneficial for their emotional adjustment.

Long hours in the nursery (more than 35 hours a week) had both positive and negative effects on children’s behaviour; they were more confident and sociable, but also more anti-social, and more worried and upset. The age at which children started attending nursery did not significantly affect their behaviour, but the more months they had been attending the more likely they were to display anti-social behaviour.

NNI has had a positive impact on employment and use of childcare. 20% of parents using neighbourhood nurseries were in work, 28% of users were claiming the Working Tax Credit’s childcare element, and 28% were using formal childcare, who would not have done so without NNI. But the take-up of the programme has been low, with only 10% of parents with preschool children using a neighbourhood nursery in ‘NNI-rich’ areas where provision was relatively high. So although impact on users has been high, overall impact on parents was small although still positive.

NNI operated against a backdrop of country-wide improvement as numbers of low income families with preschool children dependent on out-of-work means tested benefits declined, so any ‘NNI effect’ had to be over and above these other changes. There was a marginal but significant relationship between living in a ‘NNI-rich’ area and leaving out-of-work benefits.

Sustainability of the new nursery places was an important issue. Nurseries serving more ‘mixed’ areas were considered more likely to be financially viable since they attracted more high fee-paying users. Private sector nurseries were less likely to be located in disadvantaged neighbourhoods, charged higher fees and were considered more likely to be financially viable in the longer term.

The Neighbourhood Nursery Initiative

NNI, launched in 2001 as part of the early years expansion following the Labour Government’s 1998 National Childcare Strategy, aimed to tackle child poverty and reduce unemployment by providing high quality affordable childcare in deprived neighbourhoods. The original target of 45,000 new childcare places for 0-4 year olds in disadvantaged neighbourhoods in England was achieved by August 2004, with approximately 1,400 neighbourhood nurseries in place. The intention was to offer full daycare for children from birth to school age, ideally alongside early education and other forms of family support such as family learning or health services. NNI has now been rolled up together with other early years initiatives into the Children’s Centres Programme, with half of all neighbourhood nurseries designated as or linked to children’s centres by March 2005.

The impetus for NNI came, first, from the well-known research findings on the links between child poverty and long-term disadvantage. Much is now known about socio-spatial concentrations of poverty and low income in disadvantaged neighbourhoods, the persistence of these patterns over time, and the links to educational under-achievement, as well as intervention programmes which can improve poor children’s life chances. Second, there was continuing inequity in service distribution and take-up between the most disadvantaged and the least disadvantaged neighbourhoods, despite expansion overall in

1 When NNI was announced, local authorities were defined as eligible for funding on the basis of the 20% most disadvantaged wards in the Indices of Deprivation 2000 (DETR, 2000); neighbourhood nurseries could also be located to serve disadvantaged groups in ‘pockets’ of deprivation outside such areas. In ID 2004 (Noble et al., 2004), Super Output Areas (SOAs), with a target population of about 1,500 people, replaced wards as the smallest geographical unit for which administrative data is routinely released, to identify similar numbers of preschool children in SOAs, the most disadvantaged 30% were selected, based on the Index of Deprivation Affecting Children (IDAC) from the Indices of Deprivation (ID) 2004. ‘Neighbourhood’ in this report refers to SOAs. Unless otherwise stated, ‘disadvantage’ in this report refers to the 30% most disadvantaged neighbourhoods.

2 See, for example, Meltus, 2004; Schweinhart et al., 2005; Sylva et al., 2004

3 National Audit Office, 2004; Bryson et al., 2006
both supply and take-up of early years provision. NNI’s focus was on tackling child poverty through employment, enabling the poorest and most disadvantaged families to improve their opportunities and income. For families in the most disadvantaged neighbourhoods, the problem was defined as lack of childcare. Increased labour market participation would thus solve child poverty in the short-term, and high quality childcare would improve poor children’s life chances in the long-term.

Neighbourhood nurseries were created by local providers in the private or voluntary sectors and by maintained sector primary or nursery schools (some nurseries were ‘joint’ projects between different sectors). The New Opportunities Fund (NOF), now the Big Lottery Fund, together with the DfES, provided NNI capital investment of almost £128 million; DfES revenue funding of almost £240 million provided running costs for three years on a tapering basis. Nurseries could choose how to make use of the revenue funding, subject to local authority guidance. Some nurseries used funding to subsidise a proportion of places allocated by ‘disadvantaged postcode’, others used funding to reduce fees across the board. ‘NNI places’ thus refers to how nurseries used NNI funding and defined eligibility. Early Years Development and Childcare Partnerships (EYDCPs) and local authorities encouraged partnerships with other providers and other sources of funding to support neighbourhood nurseries – for example, from Sure Start Local Programmes (SSLPs), New Deal for Communities, and NHS initiatives. Sustainability was a key aim from the start, based on NNI ‘pump priming’ funding to ‘kick-start’ local effort so that neighbourhood nurseries could become sustainable in their local communities, using the ‘top-up’ for low-wage earners provided by the Working Tax Credit (WTC) and its childcare element.

**NNI – A National Profile**

By 2005, NNI’s national profile can be summarised as follows, based on DfES figures:

- Just under 1,400 neighbourhood nurseries were in place.
- 74% were located in the 30% most disadvantaged neighbourhoods, and this was more likely to be the case for voluntary (85%) and maintained (80%) sector than private sector (63%) nurseries.
- Numerically the private sector dominated: 40% of the neighbourhood nurseries in the programme were provided by the private sector, 20% by the maintained sector, 23% by the voluntary sector and 17% were “joint”.
- The private sector also expanded the size of its nurseries through NNI funding, with large nurseries (40 places or more) increasing from 19% pre-NNI to 77% post-NNI of private sector nurseries in the programme.
- 55% of the joint and 41% of the maintained sector neighbourhood nurseries had created new buildings, while only 25% of the private sector nurseries had done so.
- Maintained (66%) and joint (44%) sector neighbourhood nurseries were more likely to be located on school sites than were voluntary (28%) or private (14%) nurseries.
- Most joint (70%) and maintained (59%) neighbourhood nurseries were linked to Sure Start Local Programmes; this was the case for only 22% of private nurseries.
- The transition to children’s centres was much more rapid in some sectors than others. By 2005, just about half of the neighbourhood nurseries in the maintained and joint sectors were already designated as main children’s centres, thus playing a full part in the development of the programme. The private sector was as yet playing a very small part in the programme: only 9% were designated as main children’s centres while 38% had no links; 16% of nurseries were still undecided about their relationship with the children’s centre programme and 20% did not report any data at all. However, the Children’s Centres Programme was still in the early stages of development at the time of the NNI study, and more neighbourhood nurseries will become, or have links to, a children’s centre by 2010.
The National Evaluation of the Neighbourhood Nursery Initiative

Studying the impact of a programme – its effectiveness for children, families and neighbourhoods – requires us to understand in detail the operation of the programme, the quality of its services, who uses the services (and who does not), and the neighbourhood context where the services are located. The main questions addressed by the national evaluation of NNI are as follows:

• Has NNI boosted the supply of childcare in disadvantaged neighbourhoods, and the take-up of childcare by disadvantaged families living in these neighbourhoods?
• Do neighbourhood nurseries provide high quality childcare for disadvantaged children under three?
• What has been the impact of NNI – on children, families and neighbourhoods?

Childcare supply in disadvantaged neighbourhoods

How successful has NNI been in establishing nurseries and increasing childcare places in the most disadvantaged areas of the country? Three quarters (74%) of the neighbourhood nurseries were located in the 30% most disadvantaged neighbourhoods and three fifths (59%) in the 20% most disadvantaged. Some neighbourhood nurseries were sited on the edge of disadvantaged areas in order to serve a more

The NNI national evaluation combined four different strands of evaluation:

The Implementation Study provided detailed information for a sub-sample of 102 nurseries in terms of their location, their catchment areas, the services provided, their staffing, and their users.

The Childcare Quality and Children’s Behaviour Study assessed the quality of the education and care provided for children under the age of 3 years by a sample of 103 neighbourhood nurseries, and also the impact on children’s social and behavioural development.

The Impact Study assessed the impact of NNI on parental employment, use of formal childcare, and take-up of benefits and tax credits, particularly for disadvantaged groups such as lone parents, low income families and ethnic minority groups. The study included surveys of users and potential users (‘work-ready’ parents), and analysis of administrative data from the Work and Pensions Longitudinal Study (WPLS) to compare employment outcomes for the whole population of parents with preschool children. As well as comparing outcomes for neighbourhood nursery users with non-users, the study has also compared outcomes for families in ‘NNI-rich’ areas (i.e. with the highest level of NNI provision) with ‘NNI-poor’ areas (i.e. with no or very low levels of NNI provision). A cost-benefit analysis of the programme was also included, based on estimates drawn from the Family Resources Survey (FRS).

The Neighbourhood Tracking Study analysed the neighbourhood context for the NNI programme and change over time in the neighbourhoods served by neighbourhood nurseries. The study drew on the Index of Deprivation Affecting Children (IDAC) 2004 and out-of-work benefits (IS/JSA) to give a picture of changes in the claimant population with preschool children in these neighbourhoods compared with the national picture over the NNI period.

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mixed clientele and provide access for disadvantaged families living in pockets of disadvantage in less disadvantaged areas, but overall only 6% of the nurseries were located in the 30% least disadvantaged neighbourhoods. Targeting disadvantaged neighbourhoods varied by sector (the private sector was least likely to locate its nurseries in disadvantaged neighbourhoods) and also by local authority – London, with one of the lowest rates of childcare provision according to the National Audit Office’s 2004 report, has the highest concentration of 30% most disadvantaged neighbourhoods (50%) and also had the highest success rate in targeting its nurseries into those neighbourhoods (88%). NNI has thus played an important part in helping to reduce the ‘childcare gap’ between local authorities and in increasing take-up by low income families.

The Implementation Study showed that neighbourhood nurseries located in the most disadvantaged neighbourhoods were more successful at attracting children who also lived in the most disadvantaged neighbourhoods. Nurseries located in the 30% most disadvantaged neighbourhoods had 63% of their children also living in such areas, compared with nurseries located in the 30% least disadvantaged neighbourhoods which drew only one in five of their children from such areas.

### Childcare take-up in disadvantaged neighbourhoods

The programme was particularly focused on disadvantaged groups likely to have more difficulties in finding or using childcare in order to return to the labour market, such as lone parents, ethnic minority groups, and low income families living in disadvantaged neighbourhoods. How successful has NNI been at attracting the clientele for which it was intended? The evaluation shows that the programme was used by some of the most disadvantaged groups.

The Implementation Study provided data on approximately 5,000 children:

- Over 6 in ten were allocated a NNI place (that is, were defined as priority on the nurseries’ eligibility criteria)
- A quarter came from a lone parent family
- 15% came from a family with no parent in paid employment
- 8% had English as a second language
- 5% had special needs
- 8% were Black (this was higher than expected according to the proportions of 0-4 year old children in the nurseries’ catchment areas)
- 71% of the children on the books were ‘new users’ (i.e. new to the neighbourhood nursery in question).

### Childcare services in disadvantaged neighbourhoods

The 102 neighbourhood nurseries studied in the Implementation Study provided data on the services provided and the staffing. Most of the ‘early openers’ surveyed in 2003 were focusing on NNI’s original aims – integrated childcare and early education. By 2005, when the ‘later openers’ were surveyed, the NNI aims had expanded to take on a range of ‘additional services’ listed under the children’s centre programme - family support, benefit advice, health clinics, employment information, provision for special educational needs, for example – and nurseries were moving in this direction. But only 10% were employing a half-time equivalent teacher, although just over a quarter said they received support from a trained teacher. Private sector nurseries were less likely to be developing additional services, though this was still early days.

The 71 ‘later opener’ nurseries provided data on staffing. Staff in maintained sector nurseries and nurseries already designated as main children’s centres had the highest qualifications. Staff in private sector nurseries worked the longest hours and had the lowest qualifications.

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*E.g. Sylva et al, 2004*
In 2004 and 2005 a place in a typical neighbourhood nursery cost less than a place in an average nursery in England for children both under and over two. However, there was considerable variation in rates, eligibility, and flexibility of fee structure. The private sector charged the highest fees. Some local authorities reported ‘capping’ fees at a rate linked to the maximum amount that could be claimed for the childcare element of WTC (£135 at the time).

Quality childcare for disadvantaged children under three

What is the quality of the early education and childcare provided by neighbourhood nurseries? Previous research gives a clear picture of childcare quality offered to children aged 3 to 5 in England; but less is known about the quality of provision used by very young children. The NNI Childcare Quality Study focused on provision for children under the age of three and a half in order to answer this question.

Quality (as measured on the ITERS-R) varied widely within the 103 nurseries sampled. Average quality of provision was adequate and tending towards good. The majority (70%) were offering at least adequate quality; just under a quarter (23%) provided a good standard, and offered children educationally stimulating, nurturing and healthy environments; a small proportion (7%) offered less than adequate quality, lacking basic aspects of hygiene, safety, educational stimulation or warm staff-child interaction.

A number of centre characteristics were associated with consistently higher quality. On the whole, local authority maintained sector nurseries achieved the highest quality ratings. Private sector nurseries had the lowest mean quality rating, but also showed the biggest variation, with some private nurseries operating at a very high standard. Higher quality was also seen in children’s centres and in larger centres. Observers found higher quality provision, particularly educational provision, in mixed age rooms which included older children (aged four and over) as well as toddlers.

Centres with better qualified staff provided higher quality for children under the age of three and a half years, and it is likely that staff qualification levels were one of several factors which contributed towards the higher quality of provision offered by the maintained centres and children’s centres in the sample. An important finding is the low use of qualified teachers: only 2% had teachers working 10 hours or more with the under threes.

Did nurseries providing for high proportions of disadvantaged families offer comparable quality services to centres serving a less disadvantaged clientele? Quality did not vary according to the population of children and families served, which suggests that families from very different backgrounds, and with different needs, were being offered the same quality of provision.

The effect of neighbourhood nurseries on children’s development

How did the quality of the neighbourhood nurseries relate to children’s behaviour? To answer this question, child and family profiles were collected for 810 children in 100 nurseries. The children were aged on average 2 years and 9 months, had started attending nursery at 18 months, and on average spent 24 hours a week in their nursery. The following ‘quality features’ were related to children’s behaviour:

- A well-qualified workforce: children with access to a trained teacher were more co-operative and sociable, and children in rooms with a better qualified workforce were more co-operative and displayed fewer worried and upset behaviours than children cared for by less well-qualified staff teams.
- The quality of the physical environment: children displayed fewer worried and upset behaviours in centres which offered a

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5 Harms et al, 2003
spacious, well-maintained and pleasant physical environment, with appropriate furniture for care routines and educational activities, and comfortable areas for children to relax and spend quiet time.

- A high quality daily structure: older children (those aged 33-42 months) showed more peer sociability in centres with, for example, an appropriate schedule, opportunities for free play and high quality group play activities.

Other centre and childcare characteristics were more varied in their effects:

- Size of centre: although larger centres were generally of higher quality, the effects of centre size on children’s behaviour were mixed. Children in larger centres were less anti-social and displayed fewer worried and upset behaviours, but were also rated as less co-operative and less sociable than children in smaller centres.

- Age mix in the rooms: the presence of older children alongside infants and toddlers was beneficial in terms of quality, particularly educational quality. However, children up to the age of three and a half years displayed more worried and upset behaviour when they attended a mixed age room with children aged four and over. It seems that the effects here pull in different directions: while mixed age rooms may be better for young children’s cognitive development, they may not always be beneficial for their emotional adjustment.

- Time spent in centre-based childcare (hours/days per week): this had some beneficial effects on children, such as greater confidence and sociability (the effect was stronger for younger children, under 2 years 9 months, and for children attending 35 hours per week or more), but was also related to negative behaviours – children who attended 30 hours or more each week were rated as more anti-social, while children who attended 35 hours or more displayed more worried and upset behaviours.

- Age at which children started attending their neighbourhood nursery/ duration of childcare attendance: although children’s age on entering care did not have an effect (either positive or negative) on behaviour, duration of childcare during the early years was important. The more months children had been attending their neighbourhood nursery, the more likely they were to display anti-social behaviours.

Finally, the proportion of working families using a nursery seems to have a positive effect on children. Attending a centre with a high proportion of working families had a positive effect on children’s co-operative behaviour, and was related to lower rates of anti-social behaviour. This supports NNI’s aims, and suggests that encouraging parents to return to work may have positive benefits for the development of their children.

**NNI’s impact on neighbourhoods**

The tracking study classified the 20% most disadvantaged neighbourhoods in England into ‘NNI-rich’, that is with good access to NNI provision, and ‘NNI-poor’ neighbourhoods. The study analysed the pattern of change in terms of low income families with preschool children dependent on out-of-work means-tested benefits during the period of the programme (2001-2005). The key points in the overall picture are as follows:

- a quite rapid decline in the overall numbers and proportions of such families over the period in all areas of the country
- both ‘NNI-rich’ and ‘NNI-poor’ areas shared in this improvement
- relatively high rates of exit from out-of-work means tested benefits by partnered parents compared with the exit rates for lone parents and those with disabilities (this suggests that the Impact Study’s findings on lone parents returning to work may apply particularly to ‘work-ready’ lone parents)
- a significant variation in these rates in different regions in England
• increasing levels of ‘benefit mobility’ over the period (fewer claimants with preschool children remaining in the same category over two years)
• the numbers of lone parents entering the benefits system remained at the same level, although the number of new claimants in the unemployed category fell overall
• significantly higher geographical mobility by lone parents, compared to partnered parents in the same area.

The overall reduction in the numbers of unemployed claimants with children aged 0-4 meant that the overall group was increasingly made up of lone parents and those with a work-limiting illness or disability. By 2005, roughly 92% of families with children aged 0-4 dependent on means-tested out-of-work benefits in the 20% most disadvantaged neighbourhoods were either lone parents or partnered parents with a work-limiting illness or disability. Only 8% were registered as unemployed and claiming JSA; in 2001 this group had made up 11% of the total.

Is it possible to identify a specific ‘NNI effect’ at the neighbourhood level, over and above other reasons for exiting benefit? The Impact Study findings suggest that NNI has had little impact on neighbourhoods overall, because only a small proportion of families was directly involved in the programme. The evidence from the Neighbourhood Tracking Study suggests a possible marginal ‘NNI effect’. A small but just statistically significant relationship was found between living in a ‘NNI-rich’ area (therefore in theory having greater access to NNI provision) and the chances of leaving out-of-work benefits, taking account of a number of background variables.

**NNI’s impact on families**

How effective has NNI been in enabling parents to enter or return to employment? This was NNI’s central objective in tackling child poverty and improving children’s life chances, based on the assumption that low rates of employment of parents with young children in disadvantaged neighbourhoods were largely explained by lack of available and affordable childcare, so that if childcare became available parents would use it to return to work.

The Impact Study combined four different designs:

• an ‘impact on users’ design (comparing neighbourhood nursery users with a matched sample of non-users)
• an ‘intention to treat’ design focusing on ‘work-ready’ parents (comparing two groups of parents similar to actual users in terms of socio-economic characteristics, work orientation, and disposition towards using formal childcare, in ‘NNI-rich’ and ‘NNI-poor’ areas)
• an ‘intention to treat’ design covering all ‘eligible’ families (that is, all parents with preschool children living in ‘NNI-rich’ and ‘NNI-poor’ areas, drawing on administrative data from the Work and Pensions Longitudinal Study (WPLS))
• a self-assessed impact design (a survey of users providing information on parents’ views and experiences of using the nurseries).

The four impact estimates suggest overall that NNI has had a positive impact on those taking up a neighbourhood nursery place. In particular, when NNI users were compared to a matched group of non-users, NNI has had a positive impact on the following:

• work – 20% of neighbourhood nursery users were in work but would not have been if the nursery had not been available; this effect was particularly strong for lone parents (30% in work compared to 16% of couple parents) and parents with low educational qualifications (22% with NVQ Level 2 or lower compared to 14% with higher qualifications)
• take-up of the Working Tax Credit (WTC) and its childcare element – 28% of neighbourhood nursery users were in receipt of the latter but
would not have been claiming it without the neighbourhood nursery place; again the impact was greatest for lone parents and those with no/low qualifications.

- take-up of formal childcare – 28% of neighbourhood nursery users would not have been using formal childcare if the neighbourhood nursery place had not been available (the overall figure masks considerable variation between the impact on lone parents, estimated to be 31%, and the corresponding figure for couples, 26%).

However, the use of neighbourhood nursery places was fairly low, with just 10% of parents with preschool children taking up a place in ‘NNI-rich’ areas. This means that, even though the impact on users is reasonably high, the impact on local parents is small, although still positive (being about one-tenth of the impact on users). For instance, measured across ‘work-ready’ parents, the impact of NNI is estimated to have increased employment by just 1.3%.

The evaluation has identified two key issues, which will be crucial in the transformation of neighbourhood nurseries into children’s centres.

**Could NNI have been more effective in reaching potential users?**

Why did approximately only one in ten of parents with preschool children in ‘NNI-rich’ areas use a neighbourhood nursery? There are three possibilities:

- Demand has outstripped supply – that is, NNI did not create sufficient new provision in the most disadvantaged neighbourhoods. Overall, this is unlikely, given the findings from the nurseries in the implementation sample that typically not all places were filled.
- There is a mismatch between demand and supply – that is, a gap between what parents wanted and what nurseries were offering.

There is some evidence that this was the case. There was unmet demand for ‘baby places’; managers also reported difficulties over costs, and lack of flexibility. Nurseries needed to fill places and charge fees high enough to cover their costs, while parents needed flexible hours to cover part-time employment and subsidised fees before they found a job.

- Some parents in the most disadvantaged neighbourhoods may not yet see themselves as ready for employment on a significant scale, or if they are working they may be reluctant to use formal childcare. Again, there is some evidence that this was the case, and national surveys suggest there is less of an ‘employment culture’ for mothers with young children in some minority ethnic groups. However, national surveys also suggest small shifts to increased use of formal childcare in the most disadvantaged neighbourhoods, so this may be changing.

**Will childcare be sustainable in the most disadvantaged neighbourhoods?**

Will all the new nursery places established in the most disadvantaged neighbourhoods be viable in the longer term? Nurseries serving the most disadvantaged neighbourhoods may have the most difficulty in surviving without some form of continuing subsidy, unless they can attract sufficient custom from high fee-paying parents, which nurseries serving more mixed areas were thought more likely to do. Private sector nurseries, which on the whole served less disadvantaged neighbourhoods and charged higher fees, were thought likely to be more sustainable. A ‘mixture of post codes’ was thought desirable. This evidence comes from interviews conducted for the Implementation Study with neighbourhood nursery managers, local authority advisors, many of whom came from a business background and acted as Business Support Officers to the nurseries, and DfES regional advisors (although a detailed analysis of conditions for sustainability was beyond the scope of the national evaluation).
Disadvantaged parents in the most disadvantaged neighbourhoods may take longer to develop the self-confidence, the skills or the practical arrangements needed to move into the job market – they require a longer ‘employment trajectory’. Particular groups may have less of an ‘employment culture’ for mothers with young children. The job market itself in such areas may offer more fragmented and low-paid employment. These considerations suggested that nurseries serving the most disadvantaged families in the most disadvantaged areas may need a longer period than the three years of ‘pump-priming’ public funding offered by the NNI capital and revenue grants to develop their sustainability, whereas nurseries serving more mixed neighbourhoods may have faster ‘lift-off’.

**Policy recommendations**

- Neighbourhood nurseries in the most disadvantaged neighbourhoods providing childcare for parents at an earlier stage in their ‘employment trajectory’ or with a less developed ‘employment culture’ may take longer before they can be self-sustaining, and need continued subsidy until they reach ‘lift-off’.

- More information is needed on how the Working Tax Credit and its childcare element operates, to explore whether it provides sufficient support to ensure nurseries’ viability in the most disadvantaged neighbourhoods without further subsidy.

- Maintained sector nurseries, which offer high quality provision and a better qualified workforce, and children’s centres, which offer high quality and better child outcomes, should be encouraged. Nurseries in other sectors need further support to raise their quality.

- More research is needed on the effects of mixed age rooms (serving children over four as well as younger children) as they may boost cognitive development but prejudice emotional security.

- Qualified teachers are needed to work with younger children (under three and a half) as they help to encourage children’s developing cooperation and other peer skills.

- More training for the childcare workforce is needed to improve quality and support positive child development.

- Programmes such as NNI and children’s centres should be supported as they provide childcare in the most disadvantaged neighbourhoods and thus help reduce unemployment indirectly.

- Barriers to employment should be addressed, such as lack of information about benefits and the Working Tax Credit, sources of childcare subsidy, and training. Possible mismatches between what nurseries offer and local parents’ needs should be tackled.

- Evaluation of the NNI programme indicates that it made a significant impact on users, but the effects on neighbourhoods were very much smaller, as NNI users made up a small proportion of the total population. The response should be to build on these positive results, rather than treat the programme as a failure because it has not transformed the overall position.

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The Integrated Report published by the DfES brings together the following separate reports, available on the Sure Start website
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Two interim reports have also been published:

Further information

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