Counting to Five

Education of
Children Under Five
The Audit Commission

...promotes proper stewardship of public finances and helps those responsible for public services to achieve economy, efficiency and effectiveness.
## Counting to Five

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Preface

The education of children below compulsory school age has been high on the public agenda for some time. There have been several reports on the topic, but little on the value for money and overall management aspects. This report addresses those issues, within the Audit Commission’s remit to carry out studies on the economy, efficiency and effectiveness of local government activity.

The main components of the study were:

- fieldwork in 12 local authorities in England and Wales, including visits to 212 nursery classes, playgroups and other settings in which children participate in a group;
- educational inspections of 51 schools and other settings;
- an opinion survey of parents;
- a questionnaire survey about social services registration and inspection;
- a statistical comparison of children’s pre-school experiences with results of assessment on entry to primary school; and
- a study of different organisational structures for managing local authority children’s services.

Appendix 1 describes these components more fully, and includes a list of the members of the advisory group. The Audit Commission is grateful to all the individuals and organisations who assisted with the study. Responsibility for the contents and conclusions rests solely with the Audit Commission.

This report presents management issues and an agenda for tackling them. It is complemented by:

- an Executive Briefing, which summarises the key findings and recommendations for local authority members;
- a Management Handbook, which will be published later in 1996, and which will set out an agenda for change within individual local authorities based on the detailed findings of the study research; and
- an Audit Guide, which helps local authorities’ external auditors work with individual authorities to review their performance and identify opportunities for adopting good practices. Auditors will be undertaking and reporting these reviews in most local authorities in England and Wales during 1996.

1 The term ‘setting’ is used to cover any activity where children participate in a group, such as a nursery class, nursery school, reception class of a primary school, playgroup, private school or a day nursery.
Introduction

1. Children’s early educational experience is crucial for developing the socialisation and learning skills that they will need throughout their lives. Although they have no statutory duty to educate children under five, over the last decade local authorities have been increasing the number of school places they provide for under-fives. The increase has been shared between nursery education and reception classes in primary schools, each of which now has about a quarter of all three- and four-year-olds. Local authorities in England and Wales spend about £1.4 billion a year on pre-compulsory schooling and care of young children. Paid-for care and education in the private sector cost an estimated £1.3 billion a year (Table 1).

2. In July 1995 the Secretary of State for Education announced proposals for a voucher scheme to support the education of four-year-olds throughout the UK. The proposals are radical and controversial, but all political parties have the aim of increasing educational opportunities for children below the age of five, with the long-term goals of improved learning and reduced anti-social behaviour.

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<th>Expenditure estimates for the main out-of-home children’s services in England and Wales</th>
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<td></td>
<td>Expenditure (£ million)</td>
</tr>
<tr>
<td>Childminding</td>
<td>620</td>
</tr>
<tr>
<td>Private day nurseries</td>
<td>320</td>
</tr>
<tr>
<td>Private schools</td>
<td>110</td>
</tr>
<tr>
<td>Playgroups</td>
<td>270</td>
</tr>
<tr>
<td><strong>Total private and voluntary</strong></td>
<td><strong>1,320</strong></td>
</tr>
<tr>
<td>Local authority day nurseries</td>
<td>120</td>
</tr>
<tr>
<td>Maintained pre-compulsory education</td>
<td>1,250</td>
</tr>
<tr>
<td><strong>Total public</strong></td>
<td><strong>1,370</strong></td>
</tr>
</tbody>
</table>

Notes:
1. The classification of the different forms of provision is somewhat loose – in particular, some public facilities receive private funding and some private facilities receive public funding.
2. Expenditure figures are at April 1995 prices.
3. The figure for local authority expenditure on maintained education is taken from local authorities’ returns which cover all expenditure related to education of under-fives, including overheads outside the schools.
4. Local authority returns do not show expenditure on day nurseries, so the figure is calculated from returns of numbers of places and from costs calculated from Audit Commission fieldwork.

Sources: Local authority returns to the Department of the Environment and to the Welsh Office; National Children’s Bureau; Pre-school Learning Alliance.
3. The task now facing local authorities is to respond to the voucher scheme and establish a new rôle for themselves, so that they continue to make a contribution to improving education for under-fives. This report is designed to help them do that. It is the product of an Audit Commission study of the education of under-fives and of related social services. The Commission undertook the study as part of its remit to carry out studies of the economy, efficiency and effectiveness of local government services.

4. Running through the study and the report is the recognition that education and care are intertwined in services for young children. So the report covers services which are often viewed as care services as well as those that are explicitly educational. But the focus is educational; local authority care for children is more thoroughly discussed in the Commission’s 1994 report, *Seen But Not Heard* (Ref. 1). The present report starts with a picture of current services relevant to children’s education. There is then a chapter on three key issues for these services:
   - access;
   - effectiveness and quality; and
   - efficiency.

The final chapter sets out recommendations for action at the local and national levels. The penultimate chapter, describing the framework in which local authorities can act, covers the proposed voucher scheme, which is designed to address some of the issues and will have a significant impact on local authorities.
Research shows that early years education brings benefits in terms of social cohesion and children’s learning. But early years education does not take place only in schools. All services for young children can contribute to both their education and care. Legislation leaves the provision largely to local authorities’ discretion and to the initiative of the private and voluntary sectors.

From the age of three most children use at least one service, but under three, most use none. Services include playgroups, maintained nursery education, reception classes, childminders, private nurseries and local authority day nurseries. Services vary in key respects: children attend for widely varying numbers of hours and the availability of each type of service varies regionally and locally.
5. There is a consensus that education provision for under-fives is beneficial, but what is the basis of this view? This chapter starts with a brief look at the evidence of the benefits. It then examines the types of service for pre-compulsory age children and the numbers of children receiving them.

6. Research studies show that early years education brings benefits, in terms of both social cohesion and children’s learning; a number of the studies are referred to in Appendix 2. One (Ref. 3) found that both nursery and playgroup attendance improved children’s achievements; the improvement from nursery education was roughly equivalent to the four to six months’ gain which children from advantaged homes enjoyed compared with average children. Newcastle University undertook an analysis for the Commission of its assessments of children’s learning on entry to compulsory schooling. This showed that pupils with a nursery education scored significantly higher than those who had not taken part in nursery education, even if they had attended playgroup.

7. The research that is most frequently quoted is the High/Scope project in Ypsilanti, Michigan, USA (Ref. 4). In the project, a sample of young children who received pre-school education was compared with a matched sample who did not. They were tracked from the age of 3 to 27. In that time, the first sample caused less criminal damage, incurred lower costs to the criminal justice system, paid more tax and required less remedial schooling. Since the two samples were tracked systematically over 24 years, the conclusion that early education brought benefits to society deserves respect. However, the High/Scope project was restricted to heavily deprived children and had significantly higher costs than anything envisaged in the UK.\footnote{As well as attending a class every weekday morning, every child received a home visit each week.}

8. All services for young children contribute to both education and care. Nursery classes and nursery schools have an explicitly educational purpose but they also relieve parents and carers of childcare responsibilities. On the other hand, children learn while they are in day nurseries and crèches. Some nurseries and playgroups explicitly combine education and care in their aims.

9. In some countries the connection between care and education is recognised in national policy. For example, Spain passed a law in 1990 which seeks to guarantee the right to education for children between the ages of 0 and 18 (although it is not yet fully implemented). For the 0 to 6 age group, care services are integrated under the education umbrella. Denmark has a network of daycare, financed by local government, which involves the majority of pre-school children over the age of three and has both developmental and educational aims.

10. Meaningful international comparisons of the levels of education and care services for young children are not possible because of differences between countries in the emphasis on education and care, the age when schooling becomes compulsory and the mixes of public and private provision. In particular, comparative data do not show whether the UK lags behind other countries.
11. In England and Wales, national policies recognise two broad areas of need that children’s services should meet:

- **Care**: the minority of children (typically less than 1 per cent) who meet statutory criteria for being classified as in need have a right to support from their local authorities, mostly arising from the 1989 Children Act.

- **Education**: educational need is recognised in quite separate legislation, which permits local education authorities to offer education to children before the age when schooling is compulsory.¹

There is no general national policy for childcare to help parents take up employment and training, although central government supports a number of specific, mostly local, initiatives which include childcare to help parents’ employment and training.

12. Legislation leaves the provision largely to the discretion of local authorities and to the initiative of the private and voluntary sectors. The pattern which has emerged is that from the age of three, most children use at least one care or educational service, whereas below the age of three, most use none (Exhibit 1). This report concentrates on services for three- and four-year-olds.

13. The services which children use are of several types. Most involve attendance at group settings outside the home such as nursery classes, nursery schools, playgroups and day nurseries, but some do not, notably childminding and home-visiting schemes. The key characteristics of each of the main types are summarised in Box A (overleaf). Playgroups have the highest levels of participation measured in terms of the number of children attending, but children attend settings outside the home for widely varying numbers of hours per week (Exhibit 2).

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**Exhibit 1**

**Percentages of pre-school children using services**

Most three- and four-year-old children receive some form of pre-school service.

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**Percentage using main services**

<table>
<thead>
<tr>
<th>Age at last birthday</th>
<th>Percentage using main services</th>
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<tbody>
<tr>
<td>0</td>
<td>120%</td>
</tr>
<tr>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>80%</td>
</tr>
<tr>
<td>3</td>
<td>60%</td>
</tr>
<tr>
<td>4</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
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</tbody>
</table>

Note:
The percentage shown for each age group is the sum of the percentages using registered childminders, nannies, mother’s helps, au pairs, playgroups, nursery classes, nursery schools and day nurseries. Since some children use more than one of these services, the proportions for the older age groups exceed 100%. Refers to England only.

¹ The 1944 Education Act and subsequent amending legislation.
Exhibit 2
Take-up of services for three- and four-year-olds in England and Wales

Playgroups have the highest number of children attending...

...but hours of attendance have widely different patterns, with reception classes offering longer hours than nursery education or playgroups.

Note:
The precision of the first graph is limited by a number of factors, principally differences in census dates for different settings and differences in the statistics gathered (playgroup, nursery education and reception class data refer to children attending while day nursery and childminder statistics refer to numbers of places). There is no consistent data collection across all types of setting.

### Box A
The main types of service for young children in England and Wales

<table>
<thead>
<tr>
<th>Purpose, origin, target clients</th>
<th>Service offered</th>
<th>Resources: funding and staffing</th>
</tr>
</thead>
</table>
| **Maintained nursery education** | Education within the school system  
The number of places varies hugely between localities, depending on the history of local authority commitment to nursery education  
Admits children from waiting lists  
Children not admitted before 3rd birthday | Educational experiences for young children  
Typically 5 sessions a week in term time each lasting 2½ hours  
Some children attend morning and afternoon (about 6½ hours in total) each weekday in term time | Publicly funded  
Led by teachers  
Child:adult ratio 13:1 or 10:1 in a nursery school |
| **Reception classes of maintained primary schools** | Education for under-5s arose through the practice of admitting children early to classes set up for 5-year-olds  
Children admitted in the school year of their fifth birthdays | Educational experiences for children  
Typically 5 sessions a week in term time, each lasting 6½ hours | Publicly funded  
Mostly staffed by teachers  
No laid-down child:adult ratios |
| **Private schools** | Children’s education | Educational experiences for young children  
Hours vary, typically between 2½ and 6½ hours a day during school terms | Parental fees  
Many teachers involved but not in all schools  
Child:adult ratios specified in statutory guidance (Ref. 6) but only if there are fewer than 5 children of compulsory school age |
| **Private day nurseries** | Childcare to enable parents to undertake activities other than childcare  
Day nurseries linked to particular workplaces and colleges are known as crèches | Care through the working day, 5 days a week, throughout the year  
Most take children from babyhood to school age | Parental fees  
Staff have a range of qualifications  
Child:adult ratios specified in statutory guidance (Ref. 6) – 8:1 for 3-year-olds |
| **Playgroups** | Learning and development through play  
Founded by local groups and individuals – so availability depends on where such groups and individuals have set up playgroups  
Open admission to most groups or to their waiting lists  
Admission age varies between groups; 2½ and 3 years are common starting ages | The nature of groups varies substantially and so does the experience they offer children  
Term-time sessions of 2½ hours are common but some groups offer full daycare throughout the year  
The number of sessions per week varies from group to group and among the children within groups | Parental fees, but playgroups often pay below market rents for their premises; some groups receive public subsidy  
Staff vary – no qualifications uniformly required but qualifications are available and there are many training initiatives  
Child:adult ratios specified in statutory guidance (Ref. 6) – 8:1 for 3-year-olds |
1 The Current Picture

<table>
<thead>
<tr>
<th>Purpose, origin, target clients</th>
<th>Service offered</th>
<th>Resources: funding and staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity playgroups</strong></td>
<td>Learning and development through play for children with disabilities and other special needs, often alongside other children Founded by local groups and local authorities Admission age varies between groups; 2½ and 3 years are common starting ages</td>
<td>Sessions similar to those of other playgroups</td>
</tr>
<tr>
<td><strong>Parent and toddler groups</strong></td>
<td>Socialisation for children and a social experience for parents Usually run by the participating parents For children under 3</td>
<td>Sessions typically weekly at which parents remain with their children</td>
</tr>
<tr>
<td><strong>Local authority day nurseries</strong></td>
<td>Care for children under the age of 5 who are identified as being in need (usually social need) but some local authorities provide places for other children too Some authorities do not offer this kind of care at all, and pay for any care places they need in the private sector</td>
<td>Care through the working day, 5 days a week, throughout the year Many take children below the age of 3 as well as 3- and 4-year-olds A handful of day nurseries combine daycare with nursery education and are called combined centres</td>
</tr>
<tr>
<td><strong>Family centres</strong></td>
<td>Support for families where there are children in need</td>
<td>Services for adults and children, such as counselling and parent education; childcare may be one of the services, especially to back up social work support focused on parents</td>
</tr>
<tr>
<td><strong>Childminding</strong></td>
<td>Childcare to enable parents to undertake activities other than childcare</td>
<td>Childcare in the carer’s own home Hours negotiated privately between carer and parents Childminders often take children to other services</td>
</tr>
<tr>
<td><strong>Home-visiting schemes</strong></td>
<td>Various types of educational and social support for families and children with identified needs The key feature is helping parents help their own children</td>
<td>Visits by a volunteer or a professional to the family at home, typically for one hour a week or one hour a fortnight</td>
</tr>
</tbody>
</table>

Notes:
1. Definitions of services are not always tight. In particular, there is no clear line between private schools and private day nurseries or between playgroups and either private schools or private day nurseries.
2. As part of the Government’s proposed voucher scheme, the child:adult ratios for four-year-olds in private schools, private day nurseries and playgroups are to be relaxed to match the nursery education ratios wherever at least half the staff have qualified teacher status.
14. The overall picture in England and Wales is thus one of services that offer little to children below the age of three. After three, services are available to most children, from a variety of different providers – private and voluntary as well as publicly funded – but the quantity of services is not necessarily very great.

15. There are comparable national statistics on provision in each local authority for maintained education (reception classes of primary schools, nursery schools and nursery classes). These show widely varying proportions of three- and four-year-old children in maintained education (Exhibit 3). The only discernible pattern is that authorities fall into two broad groups for the numbers of children in reception classes. In one group, the children who turn five at any time during the school year are admitted by January; in the other group the children born between April and August are not admitted until later. The proportion of the three- and four-year-old population in local authority nursery education ranges from none to nearly 60 per cent, depending on the authority.

16. Whether a child receives a free local authority place depends markedly on where the child lives. In some authorities only about one-quarter of three- and four-year-olds receive a place; in others over 90 per cent receive one. There is no apparent relationship between the participation in reception and nursery education; so local authorities do not compensate for a shortage of one by providing more of the other. Welsh counties have high levels of reception education for pre-compulsory pupils, but quite varied provision of nursery education. Metropolitan authorities generally have high levels overall. The level of provision in the private and voluntary sectors tends to be higher in areas of low public provision than elsewhere (Exhibit 4, overleaf). It is not evident which is cause and which is effect.
Exhibit 3
Participation rates of three- and four-year-olds in reception and nursery education in different local authorities

There are widely varying proportions of three- and four-year-old children in maintained education.


Note:
For England, the population base is those born between 1 January 1989 and 31 August 1990, a 20-month period, not a full two-year span. For Wales the base population covers the full two-year span from 1 January 1989 to 31 December 1990.
Exhibit 4
Provision in the public sector and in the private and voluntary sectors

The level of provision in the private and voluntary sectors tends to be higher in areas of low public provision than elsewhere.

Notes:
1. Each point represents a local authority.
2. Data for the private and voluntary sectors relate to places for under-eights registered with local authority social services departments and do not show take-up, whereas the data for maintained education relate to the numbers of children in the sector.

17. In 1994, the Office for Population Censuses and Surveys (OPCS) published results of a survey of the use of different children’s services in England (Ref. 5), which shows marked regional differences (Exhibit 5). It also reported differences within regions and between urban and rural areas; far more children of non-working mothers attended playgroup in rural than in urban areas (24 per cent compared with 17 per cent).

18. Overall, service provision varies:
   ♦ in the relative emphasis on education and care;
   ♦ in funding and management; and
   ♦ geographically – between regions, between local authorities and within local authorities.

This naturally leads to wide variation in children’s access to services, an issue which should be of concern to local authorities that wish to improve under-fives’ participation in education. Other concerns should be effectiveness and, of course, efficiency. The next chapter looks at all three issues.
Exhibit 5
Participation in three types of service in different regions in England

All three types of provision show regional differences.

Notes:
1. Refers to children throughout the pre-school age range 0–4.
2. The analysis does not report the public/private breakdown of the settings but most day nurseries and all but a handful of childminders and playgroups are in the private and voluntary sectors.

Source: OPCS (Ref. 5). Data relate to 1990.
2 Management of Children’s Services: Access, Quality and Costs

The three key issues which should concern local authorities are children’s uneven access to services, variation in educational quality and under-utilisation of some local authority services.

Access is affected by the number and location of places for children, and also by admission procedures, parents’ needs and demands and children’s ages. High educational quality can be found in the school system and outside it, but nursery education tends to offer higher quality than other services.

Costs vary substantially, both within and between types of service. Playgroups come out cheapest per child hour because their staff generally receive low pay; reception classes of primary schools tend to be next cheapest. High costs occur where utilisation is low.
19. There are three key issues that should be of concern to local authorities in their management of services for the under-fives:

- access;
- quality; and
- efficiency, which in this case equates to cost per child.

This chapter looks at each of these issues in turn.

Access to appropriate services

20. Children’s experience is determined by the interaction of their needs, their families’ needs and demands and the availability of services (Exhibits 6 and 7, overleaf). Different services tend to focus on different needs. This can be seen by taking four of the most important needs:

- **family problems, including inadequate parenting skills**  
  These are among the priority concerns of family centres and of some day nurseries; all day nurseries provide respite from childcare, which may be part of a strategy for family support. But family support is not a priority for most schools and playgroups;

- **education and child development**  
  Schools, playgroups and some day nurseries address these;

- **identification of individual children’s needs**  
  Settings of any type can address this need but only those where staff are alert to it; maintained schools are required to identify special educational needs; and

- **care to enable parents to work or train**  
  Day nurseries and some playgroups specifically address this need.

Strategies in pursuit of any one purpose ignore the others at their peril. In particular, strategies which deal only with educational services will offer nothing to children whose parents cannot or do not take them to school.
Exhibit 6
Beneficiaries of under-fives education and their needs and demands

Children, parents and society all have different needs.

- Learning to learn
- Knowledge and skills
- An emotionally stable environment
- Early identification of learning difficulties
- Protection from harmful circumstances
- Socialisation

Parents
- Meeting child’s needs
- Employment
- Training
- Free time
- Child’s entry to a popular school

Society
- Better educated workforce
- Reduction in social problems
- Reduction in remedial education
- Release of parents for employment

Source: Audit Commission

Exhibit 7
The factors determining young children’s experiences

Where each child spends time is determined by a combination of factors.

Source: Audit Commission
Factors influencing access

21. Access is affected by a number of factors. These can be quite banal – for example, if a three-year-old child has an elder sibling who needs to be taken at 9am to a school without a nursery, the parent or carer cannot simultaneously take the younger child to a nursery school or playgroup elsewhere. And the factors determining what children take part in change throughout their development in the early years. Overall, the key influences on access are:

- the number of available places;
- where they are located;
- admission procedures;
- parents’ demands; and
- age of enrolment.

The operation of these factors leads to variation within authorities as well as between them.

22. The overall availability of places for under-fives is obviously a major determinant of access. Chapter 1 showed that the number of places varies greatly from one authority to another. The location of places affects some families more than others. Nearly one-third of families do not have a car and in many of those which do, the car is not available for transporting children during the daytime. For these children, transport is a formidable constraint, especially if their parents or carers also look after babies and other children. The only accessible services are those available close to home or on easily used public transport routes.

23. There are two main components of admission procedures: waiting lists and priority admissions for children with particular social, health or developmental needs. Some settings serve only children with one or more need. Professionals such as health visitors, social workers and educational psychologists are normally involved with priority admissions. The professional proposes to the child’s parents that a particular setting would be suitable and then advocates the child’s case to the setting. One key consideration for an authority is how wide to set the definition of need. The children referred include those for whom local authorities have statutory responsibility but the net is often cast much wider; for example, an authority might be keen to support families with unemployed parents.

24. Under-fives services need to take account of parents’ demands, including those related to parents’ own needs and convenience. Otherwise there is at least a risk that some children will miss out. The OPCS survey (Ref. 5) reports that users of all types of childcare services would prefer more childcare: earlier start times, later finish times and more sessions per week.
25. **Children’s ages** can affect admission in many different ways. Registration and inspection conditions often restrict the number of under-threes whom playgroups can enrol even if there are spare places for them; and some nursery classes refuse entry to children who are approaching the age for reception education (the first year of primary schooling). Even the month of birth can affect access, particularly in the school system. This is because children in schools generally move up from one class to another once a year from their first full year of compulsory schooling, while before that, their date of birth often determines eligibility. At one school visited by the study team, the practice of admitting children on different dates according to their month of birth means that the amount of schooling they have had before they begin compulsory education varies. The oldest children receive nearly twice as many hours as the youngest (Exhibit 8). Since being older is itself associated with higher educational attainments, these older children are at a double advantage. However, there is no easy remedy for this apparent inequity. For example, postponing the oldest children’s admission to nursery would be hard to justify to parents because nursery places would be left vacant during the summer term.

### Exhibit 8

**A child’s experience according to age in one school**

The oldest children receive almost twice as much schooling as the youngest before they start in Year 1.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Born Sep to Dec 1988</td>
<td>1,765</td>
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<td>1,765</td>
<td>1,765</td>
<td>1,765</td>
<td>1,765</td>
<td>1,765</td>
<td>1,765</td>
<td>1,765</td>
<td></td>
</tr>
<tr>
<td>Born Jan to Apr 1989</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td>1,148</td>
<td></td>
</tr>
<tr>
<td>Born May to Aug 1989</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Audit Commission fieldwork
26. To review the impact of a combination of factors on access, the study team looked at it from the point of view of eight fictional children. The children were all aged about three but differed in key respects:

- health and development;
- family circumstances;
- social class;
- housing;
- brothers and sisters; and
- ethnicity.

There was a high proportion of children with relatively severe personal and family needs, but several were not in severe need.

27. Detailed case histories of the children were put to a number of professionals (school staff, educational psychologists, social services workers, health visitors, playgroup leaders, other voluntary sector staff) working in eighteen different geographical localities in seven local authority areas. Summaries of the circumstances and health of the eight children are given in Box B, overleaf. Each professional was asked: ‘What services do you think this child would receive in practice if she/he lived in your area?’ Since there were at least two localities in each of the authorities, comparisons can be made within authorities as well as between them.

28. The answers suggest that there is considerable variation in the services which each of the children would receive, both in terms of education and care experiences outside the home (Exhibit 9, p23) and in terms of family support, such as parent education or counselling (Exhibit 10, p23). Parents of at least two of the children (Caroline and Roy) have clear needs of their own which there is a case for tackling, if only as a means of helping the children. Yet in two of the localities Roy’s mother would receive no support either through home visiting or at a centre away from home. In seven of the localities, Caroline’s father would receive no support.

29. Even within the area of a single local authority, there were some marked differences between localities, such as:

- one child with delay in his speech development would, in one locality, be sure of a half-day nursery class place associated with a specialist language unit. Elsewhere in the same authority, his parents would have to pay for a place in a playgroup with no specialist support;

- in an urban area, three of the children would be likely to secure nursery education places for five half-days a week but in a village in the same authority only one would get a nursery education place (and even she would be able to attend for only three half-days a week); and

- in a prosperous area of an urban authority, five of the children would be likely to secure nursery education places but in one of the less prosperous areas only two of them would get places.
These findings relate to children some of whom would generally be regarded as in need. Variations in access for children in general were evident from the fieldwork for this study, which looked at the ranges of provision in two or three localities in each authority and at the pre-school experiences of newly enrolled primary school pupils in those localities. This showed a similar picture of uneven access.
Exhibit 9
Access to services outside the home

Access to the services varies for all the eight fictional children in 18 different locations.

Note:
Playgroups generally charge fees; nursery education does not and daycare includes both paid-for and free settings.

Source: Judgements of health, social services and education professionals working in 18 localities in 7 local authorities

Exhibit 10
Access to family support

There is also variation in family support.

Source: Judgements of health, social services and education professionals working in 18 localities in 7 local authorities
Exhibit 11
Children whose mothers’ preferences are not met

There is considerable unmet demand for nursery education.

Notes:
1. Includes all three- and four-year-old children in the survey sample except those attending reception classes full-time.
2. The survey does not distinguish between private and local authority day nurseries.

Parental satisfaction

31. The OPCS survey (Ref. 5) reports mothers’ opinions of the services their children use and the services which they would like them to use. The survey shows that many mothers’ preferences had not been met (Exhibit 11). For just over a half of the mothers, their children received what they preferred. Among the others – whose children were not getting what their mothers preferred – there was a demand for nursery education and day nurseries.

32. Mothers who preferred nursery education thought it a good preparation for school and a good opportunity to mix with other children. The opportunity to go to work was important to mothers who preferred day nurseries. Price is an obvious point on which services vary – most playgroups charge fees and maintained nursery education does not. But the survey does not report that price was important to the mothers. There is clearly a high level of dissatisfaction among mothers, suggesting that access to the right type of settings is a problem.

33. The overall picture is that access to young children’s services is uneven and arbitrary. There is variation within local authority areas as well as variation between local authorities. In addition, the evidence from the fieldwork is that a local authority’s policy on access is not always implemented in practice throughout the authority.

34. Settings and parents have a wide variety of objectives, including both education and care. But whatever the primary purpose of a setting, the quality of the education it offers is important, because all children need to learn. The research referred to earlier yields one kind of evidence on educational effectiveness. But how does quality vary between different settings? To look at this aspect, the Commission engaged some early years specialist education inspectors formerly employed by Her Majesty’s Inspectorate of Schools (and by its successor the Office for Standards in Education) to inspect over 50 settings of different types in eight different local authority areas. The settings
included maintained primary classes, maintained nursery classes, playgroups and local authority day nurseries. The inspections, which lasted half a day or one session each, evaluated educational quality using an inspection ‘instrument’ (list of criteria) to guide their professional judgements of the quality of achievement, teaching and learning.  

35. The inspections of over 50 settings found strengths and weaknesses in all types, although nursery education scored higher than other types (Exhibit 12). The key features of the nursery education settings were the rarity of low scores and the presence of a few high scores. Most reception classes also did well, but it is noteworthy that the reception classes of nine of the ten schools had the benefit of a second adult in class working with the teacher for at least some of the time (the tenth school was small and had a small reception class). Day nurseries scored better than might be expected from their previously often poor reputation as places for children to learn. This may reflect widespread recent efforts by local authorities to improve children’s educational experiences in these settings, by measures such as training day nursery staff and on-site support from teachers. Playgroups’ scores show that the best playgroups can satisfy the standards of professional educationalists.  

36. The inspectors’ reports did not highlight any single feature common to all the highest graded settings, but two were mentioned in relation to many of them: staff trained specifically for working with young children and the planning of work appropriate to children’s needs.

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**Exhibit 12**

Scores from education inspections of the main types of setting

Nursery education tends to score higher than other types of setting, but all types of setting can do well.

<table>
<thead>
<tr>
<th>Inspection grade</th>
<th>Setting type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>Nursery education</td>
</tr>
<tr>
<td></td>
<td>Playgroup</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>Nursery education</td>
</tr>
<tr>
<td></td>
<td>Playgroup</td>
</tr>
</tbody>
</table>

**Source:** 51 education inspections carried out for the Audit Commission

Notes:

1. Each point refers to one setting and shows the average of three inspection scores: for the quality of achievement, learning and teaching.
2. Inspectors’ judgements range from 1 (very good) to 5 (unsatisfactory).
For a number of the inspected settings, the study team collected information on running costs. There is no evidence that high quality means high cost (Exhibit 13) although more data would be needed before a firm conclusion could be drawn.

As inspections are an indirect way of measuring effectiveness, the Commission undertook an exercise to validate their use by seeking three kinds of evidence about the same settings in one local authority: the assessment of children’s attainment when they started compulsory schooling (known as baseline assessment), social class and inspection evaluations. The exercise involved children currently attending nine different primary schools who formerly attended 12 pre-school settings: two LEA nursery classes, two private nursery schools and eight playgroups. Generally, higher baseline assessment scores were associated with higher inspection ratings and higher social class. Only one of the 12 settings departed from this pattern. This suggests that the inspectors’ judgements in Exhibit 12 are valid predictors of educational impact.

In trying to ensure effective education for young children, there is a natural concern with the quality of their educational experiences in settings. Far less attention is paid to the quantity of time children spend in settings and there is no widely accepted evidence on the effects of different quantities of early years experience. This information gap is serious because of the obvious resource consequences: halving each child’s time at a setting doubles the number of children who can attend. In Britain there is a professional consensus (albeit not a universal one) that, for educational purposes, half-day attendance is as beneficial as anything longer. But within settings of any given type, the quantity of children’s participation varies hugely (Exhibit 2, p9).
40. The running costs of under-fives settings vary substantially, both within and between types (Exhibit 14, overleaf). A large part of the variation in costs is attributable to the variation in children’s time at the settings, so the most useful comparator is running cost per hour per child. This also varies substantially, and shows nursery schools to be the most expensive form of provision and playgroups the cheapest (Exhibit 15, overleaf).

41. The costs are based on a detailed analysis of all the teaching and other running costs. They cover all activities (whether educational or not) inside the settings, but do not cover activity outside the settings, such as special educational needs assessments, transport and information for parents.

42. The highest proportion of total costs in all settings is staff costs (an average of 81 per cent in the Commission’s fieldwork). Playgroups come out cheapest because their staff receive low pay. The other main determinant of staff costs, besides pay, is the child:adult ratio. In most settings, recommended maximum ratios are set out in statutory guidance (Ref. 6). For three- and four-year-olds the ratio is 13:1 in a nursery class, 10:1 in a nursery school and 8:1 in other settings, except reception classes of primary schools. As part of the voucher scheme, the 8:1 ratio is to be relaxed for four-year-olds to match the nursery class and nursery school ratios wherever at least half the staff have qualified teacher status. Reception classes have no laid-down ratios, although each class’s work must be led by a qualified teacher. This makes it possible for them to operate with much larger ratios than are found in other settings and explains why they are the next cheapest. The reason for the lower ratio (and consequent higher costs) in nursery schools than in nursery classes is that a nursery school has its own headteacher, unlike a nursery class, which shares a headteacher with compulsory-age children.

43. These costs may not continue to apply in the future, especially in playgroups. Playgroups’ low costs are often determined by their available funds. Low funding leads playgroups to draw extensively on the goodwill and commitment of the people who work in them, some of whom are not paid at all and most of whom are paid much less than staff with comparable responsibilities in other settings. Low funding also limits staff training. Under the voucher scheme, playgroups which attract four-year-olds will receive higher funding than at present and may be able to pay staff more and train them more. If a typical playgroup paid its staff at local authority nursery nurse rates of pay, its cost per child hour would rise from 99p to £2.72, which is more than the costs of typical reception and nursery classes.
Exhibit 14
Expenditure per year for a child in different types of setting (teaching and other running costs)

Costs vary widely, but local authority day nurseries are the most expensive form of provision.

Exhibit 15
Expenditure per child hour in different types of setting

Despite overlap between settings of different types, there is a clear cost ranking, with nursery schools the most expensive type.

Notes:
1. In both exhibits 14 and 15, the boxes for each type of setting contain the range from the highest and lowest values which are not ‘outliers’, and the horizontal band within the box is the median value of the range. An outlier is a point beyond the upper or lower quartile by more than 1½ times the inter-quartile range.
2. The significance of the £1,100 line, shown in exhibit 14, is that it corresponds to the value of the proposed education vouchers for four-year-olds.
3. Since many day nurseries have significant numbers of children younger than 3, the costs shown for day nurseries have been adjusted so as to count every 2-year-old as 2 children and younger children as 8/3 children, proportions which match the child:adult ratios set out in Guidance under the Children Act (Ref. 6).

Source of both exhibits 14 and 15: Audit Commission fieldwork related to 1993/94
Exhibit 16
Occupancy rates in local authority daycare

Some authorities have low occupancy rates, especially English metropolitan districts and counties.

Source: CIPFA Local Authority Estimates for 1995/96

44. Published data on occupancy rates for day nurseries show that several authorities’ nurseries are under-occupied, especially English metropolitan districts’ and counties’ (Exhibit 16). These published rates show an average for England and Wales of 81 per cent occupancy. Bringing day nursery occupancy up to 100 per cent would bring a theoretical value improvement worth £18 million a year. On the more realistic assumption that occupancy could be raised to 85 per cent in those authorities where it is currently lower, the value improvement would be £7 million a year. This is a conservative estimate because many occupied places are not taken up for all the available hours in the day, but there are no standard statistics on this aspect of under-use.

45. Under-occupancy of local authority nursery classes and schools is not well documented, but certainly occurs. In one nursery school which the study team visited, occupancy was only 78 per cent. There was some under-occupancy in nursery classes and schools of at least four of the twelve authorities studied by the Commission. On the basis of fieldwork data, under-occupancy can be estimated to average about 3 or 4 per cent, which implies a realisable value improvement opportunity of about £12 million a year. Where there is a prospect of under-occupancy, many nursery classes and schools avoid it by increasing what they offer the children on roll. There are two kinds of increase:

- admitting children at or shortly after the child’s third birthday, thus enabling the children to have four or five terms of nursery education. One authority reported that 12 of its 46 nursery classes were doing this and interpreted it as a sign of low local demand for nursery places; and
- offering five full-day sessions a week instead of five half-days (11 per cent of nursery education pupils attend full time).

Some authorities have a deliberate policy to increase provision in these ways, but most authorities do not.
46. The main factors behind the variations in cost are:
   • among settings of any one type, differences in costs per child hour are
     mainly due to differences in child:adult ratios and differences in levels of
     staff pay;
   • low child:adult ratios commonly result from unfilled vacancies. In some
     socially deprived areas, there are fully staffed nursery education places
     which are not taken up;
   • staff in playgroups are often willing to work at exceptionally low rates (the
     Commission study team encountered several playgroups where staff were
     paid around £1.50 per hour); and
   • in schools and day nurseries, differences in staff pay are also due to
     variation in staff members’ positions on salary scales.

47. Early years services are characterised by unevenness in access, effectiveness,
    quality and costs. But in relation to educational effectiveness, there are some
    general themes:
   • high quality can be found in any type of setting; and
   • there is no conclusive evidence that one type of provision consistently
     outperforms any other type educationally;
   • however, inspection evidence indicates that nursery schools and classes
     tend to be of higher quality than other types of setting; and
   • inspection evidence highlights the value of training staff specifically for
     working with young children and of planning work appropriate to
     children’s needs.

48. Playgroups’ low costs make them look an attractive option, but a general
    rise in their educational quality would probably mean increased costs. Indeed,
    when the Government announced that playgroups would be able to claim the
    full £1,100 value of a voucher for five half-day sessions a week, one of the
    advantages cited was that the funds would create an opportunity for all
    playgroups to improve the quality of their provision. After playgroups,
    reception classes and nursery classes incur the next lowest costs and score well
    on education inspections. Nursery classes tend to offer a higher-quality
    experience, although reception classes free parents from childcare for longer.

49. The overall conclusion is that most types of setting have something to
    offer educationally and should play a part in most authorities’ strategies,
    particularly bearing in mind that many types of setting have objectives other
    than just education. In short, authorities should recognise the potential of the
    existing settings in their areas. While some rationalisation may be needed,
    authorities can, in the main, adopt an evolutionary approach rather than a
    revolutionary one.
3 Vouchers and their Impact on Local Authorities

The proposed voucher scheme is intended to encourage the development of education for four-year-olds in a regulated market. Maintained, private and voluntary institutions will be eligible to take part, subject to certain conditions. Most of the finance for the scheme is to come from local authorities.

The current local authority powers and duties are likely to be affected by the voucher scheme but not removed. Local authorities can provide services directly and have powers both to support and to regulate voluntary and private providers. The private and voluntary sectors will be in competition with local authority schools and nurseries for voucher funds.

Many local authorities are seeking ways of co-ordinating the use of all their powers to help under-fives. The organisational structure is less important than a commitment to co-ordination.
The previous chapter identified a number of issues which need to be addressed. The question for local authorities is what they do to improve quality and value for money in early years services, since:

- they do not control the extensive provision in the voluntary and private sectors;
- even within the local authority sector, it is hard to change the current pattern of provision quickly and schools substantially manage themselves; and
- the Government’s voucher scheme may address some of these issues.

This chapter shows that local authorities can play a significant rôle, even in the era of vouchers – if they choose to do so.

The proposed voucher scheme addresses more than just vouchers. It comprises a set of measures to encourage development of education for four-year-olds in a regulated market of public, private and voluntary providers. The main elements of the proposal are:

- the vouchers: a voucher worth £1,100 is to be made available to the parents of every four-year-old;
- a system for authorising settings to redeem the vouchers, involving a registration and inspection process;
- a set of learning goals for four-year-olds;
- possible de-regulation of the opening of new nursery classes at maintained schools; and
- possible lifting of some of the development control restrictions on private sector nursery building.

Reception and nursery classes in maintained primary schools, maintained nursery schools, playgroups, private day nurseries and schools and local authority day nurseries will all be entitled to redeem vouchers. To qualify, a setting will have to show that it is working towards the set of specified learning goals. The setting will also be subject to a quality assurance régime. Settings’ scope to charge fees from parents in addition to the voucher revenue will be unchanged. In particular, maintained schools will continue to be prohibited from charging fees.

Most of the finance for the scheme is to come from local authorities, by means of a precept in the form of a reduction in the revenue grant which central government gives them (expected to be £565 million a year from authorities in England). In England, each authority’s share of the reduction is to be calculated in proportion to the number of four-year-olds in the authority’s schools on three set dates. The sharing formula for Wales will be different. The finance from the revenue grant reduction will be used to fund the scheme, together with some new money (£185 million a year for England, including £20 million a year for administration). (Exhibit 17). Vouchers for the first phase are to be issued in February 1996 for use in April 1996 and will affect only a few areas of England. The second phase will cover the whole of

Current plans do not include revision of the basis of the calculation even if the child population changes; but revenue grant does change if the child population changes, so it is technically possible for a drop in population to cause an authority’s voucher precept to exceed its revenue grant for under-fives education.
the UK one year later. In total, the voucher scheme will cover most of what local authorities currently spend on the education of four-year-olds and more than their schools currently spend (Exhibit 18, overleaf). But the scheme will not cover any of what they spend on educating younger children, or on day nurseries and other social services. The £565 million precept from English authorities is equivalent to about half of what they spend on under-fives’ education, including spending on items outside schools such as special educational needs assessments and transport.

Exhibit 17
Central government financial support for pre-compulsory education now and under the voucher scheme

Decisions are being shifted from local authorities to parents.

Source: Audit Commission
Exhibit 18
Comparison of the voucher scheme with estimated current local authority education expenditure

The voucher scheme will cover most of what local authorities currently spend on the education of four-year-olds.

Note: Applies only to England.

Local authority powers

54. Local authorities have powers to provide, powers to support other providers and certain regulatory duties. All these powers and duties are likely to continue when the voucher scheme is operational but all will be affected by it.

Powers to provide

55. Local authorities are empowered to provide nursery classes, nursery schools and day nurseries and to admit children to primary classes before they reach compulsory school age. They currently spend about £1.4 billion a year in England and Wales on this provision. The extent and manner of local authority control over these settings varies. Broadly, it is strongest over day nurseries, while nursery classes and the schools of which they form part have the strongest autonomy. The key elements are summarised in Box C. (Grant-maintained schools are excluded from Box C because they are separate from local authorities although still in the public sector.) Local authorities retain some involvement – for example, in relation to the admission of children with special educational needs – and an authority can lodge an objection to a proposal for the opening of a new nursery class in a grant-maintained school.
56. The voucher scheme does not directly affect local authorities’ powers to provide. They will continue to choose whether or not to provide nursery education and their access to capital funds (a constraint on their ability to increase their own provision) is not changed. Parents will continue to choose whether to take up what is offered. The statutory procedures governing admission arrangements to nursery schools, nursery classes and primary schools are not being changed as a result of the voucher scheme either. In particular, local authorities will continue to have a major rôle to play in provision for three-year-olds and younger children, who do not come within the ambit of the voucher scheme.

57. But local authority provision will be subject to intensified competition:

- parents of four-year-olds at private and voluntary settings will not have to pay as much as at present, because part (or all) of the fee will be covered by the voucher;
- it may become easier for the private sector to open new settings as a result if development control restrictions are loosened; and
- it will be easier for grant-maintained schools to open nursery classes if the procedures for approving proposals for new classes are relaxed; in particular the local authority’s right to object to new classes could be weakened.

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**Box C: Local authorities and their under-fives services**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Relevant legislation</th>
<th>Governing body?</th>
<th>Funding</th>
<th>Fees levied from parents?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursery class</td>
<td>Education</td>
<td>Yes, main school’s</td>
<td>Through main school’s formula allocation</td>
<td>Prohibited</td>
</tr>
<tr>
<td>Nursery school</td>
<td>Education</td>
<td>Optional; local authority choice</td>
<td>Normal local authority budget process or formula allocation</td>
<td>Prohibited</td>
</tr>
<tr>
<td>Reception class</td>
<td>Education</td>
<td>Yes, shared with the rest of the school</td>
<td>Through main school’s formula allocation</td>
<td>Prohibited</td>
</tr>
<tr>
<td>Day nursery</td>
<td>Social services</td>
<td>No</td>
<td>Normal local authority budget process</td>
<td>Only chargeable for children not ‘in need’</td>
</tr>
<tr>
<td>Home-visiting schemes</td>
<td>Social services and education</td>
<td>No</td>
<td>Normal local authority budget process</td>
<td>No</td>
</tr>
</tbody>
</table>
58. Local authorities will be in competition with the private and voluntary sectors for voucher funds. If an authority retains as many four-year-olds in its schools as it had before the scheme, its overall funding will remain the same as it is now – it will have ‘won back’ all the revenue grant it previously lost; if it increases the number of four-year-olds in its schools and day nurseries, it will attract additional voucher funds.

59. If additional local authority places cost less to run than the voucher value of £1,100, the authority will receive a net increase in funds, but conversely the places may cost more than the voucher value. At the individual pupil level, £1,100 is more than the running cost of most half-time nursery class places but a little short of the cost of most reception class places (Exhibit 19). Of course, if there are unfilled places in settings, the marginal running cost of taking additional children to fill up the capacity will be very small. But unless there are unfilled places, expansion of local authority provision will usually require capital expenditure, either by the local authority or by a private sector partner. The capital cost of a new nursery class varies but is typically around £50,000. Any local authority capital expenditure will have to compete for priority against demands on the pool of capital available for the whole range of local government services, which is not being changed as a result of the voucher scheme.

60. The actual financial impact on an authority and its schools will depend on a wide range of local factors and the operation of the new market opened up by vouchers. Some schools may feel pressure to spend more on their nursery classes to compete with private nurseries. Others may feel compelled to spend more on their reception classes, to secure the enrolment of pupils who will then stay for the rest of their primary schooling. Crystal-ball gazing cannot predict the outcomes. But if parents depart from previous patterns of choice or competition among providers becomes more intense, some authorities may be exposed to greater financial uncertainty than they are now.

61. As local authorities compete with newly opened grant-maintained nursery classes, more is at stake than just the voucher funds. Funds for all the running costs of grant-maintained schools are drawn by precept from central government’s Revenue Support Grant to local authorities. This includes any funding over and above what the vouchers will cover as well as funding for three-year-olds in nurseries. So if the funding mechanisms stay as they are now, the opening of new nursery classes in grant-maintained schools will draw central government funds away from local authority education in ways which private sector competitors cannot. Since there is no basis for estimating how many new grant-maintained nursery classes are likely to be opened, the consequent reduction in total local authority funding cannot be estimated either.
Exhibit 19
Comparison of the value of the voucher with the running cost of a school place for a four-year-old

Most half-time nursery class places will be more than covered by the voucher value but nursery school places will not…

…nor will most reception class places be covered.

Source: Audit Commission fieldwork

Note:
Costs have been converted to November 1995 prices.
Powers to support providers outside the local authority

62. Local authorities support voluntary and private services in four ways:
• grants to subsidise running costs, including those of home-based services;
• use of local authority premises at uneconomically low rents;
• payment of fees for particular children to attend particular settings; and
• grants to subsidise the running costs of associations of providers.

Estimates of the extent of support are hard to glean from local authority accounts since the payments are made from a large number of different budgets and it is hard to identify the value of support in kind, such as subsidised use of premises. The sums of money are certainly small compared with local authorities’ spending on their own settings. For example, in 1994/95 one authority spent £300,000 on supporting playgroups and private nurseries and on purchasing places in them for individual children and at least £2 million on nursery education; it had plans to increase spending substantially, but only on nursery education. The Pre-school Learning Alliance reports that playgroups in England receive a total of £10 million a year from all sources of public funds, not just from local authorities.

63. The voucher scheme will not directly change local authorities’ powers to support voluntary and private settings. The Government is hoping for increased co-operation between the public and private sectors. But the level of support an authority offers may depend on the success of its schools in retaining and attracting four-year-olds. Support for the private and voluntary sectors could be vulnerable to cuts if there is a shortfall in the voucher income from four-year-olds.

Powers to regulate

64. Local authorities register and inspect voluntary and private settings, such as playgroups and day nurseries, and childminders. It is illegal for any of these to operate unless they have current registration with their local authorities. However, the coverage of registration and inspection (R&I) does not extend to local authority or grant-maintained nursery and primary schools (which are subject to the inspection arrangements of the national education inspectorates\(^1\)) or to local authority day nurseries. Nor does it extend to non-maintained schools with five or more pupils of compulsory school age, even where nursery education is the main activity; inspection of these schools is managed by the national education inspectorates, although the process is different from that for maintained schools.

\(^1\) The Office for Standards in Education (OFSTED) in England and the Office of Her Majesty’s Chief Inspector (OHMCI) in Wales.
The core concerns of R&I are health, safety and welfare but the dividing line between these and education is not sharp. So the statutory guidance from the Department of Health (Ref. 6) calls upon R&I to include an education focus:

The aim should be to offer 3 and 4 year olds in day care settings [including playgroups and day nurseries] experiences comparable in quality with those offered to children attending school.

R&I involvement in education issues varies. In a Commission survey of R&I of young children’s settings, 32 per cent of authorities reported no formal links between the R&I team and the education department; 28 per cent reported some joint education/R&I inspections. In 15 per cent of authorities, social services inspection teams had worked jointly with the education department in compiling guidelines for inspectors on reviewing the education content of settings’ activities. Full analyses of the survey results are to be published in a separate document (Ref. 7).

The educational rôle of R&I is almost certain to change, both as a result of the voucher scheme and of a review that the Department of Health is undertaking of the Children Act provisions which govern R&I. The Secretary of State for Education and Employment has said that the quality assurance régime for the voucher scheme ‘...will take account of the existing rôle...of the local Social Services Departments in establishments registered under the Children Act’ and also of ‘...existing registration and accreditation systems in the independent and voluntary sectors’. (The Pre-school Learning Alliance operates a voluntary accreditation scheme for playgroups.) The Department for Education and Employment document Nursery Education Scheme: The Next Steps (Ref. 8) confirms these statements and expands on them. It is proposed that, in England, inspection under the quality assurance régime will be organised by OFSTED or by its agents working under contract.

Links between the different local authority powers

Partly as a result of the separate strands of the legislation, there has been a tendency for authorities to exercise their powers separately. In particular, decisions about opening new nursery schools and classes have generally been taken with little reference to the quantity, quality and accessibility of local private and voluntary provision. Decisions about the services to offer to particular children in need do not always take full account of their educational needs. Increasingly, however, authorities are recognising that this is not the most effective way of doing things, so many are trying to draw the relevant services together.
68. The main powers are vested in the authorities with education and social services responsibilities (counties, London boroughs, metropolitan districts and, in future, the unitary authorities). Statutory education and social services activities are generally located in their relevant departments, while other work, such as support for the voluntary sector, is shared between the two (Exhibit 20). Other departments (such as leisure and economic development) also have some involvement, and in areas served by more than one authority both district and parish councils contribute, often by making premises available to the voluntary sector.

69. From their operational experience of the links between children’s education and care needs, many education/social services authorities recognise a need to co-ordinate their work for under-fives even though the legislative frameworks remain distinct. Authorities’ reviews of their organisational structures have in some cases led them to set up integrated early years departments combining education and social services responsibilities.

70. A recent National Children’s Bureau review (Ref. 9) funded by the Commission and by the local authority associations showed that there is no single best practice organisational blueprint (Box D). The review praised aspects of services in authorities with integrated early years departments. But it did not establish a causal link between the organisational arrangements and the features it praised; it could be that a general commitment to the services caused the integration and all the identified features. The report concluded: ‘If...there is an overall vision which is shared by all the stakeholders...together with the means for implementing it, then this is as important as the type of political or management structure.’

### Exhibit 20

**Local authority actions for under-fives education**

Relevant actions are shared between education and social services.

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**Source:** Audit Commission
Audit reviews in 1994 and 1995 following the Commission’s study of services for children in need (Ref. 1) covered 90 per cent of the relevant local authorities in England and Wales. They found a number of gaps in authorities’ strategic approaches to the management of children’s services:

- only 50 per cent of the authorities reviewed had developed Children’s Services Plans;
- lack of clear direction and poor co-ordination had affected family centres – only 38 per cent of the authorities had established corporate plans to ensure that facilities and services provided by the centres complemented each other;
- only 20 per cent of authorities had assessed local needs as part of the planning process; and
- services tended to be delivered in reaction to demand, rather than as a planned response to identified needs.
The levers available to local authorities

72. The striking feature is that authorities’ influence on early years care and education is much wider than their powers. The Commission’s study team found that the powers provide a springboard from which to engage with the private and voluntary sectors. Once a dialogue has begun, many of those working in the voluntary and private sectors are prepared to be influenced, especially if the local authority shows willingness to reciprocate by letting voluntary and private sector views influence its decisions on regulation, grant support and provision.

73. In many areas, the voucher scheme will lead to the arrival of new competitors for local authority nursery schools and classes and will strengthen the position of existing competitors. So it is possible that some local authorities will react defensively and concentrate attention on their own schools. It is also possible that private and voluntary providers will lose some of their interest in co-operation with local authorities. However, local authorities will retain powers to provide, powers to support other providers and regulatory duties. The scheme poses for local authorities twin challenges of sustaining their funds in a competitive environment and sustaining goodwill among all local organisations working with under-fives.
Local authorities are in a strong position to stimulate improvements in access, quality and costs. Since most of what local authorities do to help young children is discretionary, each local authority has to determine for itself what it wants to achieve.

Local authority action should start with children’s needs without any pre-set views about ways of meeting them. Services should be matched to needs and to parental demands, not least to improve the take-up of under-used services. All types of service can play a part in expansion.

Authorities should work to improve educational quality, both in their own schools and nurseries and in the voluntary and private sectors, where levers such as grants and registration and inspection powers can be used.

It will be vital for central government to measure whether the voucher scheme meets its objective of extending an entitlement to good-quality education for all four-year-olds and to ensure that the scheme includes strong safeguards against fraud. Like local government, central government needs to strengthen inter-departmental co-operation.
Local authorities will need to act on the wide range of management issues identified in this report, as well as responding to the voucher scheme. For central government the key issue will be to ensure the voucher scheme is as efficient and effective as possible, and to monitor its impact. This chapter considers the actions local authorities and central government should now take.

Most of what local authorities do to help young children is discretionary. So each local authority has to be clear what it wants to achieve. This is a policy matter and different authorities will legitimately have different policies based, for example, on their members’ political priorities, local circumstances and availability of funds. Although the policies may differ, the processes of developing them should follow similar lines. Authorities should start by asking themselves a set of questions (Box E). The remainder of this chapter sets out the options available to authorities in responding to these questions, with examples of practice found during the fieldwork for this study. Further advice, including references to good practice in named authorities, is given in the management handbook that will accompany this report. The forthcoming local audits should also help authorities develop their strategies.

Key issues emerging from the national picture are uneven access and uneven quality of provision, with neither linked to costs. These issues put a premium on:

- tackling access problems;
- sustaining and enhancing educational quality; and
- improving the efficiency of authorities’ own settings.

Local authorities are in a strong position to stimulate and encourage improvements in access, quality and costs, not least because they have a statutory responsibility to ensure children in need receive appropriate services.

**Box E**

**issues to be addressed by authorities**

**Client rôle**
- Are overall policies relating to under-fives clear? For example, an authority should spell out an entitlement to services which it realistically aims to see provided, stating which age groups and which needs it will address. The policy should take account of the introduction of vouchers.
- Does the policy focus on the needs of children and their families, rather than on the provision of particular services?
- Are there effective mechanisms for identifying need?
- Is there an effective partnership with the private and voluntary sectors?
- Are all services co-ordinated effectively across the local authority?

**Provider rôle**
- Are directly provided services operated efficiently and effectively?
- Is there a plan for responding to vouchers?
Many will choose to be active on all three issues because:

- there will be no vouchers for children under four;
- local authorities are well placed to monitor whether improvements in access and quality are realised as the voucher scheme is implemented, and can respond where deficiencies persist;
- unnecessarily high costs in local authority provision divert resources which could be channelled into worthwhile action; and
- the Government recognises a continuing need for promulgation of best practice and training for early years workers.

78. Local authorities should ensure that their strategies address access, quality and efficiency (Exhibit 21, overleaf). In Wales the same themes can be taken forward in unitary authorities’ service delivery plans. A number of features are vital to any strategy for pre-compulsory education:

**to tackle access problems**

- focusing on children’s needs, rather than focusing on the provision of particular services in the hope that these will be taken up
- matching services to needs and to parental demands
- improving take-up
- building on the strengths of existing settings of all types
- helping parents exercise the choice available to them
- influencing admissions of children to settings of all types
- co-ordinating education and social services

**to sustain and enhance educational quality**

- supporting quality in local authority settings
- supporting quality in private and voluntary settings

**to improve the efficiency of an authority’s own settings**

- reviewing utilisation of local authority provision.
Formulation of a local authority strategy for under-fives education

Three strands need to be brought together to address access, quality and efficiency.

<table>
<thead>
<tr>
<th>Access</th>
<th>Quality</th>
<th>Efficiency</th>
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<tr>
<td>Define affordable entitlement to services for all children</td>
<td>Define criteria for individual priority and assess how many children qualify</td>
<td>Define criteria of educational quality, having regard to the learning outcomes of the Government’s voucher scheme</td>
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<td>Map gaps where children’s services do not match the entitlement</td>
<td>Ensure priority children are identified and are offered appropriate services: nursery education, playgroup, childminding, home-based services</td>
<td>Encourage educational quality in local authority day nurseries</td>
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<tr>
<td>Choose a blend of enabling and provision to make good the gaps</td>
<td>Build on the strengths of existing services</td>
<td>Monitor all aspects of the service</td>
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Tackling access

Focusing on children’s needs

Local authority action should begin with children’s needs, without any pre-set views about ways of meeting them. The authority should establish a clear policy on the needs which it seeks to address and an understanding of parents’ demands. For example, the policy should set out the authority’s intended support for young children’s welfare and development, with a balance between individual parents’ wishes and the authority’s views about children’s needs. There will be a wide range of possible actions. For example, family support such as parent education may be more helpful to some children than education for the children themselves (family support was as big a feature as nursery education in the much-quoted High/Scope programme in the USA (Ref. 4)). Authorities naturally also need to recognise limits on their scope for action, in particular their current and future likely funding. An authority could draw up a statement of children’s entitlement to services which combines a child-focused approach with a recognition of current constraints (Box F).
Box F
Illustrative example of a client-focused policy

1. From age 3½, every child shall have the opportunity to attend at least three sessions a week in a setting which meets the authority's educational quality standards, term-time only.

2. The sessions shall last at least 2½ hours and parents will be charged no more than £1 a session.

3. From the term before the fifth birthday, every child shall have the opportunity to attend at least five sessions of 2½ hours in every term-time week in a setting which meets the authority's educational quality standards and charges nothing.

4. From the age of 3½, children meeting the following criteria of need shall not have to pay for their three sessions a week:
   - family income below £150 a week (families with two children)
   - at least one family member registered disabled.

5. There will be a process for professional assessment of a family's needs. It will include the following criteria:
   [criteria which at least satisfy the stipulations of the Children Act]

6. Any family identified as being in need according to this assessment will be entitled to access to a range of services...

As always with illustrative examples, it is important to stress that both more and less generous statements would have been equally possible.

80. Some authorities may have policies to ensure that as many children as possible from disadvantaged backgrounds or with special educational needs receive the services. Such policies could form part of an effort to narrow the gap in attainment between children when they start in compulsory schooling. As noted earlier (paragraph 6), the gain from pre-school education can offset the educational lag of four to six months which results from social disadvantage. Other authorities may choose other priorities; for example, children who live in rural isolation or the children of lone parents who seek employment.
The focus on children’s needs applies to authorities with universal services as well as to those with lower levels of provision. Even if there are enough nursery education places for all resident children, the authority should ensure that children are able to gain access to their services in practice. Addressing access involves tailoring local authority services to local needs and encouraging other providers to tailor their services similarly.

### Matching services to needs and to parental demands

There are essentially two approaches to matching services to children’s needs and their parents’ demands: an approach focused on individual children and one focused on groups of children; all authorities should use both and most do. The *individual* approach requires mechanisms to enable professionals to identify individual children with high-priority needs (Exhibit 22). There have to be ‘gatekeeper’ arrangements which enable professionals to sponsor admission to local authority, voluntary and private provision. These arrangements have to take account of statutory duties to children in need under the 1989 Children Act and to children with special educational needs under the 1993 Education Act. Some special educational needs can be identified by ‘gatekeepers’ such as health visitors; others may not come to light until the child has attended a setting for some time where staff are alert to special needs.

Most authorities have ambitions to support more children than just those with individually identified high-priority needs. It is not practical for gatekeepers to pick up all needs, so the *group* approach seeks to ensure that more widely available services reach needy groups in the population. It involves development of services which are easily accessible to priority clients but relies on the clients themselves to take them up (Exhibit 23). The voucher scheme could contribute to a group approach, so long as parents are able to use the vouchers effectively.

### Improving take-up

Another determinant of access is how well settings meet parents’ preferences. If their preferences are ignored, parents do not take up the services provided. It is not uncommon for nursery classes in deprived areas to be under-occupied. Whatever the reason, low take-up means that children do not receive the benefit of nursery education. Where parents are not taking up the service, authorities should find out why – for example, by conducting opinion surveys of parents. They should then make affordable changes to reflect the parental demands. One of the delicate judgements to be made is on how much childcare or other support should be offered to families to ensure children’s access to services of value. Options include:

- day nurseries;
- drop-in centres and other informal support for parents;
- centres which combine both daycare and nursery education; or
- nursery classes with care before and after school sessions.
85. Before- and after-care may not be relevant everywhere. Although in some disadvantaged areas visited by the study team the lack of before- and after-care appeared to be a significant obstacle to taking up nursery education, in other disadvantaged areas there appeared to be little demand for it. The Commission’s report, *Seen But Not Heard* (Ref. 1), contains more detailed discussion of the planning of services in response to family needs.

86. For many families, especially in rural areas, access to nursery classes and schools as they currently exist is not practical – the population is simply too sparse to sustain nursery classes. Neither parents nor authorities are keen on home-to-school transport for young children. Authorities have tried a number of approaches, but none has proved itself unequivocally. Humberside has set up peripatetic nursery teaching teams (Box G, overleaf). Such an arrangement brings nursery education to rural children but it tends to be expensive, since the numbers of children in each session are kept low both by the size of the local population and by the sizes of the rooms which rural schools make available.

**Building on the strengths of existing settings**

87. As well as looking at matching services to needs, authorities can increase the quantity of provision. The private and voluntary sectors tend to do more where there is little public provision (Exhibit 4, p14). However, most authorities will see it as their rôle to check how well needs are being met and address any deficiencies. A widely used approach is to focus on needy localities, usually identified using census and other demographic data. When Norfolk wished to expand services for young children, it commissioned a review which included data on needs and provision for every rural parish and urban electoral ward in the county.

88. In deciding how to extend provision in a locality, the first step should be to look at the existing settings, to see how well they are meeting need. If they are not doing so adequately, there may be scope to help them. Possible enhancements include:

- increases in capacity;
- initiatives to support quality; and
- initiatives to support work with children with special educational needs.

Just because a setting has, or lacks, a particular label above the door is no grounds for ignoring it – or for assuming that all is well. In general, all types of setting have a contribution to make to a local authority’s strategy. With so many services currently in existence, it would be wasteful to ignore them. However, the high costs of nursery schools, particularly relative to nursery and reception classes, mean that the case for investing in new ones will seldom be compelling.
Box G
A Humberside peripatetic nursery education team

The team visits five rural primary schools every week. During its visit the host school provides a classroom where local pre-school children attend for nursery education.

The service offered
- The team offers nursery education similar to that offered by nursery classes and nursery schools, but with generally smaller teaching groups.
- Staffing comprises a teacher and a nursery nurse, as is typical in nursery classes elsewhere.
- But most children attend for two sessions a week and some for only one session a week (in contrast to the five sessions typically offered by nursery classes).

Costs
- Cost per child hour is typically twice that of conventional nursery classes (but cost per child lower because children attend fewer sessions).
- Teaching groups are either 15 or 20 instead of the more usual 26.
- The team has to travel between morning and afternoon sessions, thus curtailing afternoon sessions.
- The team teaches for 9 sessions a week instead of 10, to allow for staff planning and administration.

89. Berkshire observed that village playgroups can operate with smaller numbers than nursery classes. In a partnership in one rural area which could not support nursery classes, the authority has chosen to work with accredited playgroups to meet educational needs (Box H). In a recent evaluation of the partnership, education officers reported ‘…the children in the two playgroups have clearly benefited from the opportunities to develop greater independence, self-confidence and respect for others and there is the potential for some of the educational aspects to be developed further.’

90. There are two main ways for an authority to co-operate with private and voluntary providers. It can help them set up new places for children; for example, by supplying suitable premises or revenue support (or both), leaving the provider to operate the places. Such co-operation can add more places than either the private provider or the local authority could do alone. Alternatively, an authority can take advantage of existing private and voluntary places to ensure a wide range of different types of support for children.

91. Vouchers could lend an added impetus to local authority co-operation with the private and voluntary sectors. Vouchers will make it easier for local authorities to subsidise fees to make them affordable, since vouchers will do part of the subsiding job for them (although only for four-year-olds). Moreover, co-operation with the private and voluntary sectors will allow local authorities to reduce the financial risk which vouchers create. This risk is likely to arise from increasingly fluid patterns of enrolment in schools, playgroups and nurseries. It is much easier for an authority to respond to fluid enrolment by adjusting its grants and other support from year to year than by making changes to its own provision.
92. An authority needs to consider the impact of any changes on existing facilities in the vicinity. For instance, a new nursery class usually draws children away from existing playgroups (if only because most playgroups charge fees and nursery classes do not), which may jeopardise the playgroups’ survival unless they are able to recruit additional younger children. Unless nursery classes can accommodate all local children, some may be left without access to any pre-school education. In one locality in a Commission fieldwork local authority, a new nursery class opened in September 1995; the new class increases local provision substantially but not enough for there to be places for all eligible children. The future looks uncertain for the two local playgroups, where 80 per cent of the children were of nursery-class age.

Helping parents exercise choice

93. Another way for authorities to improve access is by giving out information, following the example of authorities which produce booklets about all local services for pre-school children (Box I, overleaf). Several authorities also maintain databases which allow authority officers to give specific information to parents in response to enquiries.
Influencing admissions

94. Admission rules are a key element in determining access. A simple, and widely used way for authorities to influence admissions to voluntary settings is for them to reserve places as a condition of grant. Alternatively, authorities can buy places in the private sector, or, in future, make up the difference between the fee and the value of a voucher.

95. The concerns of parents, service providers and authorities do not always coincide. For example, some schools express concern that a high proportion of children with social or special educational needs in their nurseries may reduce the educational quality of pupils’ experience. But the local authority has some powers and influence over the rules under which settings determine admissions.

96. To bring together consideration of the needs of individual children with providers’ concerns, the London Borough of Lewisham has instituted a system of termly admissions panels, which control placements of children in need to the authority’s own day nurseries, to voluntary and private nurseries where the authority buys places and to sponsored childminding (Box J). Among their other functions, these panels enable the authority to influence admissions to schools and playgroups, where it does not determine admissions.
Co-ordination between education and social services

97. Focusing on clients will quickly show that needs do not fit into a neat categorisation between education and social services. Much existing provision can serve both kinds of need, but a client focus depends on co-ordination between education and social services departments. Good management can be found within integrated structures and in structures where education and social services are completely separate, as well as in structures which lie between these extremes. There is no blueprint for success. As the National Children’s Bureau notes (Ref. 9), the key requirement is ‘...to develop strategies for planning, resourcing and reviewing high quality services for young children that are “owned” by all elected members and senior officers. These strategies need to be supported by the capacity to make executive decisions, which requires some control over budgets.’ The Commission has also encouraged joint development of strategy for children’s services (Ref. 1).

Sustaining and enhancing educational quality

98. The Department of Health recognises the need for high educational quality (Ref. 6) and the Department for Education and Employment proposes to open eligibility to its education voucher scheme to settings of many types. So local authority strategies need to address the educational quality of settings.

99. For a local authority’s own settings, direct intervention is possible. North Tyneside, Sheffield, Liverpool, Trafford and the London Borough of Lewisham deploy education professionals to work alongside day nursery staff to improve the education of children in local authority daycare. Another authority seeks to help four-year-olds in reception classes by asking schools to commit themselves to meeting laid-down staffing, space and other standards as a quid pro quo for being permitted to admit these younger children.

Box J

Lewisham’s admissions panels for under-fives

The panels control placements of children in need to:
- the authority’s own day nurseries;
- voluntary and private nurseries where the authority buys places; and
- sponsored childminding.

There are panels in each of seven localities across the Borough.

Members include health visitors, social workers and the care providers.

Schools and the local association of playgroups are also represented.

Panels ensure that all relevant professionals hear others’ points of view.

Panels influence subsidised placements in playgroups and admission to nursery schools and classes – although the authority does not determine admissions for these.
100. For *private and voluntary playgroups, private nurseries and childminders*, local authorities have used registration and inspection as a means of supporting educational quality. They can apply conditions which include staff training (the inspections of settings conducted for the Commission’s study indicate that the skills and experience of staff are a major determinant of how good a setting is) and the availability of play facilities. But an authority does not need to confine its intervention to wielding the ‘stick’ of R&I. It can consciously mesh together R&I stipulations with grant aid and other kinds of help to providers, as Humberside does (Box K).

101. Gloucestershire awards grants to individual playgroups on the basis of evaluations of the playgroups. The evaluations are combined with R&I inspections and are made against a set of explicit education-related criteria.

102. The management handbook which will accompany this report (Ref. 7) gives examples of local authority approaches to quality in non-local authority settings using registration and inspection as well as various kinds of support to them.

**Improving efficiency in an authority’s own settings**

103. To make best use of resources, authorities will wish to ensure that their settings are filled to capacity with children with the needs the authority has identified as having priority. There are two main reasons for unfilled places: too many places in the locality (often as a result of population loss) and family circumstances. If there are too many places for the population in an area, the local authority will need to establish a strategy which will allow it to redeploy the resources. But if places are unfilled because of parental choice, the authority needs to identify the reasons and take appropriate action. Wherever there is under-occupancy or deviation from policy, the reason should be explored. Action to tackle under-occupancy needs to be tailored to local circumstances and policies. There is a wide range of approaches, such as reducing capacity and various forms of care before and after school hours – which also support children’s access to services (see paragraph 84 above). Options which involve additional services inevitably entail additional expenditure. Measures which authorities should take to review the efficiency of their own settings are covered in more detail in the management handbook.
Box K
Humberside’s combination of registration and inspection with grant support

How it works
The authority’s R&I team asks childminders and staff in day nurseries and playgroups to take part in training every year.

The authority offers:
- financial support and guidance to the providers’ associations to run training; and
- help from authority specialists in designing the training.

The financial support
- keeps the price of associations’ training down (although the associations are not monopoly suppliers of approved training); and
- makes it attractive for providers to join the relevant associations.

As more providers join, the associations become more representative of them, which means:
- the design of training takes providers’ concerns into account;
- providers become more committed to the training; and
- the authority improves its general understanding of providers’ concerns.

Regulatory and supporting actions reinforce each other
Monitoring the impact of the voucher scheme

104. The voucher scheme aims to extend an entitlement to good-quality education to all four-year-olds. It will be vital to measure whether the scheme is meeting this objective so that appropriate remedial action can be taken should there be any shortfall. Data will be needed on the position before the scheme starts and on how things change once it is in operation. Data on the participation of children in different institutions is inconsistent and quality is not reviewed in the same way in all sectors. So it will be necessary to mount a one-off exercise to establish the current pattern. This exercise will probably have to be based on a sample, but one which is big enough to show the impact of the scheme on different social and ethnic groups. It should also include three-year-olds (and possibly younger) so any effect on younger children can be monitored.

105. Once the scheme is established, some data on participation will be available from the records associated with the issue of vouchers and information on quality will be available from the quality assurance régime. Again it will be important to measure the impact on different social and ethnic groups and on three-year-olds, and this may require additional data collection.

Stewardship of public funds

106. The voucher scheme will disburse large sums of public money (£¾ billion a year in England) to a wide range of public, private and voluntary bodies running some 40,000 separate institutions. Vouchers will pass through hundreds of thousands of pairs of hands as they transfer the funds from the Exchequer to the proprietors of these 40,000 institutions. The number of transactions means that the system is comparable with the benefits system, although parents, unlike claimants, will not receive money directly. The Commission’s recent report, Protecting the Public Purse, (Ref. 10) found that 98 per cent of all cases of fraud in local government involved abuse of the benefits system. So the scheme will need powerful procedures to prevent fraud. Although the total sums involved are smaller, the number of outlets is greater (there are 17,000 post offices in England and Wales). There could even be potential for a black market to develop, especially since parents of four-year-olds who do not want pre-compulsory education will be entitled to obtain vouchers.

Inter-departmental co-ordination

107. Just as local authority departments need to work together, so too do the relevant central government departments, of which the most significant are the Department for Education and Employment (DfEE), the Department of Health (DoH) and the Welsh Office. Among a number of points where difficulties arise and which need to be addressed are:

- the separate but overlapping criteria of need covered by the 1993 Education Act (special educational needs, which education departments implement) and by the 1989 Children Act (implemented by social services departments);
incompatible statistics on services (broadly, the DoH counts child places and the DfEE counts children using services).

108. Under-fives education has widely based public support because the prize of a better educated citizenry and workforce is important for the well-being of society and the country’s international competitiveness. Local authorities can, if they choose, play an important rôle in improving pre-compulsory education. The task for authorities is to manage growth, improve access, enhance quality and pursue efficiency. The key is to focus on the needs of children and their parents, rather than to focus on the provision of particular services. Good pre-school education sets the foundation for life-long learning.
Recommendations

To local authorities

1. Clarify overall policies relating to under-fives. Policies should include achievable statements of children’s entitlement to services and should take account of the introduction of vouchers.

2. Focus on the needs of children and their families, rather than on the provision of particular services.

3. Develop effective mechanisms for identifying need, drawing on local statistics and information from professionals working in the area.

4. Inform parents about the range of services available to children using means such as information booklets and computer databases.

5. Sustain effective partnership with the private and voluntary sectors, using both ‘sticks’ (registration and inspection) and ‘carrots’ (grant and other support).

6. Encourage educational quality in all services by focused support.

7. Co-ordinate services across the local authority, in particular between education and social services.

8. Ensure directly provided services are fully utilised.

9. In any expansion programme, ensure that the strengths of existing services of all types are built on appropriately.
### To central government

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<td>Monitor the impact of the voucher scheme, including a comparison of the take-up and quality of under-fives services after the introduction of the voucher scheme with the position before.</td>
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<tr>
<td>11</td>
<td>Ensure that powerful procedures to prevent fraud are incorporated into the voucher scheme.</td>
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<tr>
<td>12</td>
<td>Strengthen inter-departmental co-operation, especially between the Department for Education and Employment, the Department of Health and the Welsh Office.</td>
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Appendix 1: The Audit Commission Study

The main components of the study were:

1. Fieldwork in 12 local authorities, including visits to 212 settings (nursery classes, nursery schools, reception classes, day nurseries, family centres, playgroups); investigations in each local authority covered local authority strategies for under-fives education, costs of settings of all types, access to provision, registration and inspection of voluntary and private provision, and local authority support for voluntary and private provision. The 12 authorities were:
   - the London Borough of Croydon
   - Gloucestershire County Council
   - Humberside County Council
   - the London Borough of Lewisham
   - the City of Liverpool
   - Norfolk County Council
   - North Tyneside Metropolitan Borough
   - the City of Sheffield
   - Surrey County Council
   - the London Borough of Sutton
   - Trafford Metropolitan Borough and
   - West Glamorgan County Council.

2. Educational inspections of 51 schools and other settings carried out by Marion Dowling, Jane Herbert, Pam Maclay and Elisabeth Matthews, all early years specialists recently retired from Her Majesty’s Inspectorate of Schools and the Office for Standards in Education.

3. An opinion survey of parents whose children had recently left pre-school settings carried out by the Gallup organisation and analysis of results of baseline assessments of those children’s learning and skills at the start of compulsory schooling.

4. A questionnaire issued to all social services authorities, which achieved a response rate of 80 per cent; the questionnaire covered the work of teams which register and inspect voluntary and private childcare and the resources used by these teams.

5. A comparison of education and care services in a range of economically advanced countries prepared for the Commission by Donald Hirsch, an international education consultant, on the basis of published literature and data from the Organisation for Economic Co-operation and Development.
6. A comparison by the Curriculum Evaluation and Management Centre, University of Newcastle upon Tyne of results of baseline assessments and children’s prior experiences. The main fieldwork and analysis were supported by Bradford and Solihull Metropolitan Borough Councils and by the National Association of Headteachers.

7. A study by the National Children’s Bureau, commissioned jointly by the Association of County Councils, the Association of Metropolitan Authorities and the Audit Commission, of the impact on under-fives services of different local authority organisational structures for managing these services.

The study team comprised James Kennedy from the Local Government Studies Directorate and Martin Robinson, seconded from District Audit, under the direction of Steve Evans. From September 1994 to January 1995, Gill Green was a member of the study team, also on secondment from District Audit. Additional research and interviewing were carried out by Steve Sullivan and Lloyd Davis.

An advisory group met regularly throughout the study to review progress and provide professional guidance on a range of emerging issues. The members of the advisory group were:

- Mrs Sue Cart Social Services Officer, West Sussex
- Mrs Arline Kersey Headteacher, Anns Grove Primary School, Sheffield
- Ms Margaret Lochrie Chief Executive Officer, Pre-school Learning Alliance
- Mr Alan Parker Education Officer, Association of Metropolitan Authorities
- Dr Gillian Pugh Director of the Early Childhood Unit, National Children’s Bureau
- Mr Stephen Sharp Chief Education Officer, Buckinghamshire
- Ms Margy Whalley Head of Pen Green Centre, Corby, Northamptonshire
- Ms Jenny Williams Education Officer, London Borough of Camden

Members served in their personal capacities.
Appendix 2: Research Studies on the Effectiveness of Early Years Education

The most thorough review in recent years was Professor Kathy Sylva’s for the Royal Society of Arts (Appendix C of Ref. 2). Since that review there have been papers reporting work based on National Curriculum assessments and on baseline assessments; i.e., assessments of children’s levels of attainment at the start of compulsory schooling.

The first assessments which are applied widely to children and standardised between schools are the National Curriculum assessments at the end of Key Stage 1, when most children are seven. Two recent research studies have examined the relationship of Key Stage 1 results and pre-school experiences. One study analysed Key Stage 1 results against a number of factors which might be expected to influence them (Ref. 11). It concluded that nursery education had a clear positive effect on pupils and so, too, did age and the number of terms of infant schooling.

Another research study took account of social class directly and differentiated between nursery education and playgroup (but it did not distinguish clearly between children who had been to both nursery education and playgroup and children who had been to just one of the two) (Ref. 3). It found that both nursery and playgroup experience had a positive effect on children’s achievements when compared to non-attendance. Being a member of an advantaged social group gave children a start over average children of four to six months. Attending playgroup gave an advantage of approximately two months and attending nursery an advantage of four to five months relative to non-attendance. The nursery experience could in effect bring a disadvantaged child up to the level of the average (Exhibit A2.1).

Baseline assessments provide another source of evidence on the effectiveness of pre-school experiences. The Performance Indicators for Primary Schools project of Newcastle University uses the same baseline assessments in several parts of the country. Results from Autumn 1994 assessments analysed for the Commission showed that pupils who had participated in nursery education scored significantly higher than ex-playgroup pupils and those who had been in neither nursery education nor playgroup (Exhibit A2.2).

Exhibit A2.1
Effects of significant factors on assessment scores at age 7
Three main factors affected children’s national curriculum attainment at age 7.
Source: S Daniels (Ref. 3)
Exhibit A2.2  
Effects on baseline assessment scores of significant factors

Nursery education is associated with a significantly higher score.

Source: Newcastle University Performance Indicators in Primary Schools baseline assessment results of 2,678 pupils from 71 schools in 11 different English local authority areas
Appendix 3: Inspecting the Educational Quality in Care and Educational Settings for Children between the Ages of Three and Five Years

Summary of the framework used by inspectors working on the study

1. Basic details of the early years institution
2. Summary of findings, summarising the strengths and weaknesses of the quality of education in the setting
3. Quality of achievement
4. Quality of learning
5. Quality of teaching
6. Areas of learning within the curriculum
   6.1 Linguistic and literary areas of learning
   6.2 Mathematical area of learning
   6.3 Scientific and technological area of learning
   6.4 Human and social area of learning
   6.5 Physical area of learning
   6.6 Aesthetic and creative area of learning
7. Quality and range of the curriculum overall
8. Physical resources for learning
9. Working with parents

Within each of the areas inspected, there was a set of detailed criteria. For example, in area 4, the quality of learning, the framework states:

The quality of learning will be judged in terms of the children being able to:

- show confidence when mixing with other children and adults;
- become involved in practical activity, enquiry and purposeful play;
- show interest and self-motivation in what they are doing;
- consolidate, apply and extend their previous learning; and
- demonstrate in their behaviour increasing levels of self-control and consideration for others.
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The Audit Commission was established in 1983 to appoint and regulate the external auditors of local authorities in England and Wales. In 1990 its responsibilities were extended to include the National Health Service. For more information on the work of the Commission, please contact:

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