Under-fives Count

A Management Handbook on the 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.
Under-fives Count

1 Local Authority Strategies

2 Finding Out about Access and Efficiency

3 Finding Out about Effectiveness and Quality

4 Considering the Potential for Home-visiting Schemes

5 Improving Access and Quality

6 Organisational Structures

7 Managing Vouchers
Contents

Principles of Good Practice 3

Introduction 5

1 Local Authority Strategies 9
1.1 Identifying client needs 11
1.2 Setting service objectives 17
1.3 Setting priorities: reconciling objectives with resources 18
1.4 From client needs to affordable policies: an illustrative example 19

Checklist for Action 25

2 Finding Out about Access and Efficiency 26
2.1 Measuring access 27
2.2 Efficient use of resources 34

Checklist for Action 43

3 Finding Out about Effectiveness and Quality 44
3.1 Self-reporting 46
3.2 Inspection 46
3.3 Assessment of children's learning 52
3.4 Combining methods 54

Checklist for Action 55

4 Considering the Potential for Home-visiting Schemes 56
4.1 Bringing home-visiting within the under-fives strategy 57
4.2 Costs of home-visiting schemes 59

Checklist for Action 60

5 Improving Access and Quality 61
5.1 Combining access with quality 62
5.2 Improving access to non-local authority settings 63
5.3 Improving educational quality in non-school settings 66
5.4 A development strategy 70
5.5 Information for parents on available services 74

Checklist for Action 75

6 Organisational Structures 76
Checklist for Action 80

7 Managing Vouchers 81
7.1 Overview: the local authority as competitor and co-ordinator 82
7.2 Co-ordination: putting children first 83
7.3 Vouchers and quality 83
7.4 Competition: the need to sustain viability 85
7.5 Areas to address in preparation for vouchers 85

Checklist for Action 88

Appendix 1
A Method for Quantifying the ‘Throughput Efficiency’ of a Nursery School or Nursery Class 89

Appendix 2
The Inspection Instrument Used in the Audit Commission Study 92

Appendix 3
Costing 101

References 109

Index 110

Typeset by Ministry of Design, Bath
Printed in the UK for the Audit Commission by Bourne Press
ISBN 011 886 441 6
Photographs by kind permission of: Sally & Richard Greenhill (p28); Hilary Shedd (cover photo, p8, p9, p4, p56, p61, p76, p81); Telegraph Colour Library (p19); Tony Stone Images (p26).
Principles of Good Practice

Local authorities should devise strategies for under-fives education that start with the needs of children, rather than with the existing pattern of provision.

- Pre-school children are cared for and educated in a wide range of settings. When looking at how to develop these services, local authorities should start by looking at the general and particular needs of children living in the area. They should then consider which settings can best contribute to meeting those needs. They should not take the existing structure of provision as fixed: where restructuring can meet a need better than expansion, it should be considered.

Policies should be designed to produce a level of entitlement that matches the resources available.

- Many authorities currently formulate policies without sufficient reference to their affordability, and then have to trim provision arbitrarily to stay within budget. Identifying affordable priorities is therefore necessary in order to ensure that similar kinds of need are met equitably across the authority.

Authorities should consider all possible options for improving access and quality – not just the option of expanding their own nursery education provision.

- Access to good-quality settings can be improved either by increasing admissions to those that are already of good quality, or by improving the quality of those which are currently less good. There are various ways in which authorities can help enhance voluntary and private provision, both quantitatively and qualitatively: they should do so wherever this is a more cost-effective way of meeting needs than improving local authority provision. They should also compare the cost-effectiveness of developing existing settings with that of opening new ones.

Steps should be taken to ensure that local authority provision is used efficiently.

- Under-occupancy of nursery places is a widespread problem that needs to be addressed. The practice of giving some children more than the guaranteed level of free nursery provision, while children elsewhere in the authority receive nothing, can conceal under-occupancy. It is important that authorities set policies on children’s entitlement in quantitative terms, in order to deliver a consistent level of access. It may be necessary to reduce provision which is poorly sited in order to release resources for services elsewhere.
A combination of tools should be used to judge the educational effectiveness of each setting for under-fives.

- The Audit Commission study shows that it is impossible to judge the effectiveness of a setting by the ‘label above its door’. Registration and inspection of non-local-authority settings could be used more to evaluate their educational value, where such information is not available from other sources. Some use can also be made of ‘baseline’ assessments of children’s abilities when entering school, to evaluate the outcome of their pre-school experience. Information on educational effectiveness, however imperfect, is essential to make judgements about whether support for different settings is likely to meet local authority objectives.

The value of home-visiting schemes should be considered alongside the value of out-of-home provision.

- Local authorities tend to make decisions about funding home visiting in isolation from decisions on nursery education and other kinds of out-of-home setting. But a client-oriented approach demands that authorities assess whether particular needs are better met within the home or away from it. To enable authorities to compare cost-effectiveness, the cost of support for home-based schemes needs to be looked at carefully alongside the cost of other options.

Local authority services for under-fives should be well co-ordinated. But there is no single organisational blueprint for achieving this.

- Integrating social services-based and education-based elements into a single under-fives service is one way of getting coherence across a range of services. But integrated early years services need to avoid creating barriers between early years and other services such as primary schooling. Each authority must find the organisational structure that suits it best. The important thing is a willingness to collaborate, ensuring that both the care and the educational objectives of under-fives settings are taken fully into account in decision-making.

The introduction of vouchers for four-year-olds does not remove the need for local authorities to play a co-ordinating rôle.

- Local authorities, just like all those who run settings for four-year-olds, will have to compete for voucher-carrying children in order to maintain existing provision. However, authorities, as the bodies that register, inspect and in some cases subsidise voluntary and private provision, will continue to have a wider rôle. They should aim to maintain good working relationships and an objective assessment of which providers are best placed to meet client needs.
1. Children’s early educational experience is crucial for developing the socialisation and learning skills that they will need throughout their lives. Although local authorities have no statutory duty to educate children under five, they have increased the number of school places for this age group over the past decade. Most children now use at least one care or educational service from the age of three.

2. Services for the under-fives are largely discretionary. It is therefore a matter for individual local authorities, not for the Audit Commission, to decide how far they should make provision or support the provision of others. But the Commission can play a rôle in helping authorities to spend money on under-fives efficiently and effectively.
3. *Counting to Five* (Ref. 1), the Audit Commission’s report of its study on the education of young children published in January 1996, identified three particular issues that authorities need to address:

- **uneven access to services**, which exists not only between local authorities but also from one place to another within a local authority’s boundaries;
- **variable educational quality** among playgroups, daycare and schools, in some of which education is not the primary objective, but in all of which the quality of education is important; and
- **variable costs**, both within and between different types of setting, which are not always related to quality.

4. The report concluded that local authorities are in a strong position to stimulate improvements in access, quality and costs (Exhibit 1). It recommended that they should start with the needs of the child, without any pre-set views about ways of meeting them. By looking at patterns of need and parental demands, authorities can provide and support services that are well used. They can work to improve quality both in their own schools and nurseries and in the voluntary and private sectors, using levers such as grants and registration and inspection powers.

5. This handbook is designed to help local authorities implement the Audit Commission’s recommendations. Like *Counting to Five*, its focus is on the educational dimension of settings for under-fives. In practice, it is of most relevance to services for three- and four-year-olds, since most local authorities do not have extensive services for under-threes.

6. The Audit Commission’s study did not identify any single model of good practice. In this discretionary service, there is scope for each authority to adapt its policies to local circumstances, according to its own priorities and resources. But what is important for every local authority is to confront certain issues, which hitherto have been too frequently avoided. In particular, authorities should ask themselves:

- What are the needs of young children in our area?
- At what level is it feasible for these needs to be met? and
- Which settings are able to meet these needs most efficiently and effectively?

7. Local authorities have become more systematic about asking the first of these three questions since the 1989 Children Act required them to review regularly the needs of under-eights. But they have not always looked at needs alongside available resources to define policy commitments that are both consistent and affordable. Nor have they always managed to take an unbiased view of which setting is best suited to meeting these needs. Authorities vary enormously in terms of how willing they are to help the voluntary sector play an active rôle in meeting needs. Moreover, where there is little new money, they too often regard existing expenditure as cast in stone. The most challenging feature of an approach starting with client needs is a willingness to ask whether they can be met more effectively by redeploying resources rather than merely by adding incrementally to the services that already exist.
Exhibit 1
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>
</tr>
</thead>
<tbody>
<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>
</tr>
<tr>
<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>
</tr>
<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>Support measures to improve quality in schools</td>
</tr>
<tr>
<td>Build on the strengths of existing services</td>
<td>Monitor all aspects of the service</td>
<td>Decide which aspects of policy to review</td>
</tr>
</tbody>
</table>

Source: Audit Commission

8. The handbook’s aim is to help authorities address such questions, not to pre-empt the answers. It looks at the tools available to local authorities, and at the issues that they need to take on board. It also points to examples of how some local authorities have attempted to address these questions.

9. The handbook is structured as follows:
   - Chapter 1 is an overview of how a local authority should identify needs, develop a strategy that translates needs into objectives, and then take the further step of selecting which objectives can be tackled, given available resources.
   - Chapters 2-4 examine how local authorities can find out about the efficiency and effectiveness of educational provision for under-fives, in relation to their needs. Chapter 2 looks at how efficiently access is provided through local authorities’ own provision, and suggests ways in which it can be enhanced. Chapter 3 focuses on the ways in which
authorities can find out about educational quality in their own provision and that of others. Chapter 4 considers the contribution that can be made by home visiting, and argues that local authorities should consider home-based services alongside out-of-home services.

- Chapter 5 suggests ways in which local authorities can go about improving access and quality. In particular, it points to ways in which authorities can help create access in non-local authority settings and ways of assuring adequate educational quality in these settings. This chapter also shows how authorities can make objective decisions about whether to establish new provision or to develop existing provision.

- Chapter 6 considers how better co-ordination of under-fives provision can be achieved.

- Finally, Chapter 7 looks at the implications of the introduction of vouchers for four-year-olds.
1 Local Authority Strategies

Local authorities have no general duty to provide services for children under five, yet they spend some £1.3 billion a year doing so and have a major rôle in regulating and supporting services in the private and voluntary sectors.

Authorities need to develop a strategic approach to planning under-fives services. The initial step is to review the needs of young children and whether existing provision matches those needs. This involves looking at overall numbers of young children and at take-up, and then estimating the numbers of children with particular individual needs.

When deciding how best to meet needs, a local authority should not treat the existing structure of provision as fixed, and should consider its own provision as only part of a wider set of services from all sectors.

Matching objectives with budgets is an inevitable part of strategic planning. To make the process systematic, policy objectives should be checked for affordability before implementation.
10. Local authorities have no general duty to provide services for children under five, yet they spend some £1.3 billion a year doing so. A further £1.5 billion is spent by private and voluntary bodies on services for the under-fives, some of which are regulated, subsidised or influenced by local authorities. The structure of this spending is often the result of piecemeal developments, as individual establishments or programmes have been launched to respond to particular needs.

11. Since the 1989 Children Act, authorities have been required to review systematically the needs of young children and the services available to them. To translate the knowledge gained from these reviews into action, local authorities have to develop a strategic approach to planning under-fives services, rather than taking incremental decisions from a starting point of maintaining all current provision. This means giving equal consideration to all settings, inside and outside the home, that influence the welfare of young children.

12. In practice, while authorities have become more diligent since the Children Act in identifying needs, they have not on the whole used these reviews to set a more rational framework for future policies. In particular, they have failed to do two things. One is to set out clearly the client needs that they intend to meet – a policy that gives families with particular needs an idea of what services they can expect. The other is to take a ‘zero-based’ approach and consider the best way of deploying all available resources. Instead, authorities typically consider how extra resources can help serve unmet needs, and take existing provision as given. But existing provision might not be well-sited, effective or efficient.

13. What precisely is meant by a strategic approach? Each authority should aim to go through three key steps (Exhibit 2). First, client needs must be...
identified and compared with existing provision. Second, the authority should set objectives for under-fives services based on client needs rather than on the interests of particular providers. Third, the resources available should be considered, and a policy set, according to a revised, affordable set of objectives. Authorities that neglect affordability when setting policy end up implementing it only partially, and determining the allocation of resources on an ad hoc basis.

14. A co-ordinated strategy for planning under-fives provision requires a clear picture of the needs of children living in the local authority area, for reasons of both equity and efficiency. Equity demands that there is consistency in addressing the needs of all children. Efficiency demands that services are sited in places where they will be taken up.

15. The initial step of reviewing the needs of young children, and comparing them with existing provision, has been carried out more systematically than before by local authorities as a result of the 1989 Children Act. Section 19 of the Act requires authorities to carry out regular strategic reviews of the overall provision of services for children under eight. But the analysis of children’s needs and of how well existing services meet them is not always thorough (Case Study 1).

16. Moreover, an evaluation by the National Children’s Bureau (NCB) of the first round of reviews concluded that the review process, far from counteracting the fragmentation of services and responsibilities, was hindered by it. The first reviews largely failed to create a clear dialogue on needs and priorities, although in many cases they have encouraged a more active discussion between service users and providers. The main findings of the NCB that need to be addressed by local authorities are shown in Box A (overleaf).

---

**Case Study 1**

**A Section 19 review: listing services is not enough**

County A’s Section 19 review lists a number of services that seek to meet specific needs in particular areas of the county. But the review does not look at how well the services meet the needs over the whole county.

For example, home-based family support operated from a local authority family centre in the county town has features in common with a voluntary home-visiting scheme operated in and around another town. But the review does not analyse how well these needs are met in areas other than the county town and the territory of the voluntary home-visiting scheme.
17. The NCB evaluation did not take account of the triennial ‘revisit’ reviews that were mainly completed during 1995. Local authorities are, it is hoped, learning through experience how to overcome some of the shortfalls identified by the NCB. One of the most important improvements that they need to make is to translate the information collected about needs and existing provision into operational objectives. The NCB found that only one-fifth of first-round review reports included an action plan, as required by guidance, with associated monitoring arrangements, and that very few even of these were costed. In future, authorities should ensure that Section 19 reviews match descriptions of need with proposals for action.

18. As well as reviews of care services for under-eights, most authorities produce children’s services plans (CSPs), following the Department of Health’s guidance (Circular LAC(92)18) in response to the Utting Report. The Social Services Inspectorate (SSI) has found that while the plans so far published have given a good account of current provision, few have related this to needs, resources or action plans. The Audit Commission recommended in 1994 that CSPs be made mandatory, and that published documents should be produced collaboratively by education departments, social services departments and health authorities. The Department of Health has issued guidance requiring social services departments to produce the plans in consultation with relevant education and health authorities (Ref. 3).

19. It is important to ensure that children’s services plans complement and are consistent with Section 19 reviews because of the significant range of services which fall within the scope of both (Exhibit 3). Section 19 reviews are essentially concerned with all children under the age of eight, and CSPs are concerned with children in need up to the beginning of adulthood. Consistency is needed at the point of overlap – services for under-eights who

---

**Box A**

**Reviewing the reviews: findings by the NCB on the first Section 19 reviews of daycare for under-eights**

**Most of the reviews DID:**
- address most of the areas set out in guidance;
- involve consultation with interested groups; and
- encourage discussion of services between providers and users.

**Most of the reviews DID NOT:**
- engage elected members or senior officers sufficiently;
- succeed in focusing consultation sufficiently on particular issues or sections of the community;
- succeed in establishing sufficient contacts with ethnic minority groups;
- produce reports that were clear and accessible; or
- result in an action plan.

**Some authorities DID NOT:**
- understand that the review was meant as a local planning tool rather than just a report to the Department of Health; or
- distinguish sufficiently between information useful for planning and information informing parents on vacancies in individual services.

*Source: NCB (Ref. 2)*
meet certain criteria of need. Even though they are generally social services-led, CSPs should not neglect the educational needs of children under five. In practice, however, authorities have found it difficult to go as far as to fuse CSPs and Section 19 reviews into a coherent framework for action.

Which needs should be measured?

Local authorities looking at the needs of children under five often start from two premises. First, that all children between the ages of three and five can benefit both socially and educationally from some regular attendance at settings outside the home. Second, that some children with particular disadvantages require special help so that they start school with chances equal to other children’s. This gives authorities the dual task of considering the needs of all children and identifying the specific needs of individuals. Authorities should therefore take account of the overall characteristics of the population (Box B, overleaf) and of the numbers likely to have particular needs. They should also take the views of families into account.

Exhibit 3
Coverage of children’s services plans and Section 19 reviews

A key group of children is covered by both.
21. As well as looking at the overall number of young children and the likelihood that they take up services, it is necessary to estimate those whose particular needs cannot be fully met by their families. The Children Act places specific responsibilities on local authorities to make provision for children ‘in need’. It defines need vaguely, referring to the risk that children’s ‘health and development’ may be impaired from reaching a ‘reasonable standard’ if they are not helped.

22. It is not easy to make an accurate prediction of the number with such needs, nor to be confident that individuals are in practice identified. There is, regrettably, no practicable method available to screen every child of a particular age. So the identification of particular individual needs must rely on referrals from professionals who do not maintain contact with all children, such as health visitors and social workers.

23. Estimates of how many children are likely to be in need in each area can both help to plan services and act as a cross-check on the referral process. Some general social and economic indicators are relevant. The incidence of children in need within a particular area is likely to be greater where the number of lone parents and unemployed households is high. But more specific indicators of potential need can be more accurate (see Box C).

Box B

Relevant general characteristics of the population

<table>
<thead>
<tr>
<th>The number of children in relevant age groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where the children live</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projected population patterns in future years</th>
</tr>
</thead>
<tbody>
<tr>
<td>The proportion of parents of under-fives who work part-time and full-time</td>
</tr>
<tr>
<td>The distribution of household incomes</td>
</tr>
<tr>
<td>Ethnic and social composition of the population</td>
</tr>
</tbody>
</table>

Estimating the number of children with particular needs

21. As well as looking at the overall number of young children and the likelihood that they take up services, it is necessary to estimate those whose particular needs cannot be fully met by their families. The Children Act places specific responsibilities on local authorities to make provision for children ‘in need’. It defines need vaguely, referring to the risk that children’s ‘health and development’ may be impaired from reaching a ‘reasonable standard’ if they are not helped.

22. It is not easy to make an accurate prediction of the number with such needs, nor to be confident that individuals are in practice identified. There is, regrettably, no practicable method available to screen every child of a particular age. So the identification of particular individual needs must rely on referrals from professionals who do not maintain contact with all children, such as health visitors and social workers.

23. Estimates of how many children are likely to be in need in each area can both help to plan services and act as a cross-check on the referral process. Some general social and economic indicators are relevant. The incidence of children in need within a particular area is likely to be greater where the number of lone parents and unemployed households is high. But more specific indicators of potential need can be more accurate (see Box C).
In its 1992 Section 19 review, a London borough estimated the numbers of children resident in each of its social services areas that satisfied different sets of criteria of need and used these as indicators of need.

<table>
<thead>
<tr>
<th>Need criterion</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siblings of children on the Child Protection Register</td>
<td>The Register</td>
</tr>
<tr>
<td>Children living in temporary accommodation</td>
<td>Health visitor</td>
</tr>
<tr>
<td>Children living in families where the carer or a sibling is disabled</td>
<td>Health visitor</td>
</tr>
<tr>
<td>Children in families that have an HIV positive member</td>
<td>Health visitor or AIDS adviser</td>
</tr>
<tr>
<td>Schoolchildren not adequately supervised before and after school</td>
<td>Estimates from school staff</td>
</tr>
<tr>
<td>Schoolchildren not adequately supervised in school holidays</td>
<td>Estimates from school staff</td>
</tr>
</tbody>
</table>

Like all indicators of need, these criteria are based on professional judgement, but they have two key strengths:

- they draw on information from both health visitors and school staff, who are independent of each other but have contact with the overwhelming majority of children; and
- the underlying judgements are highly focused, which reduces the likelihood of inconsistent criteria being applied.

24. The educational definition of special need overlaps with, but does not coincide with, the Children Act definition of need. The latter is broader and less specific. Since a child may satisfy both criteria of need, education departments should not ignore the needs of a child just because the social services department has recognised needs under the Children Act. Such a child may well also be at risk educationally.

**Attitudes and desires of families**

25. The demand for services is influenced not just by the numbers of people and their needs, but by what kind of provision they are looking for. The desires of parents vary on a number of matters, including:

- the extent to which they are looking for care, for education, or for a combination of the two;
- how desirable or acceptable they find an ‘institutional’ setting like a nursery or playgroup as compared with a ‘home-based’ setting like a childminder or a home-visiting scheme;
- what kinds of hours and location they find acceptable/desirable; and
- the extent to which they are willing to be involved directly in settings, such as parent-and-toddler groups or parent education.
26. Consultation and surveys around Children Act reviews provide a good opportunity to find out which kinds of service are most wanted. However, two cautions are necessary: authorities should beware of relying on stated preferences in predicting patterns of demand, and they should not imply to parents that such preferences will be met. A parent may, for example, express a desire for a local playgroup or nursery, but fail to patronise it once it opens – perhaps because a more distant one is preferred for its quality, its opening hours or the social backgrounds of other parents. In some cases, past patterns of behaviour can give an insight into matters such as the proportion of parents who are willing to travel and the effect on take-up of various opening hours. Pilot programmes can also help to gauge demand (see Case Study 2). In general, authorities should bear in mind the limitation of any survey in which consumers are asked what they would like from free or subsidised public services: it costs parents nothing to say that they would like to have more high-quality, low-price provision available, even if they are not sure that they will use it.

27. Moreover, it is not always appropriate to equate demand with need. Where take-up of services among particular groups is lower than average, the reasons should be examined. Below-average take-up by ethnic minorities, for example, may be a sign that they do not see existing provision as meeting their needs. In such situations, authorities should discuss the reasons for low take-up with those concerned. It may be appropriate to adapt services to make them both more accessible to members of ethnic minorities and more visible.

---

**Case Study 2**

Exploring demand through consultation and pilots: the Birmingham Wraparound project

In 1994, Birmingham City Council launched the Wraparound Daycare Project as part of an initiative to meet the needs of children, parents and the wider community through co-ordinated early years services. The project’s aim was to use pilot initiatives at three schools to develop model services, including packages of care and learning aimed at children attending part-time nursery education.

Initial research based on surveys and interviews established that the immediate concern in the neighbourhood of the pilot schools was not for an expanded service, but for improved information, greater emphasis on services for non-working parents and better co-ordination between services so that access for parents was improved and distress for children reduced. These findings led to a proposal to change the direction of future developments of early years services. In response to parents’ wishes, it was proposed to make nursery education a focus for a wide range of services including adult education and parent support, as well as for children’s care and learning. Services such as drop-in sessions and parenting classes were tried out at each participating school. During the course of the project, the original proposal was modified as parents’ priorities became more apparent.
28. Having established a clear picture of client needs, local authorities should think in broad strategic terms about how best to go about meeting them. There is a strong tendency for an authority that has carried out a review to use the existing structure of its own services as the starting point, and to ask itself what more can be done to cater for identified needs. The problem with this approach is that it too often leads to the conclusion that many needs are unmet, but that there are no additional resources to meet them. The two key elements of a more thorough approach should be:

- to consider what would be the most effective ways of meeting these needs, and not regard existing structures as cast in stone; and
- to regard the local authority’s own provision as only part of a wider set of services from all sectors.

29. Current provision for under-fives represents the cumulative result of past decisions, rather than a match to present needs. Changing demographic patterns, for example, may have led to over-capacity in some parts of the authority and under-provision in others. It is also important to check whether existing provision corresponds to what families want. Where, for example, demand is concentrated among children with working parents, places offered at inconvenient times may be under-used.

30. In practice, of course, it is not cost-effective to restructure provision every time there is a change in the pattern of demand. The costs and disruption may outweigh the benefits of change. But not always. In some cases, current services are so poorly matched to present needs that they are worth overhauling.

31. When making judgements about how needs can best be met, a local authority should be open-minded about whether its own services or those of others are more appropriate. In analysing the degree to which existing provision is adequate, it should look at the combined impact of all council services together with other public services and voluntary and private provision. Where provision needs to be improved, the authority should look in a neutral way at whether its objectives will be best furthered by expanding or altering its own provision, or whether support for other organisations is likely to be more effective. For an authority, one way to be even-handed between its own provision and other agencies is to formulate initial objectives without prejudging where provision will come from. For example, an authority might aim to ensure that all three-year-olds should have access to a specified amount of time in a setting that offers care and education to a recognised level of quality. In addition, it is both common and helpful for authorities to include broad criteria of need that will give a child priority in accessing a service. Having set such objectives, it then becomes possible to consider the cost-effectiveness of various means of achieving it.
32. Scaling down objectives to stay within budgets is an inevitable part of strategic planning and it is seldom done as systematically as it could be. An unsystematic approach is to formulate the policy without an accurate idea of how much it will cost, and to trim provision arbitrarily in order to stay within budget. There is then no guarantee that the parts of the programme that survive budget cuts are directed equitably and according to need. An alternative is to trim one’s policy objectives in advance of implementation, on the basis of an informed estimate of their costs (Exhibit 4).

33. To match commitments to budgets, local authorities need estimates of the expenditure implications of different possible guarantees of places. But these estimates cannot be precise, because outturn costs will depend on the actual cost of provision and the level of take-up. As a general rule, it is prudent to start with a commitment that the authority knows it can honour, rather than risk making last-minute cuts and causing disappointment. Careful monitoring of the actual cost of provision, together with detailed analysis of needs and likely take-up levels, will make it easier to make commitments in the knowledge that they can be paid for.

34. Where an authority decides to revise its policy in a way that requires a restructuring or expansion of provision, it needs to set itself a timetable for delivering new commitments. Some time may be needed to get new arrangements up and running, yet too long a delay could be politically unacceptable. Councils should think about how to strike a reasonable balance between the need for careful planning of good-quality provision adapted to client needs, and the political pressure to meet these needs as early as possible.

---

**Exhibit 4**

**Two approaches to marrying policies and budgets**

The systematic approach tackles budget constraints at the earliest possible stage.

<table>
<thead>
<tr>
<th>(i) Unsystematic reconciliation of policies and budgets</th>
<th>(ii) Systematic reconciliation of policies and budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulate policy</td>
<td>Postulate strategy to implement policy</td>
</tr>
<tr>
<td>Try to implement it</td>
<td>Estimate cost of implementation</td>
</tr>
<tr>
<td>Trim provision arbitrarily to stay within budget</td>
<td>Affordable?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Implement</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>
35. The translation of client needs into affordable policy commitments can be described by means of a fictional example (Box D, overleaf). It should be stressed that the final column of the box is a purely illustrative example of how a set of policy commitments might be formulated, and is not intended to endorse those particular policies.

36. The first three columns in this fictional example describe a position which many authorities will recognise. The distinctive feature of the example is the move to the fourth column, in which affordable policy commitments are set out. Box E (overleaf) describes the first step of an analysis which might have been used to arrive at the statements in the first row of the fourth column. The result of the complete analysis is a policy which is designed to go at least some way towards meeting the general and particular educational needs of all children, rather than starting with a high level of theoretical entitlement and then being unable to offer it to all potential clients. In the case of a general guarantee of pre-school education, it sets an entitlement to nursery education or equivalent from the age of three and a half, allowing for a modest fee for those who can afford it. For children with particular needs, it guarantees that all of them will have the benefit of some relevant provision, but does not try to offer each child the whole range of services, since it would be prohibitively expensive to provide every option in each locality.

37. To determine the levels at which to set these guarantees, the authority would have to consider carefully what is feasible and what is affordable. Feasibility would depend on the capacity of the public, voluntary and private sectors to supply the required provision. Affordability would depend on a range of factors, including the impact of education vouchers for four-year-olds.
Translating client needs into affordable policies – an illustrative example

<table>
<thead>
<tr>
<th>Client needs</th>
<th>Existing provision</th>
<th>Strategic objectives</th>
<th>Affordable policy commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to the professional view of the education department, all children entering compulsory schooling could benefit educationally from at least one year’s half-time education.</td>
<td>Playgroups have places for 10 per cent of three- and four-year-olds in the population, school nurseries for 20 per cent, and private nurseries for 20 per cent. One in three five-year-olds enters school with experience of none of these.</td>
<td>Offer all children age three and over some out-of-home experience of social and educational value. Help prepare all four-year-olds for school with at least some nursery education or equivalent.</td>
<td>From age three and a half, every child to be able to attend at least three sessions a week of two and a half hours, in a setting that meets the authority’s educational quality standards, and charges no more than £1 per session. From the term before the fifth birthday, every child to be able to attend at least five sessions a week of two and a half hours, in a setting that meets the authority’s educational quality standards and is free. [Delivery of these two commitments will be supported by the availability of vouchers for four-year-olds.]</td>
</tr>
<tr>
<td>Thirty-five per cent of children have two parents working full-time. Most of these parents have access to a playgroup/nursery that they can afford. But of the remaining 65 per cent, only 10 per cent can afford to pay more than £10 a week.</td>
<td>Ninety per cent of private day nursery places charge at least £15 per day, 50 per cent of playgroup places charge at least £2 per session.</td>
<td>Ensure that no three- or four-year-olds are denied access to out-of-home experiences for financial reasons.</td>
<td>Families in economic need, as defined by specified local authority criteria, should not have to pay for their three sessions even from age three and a half.</td>
</tr>
</tbody>
</table>
| The social services department estimates that 20 per cent of three- and four-year-olds are in need, of whom half are considered to be at risk in terms of early educational development. | The local authority operates three day nurseries and a family centre, and subsidises an opportunity playgroup. The health authority runs a child development centre. The local authority supports a Portage scheme and a Home-Start scheme, whose geographic coverage extends to about one-quarter of the population. | Identify all children in social or educational need and offer them an appropriate service close to their homes. | There will be a process for professional assessment of a family’s needs, including the following criteria:  
- economic deprivation;  
- unsatisfactory accommodation;  
- physical or mental handicap;  
- lone parent; and  
- non-English-speaking family. Any family identified as being in need according to this assessment will be entitled to access to a range of services, including at least one of the following that is relevant to their needs:  
- opportunity playgroup;  
- Portage or Home-Start visitor;  
- local authority day nursery; and  
- family centre. |
Box E
An approach to estimating costs of client-focused policies

This box describes a costing approach that would provide an authority with cost estimates for different policy options. The approach is designed to help an authority formulate an affordable policy related to its aspirations and expressed in terms of the services to be made available to clients, i.e., children.

The costing is applied here to one aspect only of policy: the provision of out-of-home group experiences for the general population in furtherance of social and educational development. Analogous costing approaches could be considered for other aspects of policy.

The costing would have to be computer-based because repeated calculations are necessary to explore the impact of possible policy choices and the effect of possible changes outside the authority's control, such as changed pricing decisions in the private and voluntary sectors as a result of the availability of vouchers.

The costing approach is not drawn from the current practice of any authority, although significant elements of the approach are available and in use. For example:

- authorities use geographical information systems (GIS) as a source of fine-level data about their populations; and
- the registers of sessional and daycare settings that authorities are required to keep under the 1989 Children Act contain many of the key data items needed for these calculations.

<table>
<thead>
<tr>
<th>Process</th>
<th>Fictional example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Estimate the number of places needed to deliver the authority's objective of places for children from their third birthday, which can be calculated from the locality's population in the relevant age groups. 16,000 places required.</td>
</tr>
</tbody>
</table>
| 2       | For each locality, work out how many of the places required to meet the proposed commitment:  
- do not exist at all;  
- exist but in settings which fail to meet the authority's standards of educational quality; or  
- exist but in settings which charge fees higher than those laid down in the proposed policy.  
Shortfall of 3,000 places...  
5,000 needed places exist but do not meet quality standards...  
2,000 needed places meet quality standards but are in settings which charge fees. |
| 3       | For each locality, estimate the costs of opening new places to make good the quantitative shortfall. Authorities already carry out this kind of cost estimation as part of the planning for new nursery classes. It would not be difficult to estimate costs for new settings of other types, but the estimates must not assume that pay levels of new playgroup leaders will necessarily match existing pay levels. Many adults who work in playgroups are low paid. New playgroup leaders may be unwilling to work for such low pay. £100 set-up cost and £1,000 a year running cost for each place gives £300,000 set-up cost and £3 million a year running cost (assuming new places are for children below voucher age). |
| 4       | For each locality, estimate the initial and continuing cost of an initiative to lift educational quality in those settings which are needed for delivering the authority's commitment but which currently do not match the quality standards. Data to inform such an estimate are available from existing initiatives such as Berkshire's Downlands project and Lewisham's support for playgroups' Pre-school Learning Alliance accreditation. Initial cost £150 and continuing cost £350 a year for each place, which implies an initial cost of £750,000 and a continuing cost of £1.75 million a year (assuming the places where quality has to be raised are for children below voucher age). |
| 5       | For each locality, estimate the cost of paying children's fees in those settings:  
- which are needed for delivering the authority's commitment  
- which match quality criteria but which charge fees.  
Average fees in fee-charging settings that satisfy the quality criteria are £20 a week for five sessions. Cost of subsidy £1.2 million a year (assuming some voucher income). |

continued overleaf…
**Box E continued**

**An approach to estimating costs of client-focused policies**

<table>
<thead>
<tr>
<th>Required data</th>
<th>Further analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>The first requirement is to define a set of localities in the authority’s area so that each locality is small enough for most families to have little trouble travelling within it. Parishes or wards are possible options. Once the localities are defined, a set of data is required for each one, including as a minimum:</td>
<td>The result of these calculations might lead to a figure which the authority judges is unaffordable. But the layout of the calculations lends itself to reworking on the basis of changed assumptions, such as those set out in the ‘affordable’ fourth column of the table in Box D. For instance:</td>
</tr>
<tr>
<td>1. Population aged under one, and aged one, two, three and four respectively, and</td>
<td></td>
</tr>
<tr>
<td>2. For each setting in the locality:</td>
<td>♦ Lifting the age at which children’s entitlement would begin from three to three and a half would give a reduced figure for the numbers of places required in settings in each locality. This reduced figure could then feed through into the subsequent calculations. In the fictional example, the number of places needed might fall from 16,000 to 12,000, thus wiping out the numerical shortfall altogether.</td>
</tr>
<tr>
<td>♦ number and duration of sessions each week;</td>
<td>♦ Tolerating a modest fee level would reduce the levels of subsidy required. If fees of £1 a session are tolerated, the subsidy could perhaps be reduced from £1.2 million to £0.9 million.</td>
</tr>
<tr>
<td>♦ number of children it can accommodate and for which age groups;</td>
<td></td>
</tr>
<tr>
<td>♦ fees;</td>
<td>A range of possible policy options could be explored using this approach. For many authorities, options such as the two mentioned above would constitute compromises. But the compromises would leave the authority clear about what it was offering children and families in its area, instead of simply knowing the range of facilities operating.</td>
</tr>
<tr>
<td>♦ whether it currently meets the authority’s quality standards; and</td>
<td></td>
</tr>
<tr>
<td>♦ its type (LEA-maintained primary school without nursery class, grant-maintained primary school with nursery class, playgroup, private day nursery, etc).</td>
<td></td>
</tr>
</tbody>
</table>

38. Although the planning ideal described in the fictional example is difficult to achieve in its entirety, some authorities have started to move towards it, by thinking more systematically about how to prioritise the needs that can be met (Case Study 3).

39. Authorities may find that some of their own schools and other settings are providing children with a service above the entitlement set out in authority policy. Local authority settings may be admitting children younger than the age specified in policy, or providing more or longer sessions. Where this happens, changes to service provision can be hard to achieve, because admissions rules and procedures for maintained primary schools are subject to complicated statute (itself currently subject to change). But local authorities have significant powers in relation to admissions to schools and control admissions to their own non-educational settings.
Where an authority manages to reduce the attendance of children who attend more than it intends, and resources are deployed to other children, the potential gains in terms of widened access can be substantial. And education vouchers for four-year-olds give authorities an extra motive to seek to reduce the weekly attendance of the most generously provided four-year-olds, whatever the authorities' policy preferences. An authority's voucher income in respect of an individual four-year-old is the same whether the child attends for only five sessions a week or for any amount more.

Guidance for referring agencies issued by the London Borough of Lewisham includes the following:

‘defining “need” – who should get the places?

While the aim of the Council is to provide daycare or education for all children and families in the early years, this is not yet the case. Due to the shortfall in the quantity of daycare services available, the Council has defined its priorities, and these are listed below. In so doing, the Council is bound by its duties under the Children Act 1989.

Children will be considered in priority need of daycare and/or education services if:

- there are child protection concerns;
- the child is disabled;
- the child is unlikely to achieve or maintain, or have the opportunity of achieving or maintaining, a reasonable standard of health or development without the provision of such services;
- the child requires daycare or education services in order to enable the child to remain with his/her own family.

There may also be other particular individual circumstances that mean that a child is considered to be in priority need of these services.

It should be noted that it is not possible at this time to offer assisted daycare for children where the need is based solely upon financial hardship of the parent/carer, or the need of the parent/carer to go to work or college.

This statement of priorities shows both the Council’s preference for offering universal service and a recognition in policy of how it has to compromise between its preference and what is currently available. This recognition includes (in italics) a statement of needs which the Council would like to meet but does not at present because other needs have higher priority.

40. Where an authority manages to reduce the attendance of children who attend more than it intends, and resources are deployed to other children, the potential gains in terms of widened access can be substantial. And education vouchers for four-year-olds give authorities an extra motive to seek to reduce the weekly attendance of the most generously provided four-year-olds, whatever the authorities' policy preferences. An authority’s voucher income in respect of an individual four-year-old is the same whether the child attends for only five sessions a week or for any amount more. The procedures which determine the quantities of attendance at local authority settings are authorities’ admission policies, settings’ implementation of those policies and their own policies where the authority does not determine admission. Across England and Wales at present, the overwhelming majority of nursery pupils (89 per cent) attend part-time and a similar majority (92 per cent) of under-fives in primary classes attend full-time (Exhibit 5, overleaf). In nursery education, five sessions a week is the dominant pattern (Exhibit 6, overleaf).
**Exhibit 5**

**Percentage of pupils in reception classes who attend part-time**

Most children attend reception class full-time.

*Source: DfEE statistical bulletin 1/96; WO statistics of education and training in Wales: Schools No. 4, 1996*

---

**Exhibit 6**

**Maintained education nurseries: sessions per child per week**

Most children attend for five half-days per week, although some in nursery schools attend for five full days (ie, ten half-day sessions per week).

*Source: Audit Commission fieldwork*
## Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service review</td>
<td>The adequacy of services in each part of the authority in relation to all needs is fully known.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Section 19 reviews and Children’s Services Plans give an informative and detailed view of services available to under-fives.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Section 19 reviews match descriptions of need with proposals for action.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting of objectives</td>
<td>Objectives are set according to a ‘zero-based’ approach, starting with client need rather than with the existing pattern of provision.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Affordability of objectives is established before policy is set.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admissions to settings</td>
<td>The authority’s admissions policies help to ensure equitable access to pre-compulsory maintained education provision.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The variation of schools’ and other settings’ admissions policies from the authority's is monitored.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2 Finding Out about Access and Efficiency

Before deciding how to develop under-fives services, local authorities have to find out how well existing provision meets policy objectives. The match will depend on the level of provision and its accessibility. Valuable information on access can be found by considering case histories of children with particular characteristics.

To provide access efficiently, local authorities should ensure that the provision they pay for is rationally deployed and fully utilised. They need to check occupancy levels and also whether the settings they maintain are concealing potential under-occupancy by offering children more sessions than the local authority intends. Current procedures in authorities for siting new nursery classes sometimes pay no attention to existing services other than nursery classes and schools.
41. Before deciding how to develop under-fives services, local authorities have to find out how well existing provision meets policy objectives. In doing so, it is important not merely to make global comparisons. It is also important to find out whether access is consistent across the authority. Councils should look at what is available to a child with a particular ‘profile’, and consider whether children with similar characteristics living in different parts of the authority have similar opportunities.

42. As direct providers of services, local authorities should also ensure that their own provision is efficient. In particular, they should take measures to avoid the under-utilisation of facilities, which was found by the Audit Commission’s study to be a significant problem in many authorities.

43. How well are identified demands and needs being met? The answer will depend on overall provision, by all sectors, and on the degree to which it is accessible. Valuable information on access can be found by means of:

- an assessment of all forms of provision, how it is geographically distributed, and to whom it is in practice accessible; and
- availability of provision from the point of view of hypothetical users with particular characteristics, in different parts of the authority.

### Assessment of existing provision

44. When planning where to locate new nursery classes, authorities take into account such factors as:

- the number of young children in each area;
- projected demographic trends;
- the existing number of places in nursery schools and classes; and
- indicators of social need.

45. Using these indicators, authorities tend to put new nursery classes in areas where there are relatively few nursery education places and in areas of social
disadvantage. While helping to locate nursery classes where there is need, this approach is limited in two key ways:

- It pays no attention to services other than nursery classes and schools.
- It pays no attention to children’s attendance at settings outside their neighbourhoods. Many children (but by no means all) are driven to settings in private cars.

46. Case Study 4 gives an example of how a wider analysis can be used as the basis for identifying weak points in the coverage of provision in a local authority’s area. Local authorities can potentially make such comparisons by using information held by schools on children’s pre-school experience.

47. Since, typically, it is unrealistic to supply a free public nursery place to every child within walking distance of their home, authorities need to identify the most important barriers to access. The degree to which parents are willing and able to travel to or to pay for facilities will vary considerably, and is likely to be greater in more affluent parts of the authority. Lack of information can also be a constraint, and a relatively inexpensive means of improving access can be to ensure that parents are aware of all their options.

Access from the user’s perspective

48. A client-oriented approach to reviewing access looks at what is available to individuals with particular characteristics, rather than at the pattern of provision. One way of doing this is to use imaginary case histories to test what is on offer in each locality. Such an exercise is particularly valuable for considering children with particular needs.
Case Study 4
Comparing access in two areas within a local authority

A comparison of two areas within the same authority found that access for under-fives was markedly higher in the area with the lower level of local authority provision:

Local authority under-fives provision
Area A – Two out of four primary schools have nursery classes
Area B – One out of four primary schools has a nursery class

Pre-school experience of children entering primary school (see Exhibit to Case Study 4 below)
Area A – More than one-fifth had no out-of-home experience (22 per cent)
Area B – Fewer than one-tenth of children had no out-of-home experience (9 per cent)

Access advantages of Area B over Area A
♦ Despite fewer nursery classes in the area, more Area B children entering primary school had local authority nursery experience, because:
  – there is a nursery school outside Area B but close to it; and
  – some children in Area B had travelled to nursery classes some way outside their area.

♦ Parents depend heavily on non-local-authority provision, which is plentiful in both areas. But a higher proportion take advantage of playgroups and day nurseries in Area B, partly because:
  – some families in Area A cannot afford playgroup fees;
  – some families in Area A, including some refugee families, were not fully aware of playgroup opportunities; and
  – families in Area B were on average more mobile, and better equipped to find an appropriate playgroup place.

Comment
If the local authority were looking only at its own provision within these two areas, it would conclude that Area A was better provided for than Area B. The Audit Commission study team looked at the information on children’s prior experience included in primary school records. This information indicated that access was in practice greater in Area B. By looking at how many children had used each pre-school service, the authority would be able to consider, in a child-focused way, how to develop its services.

...while in the four schools in another area, fewer than one in ten children had no pre-school experience outside the home.

Area A:
41% Attended playgroup or day nursery
22% No pre-school experience
37% Attended LEA nursery

Area B:
49% Attended playgroup or day nursery
9% No pre-school experience
42% Attended LEA nursery

Exhibit to Case Study 4
Highlighting access from schools’ records of pupils’ former experiences
49. As part of its national study, the Audit Commission used case histories to analyse access at the local level. Such an approach could also be used as a tool by local authorities for identifying gaps in provision.

50. The Commission approached the question of access to services from the point of view of eight fictional children. The children were all aged three, but were different from each other in key respects:

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

51. Detailed case histories of all eight children were put to a number of professionals working in 18 different geographical areas within seven local authorities. The professionals included school staff, educational psychologists, social services workers, health visitors, playgroup leaders and other voluntary sector staff. Each professional was asked:

“What services do you think this child would receive in practice if he or she lived in your area?”

52. The case histories, reproduced in Box F, include a relatively high proportion of children with personal and family needs that are more severe than those of average children. But several of the examples are of children without severe needs.

Box F
Case histories of fictional children

1. Tracy Brown was born on 11 June 1991. She has a younger brother born in December 1992 and a baby sister born in April 1994. Tracy is in good health and her development is normal. Her mother has charge of her throughout the day but is often tired and irritable as she has a part-time night job filling supermarket shelves as well as looking after the children in the daytime. Tracy watches a lot of television. The father lives with the family and has a full-time day job, which is low-paid, physically exhausting and insecure. The family lives in a small semi-detached house with adequate amenities, including a garden. English is spoken at home, and is the first language of both parents.

2. Roy Dean was born on 2 November 1991. He has two older step-sisters; one is his mother’s daughter and the other is his father’s daughter. They are very close in age and both live with Roy and his parents; both attend school. He suffers cerebral ataxia difficulties in motor coordination and vision. He tends to withdraw from other children. His mother looks after him for about half the time during the week. It is unclear how he is looked after for the rest of the week; the health visitor is fearful that the family is using an unregistered childminder. His parents started living together in Summer 1991. Previously, Roy’s mother lived alone with her daughter, Roy’s father lived alone and the paternal step-sister lived with her mother. Roy’s father, the sole breadwinner, earns enough for poverty not to be a problem. Roy’s mother suffers prolonged periods of depression. The family lives in a damp flat which is crowded but not so crowded as to create any real prospect of a move to a larger dwelling. There is no readily accessible outdoor space.
3. **Gareth Rees** was born on 8 December 1991 and is an only child. He is in good health and his development is normal. His mother looks after him full-time but is now extremely keen to embark on a full-time course of vocational education because she has no formal qualifications at present. His father has a well-paid, full-time job. The family lives together in a well-maintained, semi-detached house with its own garden. Both parents are bilingual Welsh- and English-speakers but speak Welsh at home.

4. **Rugina Anwar** was born on 20 October 1991. She has an older brother at school and a baby brother. She is in good health and appears to be developing normally. Her mother claims to look after her all the time but the health visitor once found her with another family and thinks this family looks after Rugina regularly, but it is not clear whether the arrangement is regular or whether the other family is related to Rugina’s. Her father has a full-time, low-paid day job and her mother does some office cleaning on three nights a week. The family lives in a well-maintained but severely overcrowded flat with no accessible outdoor space. The family speaks Sylheti at home and Sylheti is the mother’s only language. Rugina herself has negligible English.

5. **Karen Bland** was born on 15 January 1992, the third of four children. Her health and physical development are normal but she is hyperactive and prone to tantrums. Her mother looks after Karen full-time. Her parents are divorced and live apart. The father makes little or no financial contribution to the mother and children, who are almost entirely dependent on state benefits. The mother is having difficulty funding the upkeep of the big, isolated, dilapidated house in which she and the children live. There is little prospect of putting right the house’s serious plumbing and wiring defects, none at all of clearing a space for children to play in the overgrown and rubbish-strewn garden. The mother is keen to have some time to herself and is looking for some childminder help for the fourth child.

6. **Caroline Leung** was born on 23 October 1991 and is an only child. She appears to be in good health but appears solitary and withdrawn. Her father looks after her full-time but lacks confidence in doing so; the time since he lost his job is the first time he has had a close involvement with children in his life. Caroline’s mother has a full-time job with long hours and low pay. The family lives in a tiny, damp flat with no access to an outdoor play space. Both parents have a limited command of English and speak Cantonese at home. Caroline’s only language is Cantonese.

7. **Henrietta Symes** was born on 29 January 1991 and has twin brothers born in January 1993. She suffers from general developmental delay with significant delay in language and a severe attention deficit. She has poor listening skills and a poor concentration span. The family employs a specialist nanny to look after her part-time. The father’s full-time job and the mother’s part-time job are both well paid. Both parents are active in the care of their children (as far as is consistent with their paid employment). They are keen to secure educational provision for Henrietta, but reluctant to pay for one – although they could pay and would if they had to. The family lives in a semi-detached house with a garden.

8. **Brian Thompson** was born on 5 August 1991. He has two brothers aged eight and six and a one-year-old sister. He has now recovered fully from a period of glue ear. As a result of the glue ear, his speech and listening skills are suffering delay, but there are no other known or suspected health or developmental problems. His weekday care is shared between his father, his mother and a childminder. His father looks after him on three afternoons a week, his mother on four mornings a week and a childminder for the rest of the time. A grandmother fills the gaps when the regular arrangements break down, which is fairly often (eg, when the father works overtime). The family income is adequate but not sufficient to pay for private nursery education; the parents would require a lot of persuading of the need to pay playgroup fees. The family lives in a three-bedroom flat without a garden.

Note: These case histories were used between September 1994 and January 1995, when the children were all aged about three. For use in 1996, the dates of birth should be later than those shown, depending on the age of the client group of interest to the authority using the case histories.
The Audit Commission study team used these case histories in its study of under-fives education and revealed striking contrasts (Exhibits 7 and 8, reproduced from Ref. 1).

Exhibit 7
Access to services outside the home
Access to the services varies for all the eight fictional children in 18 different locations.

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

Exhibit 8
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

Note:
Playgroups generally charge fees; nursery education does not and daycare includes both paid-for and free settings.
54. A local authority wishing to use this approach to compare access in different localities could adapt the case histories used by the Audit Commission, or use completely different ones that look more relevant for the authority in question; for example, in relation to ethnicity and the type of housing described. Further pieces of information about children’s characteristics that could help map access may be:

- whether the family has a car and driver available to transport young children during the daytime;
- details of the family’s housing tenure – whether owner-occupied, privately rented or rented from a social landlord (local authority or housing association); and
- when the child first became known to the professional.

An authority intending to take account of such information should incorporate it into the case histories.

55. The last point is relevant for services that operate waiting lists or take admissions only at fixed dates (such as nursery classes and schools). Some children get on to waiting lists only when a professional such as a social worker or health visitor makes a referral. Other children go through the normal application process, but only after advice to their parents from a professional. In either case, if the professional acts too late, the children may not receive a service at all. So knowledge about the referral process is an important part of mapping access.

56. The case-history approach has several advantages:

- It is straightforward and inexpensive.
- It gives the picture from the point of view of the user.
- It is not threatening to professionals, in the way that reviews of specific services could be.
- It has the spin-off effect of giving the local authority some idea of the level of co-ordination between services and the flow of information between professionals. Where different professionals give markedly different views on what would be available, the authority may need to improve co-ordination and make information more widely available.
- It can stimulate thinking about alternative services to fulfil similar needs. Many local authorities have tended to use particular thresholds of need to trigger access to a specific facility, without looking at whether it suits the individual’s situation. An alternative is to specify several alternatives, one of which should be offered to each child with particular needs (see Case Study 5, overleaf).
Case Study 5
Alternative provision for special needs on Humberside

Several services in Humberside were available to help children with special educational needs, under the former county council:

- the Education Department ran a 'Portage' service, which trained parents to teach their children in their own homes, supported by weekly visits from support workers;
- the KIDS family centre in Hull, which delivers the 'Portage' service, also provided structured group development sessions for children and their families; and
- three child development centres, run by health authorities in Scunthorpe, Hull and Grimsby, provided a variety of services for young children with special needs.

Rather than use different needs criteria to determine access to each of these three facilities separately, the authority's special needs officers aimed to ensure that some support – in the form of at least one of the three options – was available to each child with needs above a threshold. Which option was offered depended on factors including geographical convenience and the appropriateness of the setting to the child's particular needs. This approach depended on co-ordination between service providers, including the two health authorities that ran the child development centres.

2.2 Efficient use of resources

57. To provide access efficiently, local authorities should ensure that the provision they pay for is rationally deployed and fully utilised.

58. Local authorities directly maintain nursery schools, nursery classes, day nurseries and reception classes in primary schools (although not all authorities have all of these). In some local authority areas, some voluntary sector providers receive the bulk of their revenue as local authority grant – including day nurseries, community nurseries and playgroups. Questions about the appropriate use of resources arise in settings of all these types.

This section looks in turn at deployment and utilisation of resources for:

- both nursery schools and nursery classes;
- nursery schools but not nursery classes;
- day nurseries; and
- non-local authority providers with substantial local authority funding.

59. The efficiency of reception classes cannot be addressed independently of the rest of the schools of which they form part, so it is not covered here. It was addressed in the Commission’s 1990 report, *Rationalising Primary School Provision* (Ref. 4), and will be revisited in a report on the planning of school places in the light of changes since 1990.

60. Some local authority nursery schools and nursery classes have fewer children on roll than the staff and premises can accommodate. This under-occupancy is not well documented by local authorities.

61. But rational deployment and utilisation of nursery places involves more than just occupancy levels. Some nurseries fill empty places by giving greater access to children already using them, either by allowing them to stay longer
(for example, from the third birthday, rather than from a date some months later chosen to give three terms in nursery before admission to a primary class), or by offering them more sessions (for example, ten half-day sessions a week rather than five). But is this desirable, if elsewhere in the authority, there are children without access to any nursery education?

62. If an authority wishes to ensure consistency of access, it needs a policy that incorporates objectives or guarantees for the quantity of the service to be made available to particular categories of children. In the case of nursery education, the objective might be to offer three terms of free half-time nursery education to all children before they enter reception classes.

63. Once such a policy is established, an authority is in a position to question not only under-used facilities, but also facilities that provide more than the target quantity of nursery experience, free of charge, to some children. In such a case, better use of resources could potentially deliver the target level to more children at no extra cost. Where the policy is achieved for all children, an authority that has some facilities over-providing should look at whether the extra resources could be released to cater for other needs, whether in relation to under-fives or in other services.

64. Case Studies 6 and 7 (overleaf) give examples from the Audit Commission study of how the utilisation of a real nursery school and a real nursery class could be measured, relative to a policy of three terms of half-time nursery education for every child. The nursery school in Case Study 7 was on average 78 per cent full, but its ‘efficiency’ in terms of the hypothetical policy would be only 32 per cent. This is because over 60 per cent of places were occupied by full-timers, and the average length of stay was five terms rather than three. The nursery class in Case Study 7 managed, like many local authority nursery classes, to keep almost all of its places full – with 94 per cent occupancy. But its ‘efficiency’ was much lower, with an average length of stay one and a half times as long as in the hypothetical policy.

65. These ‘efficiency’ measures are illustrative: they calculate efficiency according to an imaginary policy which had not actually been adopted by the authorities concerned. A genuine calculation of efficiency was not possible because the authorities had not set policies in the quantitative terms suggested. This is typical: only one of the 12 fieldwork authorities in the Audit Commission study had a stated policy for the quantity of nursery schooling that its nursery pupils should receive (most had implicit policies that every child should get at least three terms). The result was that there was no yardstick with which to measure how efficiently nursery places were being deployed and used. If spending on nursery provision is justified by the aim of giving all children a certain amount of access, such quantitative yardsticks are needed. By clarifying their objectives in quantitative terms, authorities can measure the efficiency of provision in the manner illustrated in the examples. The method for making these calculations can be found in Appendix 1.
Case Study 6
Calculating the ‘efficiency’ of an inner-city nursery school

The study team visited a nursery school in a run-down inner-city tower block estate which was isolated from the rest of the inner city. This school has 78 places divided into two classes. It could thus accommodate 156 half-time children at any time. The numbers on roll averaged over three spot dates were:

<table>
<thead>
<tr>
<th></th>
<th>a.m. and p.m.</th>
<th>a.m. only</th>
<th>p.m. only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1</td>
<td>20.0</td>
<td>11.9</td>
<td>13.1</td>
</tr>
<tr>
<td>Class 2</td>
<td>19.5</td>
<td>10.7</td>
<td>8.1</td>
</tr>
</tbody>
</table>

On average, children attend the nursery school for 5.01 terms.

Taking occupancy first, the 78 places had an average of 62.1 children in the mornings and 60.7 children in the afternoons. So the occupancy rate is 61.4 out of 78 overall, or 79 per cent.

To quantify the combined impact of the under-occupancy, the full-time attendance and the duration of attendance, the first point to note is that on average there are 83.3 children on roll for the whole school.

So, on average, the school gives a complete nursery ‘career’ to 83.3 children every 5.01 terms.

In terms of ‘careers’ of three terms of half-time nursery education, the school has the capacity to offer three terms of half-time education to

\[ 5.01 \times 156 \div 3 = 260.52 \] children in 5.01 terms.

Therefore, in comparison with a policy offering three terms of half-time education to each child, the school’s ‘efficiency’ is \( 83.3 \div 260.52 \), which is \( 32 \text{ per cent} \).

Case Study 7
Calculating the ‘efficiency’ of a suburban nursery class

This example is of a nursery class in a suburban primary school in a prosperous area. It has 26 places, which could therefore accommodate 52 children on roll. There are no full-time children. There were, on average, 50 children on roll over the most recent three terms, so occupancy was 50 \( \div 52 = 96 \) per cent. On average, children attend the class for 4.51 terms. So on average the school gives a complete nursery ‘career’ to 50 children every 4.51 terms.

The school has the capacity to offer three terms of half-time education to

\[ 4.51 \times 156 \div 3 = 78.2 \] children in 4.51 terms.

So, compared with a policy of offering three terms of half-time education to each child, its ‘efficiency’ is \( 50 \div 78.2 \), which is \( 64 \text{ per cent} \).

Although the maintaining authority has no stated policy on the quantity of each child’s nursery education, another school maintained by the same authority and situated less than a mile away operates an explicit policy of restricting children to three terms.

66. Where an authority finds that resources are being under-utilised in relation to its policy, it can look for ways of improving take-up, and the potential improvements in access are certainly worthwhile – a class which is 75 per cent efficient has sufficient resources to serve one and a third times as many pupils as it serves currently.
67. Ways of improving efficiency include:

- Making it easier for families to attend the facility. Where some local children do not take up nursery places because practical features of the service make it inconvenient for their families, the authority should consider adapting the service. Such features include opening hours, distance from families’ homes and lack of before-and-after care. Changes may increase attendance, but nearly always increase costs. Extra costs, however, may be worth incurring if this is the best way to ensure that a facility is well utilised.

- The closure of surplus capacity. This response is indicated in cases where the number of nursery places is high in comparison with the local under-fives population. This situation arises in areas whose population has declined since the nursery class or school was set up, typically in inner cities. It will be particularly appropriate where there is unmet demand for nursery education elsewhere in the LEA’s area, as is the case in most authorities, that could be met by redeploying resources. Such an option will always be unpopular with the community where the closure takes place, even though gains in terms of access may greatly exceed losses.

- Replacing the nursery class or school with a completely different service; for example, a playgroup. Such a measure may seem too drastic in most cases, but where the efficiency of a nursery is particularly low, it is worth considering whether an alternative service would be better – whether run by the council or by another organisation with local authority support.

68. One particular problem affects access as well as efficiency and requires special solutions: that of children unable to take advantage of part-time nursery education due to their care needs. Allowing them full-time nursery places provides more care away from the family, which is sometimes enough to make attendance possible, but it is expensive for the authority to provide free full-time nursery education and it ties up places that could be used for others. An alternative is to provide half-day nursery places plus care on the school premises during the rest of the day. This would give access to nursery education to these children without incurring the full cost to the authority of a free full-time place. The extra care can be provided more cheaply than nursery education, and some or all of the cost could be recouped through charges. From the point of view of parents who might otherwise have to pay for all-day private care, this can be an attractive way of meeting a child’s educational as well as care needs. In the case of children unable to attend part-time nursery or to pay for the extra care, the authority may in some cases consider it to be worth subsidising the care element in order to serve the educational need as a matter of priority. However, as was found in Birmingham’s ‘Wraparound’ project (see Case Study 2 above), new on-site care services are not the only way to encourage families to use part-time nursery places. In that case, integration of existing services, including those that met the needs of parents, was seen to be the key.
Nursery schools: are they worth 44 per cent more?

69. The issue of utilisation affects nursery schools as it does other settings. There is, however, an additional cost issue specific to nursery schools. In Audit Commission fieldwork, the average cost per child hour of nursery schools was £2.56 compared with £1.78 for nursery classes.

70. The cost difference is due to the more generous staffing of nursery schools, which have their own headteachers, usually without a class teaching load. Nursery classes, on the other hand, share their headteachers with the compulsory-age pupils of the schools of which they form a part.

71. The commonly cited justification for the extra cost of nursery schools is that they perform more tasks than nursery classes. They are sometimes portrayed as ‘centres of excellence’: a resource to support other early years services, such as social services day nurseries (see example, Case Study 8). Other tasks that nursery schools can take on include supervised on-the-job training (often known as coaching) of staff from other settings, by means of secondments to the nursery school, and running training courses for staff from elsewhere.

72. It is not hard for a nursery school to identify the tasks it undertakes other than offering nursery education to its own pupils. It is a matter of judgement whether these extra services merit the cost premium. The important thing is for the weighing of costs and benefits to be made explicitly, rather than taking the superiority of the nursery school as axiomatic. If there are few additional tasks, or if an authority judges that added activities do not justify the extra costs, two courses of action are possible. One is to use the resource more actively: the authority might ask the school to undertake part of its development work for early years education. Alternatively, the authority should seek ways of redeploying the resources tied up in the school, possibly in a way that allows more children to be served (Case Study 9).

---

Case Study 8
A nursery school as an authority-wide resource

Abercromby Nursery School, Liverpool

Abercromby Nursery School is next to Falkner Street Day Nursery. The two settings have developed co-operation in a number of ways over the years, including support from the nursery school to develop the educational curriculum that the day nursery offers to its children.

Two teachers are employed to work with each of Liverpool’s 17 day nurseries in turn, spending six weeks in each day nursery, working alongside its staff. The teachers are based at Abercromby Nursery School and their work is supervised by Abercromby’s headteacher.
Case Study 9
Where nursery schools are not cost-effective

The London Borough of Camden has recently reorganised its nursery education services. Of its three nursery schools, two were considered not to provide good value for money. In particular:

- they were both situated in inaccessible locations – on the fourth floors of blocks of flats;
- they each had physical limits to their capacity that made it impossible to expand in order to meet demand;
- the staff:child ratio of 1:10, set by DfEE guidance and professional practice, made the schools more expensive than nursery classes, where the agreed ratio is 1:13; and
- the authority judged that the additional cost of nursery schools compared with nursery classes was not justified.

The benefit of having an early-years environment in which to train teachers was acknowledged. But beyond this, the nursery schools were unable to provide extra benefits to the community.

The authority therefore decided to close the two nursery schools and to redeploy resources in a way that improved access. Five new nursery classes were opened and one (at a primary school) was expanded. Four new classes were based at two of the council’s children’s centres, and one at a primary school. In each case there were two immediate resource advantages. By converting from nursery schools to nursery classes, ratios could be changed from 1:10 to 1:13. By basing nursery classes at existing establishments, physical overheads were reduced, while the abolition of two headteacher posts reduced staff overheads. Furthermore, the classes based at children’s centres provided the extra benefit of being integrated with day nurseries on the same site. They also offered extended day services and a holiday service that parents of the nursery-class children could purchase.

Despite the improved quantity of access, there was much local protest at the closure of existing settings, which dated from the 1930s. But the council judged that the new structure provided an important improvement in meeting its access objectives, increasing by 75 per cent the number of places available within half a mile of the original nursery schools. This benefit was great enough to merit the administrative cost of restructuring.

Expanding access by restructuring provision in Camden

The London Borough of Camden has recently reorganised its nursery education services. Of its three nursery schools, two were considered not to provide good value for money. In particular:

- they were both situated in inaccessible locations – on the fourth floors of blocks of flats;
- they each had physical limits to their capacity that made it impossible to expand in order to meet demand;
- the staff:child ratio of 1:10, set by DfEE guidance and professional practice, made the schools more expensive than nursery classes, where the agreed ratio is 1:13; and
- the authority judged that the additional cost of nursery schools compared with nursery classes was not justified.

The benefit of having an early-years environment in which to train teachers was acknowledged. But beyond this, the nursery schools were unable to provide extra benefits to the community.

The authority therefore decided to close the two nursery schools and to redeploy resources in a way that improved access. Five new nursery classes were opened and one (at a primary school) was expanded. Four new classes were based at two of the council’s children’s centres, and one at a primary school. In each case there were two immediate resource advantages. By converting from nursery schools to nursery classes, ratios could be changed from 1:10 to 1:13. By basing nursery classes at existing establishments, physical overheads were reduced, while the abolition of two headteacher posts reduced staff overheads. Furthermore, the classes based at children’s centres provided the extra benefit of being integrated with day nurseries on the same site. They also offered extended day services and a holiday service that parents of the nursery-class children could purchase.

Despite the improved quantity of access, there was much local protest at the closure of existing settings, which dated from the 1930s. But the council judged that the new structure provided an important improvement in meeting its access objectives, increasing by 75 per cent the number of places available within half a mile of the original nursery schools. This benefit was great enough to merit the administrative cost of restructuring.

Expanding access by restructuring provision in Camden

The London Borough of Camden has recently reorganised its nursery education services. Of its three nursery schools, two were considered not to provide good value for money. In particular:

- they were both situated in inaccessible locations – on the fourth floors of blocks of flats;
- they each had physical limits to their capacity that made it impossible to expand in order to meet demand;
- the staff:child ratio of 1:10, set by DfEE guidance and professional practice, made the schools more expensive than nursery classes, where the agreed ratio is 1:13; and
- the authority judged that the additional cost of nursery schools compared with nursery classes was not justified.

The benefit of having an early-years environment in which to train teachers was acknowledged. But beyond this, the nursery schools were unable to provide extra benefits to the community.

The authority therefore decided to close the two nursery schools and to redeploy resources in a way that improved access. Five new nursery classes were opened and one (at a primary school) was expanded. Four new classes were based at two of the council’s children’s centres, and one at a primary school. In each case there were two immediate resource advantages. By converting from nursery schools to nursery classes, ratios could be changed from 1:10 to 1:13. By basing nursery classes at existing establishments, physical overheads were reduced, while the abolition of two headteacher posts reduced staff overheads. Furthermore, the classes based at children’s centres provided the extra benefit of being integrated with day nurseries on the same site. They also offered extended day services and a holiday service that parents of the nursery-class children could purchase.

Despite the improved quantity of access, there was much local protest at the closure of existing settings, which dated from the 1930s. But the council judged that the new structure provided an important improvement in meeting its access objectives, increasing by 75 per cent the number of places available within half a mile of the original nursery schools. This benefit was great enough to merit the administrative cost of restructuring.
Day nurseries: keeping up occupancy and attendance

73. There are two common sources of inefficiency in local authority day nurseries, and in those family centres that are run on the day nursery model:

- under-occupancy: fewer children registered for attendance than the number of places available; and
- non-attendance by those who are registered.

74. The capacity of a day nursery is determined partly by its premises and, substantially, by its staffing level. Local authorities that maintain day nurseries have formulae relating the number of places for children of different ages to the number of staff on site. These formulae are framed locally in the light of national guidance (Ref. 5).

75. Children are enrolled for specific sessions, usually half-day ones. In contrast to the practice of most nursery classes and nursery schools, any set of weekday half-days may be decided on. This means that the day nursery’s roll varies from one half-day to the next.

76. The occupancy of a day nursery on a particular half-day is calculated by dividing the number of children registered to attend for that half-day by the number of places available. The overall occupancy of the day nursery is the average of the ten occupancy rates in each of the half-days in the week.

77. Occupancy of local authority day nurseries, which is reported in returns to CIPFA, is highly variable from one local authority to another (Exhibit 9). Six authorities have full occupancy, whereas, in two authorities, occupancy is below 50 per cent.

Exhibit 9
Occupancy rates in local authority daycare

Under-occupancy is a widespread problem.

Source: CIPFA Personal social services statistics, 1995/96 estimates
78. The importance of under-occupancy is not widely recognised. One authority which undertook a review of its day nurseries addressed thoroughly a range of aspects (staffing, parents, children and buildings) but did not mention occupancy rates.

79. Failure of children to attend their booked half-days, which occurs to a significant extent, compounds the inefficient use of resources caused by under-occupancy. But it is also a cause for concern for another reason. Children are often enrolled because of worries about their safety at home. But registration at a day nursery does not address these concerns unless the children attend. Looking at attendance records over a period of ten months in establishments randomly selected from fieldwork visits, the Audit Commission found that the average proportion of children who did not turn up for a session for which they were booked was 28 per cent in one day nursery and 36 per cent in another.

80. Even among children who do attend, many do not stay for all the available hours of each session. In one day nursery where under-occupancy had not been raised as an issue, only seven of the 40 children enrolled in the nursery attended for the full number of hours in a particular week. Although the nursery is open from 8am to 6pm, few children arrived before 9.30am or stayed after 4pm. In such cases, it is important to ensure that working hours of staff devoted to direct care of children are well matched to children’s attendance. This requires nurseries to find out about the use that each family plans to make of the facility, rather than registering children for whole sessions without regard to when they will be present.

81. Occupancy and attendance can be described fairly uncontroversially in quantitative terms. But any activities run by day nurseries and family centres that extend beyond childcare need to be separated out when calculating daycare efficiency. Other activities may include:

- home visiting;
- counselling for parents;
- counselling for children;
- counselling for parents and children together;
- parents’ groups; and
- parent and child groups.

It is hard to establish objectively the efficiency of these activities. In some family centres they dominate; often there is no daycare at all.

82. Once inefficiency in childcare services has been identified, it is not straightforward to decide on appropriate action. Professional judgement is required. Possible actions include:

- changing the package of services offered to each child so that the family is helped to ensure attendance;
- changing eligibility criteria; and
- discontinuing the daycare service.
The need to achieve and maintain high utilisation of day nurseries has at least the potential to come into conflict with a child’s interests, if daycare is not the best response to the child’s needs. If, say, 70 per cent or more of children in need are referred to day nurseries, it may be worthwhile investigating referral patterns to ensure that the availability of day nurseries is not distorting the referral process. Where it transpires that too many children are being referred to day nurseries, the authority can consider:

- seeking to reduce day nursery capacity; and/or
- seeking to attract children who are not in need and whose parents would pay fees for their attendance.

Either course of action, or a combination of them, would release funds to provide more appropriate support for children in need.

Voluntary settings with local authority funding

A number of playgroups and daycare facilities receive the bulk of their funding as revenue grant from local authorities because the authorities value their work and recognise that parental and voluntary contributions cannot sustain them. In any setting where this happens, the authority needs to be assured that efficiency meets criteria similar to those that it applies to its own facilities.

For non-local authority daycare, the efficiency issues are identical to those for local authority day nurseries. For playgroups, occupancy is important and can be reviewed straightforwardly, as for day nurseries. Attendance is less likely to be a concern, partly because parents tend to turn up to sessions that they have paid for, and partly because there are fewer cases of concern about the child’s safety in the home. Full take-up of the session’s opening hours is also less likely to be an issue for playgroups, since the majority have relatively short sessions of only two or three hours.

The need to consider a range of actions to tackle any inefficiency is the same as for local authority day nurseries.

Efficiency: conclusions

Where a local authority early years service of any type has surplus capacity, or where utilisation is lower than planned, it is crucial to explore the reasons for the problem, as there are no universal solutions. Under-utilisation may be a sign that the service is not needed at the level at which it is being provided. Alternatively, it may be a sign that it is not structured in a way that fits in with families’ lives. In this case, the authority faces the policy question of how far it should adapt its services to accommodate the wishes and demands of parents. This question was tackled in the Birmingham Wraparound project (see Case Study 2 above).
## Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Access</strong></td>
<td>Systematic use of primary schools’ enrolment records to find out about their pupils’ prior experiences.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effective means of finding out about the access to services of children with particular needs, such as the use of fictional case histories.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Utilisation of authorities’ own services</strong></td>
<td>The occupancy of nursery classes and schools is fully known.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Few maintained nursery and local authority daycare settings are under-occupied and/or attended for more hours than the authority intends.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Few children are on nursery education rolls for longer than the authority’s policy allows for.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High occupancy of any social services day nurseries.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General management</strong></td>
<td>If more than 70 per cent of children in need are being referred to the authority’s own day nurseries, there is clear evidence that this practice is in the children’s interests.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>All nursery schools provide sufficient extra value beyond what nursery classes provide to justify to the authority the higher expenditure they entail.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Local authorities need to be informed about the educational effectiveness of services – both their own and other agencies’ – if they are to take a rational approach to planning and co-ordinating under-fives provision.

True measures of the educational benefits of under-fives provision are difficult to obtain, but there are three methods with at least the potential to yield useful information: self-reporting, inspection and assessment of children. There will be a new national inspection régime for the nursery education voucher scheme, but local authorities still need to consider ways of obtaining consistent and reliable information across settings.

The Audit Commission study shows that educational quality can be achieved in all types of setting.
88. Local authorities need to be informed about the educational effectiveness of services, their own and other agencies’, if they are to take a rational approach to planning and co-ordinating under-fives provision. The problem is that evidence on the effectiveness of different services is never clear cut, and often controversial. This is not a reason for ignoring the issue of educational quality.

89. True measures of the educational benefits of under-fives provision are difficult to obtain because:
- education is designed to have long-term effects, so the full benefit of current experiences cannot be expected for several years to come; and
- the learning achievements of a young child depend on a combination of factors, of which the quality of a particular pre-school setting is only one. So the educational effectiveness of the setting cannot be accurately measured solely by looking at children’s attainments.

90. A number of research studies have attempted at a general level to identify long-term effects of early educational experiences. But such studies are not much use to local authorities in measuring the quality of specific settings. And not all have compared the overall effectiveness of different kinds of setting: much of the evidence simply contrasts the experiences of children who have had some pre-school education with those who have had none.

91. But there are three methods with at least the potential to yield useful information:
- self-reporting: requiring providers to supply information about aspects of their work;
- inspection: professional observation of activities that occur in each setting; and
- assessment of children: finding out about their knowledge, skills and their understanding immediately after they complete their pre-school experience (at present the least-used method).

92. This chapter of the handbook looks at the potential value of each of these methods, at the ways in which local authorities can use them and at the results of exploratory investigations by the Audit Commission aimed at demonstrating their potential. In addition to giving authorities a better idea of
the tools at their disposal, these investigations themselves made comparisons of the educational effectiveness and quality of different services, and the results are relevant to local authorities.

3.1 Self-reporting

93. The documentation in support of settings’ registration under the 1989 Children Act commonly includes information on key characteristics of premises, staff qualifications and availability of equipment, and authorities generally also record such information for settings they maintain. This factual information can be a starting point in making sure that learning in under-fives settings is effective. But while satisfactory premises, staff qualification levels and equipment can be necessary conditions for effective learning, they are never sufficient alone.

3.2 Inspection

94. Inspection of under-fives settings, of various kinds, is currently the main tool used for finding out about educational quality. Local authorities use it now and it will have a key rôle in the voucher scheme for four-year-olds. It has the key strength that it focuses directly on the activities in which children participate. But inspection relates to educational effectiveness only indirectly. The link is through the observer’s judgements on whether the activities observed are likely to lead to desirable educational outcomes.

Local authority practice

95. Local authorities use inspection widely in voluntary and private settings because they have a statutory duty there. The duty is to register private and voluntary establishments that meet certain criteria, and to inspect them annually to ensure that the criteria are met. The duty also extends to childminders. It is not lawful for children to receive paid care in unregistered private or voluntary settings (including childminders’ houses) outside their own homes.

96. The core concerns of statutory registration and inspection (R&I) are health, safety and welfare rather than educational effectiveness. But the dividing line between the former areas and educational characteristics is not sharp. So the statutory guidance from the Department of Health (Ref. 5) calls upon R&I to include an educational focus:

The aim should be to offer three- and four-year-olds in day care settings including playgroups and day nurseries experiences comparable in quality with those offered to children attending school.

Many authorities take up this call and use R&I both to find out about educational quality and to encourage its improvement. Inspectors are commonly told to include education in the matters that they examine.

97. However, R&I teams, most of which are based in social services departments, sometimes choose their approach to educational considerations without reference to other education work in the authority. In Spring 1995, an Audit Commission survey of R&I inspections found that in over one-third of authorities, R&I teams had no formal links with the education department.
98. In order to meet the Department of Health objective of creating some parity of experience between daycare and school settings, some collaboration between R&I and education departments is desirable. In only a minority of authorities does such collaboration currently extend to joint inspections, joint guidelines for inspectors or staff secondment (Exhibit 10).

99. In addition to R&I inspections, there are to be educational inspections for settings other than schools which wish to redeem education vouchers for four-year-olds.

100. Local authority investigation of educational quality and effectiveness is less systematic in settings for which there is no statutory R&I duty. These include:

(a) Local authority day nurseries. These do not have to be inspected by anybody, even though they are covered by the Department of Health guidance cited above and a number of authorities do inspect them; and

(b) All types of school, including:
   - local authority nursery and primary schools;
   - grant-maintained nursery and primary schools;
   - independent schools with five or more pupils of compulsory school age, even where under-fives education is the main activity.

101. For all three of the school types in category (b), the national education inspection bodies carry out regular inspections – the Office for Standards in Education (OFSTED) in England and the Office of Her Majesty’s Chief Inspector (OHMCI) in Wales. The requirement to inspect every primary and nursery school at regular intervals (every four years in England and every five years in Wales) from 1994 means that all local authority nursery education is now routinely inspected. But although many local authority staff participate in teams carrying out inspections on behalf of the national bodies, local authorities themselves commission few inspections of their own schools. Most of their work on educational quality aims to develop it, with relatively little emphasis on systematically finding out about it, either from OFSTED/

---

**Exhibit 10**

**Links between R&I and the education department**

About two-thirds of authorities provide support from the education department to the teams which register and inspect private and voluntary settings.

<table>
<thead>
<tr>
<th>Formal links between R&amp;I teams and education?</th>
<th>Nature of involvement of the education department</th>
<th>Of all authorities</th>
<th>Of those responding ‘yes’:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes 62%</td>
<td>Education and R&amp;I joint inspections of some settings</td>
<td>24%</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>Education/R&amp;I joint guidelines for R&amp;I inspectors</td>
<td>15%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>Seconded staff from education to R&amp;I</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>Other (not specified)</td>
<td>53%</td>
<td>85%</td>
</tr>
<tr>
<td>No 38%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Audit Commission postal questionnaire to all English and Welsh social services authorities in spring 1995 (Ref. 6)*
OHMCI inspections, or their own. And some authorities still pay too little attention to educational quality. When asked about the monitoring of quality in the early years, education staff in one authority cited only one monitoring initiative, a one-off inspection exercise carried out four years previously. The exercise, involving 70 schools, mainly observed things other than classroom practice and made no reference to evidence of what children know or understand.

Thus there is a variety of approaches to inspection in different sectors. But the quality of education is important in all sectors and there may not be common standards. The London Borough of Croydon has sought to develop common approaches to inspection and quality for different types of setting (Case Study 10).

**Inspecting across sectors: the Audit Commission’s inspections**

As part of its under-fives study, the Audit Commission included an evaluation of various pre-compulsory settings, based entirely on inspection of educational quality. The distinctive feature of the exercise is that it evaluated against common criteria a variety of early years settings, half of which were outside the education system. The inspectors were all former members of Her Majesty’s Inspectorate of Schools. They used a common inspection instrument (reproduced in Appendix 2). They inspected settings of all the main types, in eight local authorities, with the following results (Table 1):

The London Borough of Croydon has started to develop common approaches to the evaluation of educational quality by involving education and social services specialists in each other’s inspections. This has included the involvement of the Education Inspector in the annual inspection of three local authority day nurseries, one voluntary after-school club and playgroup, and one private day nursery. The Social Services Inspector has joined the Education Inspector on some of the annual phase visits to nursery classes and nursery schools. The focus of the additional inspector is negotiated beforehand and includes one or more key elements of a quality early years curriculum. For example, the focus of the Social Services Inspector this year has been the implementation of the High/Scope Curriculum in one nursery class and meeting children’s individual needs and mathematical learning in a nursery school. The Education Inspector has focused on learning outcomes and the process by which they are achieved. All visits have included follow-up meetings to share and discuss inspection findings.

This joint working has proved mutually beneficial as an insight into the broad range of provision across the sectors and it is intended to continue with approximately four shared visits a year.
Table 1
Inspectors’ grades for settings of different types

<table>
<thead>
<tr>
<th>Type of setting</th>
<th>Playgroup</th>
<th>Nursery education</th>
<th>Infant education</th>
<th>Private nursery</th>
<th>Local authority day nursery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of settings inspected</td>
<td>10</td>
<td>15</td>
<td>11</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Quality of: Achievement</td>
<td>3.60</td>
<td>2.47</td>
<td>2.73</td>
<td>3.00</td>
<td>3.15</td>
</tr>
<tr>
<td>Learning</td>
<td>3.20</td>
<td>2.53</td>
<td>2.73</td>
<td>2.67</td>
<td>3.00</td>
</tr>
<tr>
<td>Teaching</td>
<td>3.70</td>
<td>2.60</td>
<td>2.68</td>
<td>3.00</td>
<td>3.23</td>
</tr>
</tbody>
</table>

Note: The grades range from 1 (very good) to 5 (unsatisfactory).

104. These results show that on average, nursery and infant education have higher educational quality than playgroups, private nurseries and local authority day nurseries. However, as documented in the Audit Commission’s main report, Counting to Five, there is a substantial overlap between the grades for each type of setting: the best of each type is better than the worst of every other type. This means that it can never be taken for granted that educational quality of any one establishment will be better than another merely on the grounds of its type. This holds true for each of the three constituents of educational quality – achievement, teaching and learning – as well as for the average of the three.

105. The settings that the inspectors judged to be, on average, good or very good had few characteristics in common. As the summaries in Box G (overleaf) show, two ingredients of success which were common among high-scoring settings were good planning and appropriate staff training.

106. Another useful exercise that compared quality across sectors was carried out by OHMCI in Wales during 1994/95 (Ref. 7). Its main findings are given in Box H (on p51).

Inspection: the way forward

107. The Audit Commission’s inspection exercise shows that educational quality can be achieved in all types of setting. The problem with present inspection arrangements is that they do not provide consistent comparisons across the various types of setting. The present framework for inspecting playgroups and private day nurseries may be adequate for the purpose of determining whether a child’s health, safety or welfare is endangered, but does not facilitate judgements about educational quality. The national programme of inspections of maintained nursery and primary education gives more specific information on quality, but the inspections are less frequent than R&I inspections of playgroups and day nurseries.
### Box G
Settings rated by inspectors as ‘very good’ or ‘good’ (average of grades for achievement, learning and teaching)

<table>
<thead>
<tr>
<th>Setting Description</th>
<th>Child:adult ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural infant school admitting all children at the beginning of the school year of their fifth birthdays. Bilson Infants, Cinderford, Gloucestershire</strong></td>
<td>16:1</td>
</tr>
<tr>
<td>Teachers trained to work with children in the early years of schooling.</td>
<td></td>
</tr>
<tr>
<td>Staff development good. Staff planned and reviewed work well.</td>
<td></td>
</tr>
<tr>
<td><strong>St Mary’s Infants, Cheltenham</strong></td>
<td>12.2:1</td>
</tr>
<tr>
<td>Work matched to children’s needs.</td>
<td></td>
</tr>
<tr>
<td><strong>Woodmancote Primary, Cheltenham</strong></td>
<td>27:1 and 29:1 at different times of the week.</td>
</tr>
<tr>
<td>Good planning of children’s work.</td>
<td></td>
</tr>
<tr>
<td>Both teachers had early years training.</td>
<td></td>
</tr>
<tr>
<td><strong>A local authority day nursery serving children suffering social deprivation, children with special needs and children from the community. Louise House Early Years Daycare Centre, Lewisham, London</strong></td>
<td>6:1</td>
</tr>
<tr>
<td>Low child:adult ratio, which made possible extensive adult involvement with the children. The staff were qualified and experienced nursery nurses who had also been through the training of the High/Scope organisation. A peripatetic pre-school teacher supported the staff.</td>
<td></td>
</tr>
<tr>
<td><strong>The nursery class of an urban primary school. Shooters Grove Primary School’s nursery class, Sheffield</strong></td>
<td>13:1</td>
</tr>
<tr>
<td>Staff had a sound knowledge of child development.</td>
<td></td>
</tr>
<tr>
<td>Adults aware of children as individuals, leading to appropriate expectations of the children.</td>
<td></td>
</tr>
<tr>
<td><strong>Private nursery school associated with a maintained primary school. The Raleigh Nursery School, West Horsley, Surrey</strong></td>
<td>1:1</td>
</tr>
<tr>
<td>Staff showed a sound knowledge of child development and knew the children well.</td>
<td></td>
</tr>
<tr>
<td>Staff demonstrated interest in children’s views and thoughts.</td>
<td></td>
</tr>
<tr>
<td><strong>The nursery class of a suburban primary school. Nonsuch Primary School nursery class, Sutton, London</strong></td>
<td>13:1</td>
</tr>
<tr>
<td>Staff ‘secure in their knowledge of how young children learn’.</td>
<td></td>
</tr>
<tr>
<td>Meticulous planning and preparation.</td>
<td></td>
</tr>
<tr>
<td>Thorough assessment and recording.</td>
<td></td>
</tr>
<tr>
<td><strong>St Mary’s RC Infants nursery class, Sutton</strong></td>
<td>13:1</td>
</tr>
<tr>
<td>Teachers plan curriculum in depth.</td>
<td></td>
</tr>
<tr>
<td>Positive staff: children relationships.</td>
<td></td>
</tr>
<tr>
<td>Realistic and high expectations of children.</td>
<td></td>
</tr>
<tr>
<td><strong>Coedffranc Infants School, Skewen, near Swansea, South Wales.</strong></td>
<td>14:1</td>
</tr>
<tr>
<td>Good relationships with parents.</td>
<td></td>
</tr>
<tr>
<td>Appropriate activities planned.</td>
<td></td>
</tr>
<tr>
<td>Teachers had been on substantial early years courses.</td>
<td></td>
</tr>
</tbody>
</table>
In the future, the nursery education voucher scheme will include a new inspection régime (see Chapter 7 below), which will cover all types of setting, but only for four-year-olds. It will not necessarily cover the criteria for quality defined by every local authority. The Department of Health is currently reconsidering the framework under which social services authorities inspect a range of facilities, including sessional daycare. But while it is not yet possible to put forward a robust blueprint for local authority action, local authorities can and should consider ways of obtaining consistent and regular information across settings, including the use of voucher-related inspection reports where available. This needs to involve close collaboration between education departments and social services departments. The kind of methodology used in the Audit Commission’s inspection exercise (set out in Appendix 2) may have a place in authorities’ portfolios of tools for quality review. It is unlikely to be feasible or desirable for authorities to carry out such inspections routinely, but they could use such inspections selectively. For example, in undertaking one of its regular reviews of provision, and in order to plan new ways of matching future provision to needs, an authority may wish to compare the cost-effectiveness of spending money on its own provision as opposed to giving subsidies to the voluntary sector. At such decision points, it makes sense to find out which settings in each sector are educationally the most effective.

During the school year 1994/95, the Office of Her Majesty’s Chief Inspector of Schools in Wales (OHMCI) carried out routine inspection visits to, and full formal inspections of, 120 local authority nursery and primary schools. In addition, it carried out a special survey of 22 voluntary-sector playgroups during the 1995 summer term. Reporting on the provision it had observed in both sectors, OHMCI concluded, *inter alia*:

- that the overall quality of curriculum planning was satisfactory in about 50 per cent, and good or very good in 30 per cent of the maintained nursery provision. In the playgroups, the work was ‘insufficiently planned with specific educational goals in mind’;
- that the quality of assessment and record-keeping was satisfactory to good in 80 per cent of the maintained establishments, but ‘receives very little attention’ in the playgroups;
- that the quality of teaching was satisfactory or better in 80 per cent of the maintained classes, including 50 per cent where it was good or very good. In the playgroups, staff act in a mainly supervisory capacity; good standards are achieved in terms of children’s emotional and social development, but intellectual development is not as well catered for; and
- that standards of achievement are satisfactory or better in between 70 per cent (for science) and 90 per cent (for mathematical and number skills) of the maintained settings. In the playgroups, standards are relatively high in speaking and listening (80 per cent satisfactory) in the development of simple counting skills (satisfactory overall) and in aspects of the physical and creative areas of learning. But in most core areas, including early reading and writing skills and the use of simple mathematical language, satisfactory achievement levels are attained only in isolated cases.

The report acknowledges that playgroups have different aims from maintained schools. But by identifying examples of good practice, it demonstrates the potential for improvement in both sectors.
Finally, the value of inspection as a means of checking up on educational quality makes it all the more important that authorities run R&I services effectively. An Audit Commission survey (Ref. 6) of R&I found considerable variations; for example, in:

- the backlog of annual inspections, ranging from 50 per cent of the total to zero;
- the time taken to complete a routine childminder registration – from less than two months in some authorities to over nine months in others; and
- the duration of pre-registration childminder training, from over 20 hours to under two hours.

Assessment of children’s learning has two main advantages and two main drawbacks in comparison with inspection. The advantages are that:

- direct assessment can detect what has been learnt over a child’s entire pre-school career rather than being based on the few hours or days in which an inspection takes place; and
- there may be greater objectivity than with an inspection, provided that the assessment is carried out in an objective manner, since it does not rely on an inspector’s observations.

The main drawbacks of assessments are that:

- they are bound to miss benefits of early learning that do not manifest themselves until later in life; and
- they do not distinguish between what is learned in a particular out-of-home setting and what is learned in the home.

Recently there has been a considerable growth of interest in assessing children’s learning on entry to primary school – known as ‘baseline assessment’. But the main motivation of local authorities in carrying out such assessments has not been to evaluate the quality of pre-school settings. Rather, they have been designed mainly for purposes related to primary schooling, notably:

- to identify which children are having difficulties with learning and who may need help;
- to target such children for extra resources; and
- to establish a ‘baseline’ of children’s attainment against which progress in primary school can be measured.

Authorities hardly ever use assessments of children’s learning on entry to primary school to judge the educational effectiveness of pre-school settings, largely because of the problem referred to above of distinguishing the effect of learning at home. If baseline assessments were to be used for this purpose, they would need to be designed appropriately. A baseline assessment, the main purpose of which is to review subsequent progress, needs, for example, to focus on areas of learning that are well correlated with subsequent attainment (such as letter recognition, which correlates well with subsequent reading attainment). Where the aim is also to evaluate learning in the pre-school
environment, on the other hand, a wider set of skills would have to be assessed, in order to evaluate learning attainments that could have many different applications in future learning and life.

**Using baseline assessments to compare the educational effectiveness of pre-school settings**

113. For the Audit Commission’s under-fives study, a research team was commissioned to use baseline assessment results to compare the educational effectiveness of various pre-school settings. The team found that children who had taken part in nursery education had a distinct advantage over both those who had been to playgroups and those who had no playgroup experience or nursery education. There were some important limitations in the methodology, but this type of exercise is nonetheless worth pursuing.

114. The exercise was carried out by the Curriculum Evaluation and Management Centre, which at the time was part of the School of Education at the University of Newcastle-upon-Tyne. Results from baseline assessments carried out in autumn 1994 were used as part of an exercise aimed at helping local authorities to gauge ‘value added’ during Key Stage 1 of compulsory schooling. The baseline assessment results were combined with teachers’ answers to the question: ‘Did this child attend nursery, playgroup or neither?’ Although the assessments were not designed with the purpose of comparing the effectiveness of pre-school experiences, the results were considered to be relevant for this purpose.

115. The Newcastle team recognised that other factors as well as pre-school services may influence baseline assessment results, and sought to take account of:

- gender;
- whether the child was one of a multiple birth (twins, etc);
- whether English was the child’s second language;
- age at the time of the assessment; and
- home background (as indicated by the home postcode).

116. Data were collected for 2,678 pupils in 71 schools in 11 English LEAs. The two main difficulties that arose in the analysis were that:

- teachers were not given the chance to say that a pupil had attended both playgroup and nursery education; and
- the reported number of playgroup participants in the exercise was low compared with national playgroup participation levels.

117. The main analysis 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 a playgroup (Exhibit 11, overleaf). A full report of the exercise is available from the Audit Commission (Ref. 8).
Nursery education is associated with a significantly higher ‘baseline assessment’ score.

<table>
<thead>
<tr>
<th></th>
<th>Baseline score</th>
<th>Standard error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline score</td>
<td>57.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Apparent effect on baseline score of:

- **attendance at nursery class or school**: 8.75 (1.8)
- **attendance at playgroup**: 2.15 (2.2)
- **being female**: 4.27 (0.84)
- **being one of twins, triplets, etc**: -6.08 (2.9)
- **having English as a second language**: -15.8 (3.7)
- **being 4 months older than average**: 7.0 (0.51)
- **living in the most deprived area**: -3.66 (0.62)

Note: The table compares scores with those of a hypothetical average boy who did not go to nursery education or playgroup, whose first language was English, who was of average age at the time of the assessment, and lived in an average neighbourhood. Such a boy would score 57.

118. This exercise confirmed that there is some potential for using baseline assessment to produce information about settings, providing it is handled carefully and its limitations are realised. To be of use in reviews of individual settings, baseline assessment scores need to be broken down between the settings and make allowance for social backgrounds of the children. These requirements mean that, in many cases, the numbers of comparable children will be too small to be statistically significant. So there is likely to be limited scope to use baseline assessment as a routine review tool. On the other hand, it can be a potentially useful cross-check on the view that a council has formed of a particular setting. If, for example, it finds that children attending a playgroup with a high reputation commonly perform weakly in baseline assessment, it may wish to investigate further why this is the case. Conversely, an authority that has always assumed that children without nursery education risk being insufficiently prepared for starting school may need to rethink this view if it finds that the great majority of children attending certain voluntary settings have perfectly satisfactory skills when entering primary school.

3.4 Combining methods

119. Since none of the three methods described in this chapter can give a full picture of educational effectiveness, authorities may wish to combine the information yielded by the methods in order to make judgements about quality.
## Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collecting information about effectiveness and quality</td>
<td>The authority draws on self-reporting, inspection and the assessment of children.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Getting the most out of inspection</td>
<td>The authority seeks to ensure that Children Act inspection and educational inspection complement each other, whether by joint working or by other means.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A range of home-visiting schemes work to improve the quality of children’s experiences in the home and many of them receive a substantial proportion of their budgets from the local authority. Since their objectives overlap with those of out-of-home provision, it makes sense to include home-based schemes within overall planning for under-fives. At present, most local authorities do not.

A local authority needs to collate information about all schemes, regardless of who is running them. It then needs to explore their potential contribution as part of an overall strategy for under-fives.
120. Most young children spend a relatively small part of their lives being cared for outside the home: the majority of under-fives have at least one parent who does not work full-time. Much of children’s learning and development at this age takes place at home. So measures to support children’s home experiences can be highly significant.

121. It has become widely accepted that an important influence on young children’s futures is the support that they receive for learning in the pre-school years. The strongest evidence of the value of early learning comes from the much-quoted High/Scope study in the USA (Ref. 9). But the study confirms that support for learning does not have value only outside the home. It is noteworthy that the High/Scope programme featured home-visiting (a half-day visit to each child each week) as well as nursery education.

122. In England and Wales, a range of home-visiting schemes work to improve the quality of children’s experiences in the home (Box I, overleaf). These schemes usually receive a substantial proportion of their budget from the local authority (Exhibit 12). Since their objectives overlap with those of out-of-home provision, it makes sense to include home-based schemes within overall planning for under-fives. At present, local authorities do not generally take this approach.

123. Home-visiting schemes differ from ‘mainstream’ local authority services in the way that they are set up. In contrast to, say, a new nursery class, they are usually established by people who are isolated from the authority’s strategic planning and management. Local authority involvement often follows a voluntary organisation’s initiative. Even some schemes that are technically within local authorities are run by local managers on their own initiative. As a result, coverage in different parts of a single authority can be uneven. Local groups, even those that are part of big national organisations, do not cover whole local authority areas.

124. A more co-ordinated approach by the local authority should bring home-visiting schemes within strategic planning alongside other provision. Their cost-effectiveness ought to be considered alongside that of services like nursery education, rather than as a possible additional commitment once spending on the ‘mainstream’ has been decided. Although home-visiting is usually more expensive per child served, it may sometimes be the most cost-effective way of reaching a small, targeted number of children with particular needs, who are spread over too wide an area to be grouped in a nursery class.

### Exhibit 12

**Financing of home-based schemes**

Local authorities generally bear most of the cost of home-based schemes.

<table>
<thead>
<tr>
<th>Local authority reference</th>
<th>Type of scheme</th>
<th>Annual budget (£000)</th>
<th>Local authority</th>
<th>NHS</th>
<th>Charitable donations</th>
<th>Other fund-raising</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Portage</td>
<td>65</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Portage</td>
<td>59</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Home-Start</td>
<td>55</td>
<td>81</td>
<td>17</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Home-Start</td>
<td>48</td>
<td>61</td>
<td>31</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Portage</td>
<td>45</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Audit Commission fieldwork*
To bring home-visiting schemes into the strategy process, a local authority needs to collate information about all schemes, regardless of who is running them, and explore their potential contribution to the overall development of services for under-fives (Box J).

---

**Box I**

Home-visiting schemes – purposes and characteristics

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Characteristics</th>
</tr>
</thead>
</table>
| Home-visiting schemes all seek to help children by helping their parents, as well as or instead of working directly with children. But they differ in a number of respects:  
- They focus on different types of need, which make children eligible for home visits, often triggered by professional referral. These include:  
  - social needs  
  - developmental needs  
  - psychological needs  
- They involve different kinds of visitor, either:  
  - professionals, or  
  - volunteers  
In both cases home visitors are usually trained.  
- They have different kinds of focus, whether:  
  - educational, or  
  - social/psychological  
But even where there is not an educational focus, benefits to children’s learning are likely.  
- They have different organisational bases, including:  
  - national voluntary organisations  
  - local voluntary organisations  
  - schools  
  - family centres  
  - teams within education departments  
  - teams within social services departments  | A range of home-visiting schemes are in operation, including:  
- **Home-Start**, which offers regular support, friendship and practical help to families under stress, helping to prevent family crisis and breakdown. There are Home-Start groups all over the UK.  
- **Portage**: an educational scheme which works mostly with children with special educational needs. A 1993 survey identified 191 Portage services in England and four in Wales.  
- **The New Parent Infant Network (NEWPIN)**: a support network for parents who want to improve family relationships. It works with parents who suffer from depression or feelings of isolation, in groups as well as on an individual basis in family homes.  
- Particular local initiatives, such as Leeds’ **Home Early Learning Project**, and **Family Link** in Northumbria. Surrey’s **Playlink** scheme provides intensive educational support for children and parents.  
- Work by **family centres** which involves home-visiting.  
- **Local authority schemes** based within particular departments (eg, North Tyneside’s pre-school home teaching service within its Educational Psychology Unit).  
- **Home-school liaison** by schools, which sometimes involves home-visiting. One of the best developed home-school liaison schemes is **Getting Ready for School**, which operates in Surrey. It involves the use in the home of educational materials prepared and tried out by educational psychologists, teachers and parents. |

Note: See also Ref. 10 for a fuller account of home-visiting schemes and their place in parent education.
4.2 Costs of home-visiting schemes

126. Cost information is available for most home-visiting schemes, but the information is seldom in a form that can be used in support of local authority strategic decisions. To serve this purpose, the cost information needs to be presented in a way that:

- allows comparison with costs of other services, including schools and playgroups; and
- shows how overall costs are linked to basic parameters such as staffing levels, staff pay and volume of work.

127. To plan new or expanded schemes, it is essential to understand how the basic cost elements affect the overall cost. Existing schemes give some guide to costs in new or expanded schemes, but some features may be different. The most obvious possible difference is between paid and volunteer labour. But even if home visitors in a new scheme are employed on the same terms as visitors in the existing one, support staff may be organised differently. By understanding the elements that make up the overall cost, it is possible for the local authority to make informed estimates of the cost of the new scheme, which do not merely assume that the unit cost will be the same as in existing provision. Appendix 3 explains an approach to costing a range of types of under-fives education services, including home-visiting schemes. It includes an example of the projection of costs for a possible expansion of an existing home-visiting scheme.
## Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review</td>
<td>Home-visiting schemes throughout the authority are reviewed together.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unmet need for the services of each home-visiting scheme is well understood, especially outside the scheme’s area of operation. In estimating this unmet need, allowance is made for other home-visiting schemes and for out-of-home services which may fully or partially meet these needs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>The costs of home-visiting schemes are compared with:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) the costs of other home-visiting schemes; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) those of children’s services outside the home.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>Home-visiting schemes are considered alongside other types of service, in terms both of scope to meet need and of costs.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Improvements to access and quality should be considered together since the same actions are commonly relevant to both.

Many authorities provide funds to non-local authority settings, either through grants or by paying fees for individual children. Both uses of funds should be linked to authorities' access and quality objectives. Greater educational effectiveness in non-school settings can be promoted by grant aid, through registration and inspection activities and by professional support to raise quality.

Whatever the range of services for young children and their families in an area, authorities can help families get the best possible services by informing parents about the full range of what is available.
128. Chapters 2, 3 and 4 of this handbook have covered ways in which local authorities can find out about provision. This chapter looks at ways in which they can make improvements.

129. The underlying principle when looking at improvement should be to find ways of giving children more access to the services that they need, within available resources. In doing so, local authorities should in particular ask themselves:

- Whether there is an undue tendency to think in terms of adding to existing services, which are taken as given, rather than considering the potential for reshaping them. It should not be taken for granted that existing provision is either cost-effective or the most appropriate to meet identified needs, or that it must be continued.

- Whether there is undue bias towards enhancing their own services, as compared with those provided by others. A client-led approach should be neutral between the two.

- Whether there is undue bias towards out-of-home compared to home-based provision. The latter should be used wherever it is the most cost-effective way of serving client needs.

5.1 Combining access with quality

130. The overall aim is to provide a satisfactory level of access to settings of sufficient quality to achieve educational and other goals. One way to do this is to improve the quantity of access to settings of a given quality, either through expansion or efficiency improvements. Another way is to improve the quality of existing provision. Where there is already good access to voluntary-sector provision the quality of which is patchy, the latter solution might well be the best one.

131. In looking at ways in which local authorities can improve access and quality, the Audit Commission’s study concluded that there is no single route to improvement. Each local authority needs to design its own solutions based on its circumstances and objectives. In practice, success seems to come from painstaking work designed around the particular characteristics of each service. But this chapter draws attention to examples of interesting practices in local authorities that have brought about improvements.

132. Measures to improve access and quality can be categorised under the following broad headings:

- Improvements in the efficiency of local authorities’ own provision that allow access to be increased within existing resources. These have already been considered in Chapter 2, Section 2.2 above.

- Measures to give children greater access to non-local authority settings. These are considered in section 5.2 below.

- Improvements in educational quality in maintained nursery and reception-class primary education. In principle, local authorities should be addressing quality throughout their school systems. Two key factors condition their activity in this area: the establishment in 1994 of a substantially enhanced national inspection system, managed by OFSTED and OHMCI (Wales), and constraints on local authority education expenditure outside schools. This handbook does not address local
authorities’ support of quality in maintained education for under-fives, since this is bound up with all the other work to improve quality throughout maintained education.

- The promotion of greater educational effectiveness in non-school settings – including playgroups and day nurseries, both private and public. This is covered in section 5.2.

- Overall strategies for developing services which cover enhancements of current provision as well as extensions by means of new provision. These are considered in section 5.3.

- Information for parents on available services, considered in section 5.4.

133. Where a local authority wishes to increase the amount of access to settings for under-fives, it should consider giving financial support to private or voluntary providers. In considering this option, the authority should think systematically about:

- How far other providers meet policy objectives; in terms, for example, of offering provision at an acceptable level of quality, to children of particular ages, at prices that their families can afford.

- The cost to the local authority of subsidising non-local authority settings compared with the cost of making direct provision.

- How convenient the provision is for potential users, in particular the location and opening hours.

- Evidence of what parents want – in terms of the characteristics and priorities of under-fives services.

Enhancing access generally

134. The most widely used means of helping children generally to benefit from private and voluntary provision is to grant aid playgroups. At present, the amounts involved vary greatly between authorities (Exhibit 13, overleaf). In ten authorities looked at in Audit Commission fieldwork, just over one-quarter of playgroups on average were given grants. But two authorities gave no grants and two gave them to nearly three-quarters of playgroups. Of those which did give grant aid, the average given per group ranged from £127 to £863 a year.

135. Local authorities should use grants systematically to support non-public settings where this is the most cost-effective way of realising their access objectives. This requires careful analysis of:

- the comparative cost to the local authority of securing an extra place, in voluntary, private and its own provision, taking into account the voucher revenues that the local authority stands to gain when enrolling a four-year-old in a local authority setting; and

- the amount that non-public settings charge to parents, taking account of the impact of vouchers on these charges, in relation to the authority’s stated policy objectives on affordability.

Currently there are examples of systematic and unsystematic grant support to playgroups (Case Study 11, overleaf).
No obvious pattern is apparent in the amount or coverage of local authority grant support.

### Exhibit 13
Local authority grant support for individual playgroups

<table>
<thead>
<tr>
<th>Authority</th>
<th>Grant to playgroups (£000)</th>
<th>No. of playgroups given a grant (*estimated)</th>
<th>Average per playgroup (£)</th>
<th>Total no. of playgroups in the authority</th>
<th>Percentage of playgroups given a grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>67.8</td>
<td>184</td>
<td>369</td>
<td>250</td>
<td>74</td>
</tr>
<tr>
<td>B</td>
<td>44.0</td>
<td>51</td>
<td>863</td>
<td>73</td>
<td>70</td>
</tr>
<tr>
<td>C</td>
<td>12.8</td>
<td>22</td>
<td>580</td>
<td>306</td>
<td>7</td>
</tr>
<tr>
<td>D</td>
<td>6.8</td>
<td>28</td>
<td>241</td>
<td>58</td>
<td>48</td>
</tr>
<tr>
<td>E</td>
<td>5.6</td>
<td>44</td>
<td>127</td>
<td>282</td>
<td>16</td>
</tr>
<tr>
<td>F</td>
<td>0.3</td>
<td>1</td>
<td>300</td>
<td>34</td>
<td>3</td>
</tr>
<tr>
<td>G</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td>H</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>I</td>
<td>23.0</td>
<td>90</td>
<td>256</td>
<td>507</td>
<td>18</td>
</tr>
<tr>
<td>J</td>
<td>32.4</td>
<td>70*</td>
<td>463</td>
<td>104</td>
<td>67</td>
</tr>
</tbody>
</table>

Weighted average

- **Total no. of playgroups** = 393
- **Percentage of playgroups given a grant** = 28

Source: Audit Commission fieldwork data from ten local authorities

### Case Study 11
Support to playgroups in two authorities

The London Borough of Lewisham makes a grant to the Pre-school Learning Alliance, and the Alliance distributes it to individual member playgroups. The grant is used to subsidise running costs so that fees are kept at an affordable level. A key criterion in deciding grant support is that the playgroup is a community group run by a parents’ committee.

In another authority, grants to playgroups are administered by a general community services committee which is responsible for grants to voluntary organisations of all types. There is no co-ordination of decisions on grants to playgroups with authority-managed early years services.

136. The introduction of vouchers may reduce the local authority financial support needed by playgroups which provide for significant numbers of four-year-olds. Alternatively, it may enable playgroups to provide more affordable places with the same subsidy. It should be borne in mind, however, that the proportion of four-year-olds attending each playgroup varies widely, so some groups will gain little or no revenue from vouchers.

### Meeting particular needs

137. For children identified individually as having particular needs, local authorities may also be able to secure access to private and voluntary settings. They may buy places in private nurseries and playgroups and with childminders. They may also influence admissions to settings that they help to pay for.
Buying places for individuals is the surest way of getting provision for children whose needs the local authority wishes to see met. Until now, buying places in private or unsubsidised voluntary settings has been a relatively expensive option. In the future, its cost in the case of four-year-olds will be reduced, since the local authority will need to make up the difference only between the price of the place and the value of the voucher. To cater effectively for children by buying places for them in the private or voluntary sectors, however, requires active local authority management, not just the simple allocation of a budget (Case Study 12).

Service providers or parents may wish to limit the number of children on roll with social or educational disadvantages in order to maintain a certain character of the setting in question. Where an authority helps support a setting financially, it is in a position to negotiate a compromise between its own and the providers’ priorities, particularly if local authority grant aid is focused on the difficulties which providers face in catering for children in need.

The London Borough of Lewisham has introduced admissions panels that aim systematically to identify and meet children’s needs across settings (Case Study 13, overleaf). Such panels allow local authorities to start with the needs of the child and then promote access in an appropriate setting, rather than treating each setting differently. The panel approach makes access less arbitrary. It must be borne in mind, however, that the authority is never in a position to dictate admissions to all settings. It can negotiate but not determine admissions to the playgroups that it subsidises. It can set a policy for admissions criteria to nursery schools and nursery classes, but not determine individual cases.

**Case Study 12**

**Local authority management of bought places**

**Good practice**

Surrey’s Educational Psychology Service has produced a set of Guidelines for Supporting Statemented Children in Non-maintained Pre-school Groups. As well as giving advice to staff of the non-maintained groups, the booklet includes an offer of advice to them from the staff of the Psychology Service.

**Problems**

One authority’s social services department maintains a list of children with social, educational or developmental needs who do not necessarily require support from the authority’s special needs support service and who are not in nursery education. The list is open to children whose families are in receipt of social security benefits and who have some kind of additional need. Health visitors nominate children to the list. The list is not co-ordinated with the education department, and if children do not reach the top of the list before attaining school age, they are unlikely to receive any significant pre-school education, despite being among the most in need.

Many authorities pay for sponsored places in arrears, as they do with most payments they make for other purposes. But parents who pay for their children’s attendance at playgroup often pay in advance, and playgroups budget in the expectation of payment in advance. So children with sponsored places can put a strain on playgroups’ finances.
As discussed in Chapter 3 above, the educational effectiveness of under-fives settings is highly variable. There is, therefore, scope for enhancing the quality of what is on offer, in playgroups and nurseries run by the private and voluntary sectors as well as in local authorities’ own day nurseries. The Audit Commission’s fieldwork found that settings of all these types were often highly ‘improvable’: they were willing and able to add educational value if they were pointed in the right direction, and offered support.

Local authorities can therefore think of using a combination of pressure and support to improve the quality of non-school provision. Their starting point with the voluntary and private sectors is registration and inspection (R&I). It is possible to use R&I to demand certain standards with educational relevance, such as the training of staff or the provision of play equipment. But such measures will not on their own improve educational effectiveness. Despite the guidance by the Department of Health that R&I should include an educational dimension, it is in practice difficult for inspectors to set educational preconditions for registration. Playgroups find extra registration conditions an unwelcome distraction. On the other hand, it can be possible for inspecto rs to encourage good educational practice, including participation in post-registration training. Such encouragement is most effective where the authority has built up a good relationship with providers.

Reluctance to use coercion can be particularly important in the case of childminders. If R&I places high demands, there is a danger that childminders will simply evade registration. Unregistered childminding can present severe risks to the welfare of children. Insisting on standards that deter registration is therefore generally likely to cause more harm than good.
In addition to efforts through routine R&I to encourage good educational practice, local authorities can consider a range of ways in which quality might be nurtured. The Audit Commission study found examples of:

- direct linkage of voluntary sector grant with quality;
- grants with strings attached;
- professional support to raise quality criteria; and
- educational support to local authority day nurseries.

### Direct linkage of voluntary sector grant with quality

It is not usual for the award of a grant to a playgroup, or its amount, to be linked directly to the quality of provision. But in one authority, grants to individual playgroups are determined on a sliding scale, with the amount dependent on an assessment of particular attributes of the setting, which includes an assessment of educational quality (Box K). It is not clear how much impact these grants have, because of the small sums of money involved; a typical improvement in quality brings a grant increase of between £10 and £20 a year. Local authorities may also consider linking at least some of their subsidies to playgroups to educational quality measures. Quite apart from the financial incentive that they may provide, the existence of such rewards can help raise awareness of educational quality issues.

---

<table>
<thead>
<tr>
<th>Box K</th>
<th>Determination of the grant payable by one authority to playgroups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The amount of grant received is linked to quality of provision, as assessed during an annual inspection by the authority.</td>
</tr>
</tbody>
</table>

The total budget for grant support is apportioned between eligible playgroups on the basis of each playgroup's total points score, with higher scores attracting higher levels of grant. The assessment is as follows:

- **Financial situation** (score 0 to 10, a weaker financial position attracts a higher grant)
  - Rent payable (score 0 to 10)
- **Quality of educational activities**: score 0 to 10, with the extremes being:
  - **Very poor (0 points)**: no adult involvement, poor or unsafe equipment, no planning or preparation, children not purposefully occupied, no efforts made to improve
  - **Excellent (10 points)**: sensitive involvement of parents, very good range of safe and appropriate equipment, planning with originality and enthusiasm, very good range of activities, every opportunity taken to train and improve
‘There is a case for combining encouragement to meet standards with support for raised performance.’

Grants with strings attached

Even if grants do not vary according to different levels of quality, the local authority may well be in a position to set requirements as a condition of giving the grant. One way of doing this is through an agreement with an intermediary, such as a local association of providers. Many authorities channel grants through associations such as the Pre-school Learning Alliance (PLA) and the National Childminding Association. In Norfolk, an arrangement between the county council and the local PLA sub-committee includes an agreed level of service, which gives the authority the confidence to support member playgroups (Case Study 14). The London Borough of Lewisham has given earmarked grants to the local branch of the PLA to support playgroups’ work towards accreditation according to the Alliance’s accreditation scheme.

Professional support to raise quality

Laying down quality standards does not automatically give organisations the ability to meet them. There is a case for combining encouragement to meet standards with support for raised performance. Humberside County Council, for example, offered considerable support for professional development in the voluntary sector as part of its strategy for creating more demanding standards (Case Study 15). This process simultaneously raises the legitimacy of higher standards and makes it more realistic to expect them to be met. Some local authorities invite voluntary and private sector staff to attend their own training courses, free of charge. A focus on raising professional skills can be a useful starting point: the Audit Commission’s study found that the skills and experience of staff are major determinants of how well a setting performs educationally.

Case Study 14
Norfolk County Council: ensuring that grant support to an association is used effectively

An agreement, known to both parties as a service agreement (SA), between the authority and the PLA’s Norfolk subcommittee helps to ensure that appropriate support is given to playgroups with charitable status (including those which are not members of the association).

The SA, renewable every three years, specifies that the subcommittee should:

- employ staff as itemised in the SA (an overall co-ordinator plus specified numbers of fieldworkers);
- run a resource centre for playgroups;
- ensure that each member playgroup is visited at least three times per year by a PLA fieldworker;
- offer a ‘start-up’ package to all newly registered playgroups and parent and toddler groups;
- administer a grant aid scheme for member groups; and
- provide and support a programme of training (details specified).

On the authority’s part, the SA specifies:

- the amount of grant support payable by the authority; and
- the name of the principal contact within the authority.

Source: Audit Commission fieldwork
Educational support to local authority day nurseries

148. Unlike private and voluntary day nurseries, those run by local authorities are not subject to statutory registration and inspection. And unlike local authority nursery schools and classes, day nurseries are not subject to educational inspection. The result is that there is no statutory mechanism for looking at or improving educational quality in day nurseries, except in those where authorities wish to redeem education vouchers. In these day nurseries, the voucher scheme’s quality assurance régime will apply.

149. But many authorities that continue to operate day nurseries have nonetheless made training of day nursery staff a priority. One way of making use of existing expertise in the education system is to place teachers in day nurseries to help introduce an appropriate curriculum. In some cases, this has not worked well, because nursery staff have felt undermined rather than supported by such ad hoc intervention, a view exacerbated by differences in pay and conditions of employment between qualified teachers and permanent day nursery staff. A 1995 National Children’s Bureau study (Ref. 11) found that teachers’ support has worked best where the teacher and the nursery manager had a constructive attitude and the nursery workers had been prepared in advance for the arrival of the placement. An example is given in Case Study 16 (overleaf). Another example of support for day nurseries is that of Abercromby Nursery School, described in Case Study 8 above. But there are also examples of quality initiatives which are unlikely to have a beneficial impact outside the education service (Case Study 17, overleaf).
What should a local authority do when it finds present services inadequate in relation to access and quality objectives? The most visible way of developing services is to create new settings, or to expand the coverage of existing ones. The opening of a new nursery or the lowering of the age of admission to reception classes, for example, create visible new opportunities for users. But the development or restructuring of existing provision, which can sometimes mean cutting or closing some establishments in order to release resources for new ones, can potentially be the best way of improving quality and access. It is therefore unhelpful to consider new, incremental provision separately from other measures.

In devising strategies, it is often helpful to work on a locality-by-locality basis. It will not always be appropriate to apply the same pattern of provision across the authority, since circumstances such as the strength of the voluntary sector might vary considerably. In particular, there is a danger that resources are wasted by creating new public provision in areas where voluntary settings are perfectly adequate, and in the process undermining the viability of these settings.

A development strategy for each locality can be devised by going through a series of steps (Exhibit 14).

Look at all available data on needs
Take account of all existing provision
Consider all possible actions
Assess each action in terms of cost, quantitative impact and qualitative impact
Choose and implement most cost-effective action

5.4 A development strategy

One authority compiled guidelines for the curriculum in the early years but the group which drew up the guidelines was exclusively made up of school and education department staff.

Another authority prepared an early years curriculum document and sent it free of charge to all schools but not to its own day nurseries.

Two nursery teachers in North Tyneside were released to help in four day centres. In one centre, the managers had decided that the best use of the teacher would be to assist the workers to set up a room for the pre-school group. They made it clear that the workers were not going to be told what to do; rather, their experience would be drawn on. After the programme was implemented (over six months), the centre found the placement so useful that they asked that it should continue. There were also arrangements in other nurseries to take the children on a regular basis to attend a local nursery class.

In looking at all available data on needs, the local authority should make use of evidence that has been collected by NHS or other bodies, as well as the information that it has collected itself.

The importance of taking account of all existing provision is illustrated in Case Studies 18 and 19, but a number of authorities fail to consult adequately when they open new nursery classes (Box L). A local authority that starts from the perspective of children’s needs should not want to open new nurseries in areas well served by playgroups, if the main effect is to undermine existing playgroup provision. As emphasised in Chapter 4 above, the contribution of home-based services should be considered alongside that of out-of-home settings.
Case Studies 18 and 19
The adverse effects of new local authority provision on existing settings: two case studies

Opening a new nursery unit at a school that already has a thriving playgroup

- A playgroup has been based in a temporary classroom building in the grounds of a primary school since 1990, at which time the playgroup raised £23,000 to buy the classroom.
- The playgroup has been thriving since it was established, and has good links with the school.
- The primary school was among the first in the authority to be allocated a new nursery unit (in 1994), although there were other schools in similar locations without a nursery unit and which did not have an associated playgroup.
- The presence of the playgroup was apparently not taken into account during the planning of the nursery units.
- At best, the playgroup will lose most or all of its older children to the nursery unit; it may eventually have to cease operating.

Opening the new nursery class was part of the authority’s policy for early years education, which has a target for opening new nursery classes as its central feature. The policy is to raise the proportion of three- and four-year-olds in nursery education to match the average in all shire counties.

Two playgroups in the same authority, one with a nearby nursery unit

Opening a nursery unit near to Playgroup 1 dramatically changed the age profile of the children attending, which previously resembled that of Playgroup 2 in the same authority, where there is little maintained nursery provision. The two-and-a-half to three-and-a-half-year-olds in Playgroup 1 were left with no older companions to take the lead and to act as role models.

<table>
<thead>
<tr>
<th>Playgroup 1: with a nearby nursery unit (% of children)</th>
<th>Playgroup 2: no nearby nursery units (% of children)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children aged up to 2½</td>
<td>23</td>
</tr>
<tr>
<td>Children aged 2½ to 3½</td>
<td>77</td>
</tr>
<tr>
<td>Children aged 3½ to 4½</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Audit Commission fieldwork

Box L
Lack of consultation on the opening of new nursery classes

1. One authority has issued guidance to schools where a nursery class is about to open. The guidance advises school staff to consult with local playgroup staff, but the consultation begins only after the nursery class is on the way to being established.

2. In another authority, which was radically altering both nursery education provision and admission dates for primary education, a key councillor said that the impact on playgroups had not featured in policy planning for the altered arrangements.

3. In a third authority, a co-ordinating body for the whole voluntary sector complained that there had been inadequate consultation over the opening of new nursery classes.

4. In a fourth authority, with a rolling programme of expanding nursery education, there is an annual committee paper on progress and plans for the expansion. The paper goes to the Education Committee but is seen by neither the Social Services Committee nor its childcare subcommittee.

Source: Audit Commission fieldwork
155. In considering *all possible actions*, authorities should think about:

- Who is in the best position to provide a service. No generalisations can be made about what kind of provider is most suited to meet a particular need. For example, before- and after-care at a nursery class might, in different circumstances, be supplied by school staff, by separately employed local authority staff, by a private organisation or by sponsored childminders.

- Whether removing some existing provision in order to redeploy resources can meet needs more cost-effectively than expansion or new services. One local authority in the Audit Commission’s fieldwork commissioned a detailed study of needs, services and parents’ views in a particular locality. Commendably, it reported on all types of provision. But when it came to looking at actions, it took as given all the key expenditure decisions of the education and social services departments, considering only options for additional spending.

156. In order to be able to choose the most cost-effective package of actions, the authority needs to *compare the costs and impact* of each option. Costings should be calculated on the basis of analysis of the cost of present provision, and possibly a ‘cost tree’. The use of cost trees is explained in Appendix 3, which also contains examples of cost trees for reception classes of primary schools, nursery schools or classes, playgroups and home-visiting schemes. An across-the-board comparison of costings could lead to a set of options such as those in Box M, which were calculated as realistically as possible for one particular authority.

157. Finally, having looked objectively at the options, local authorities should *choose and implement* the actions that are the most cost-effective. This may seem self-evident, but there is a common tendency for authorities to stop short of translating analysis into action. Sometimes this can be because the group conducting the analysis is not authorised to take decisions.

158. In conclusion, the local authority should be pragmatic about what kind of service will best meet children’s needs, rather than applying any general principle about the type of setting that works best. A good example of an authority that has taken this approach is given in Case Study 20 (on p74). Berkshire County Council found that, in a sparsely populated area, investment in nursery provision would be inefficient. So it actively supported the development of playgroups to enhance both children’s access (by subsidising fees) and the quality of learning (for example, by funding teacher support).
**Box M**

An illustrative set of costed options for using a notional £30,000 revenue per year

(The examples given here are illustrative only and include outline rather than detailed capital costs, and exclude practical details. Benefits are *not* compared here.)

<table>
<thead>
<tr>
<th>Target group</th>
<th>Option</th>
<th>Number of children potentially helped</th>
<th>Capital</th>
<th>Revenue cost per child per hour</th>
<th>Annual revenue cost per child</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children of nursery age without LEA nursery place</td>
<td>New nursery class term time</td>
<td>52</td>
<td>High – £145,000 plus</td>
<td>£2</td>
<td>£962 before voucher income (38 weeks)</td>
</tr>
<tr>
<td>Same</td>
<td>Expand and sponsor playgroup provision for all term time, 5 sessions per week per term</td>
<td>53</td>
<td>Minimal, assuming existing halls available</td>
<td>£1.20</td>
<td>£570 (38 weeks)</td>
</tr>
<tr>
<td>Children in need without nursery/day nursery/playgroup place</td>
<td>Sponsorship in playgroup for 2 sessions per week term time</td>
<td>131</td>
<td>As above</td>
<td>£1.20</td>
<td>£228 (38 weeks)</td>
</tr>
<tr>
<td>Same</td>
<td>Childminder support or private day nursery for two 8-hour days per week</td>
<td>19 to 25</td>
<td>None for authority</td>
<td>£1.50 to £2</td>
<td>£1,200 to £1,600 (50 weeks)</td>
</tr>
<tr>
<td>Same</td>
<td>Home teaching – eg, Portage once a fortnight for two hours</td>
<td>37</td>
<td>None</td>
<td>£16.40</td>
<td>£820 (50 weeks)</td>
</tr>
<tr>
<td>Families with under-fives in need of parenting support</td>
<td>Parenting project at Toytown school 2 sessions per week term time</td>
<td>62</td>
<td>Minimal, given existing classroom</td>
<td>£2.50</td>
<td>£480 per family (38 weeks)</td>
</tr>
<tr>
<td>Same</td>
<td>Volunteer home-visiting scheme – eg, Home-Start once a fortnight for 2 hours</td>
<td>58</td>
<td>None</td>
<td>£10.34</td>
<td>£517 per family (50 weeks)</td>
</tr>
<tr>
<td>Same</td>
<td>Family centre approach, 8 hours per week using existing day centre</td>
<td>14</td>
<td>Some, if any conversion required at day centre</td>
<td>£5.29 (existing cost per child hour)</td>
<td>£2,116 per family (50 weeks)</td>
</tr>
</tbody>
</table>

Note: The first of these options is based on a gross annual cost of £50,000 and voucher income of £20,000. The second and third options are assumed to be directed exclusively at children below voucher age, and the remaining options would not be eligible for vouchers.
Motivation
Offer a good quality educational experience to young children in villages where the population is too low to sustain nursery classes or nursery schools.
So: invest resources in existing accredited playgroups, rather than open under-utilised nursery classes or transport children long distances to existing nursery provision.

Implementation
- select appropriate playgroups in the area;
- give grants to playgroups to fund the cost of Pre-school Learning Alliance accreditation;
- subsidise fees of four-year-olds in playgroups;
- fund support from teaching staff in local schools to provide curriculum support; and
- fund temporary staff to cover permanent staff’s attendance on local authority training courses.

Result
Twenty-six four-year-olds have now benefited from a free place which meets the accreditation standards of the Pre-school Learning Alliance.

### 5.5 Information for parents on available services

Whatever the range of services for young children and their families in an area, authorities can help families get the best possible services by informing parents about the full range of what is available. Many authorities now provide booklets describing all available services, area by area. But there are also more direct ways of disseminating information (Case Study 21).

---

**Case Study 21**

**Informing families directly about services**

North Tyneside offers information to people who call in to an office dedicated to under-eights services in one of the most accessible centres in the borough. As well as having professionals on hand for parents to consult, the office has a welcoming reception area with a range of toys and games for children.

The London Borough of Sutton, in partnership with the local health authority and local commercial and voluntary agencies, provides a comprehensive childcare information service and computerised database of all childhood services. Families can refer to it and talk to professional staff at the Sutton Childcare Information Centre in the borough’s main shopping centre.
## Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>The authority’s actions to improve children’s services address both access and educational quality.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality in non-school settings</td>
<td>The authority uses a range of methods for encouraging and supporting educational quality in non-school settings – eg, linkage of grant with assessed educational quality and educational support to staff.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with the private and voluntary sectors</td>
<td>The authority works with non-local authority settings in pursuit of its own objectives – eg, by buying places in private and voluntary settings. It provides, or has considered providing, discretionary (post-registration) training for under-fives providers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service development</td>
<td>The case for enhancing existing provision is weighed against the case for creating new services. The impact on existing services, including those in the private and voluntary sectors, is considered.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information for parents</td>
<td>There is a cost-effective approach to informing parents about services.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6 Organisational Structures

The success of services for under-fives relies on the actions of many different organisations and departments, both inside and outside local government. Revised organisational arrangements may often help co-operation between them. There should be co-ordination between education and social services departments, but there is no one organisational model that works best.

Once it has chosen its preferred organisational structure, each local authority needs to pay attention to any difficulties that are likely to arise. Whatever structure is chosen, the key is to secure a commitment to shared goals.
The success of services for under-fives relies on the actions of many different organisations and departments, both outside and inside local government. Any systematic attempt to ensure that children’s needs are being met requires a degree of collaboration between all those involved. Yet even within local government the mechanisms for providing for under-fives are often fragmented. Education and social services departments each come with different perspectives and priorities, and this can lead both to parochialism and to a lack of co-ordination, with gaps in provision and duplication. One example central to the problem of creating co-ordinated under-fives services is that the definition of need under the Children Act bears little relation to the definition of special educational need under education legislation.

The logic of a child-oriented approach is for all providers to co-ordinate their services in a way that matches the interests of users. Section 19 reviews of under-eights services have encouraged local authorities to look at provision in a more integrated manner. However, in most places this has not yet led to a shared set of planning priorities. Education departments continue to see their main functions in relation to under-fives as providing nursery and primary education, while social services departments are geared to registering and inspecting the voluntary sector, supporting various community-based services for young children in need and running day nurseries in those authorities that have them.

Can organisational structures within local authorities be adapted to improve co-operation? The National Children’s Bureau (NCB) recently considered this question in a study, co-funded by the Audit Commission, of 11 local authorities with various forms of co-operation (Ref. 11). It identified three forms that this could take:

- **Integration**: the bringing together of the main service areas for the early years into a single management structure;
‘Co-ordination: the specification of formal rules and joint goals, and the relinquishment of elements of autonomy for certain activities, in service areas that remain under separate management structures while working together; and

‘Collaboration: informal co-operation, at service delivery level, between professionals, who nevertheless start from their own management and professional frameworks. (Only one local authority in the NCB study came into this category.)

163. The NCB study started from the hypothesis that working together across departments and other agencies provides better value for money than working separately. But the evidence that it collected did not show any one model under which co-operation works best.

164. In carrying through the Audit Commission’s recommendations, revised organisational arrangements may often be helpful. But they will never be enough on their own. Without a commitment to shared goals, organisational integration will fail. The NCB concluded that ‘structures are important, but so too are relationships between key individuals who must be able to transcend the barriers of professional jealousies and vested interests and work openly together in the best interests of children and their parents’.

165. In determining organisational arrangements, local authorities should ask themselves what kinds of structure are in practice needed to support the objectives identified in this handbook. The checklist at the end of this chapter brings together a set of questions summarising the key themes.

166. In practice, none of the models of co-operation identified by the NCB has worked perfectly. For example:

◼ ‘Integrated’ under-fives services were found to be well suited to the objective of offering more wide-ranging care and educational services from the local authority, and showed the capacity to respond flexibly when new initiatives demanded adaptation of existing policies. But in some cases these authorities appeared to put undue stress on their own services, rather than paying sufficient attention to relationships with outsiders. In particular, they had a strong tendency to devote under-fives resources to the expansion of local authority day nurseries.

◼ ‘Co-ordinated’ authorities appeared to be more effective at bringing the private and voluntary sector contribution into the overall planning of provision. Early years forums were increasingly being used as part of the consultation process. Forums operate on a sub-local authority basis and bring together people working in schools, social services, playgroups, other voluntary sector services and the private sector. Oxfordshire has five (called Early Years Divisional Panels) covering the whole county, each with about 20 members and each typically meeting four times a year. But ‘co-ordinated’ authorities were not as strong as the ‘integrated’ authorities when it came to managing improvements in the quality of children’s learning experiences, particularly children in need who found themselves in day nurseries and other non-educational provision.
So one reason for the absence of any single organisational model is that co-ordination has more than one dimension. Authorities need to ask themselves what aspects of co-ordination are likely to be the most fruitful. They should also bear in mind that bringing early years services together may sometimes create new forms of differentiation. A freestanding early years department will be organisationally separate from education departments, which are responsible for primary schools and the nursery classes attached to them. This potentially creates a new division between the planning of nursery classes on the one hand and other services for under-fives – including nursery schools – on the other. These drawbacks are not an argument for leaving structures untouched. But authorities should think carefully about all the consequences of the way that they organise services for under-fives. Earlier work by the Commission (Ref. 12) noted some useful points to help ensure effective joint working in authorities where organisational structures are not integrated (Box N). Other examples of joint working from earlier chapters of this handbook are given in Box O. The test of a good organisational structure is how well it supports joint working such as that cited in these two boxes.

**Box N**

Joint working in authorities where education and social services are not integrated

- Directors and senior managers in education and social services should be able to consider policies and issues between departments.
- There should be arrangements for the separate committees to act in concert where necessary.
- The two departments must work together to review under-eights services in their area (daycare and childminders) with particular reference to the triennial review of children’s services required by the Children Act.
- Arrangements for working together should include member-level collaboration, such as through the establishment of a subcommittee. This should lead, in the words of the Children Act, to a ‘framework for planning, managing and implementing a co-ordinated policy’.
- The social services department should take advantage of its statutory right to look for ‘advice on the educational element when they register private and voluntary daycare services and childminders’.

**Box O**

Examples of operational co-operation between education and social services for under-fives

- Professional educational support for day nurseries.
- Educational inputs to registration and inspection of daycare.
- Support for educational aims in agreements governing grants to playgroups.
- Other support for educational curricula in private and voluntary daycare (eg, materials and training).
- Taking account of social needs when deciding admission to nursery classes and nursery schools.
- Taking account of existing daycare provision when deciding where to locate new nursery classes.
## Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>General co-ordination</td>
<td>There is co-ordination between education and social services departments, including arrangements for directors and senior managers to consider issues between departments and for member-level collaboration. Services are planned in relation to children’s needs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational effectiveness</td>
<td>Educational effectiveness is considered in all settings, not just in those that come under the responsibility of the education department.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access</td>
<td>Where access to good-quality settings falls short of what is needed, the local authority looks in a neutral way at different routes to improvement, whether in social services-sponsored activities or in private and voluntary settings. The contribution of home-based schemes to the development of children is fully considered.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As the first phase of a national scheme, vouchers for the education of four-year-olds are already in use in four local authority areas. From February 1997, central government will start to issue vouchers in the rest of the country for use from April. Parents can use these vouchers to pay towards education of their children during the year before compulsory schooling. The education can be in any setting which satisfies laid-down standards.

The principle that authorities’ policies should put children first does not change with the introduction of vouchers. But vouchers do mean changes to which authorities must respond; they can continue to play a significant part in co-ordinating services for under-fives if they so choose, but they will also be in competition with providers in the private and voluntary sectors.

Authorities should review the need for local authority grant support and consider the knock-on effect of vouchers on services for three-year-olds. They should also respond to the trend for children to be admitted earlier to reception and mixed-age classes in primary schools.
168. From February 1997, central government will start to issue vouchers for all four-year-olds in the United Kingdom. The vouchers, issued to parents and redeemable from April 1997, will be worth £1,100 to any provider of a setting that meets certain conditions and is attended by the child named on them. They will be valid at any reception or nursery class, nursery school, playgroup or day nursery that can show it is working towards a set of specified learning goals and can satisfy the appropriate quality assurance régime. Settings in the public, private and voluntary sectors will all be eligible. A first phase of the scheme began in four local authorities in February 1996.

169. The voucher scheme will have an important effect on local authorities’ under-fives services. But since many of the details are being worked out during the first phase, it is not possible at the time of writing to give detailed guidance on the operation of the scheme. This chapter identifies some basic principles about the ways in which authorities might respond. It then sets out some specific areas which each local authority needs to address.

170. With the introduction of vouchers, two distinct rôles for authorities are more sharply defined than before. On the one hand, authorities can continue to play a significant part in co-ordinating under-fives services if they so choose. On the other hand, they will be in direct competition with other providers for the custom of four-year-olds who bring the voucher income with them. The desire to get a substantial share of this ‘market’ will be considerable, because authorities in England will lose an estimated £565 million a year in revenue grant that the Government will deduct to provide the bulk of the scheme’s finances. Deductions will be proportional to the number of four-year-olds in each local authority’s schools on three set dates.

171. In fulfilling both their rôles, local authorities should continue to think pragmatically about the most cost-effective ways of meeting policy objectives. The existence of vouchers should not change their overall objectives, nor the commitment to look in an unbiased way at what kind of actions can best enhance access and quality.
7.2 Co-ordination: putting children first

172. Vouchers make it financially easier than in the past for any setting to provide places for four-year-olds. A private or voluntary provider can potentially use the voucher income to reduce its charges, to spend more on measures to enhance quality, to expand the number of places in a setting or to introduce new settings. An occupied half-time place in a local authority nursery class will, on average, incur no net costs for the authority, because its average running cost is below £1,100 in most authorities (Exhibit 15, overleaf). Nursery school places will generally cost more, and reception class places a little more, than the revenue brought in by the voucher. But even in more expensive settings, the cost of providing any place for a four-year-old will be reduced.

173. A child-focused policy will continue to look at all ways of enhancing access and quality, as set out in Chapter 5 above. But local authorities will need to consider how the revenue from vouchers will interact with their own actions. A playgroup in which educational quality has been an issue might undertake extra staff training. A high-quality private nursery with high fees might improve access by bringing the fees down. If it can still afford to, a local authority might enhance and encourage either of these actions by giving further support through subsidy.

174. One objective likely to be important to many local authorities is ensuring that vouchers for four-year-olds do not harm provision for three-year-olds, as a result of settings concentrating on clientele from whom they can get voucher income. If access objectives for three-year-olds seem to be endangered, it may be desirable for an authority to concentrate subsidies on settings that admit a certain proportion of children of this age.

175. Another concern for authorities arises from the trend to admit children earlier than hitherto to reception classes within primary schools. This trend pre-dates vouchers but has intensified in those authorities participating in the first phase of the voucher scheme and also in some other authorities as part of the planning for vouchers. Some schools now admit children to reception or to mixed-age classes before the school year in which their fifth birthday falls. Some authorities are trying to help schools adapt what they offer to children in the light of the earlier admission age. But authorities which decide that earlier admission is not in children’s interest can seek to prevent admission before the age specified in the admissions policy for schools where the local education authority is the admissions authority. Authorities may wish to consider enforcement action in cases where they are not satisfied with the quality of what schools offer and judge that it cannot realistically be raised.

7.3 Vouchers and quality

176. In order to define what kind of setting is eligible for a voucher, the Government has introduced a new approach to educational quality for four-year-olds. To support this new approach, the curriculum authorities for England and Wales have defined desirable learning outcomes for pre-school children. A new set of inspections, organised by agents contracted to OFSTED and OHMCI (Wales), will verify that settings meet eligibility criteria. For maintained schools, these inspections will normally be subsumed in inspections carried out under the existing inspection arrangements; so, in essence, new inspections will cover private and voluntary groups and schools without children of compulsory school age. They will run alongside existing registration and inspection procedures that meet the requirements of the 1989 Children Act.
Exhibit 15
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.

Note: Costs have been converted to November 1995 prices.

Source: Audit Commission fieldwork
177. Since reports of the new inspections are to be published, local authorities should use them to enrich their knowledge of educational quality in particular settings. In particular, the inspections will look at the ability of settings to work towards particular learning outcomes. Insofar as authorities’ under-fives policies aim to ensure that children reach compulsory school age ready to take advantage of the National Curriculum, this aspect of quality could be highly relevant to their judgements about settings. Inspections under the voucher scheme can therefore augment the tools for finding out about quality (discussed above in Chapter 3).

178. Local authorities should not think in terms of keeping nursery classes open if the demand is for places elsewhere. But they need to consider the cost to those children deprived of a nursery place if a class has to close down because, for example, it is half full. They will also need to take a view about the educational effectiveness of their own provision compared with that of others. In many cases they will conclude that they should vigorously compete with others to maintain a certain level of their own provision. In doing so, they may sometimes have to think about adjusting opening hours (which is likely to involve charging fees for care beyond school hours) to make attendance attractive to parents who have alternatives to choose from. Like other fee-charging initiatives, such adjustments require careful planning, including an appraisal of the likely take-up. The advantage for families could be that local authorities and schools think about how to make provision genuinely accessible and responsive to the demands of parents locally.

179. Based on the experience of a number of authorities, a number of areas can be identified that need particular attention from local authorities (Box P).

7.4 Competition: the need to sustain viability

178. Local authorities should not think in terms of keeping nursery classes open if the demand is for places elsewhere. But they need to consider the cost to those children deprived of a nursery place if a class has to close down because, for example, it is half full. They will also need to take a view about the educational effectiveness of their own provision compared with that of others. In many cases they will conclude that they should vigorously compete with others to maintain a certain level of their own provision. In doing so, they may sometimes have to think about adjusting opening hours (which is likely to involve charging fees for care beyond school hours) to make attendance attractive to parents who have alternatives to choose from. Like other fee-charging initiatives, such adjustments require careful planning, including an appraisal of the likely take-up. The advantage for families could be that local authorities and schools think about how to make provision genuinely accessible and responsive to the demands of parents locally.

7.5 Areas to address in preparation for vouchers

179. Based on the experience of a number of authorities, a number of areas can be identified that need particular attention from local authorities (Box P).

Box P
Local authorities’ preparation for education vouchers for four-year-olds: issues and advice

<table>
<thead>
<tr>
<th>Area to address</th>
<th>Issue</th>
<th>Specific advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Overall arrangements for vouchers</td>
<td>Vouchers require action on a number of fronts by different parts of the authority. Oversight is needed.</td>
<td>Designate a focal point in the authority for voucher developments (a project implementation officer, a working group or a section). Ensure that its agenda covers all the areas for action numbered 2 to 7 below. For each area, the focal point needs to identify timescales, responsibilities among departments and within them, administrative arrangements and funding. Ensure that its brief includes a responsibility to bring to committee all matters requiring member decision.</td>
</tr>
</tbody>
</table>

continued overleaf...
### Box P continued

**Local authorities’ preparation for education vouchers for four-year-olds: issues and advice**

<table>
<thead>
<tr>
<th>Area to address</th>
<th>Issue</th>
<th>Specific advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Parents</td>
<td>The authority needs to help eligible parents benefit from vouchers and it needs to anticipate any parental choices which may affect the authority’s own provision.</td>
<td>Help to ensure that parents of relevant children apply for vouchers. Focus especially on parents of children due to enrol in primary classes before compulsory school age. These parents may not realise that vouchers are needed because of the word ‘nursery’ in the title ‘nursery vouchers’. As with other four-year-olds, the authority will lose money if any of these parents do not present vouchers.</td>
</tr>
</tbody>
</table>
| 3. Support for settings of all kinds   | The authority should ensure that schools and other settings make good use of voucher opportunities, especially those which it judges important in meeting children’s needs.                                                                          | Set up an advice and information service for settings about the requirements for validation (since there have already been some changes and clarification about the criteria). Share information with other authorities and use it to advise settings of all types. Consider helping key settings to achieve validation:  

- playgroups which are the only or most valued provision in their localities;
- settings of any kind where the authority gives grant aid;
- non-school settings which the authority operates (social services day nurseries, playbuses, local authority playgroups, workplace crèches).

This may involve discussing with the settings how well they match the validation criteria, and highlighting current information about validation criteria.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 4. Maintained schools: local authority framework | The authority’s LMS scheme and school admissions arrangements are particularly significant to maintained schools. Vouchers mean that LMS and admissions may both need rethinking.                                                                                     | Decide what to do about the LMS formula. Essentially there are two options:  

(i) to take the voucher income into the LEA and continue to fund schools through an unchanged LMS arrangement; or  

(ii) to reduce LMS funding for four-year-olds and let schools claim voucher income directly.  

The Phase 1 authorities have all chosen option (i). If the authority chooses option (ii), it must secure approval from the Secretary of State for the necessary changes to the formula.  

Review admission procedures, especially admission ages, for reception classes:  

- How feasible is it for the admission age in mainstream primary classes to be brought forward to a younger age?  
- How desirable would such a change be?  
- How practical is it for the authority to prevent earlier admission if it wanted to?  
- If some or all primary school admissions are to take place earlier, what can the authority do to ensure an appropriate experience for the younger children who are to be admitted?  

[Bear in mind that the Nursery Education and Grant-Maintained Schools Act will prevent an LEA from restricting the admission of four-year-olds with nursery vouchers in the cases of schools where the LEA is not the admissions authority (eg, voluntary-aided and grant-maintained schools).]
### Area to address

#### 5. Local authority maintained schools: support specifically for them

**Issue:** In addition to the support which the authority may give to any settings, it may need to give particular support to its own schools.

**Specific advice:** Ensure primary and nursery schools are aware of the importance of vouchers and:
- have procedures in place for collecting them;
- have procedures in place for passing them either to the education department or to the voucher contractor (depending on local arrangements); and
- are prepared to help parents of eligible children without vouchers to get them (ensuring that these children are identified at enrolment time, if not before, and ensuring that parents fill in the forms).

Identify schools that could be affected by competition from the private sector; eg, those where parents are not far off from being able to afford private fees.

Explore the circumstances of these schools and respond where appropriate. For example, it may be worth publicising the benefits of the authority’s schools. Or it may be worth exploring the possibility of paid-for before-and-after care in some maintained schools.

#### 6. Local authority funding of the private and voluntary sectors

**Issue:** In the light of the impact of vouchers on private and voluntary providers, authorities may wish, and need, to rethink their grant support.

**Specific advice:** Assess whether the grants that the authority currently gives are likely to be sustainable in the future.

Assess the likely voucher funding of current and potential grant recipients. Consider whether this funding will alter the priorities for use of the authority’s grant and other aid.

Explore the scope to establish or increase training programmes for staff of settings, including both authority-run training and training run by others. Estimate the scope for settings to use their voucher income to pay training fees, thus reducing their reliance on authority funds for training.

#### 7. Knock-on impacts of vouchers

**Issue:** The planning department may receive additional building consent applications from private providers of care and education. Inspections of daycare services under the 1989 Children Act will be affected by vouchers.

**Specific advice:** For the planning department, be aware of Section 19 reviews, since planners and members may need to take them into account in deciding applications (letter from the Department of the Environment to local planning authorities of 29 March 1996). Vouchers are one of a number of imminent changes which will affect the rôle and operation of registration and inspection of children’s daycare services. Registration and Inspection staff should reconsider their operations in the light of all the changes.
# Checklist for Action

<table>
<thead>
<tr>
<th>Aspect of performance</th>
<th>Good practice features</th>
<th>Current practice</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall arrangements for vouchers</td>
<td>There is a focal point in the authority with responsibility for ensuring that all necessary preparations for vouchers are made.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parents</td>
<td>Steps are taken to help ensure take-up of vouchers. A response has been prepared to likely parental choices in the use of vouchers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support for settings of all kinds</td>
<td>The authority offers support to key settings seeking validation under the voucher scheme.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintained schools: local authority framework</td>
<td>The LMS scheme and admissions arrangements are rethought.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintained schools: support specifically for them</td>
<td>Schools that may lose pupils to voluntary and private settings are identified. Support is considered for these schools.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local authority funding of the private and voluntary sectors</td>
<td>Local authority financial support is reviewed in the light of the likely impact of vouchers on private and voluntary providers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knock-on impacts</td>
<td>The planning department and the sections responsible for daycare inspections have prepared for the arrival of vouchers.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 1: A Method for Quantifying the ‘Throughput Efficiency’ of a Nursery School or Nursery Class

<table>
<thead>
<tr>
<th>Definition of variable</th>
<th>Name</th>
<th>How to measure it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of terms a child spends in the nursery</td>
<td>d</td>
<td>For the current children, calculate the time from when they enrolled to the date they are expected to leave; take the average for all the children</td>
</tr>
<tr>
<td>Number of child places available in the morning</td>
<td>m</td>
<td>These are basic data items for the nursery</td>
</tr>
<tr>
<td>Number of child places available in the afternoon (usually the same as the number available in the morning)</td>
<td>n</td>
<td></td>
</tr>
<tr>
<td>Number of children who can be served concurrently</td>
<td>c</td>
<td>Defined as m+n (this figure is twice the number of places in nurseries which have equal numbers of morning and afternoon places)</td>
</tr>
<tr>
<td>Intended entitlement to education for each child expressed as the equivalent amount of half-time attendance in terms</td>
<td>t</td>
<td>If policy is for a terms of half-time and b terms of full-time, t is a+2b</td>
</tr>
<tr>
<td>Average number of children on roll, including full-time and part-time</td>
<td>p</td>
<td>For a number of spot dates from different times of the year, add together the number of morning-only children, the number of afternoon-only children and the number of full-time children. Take the average for all the spot dates to get a typical figure</td>
</tr>
</tbody>
</table>

From the definitions of p and d, the nursery provides a full nursery ‘career’ to p children every d terms. So the nursery’s ‘throughput’ is p ÷ d children every term. To calculate the nursery’s efficiency, this figure needs to be compared with the maximum it could achieve.

Each child is entitled to t terms of half-time nursery education (or the equivalent number of sessions). The nursery can offer c sessions every day.

So it can provide c children with one term of nursery education every term.

And it can provide c children with complete nursery ‘careers’ every t terms.
So its maximum throughput is $c \div t$ children every term. Thus $c \div t$ is the maximum to be compared with what the nursery actually does achieve.

So the nursery’s efficiency is

$$100 \times \frac{p \div d}{c \div t} = 100 \times \frac{p \times t}{d \times c}$$

**Worked example**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Information from the nursery</th>
<th>Value of variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>$d$</td>
<td>On average, children spend 4 terms in the nursery</td>
<td>4</td>
</tr>
<tr>
<td>$m$</td>
<td>The nursery has 26 places, both in the morning</td>
<td>26</td>
</tr>
<tr>
<td>$n$</td>
<td>and in the afternoon</td>
<td>26</td>
</tr>
<tr>
<td>$c$</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>$t$</td>
<td>Intended entitlement to education of each child is two terms of half-time attendance followed by one term of full-time attendance</td>
<td>4</td>
</tr>
<tr>
<td>$p$</td>
<td>There are on average 14 morning pupils, 12 afternoon pupils and 11 full-time pupils</td>
<td>37</td>
</tr>
</tbody>
</table>

The ‘throughput’ of the nursery is $37 \div 4 = 9.25$ children per term.

The maximum ‘throughput’ is $52 \div 4 = 13$ children per term.

So ‘throughput efficiency’ is $100 \times 9.25 \div 13 = 71.2$ per cent.
Worksheet for calculating the ‘throughput efficiency’ of a nursery school or nursery class

\[ t = a + 2b = \]

\[ p \times t = \]

\[ 100 \times \frac{p \times t}{d \times c} = \text{Throughput efficiency} = \]

\[ d \times c = \]

\[ c = m + n = \]

\[ d: \text{Average number of terms a child spends in nursery} \]

\[ m: \text{Number of child places available in the morning} \]

\[ n: \text{Number of child places available in the afternoon} \]
Appendix 2: The Inspection Instrument Used in the Audit Commission Study

Inspecting the educational quality in care and educational settings for children between the ages of three and five years

Framework for inspection, and guidance on the use of the framework on areas inspected

[These details were provided by the Audit Commission prior to the inspection.]

This statement will summarise the strengths and weaknesses of the quality of education in the setting.

Children enter the early years setting having already had very different experiences and opportunities. Individuals will be at a wide variety of starting points and will develop at different rates. The significant factor is the child’s stage of development rather than his/her chronological age.

When observing children between the ages of three to five years, the following achievements are indicative of average capability. However, there will be some children who will not achieve at this level and some who are capable of more – for example, be able to read a variety of print, have a fluent and wide vocabulary, be able to count and compute. It is important to note whether the early years setting allows the child to make most use of his/her abilities.

Account will be taken of how long the child has been in the setting.

Achievements will be judged by the extent to which children aged three and four are helped to:

- relate to more than one adult;
- join in work in small groups as well as working on their own;
- use space indoors and outdoors with confidence;
- use language to communicate their wishes and feelings;
- use equipment and resources, including IT, to explore and experiment;
- listen for short periods of time as a member of a larger group;
- respond to questions and comments from adults and other children;
- be aware of, and able to use, their bodies in different ways;
- have a growing sense of their own self-esteem and worth; and
- be able to follow simple directions.
Achievements will be judged by the extent to which children aged four and five are helped to:

- demonstrate increasing independence, including the ability to make choices and give reasons for their decisions and actions;
- use space and large equipment purposively and creatively, demonstrating greater control;
- have greater fine motor dexterity than is expected of three- and four-year-olds when using materials, tools and apparatus;
- relate confidently to known adults;
- demonstrate further social skills than are expected of three- and four-year-olds, including co-operation with other children, and empathy and kindness towards those in difficulties;
- have a greater span of involvement and perseverance than is expected of three- and four-year-olds;
- show evidence of emergent reading and writing skills – for example, mark-making and recognition of their own name;
- have an understanding of the purpose of books and be able to enjoy and use books;
- use language to communicate ideas and feelings in a variety of situations;
- share an awareness of pattern and number by discriminating and sorting;
- reason and apply their knowledge in solving everyday problems;
- observe, explore and discover for themselves; and
- listen to, and follow, instructions as well as give them.

Young children will learn effectively only if the atmosphere is conducive to their feeling accepted, is supportive and offers security. Their initial experiences in an early years setting need to be positive in order for them to develop the attitudes and habits for learning that will provide a foundation for their future education.

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.

The quality of the staff working in early years settings is the most valuable resource available to children to further their existing skills and learning. It is likely that many of the permanent staff will have had some training in aspects of child development and early years curriculum. This training may be through various routes including teacher training, Nursery Nurse Education Board Diploma (NNEB) and National Vocational Qualifications (NVQs). However, for the purposes of these inspections, it will not be assumed that training is concomitant with successful teaching.
There are different ways of planning and offering learning experiences to children. Whatever the qualifications of the adults, and however they choose to work, their work will, for the purposes of these inspections, be considered as teaching.

The quality of teaching will be judged in terms of the adults demonstrating:

- a clear understanding of how young children learn;
- an awareness of the child’s home culture and ability to make learning relevant to that culture;
- an ability to plan, co-operate and work together flexibly;
- provision of purposeful and well-planned activities for children which balance self-chosen and adult-initiated and directed activities;
- most of their time working directly with children;
- sensitive support and extension to children’s play and responses;
- well-timed and appropriate intervention which enables children’s learning to be consolidated and developed;
- good use made of space, materials and equipment to give children a broad, stimulating and interesting range of activities;
- use of conversation and relevant questioning to help children to develop their thinking and evaluate what they have done;
- use of clear and realistic guidance to help children understand and accept the boundaries of behaviour; and
- high expectations based on each individual child’s abilities.

The standards of achievement, quality of learning and quality of teaching will be observed through the children’s experience in the different areas of learning within the curriculum.

When a child is engaged in a single activity – for example, painting or modelling – the knowledge, skills and concepts acquired may be across several areas of learning.

6.1 Linguistic and literary areas of learning

Language development and communication skills should receive a high priority. For example, the teaching should ensure that children extend and enrich their vocabulary, learn to speak clearly, listen attentively and use English confidently. Where children speak English as a second language, inspection should take account of how well the teaching and the programme as a whole have been adapted to meet their needs.

There should be sound evidence, too, of other early work in literacy. The teaching should enable the children regularly to take part in conversations; communicate with others in imaginative play, listen to stories, songs and poems and learn some of them by heart; handle and look at books and share reading; write, draw and paint with increasing control; and should include such features as the recognition and writing of their own names and other letters and symbols. Some children will have considerable facility with
language. They may be capable of reading and writing simple sentences and know a range of stories, rhymes and songs. Inspection should take account of how well the curriculum and teaching enable these children to make progress, and of the progress of those with special educational needs and the quality of the teaching for them.

Standards and quality will be judged by the extent to which children can:
- communicate with others in speech;
- listen attentively to stories, rhymes and songs and demonstrate that they understand them;
- demonstrate an interest in books and show book-handling skills; and
- draw and begin to write.

6.2 Mathematical area of learning
Aspects of the mathematical area of learning should form another major part of the programme for under-fives. The children should learn to sort, match and count objects; to develop mathematical language, to learn about the number system – for example, through handling money; singing and reciting number songs and rhymes; to extend their spatial awareness through movement and handling objects; and to develop ideas of sequence, pattern and order.

Standards and quality will be judged by the extent to which children can:
- sort, match order and count objects;
- use appropriate language to compare quantities and describe spatial relationships; and
- recognise, describe and make patterns.

6.3 Scientific and technological area of learning
A third important strand of learning concerns science and technology. Children should take part in activities which encourage them to look closely at the similarities and differences in things from both the natural and the man-made worlds. The teaching should encourage them to ask questions and suggest explanations and should help them to understand cause and effect through trying things out. Children should learn how to choose materials and use tools appropriately to make things. They should make sensible use of new technology and talk about their experiences of it. The programme of exploratory activities should include provision for designing, making and, where relevant, modifying models and constructions. In most settings children should have access to computers and/or programmable toys which help them to develop understanding of information technology and its applications.

Standards and quality will be judged by the extent to which children can:
- look closely at things, describe what they see and notice similarities and differences;
- ask questions about why things happen and how things work, and suggest their own explanations; and
- make use of new technology and talk about their experiences of it.
6.4 Human and social area of learning
The work in this area of learning sets the context for developing historical and geographical skills and understanding, as well as personal and social skills. Often the activities will be connected to a familiar theme or topic such as ‘ourselves’ and ‘people who help us’. Children should learn about their locality, and how they, their family and the people they meet relate to each other and the local community. The programme of activities should include, for example, walks and visits which encourage children to notice and record features in the local environment. Talks from older people and those who work in the community will help children to understand the rôles people play and, where applicable, the changes which have occurred over time. The stories children are told, their discussions with adults and their imaginative play should encourage them to explore the meaning and practice of the language of time and place, their understanding of the wider world and their relationship to it.

Standards and quality will be judged by the extent to which children:
- are aware of their local environment;
- demonstrate some early understandings of time and space; and
- are able to relate to members of the community.

6.5 Physical area of learning
Provision for this area of learning should be central to the programme of activities. The teaching should focus on improving fine manipulative and co-ordination skills through handling a range of equipment, materials and tools. There should be ample opportunity in the programme to practise and improve the skills of running, jumping, climbing, balancing and using large and small apparatus with confidence and control.

Standards and quality will be judged by the extent to which children can:
- use a range of tools, materials and equipment; and
- run, jump, climb, balance and use small apparatus with confidence and control.

6.6 Aesthetic and creative area of learning
Children should learn to represent their experiences and ideas in a variety of ways. Children should be taught the knowledge, skills and techniques they need to give them greater control over the materials with which they are working.

Standards and quality will be judged by the extent to which children can:
- express themselves through drawing, painting, modelling malleable materials, dance, drama and music-making; and
- use simple techniques to give them greater control over the materials with which they are working.
The curriculum is defined as the programme of learning which is offered to children. The curriculum in early years settings is not subject to the National Curriculum. It should include planned and interesting experiences within the areas of learning which will form the foundations of learning at statutory school age. The curriculum should be broad and balanced and promote children’s social, emotional, intellectual and physical development.

The quality and range of the curriculum will be judged by:
- the long, medium and short-term planning which enable the staff to monitor the curriculum offered; and
- the way in which the curriculum makes full use of the children's previous learning and experience, and links to that provided at the beginning of Key Stage 1 of the National Curriculum (KS1).

While the financial provision to purchase resources will vary in early years settings, the range of materials, equipment and apparatus available should be sufficient and appropriate to support the curriculum.

The quality of resources for learning will be judged by provision of a basic range of resources to include the following:
- an attractive and comfortable place with a variety of books;
- dry and wet sand and water with suitable equipment;
- equipment to promote early mathematical and scientific investigations and learning;
- a writing area with a variety of paper and tools to mark, make and write;
- an imaginative play area with a variety of resources that promote and extend rôle play;
- a range of creative media such as paint, clay, wood and junk materials, simple musical instruments and tapes for listening to music; a variety of small and construction equipment;
- baking equipment and materials;
- growing and living things;
- collections of interesting objects to handle; and
- storage of resources to allow children opportunities for choice and discrimination.

The child’s early personal experiences provide the foundation for learning and the child’s home life is of fundamental importance. Parents have a unique relationship with their child and play a central rôle in his/her development and learning. Close collaboration between parents and early years staff is essential for both parties and for the wellbeing of the child.
The quality of work with parents should be judged by:
- the attitudes which staff demonstrate in regard to liaising with parents;
- the ways in which parent and carers are welcomed into the early years setting;
- the links established with those parents who, for practical reasons, are not able to bring or collect their children from sessions;
- the effectiveness of the early years setting in supporting parents in their rôle;
- the ways in which parents contribute to the range, quality and development of the early years curriculum; and
- the ways in which parents and early years staff learn together, through sharing their particular insights and expertise about the child, within an equal partnership.
Organisation of the inspection

Duration

The inspection of each pre-school setting will be for one half-day session.

Breadth of inspection

The inspection instrument will focus on the following areas:

- Quality of achievement
- Quality of learning
- Quality of teaching
- Areas of learning within the curriculum
- Quality and range of the curriculum overall
- Material resources for learning
- Working with parents

Evidence from the inspection

- Close observation of activities and discussion with children;
- Discussions with early years staff and parents;
- Scrutiny of curriculum planning;
- Scrutiny of any other documents – for example, policy documents;
- Guidelines and documents for parents; and
- Inspection of material resources.

Observation of sessions

An early years observation pro-forma (attached) will be completed when observing activities during the session.

The pro-forma allows for simultaneous observations to be made in different areas of learning. It provides for comment on the content of the session and for evaluative comments on the standards of achievement, quality of learning and quality of teaching.

An overall grade will be given that will summarise the session observed as a contribution to the children’s learning and achievements. It will reflect the quality of the learning experience and the effectiveness of that experience in promoting levels of achievement in accordance with the children’s abilities. The grade will primarily reflect the quality of teaching and learning and inform the overall quality of education provided by the early years setting.

The completed pro-formas are for the use of the inspector and will not form part of the written inspection report. However, they will be kept as written evidence to support the judgements made.

The inspection report

An inspection report will be completed for each early years setting visited. This will include the basic information about the setting, a summary of main findings and an evaluative statement on each of the headings in the Early Years Framework for Inspection (at the beginning of this Appendix).
Pro-forma for the report of the inspection

1 Basic information on the early years institution
Name of institution:
Type: eg, playgroup, day nursery, nursery class:
Address:
Name of adult in charge:
eg, supervisor, matron, headteacher:
Intake of children:
and area served:
Total number of children on roll:
Number of full-time children:
Number of part-time children:
Adult/child ratio:
Number of ‘full-time’ staff, ie, those
who are present for all sessions:
Average number of sessions attended per child each week:
Length of session:

2 Summary of main findings

3 Standards of achievement

4 Quality of learning

5 Quality of teaching

6 Areas of learning within the curriculum
(Note: an evaluative statement will be made only in regard of the area(s) of
learning observed during the session.)

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
Appendix 3: Costing

This appendix presents an approach to costing to help local authorities in the development of their strategies for under-fives education. The approach is not the only one possible, and authorities may wish to refine and adapt it. It is mainly designed for costing out-of-home group settings, although an extension of the approach is presented for costing home-visiting schemes. The uses to which the approach is particularly suited are:

- comparison, of different settings of the same type and of settings of different types;
- projection of the impact on costs of changes in some of the elements which determine costs; and
- estimation of the costs of making changes to the operation of particular under-fives settings.

Illustrative examples of each of these three uses are given in Box Q.

<table>
<thead>
<tr>
<th>Box Q</th>
<th>Illustrations of questions with which the costing approach would help</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comparisons</strong></td>
<td>Two nursery classes have different costs. Is the difference due to differences in staff pay, differences in child:adult ratios or differences in overhead costs of the host schools?</td>
</tr>
<tr>
<td></td>
<td>A playgroup has more generous staffing ratios than the reception class of a primary school but lower-paid staff and cheaper premises. It is also open for shorter hours. Which is more expensive, the playgroup or the reception class?</td>
</tr>
<tr>
<td><strong>Projection of cost changes</strong></td>
<td>A reception class has a teacher working with it throughout the week and a nursery nurse for three days of the week. The nursery nurse has now handed in her notice. What would be the impact on the class’s unit costs of employing an unqualified classroom assistant to work with the class, instead of a nursery nurse?</td>
</tr>
<tr>
<td></td>
<td>An authority values highly the work of a particular playgroup, which depends for its survival on the work of its leader, who is a volunteer. Her financial circumstances have changed and she can now afford to remain only if she is paid. If the authority undertook to give a grant to the playgroup to pay her a salary, how much subsidy would the salary costs represent for each member of the playgroup? How much subsidy would the playgroup be receiving in total per member of the playgroup, taking account of the value of the local authority premises it uses as well as of the leader’s pay?</td>
</tr>
<tr>
<td><strong>Estimation of the costs of operational changes</strong></td>
<td>How much would it cost to mount a training programme for a day nursery, taking account of the training costs, travel costs, and the costs of employing temporary staff to cover permanent staff while they are being trained off site?</td>
</tr>
<tr>
<td></td>
<td>How much would it cost to mount extra sessions at a playgroup, and what would the average cost per child be over all sessions, both the current sessions and the prospective additional sessions?</td>
</tr>
</tbody>
</table>
Although the approach draws data from accounts of expenditure, its purpose is quite different from that of accounts. While accounts are designed to show how money has been spent in the past, the costings are designed to help in planning future spending.

The essence of the approach is what has come to be known as a cost tree. Essentially, a cost tree is a set of figures on costs and on factors determining costs. It is called a tree because the figures are laid out on a page with links (‘branches’) showing how they are connected. A cost tree comes into its own when the page is set up as a computer spreadsheet incorporating mathematical formulae expressing the connections. This allows revisions to be carried out and displayed automatically.

The concept and use of a cost tree are shown in one for a playgroup (overleaf). Column E is used for entering data about the playgroup. The data entered should be the best available for describing the position of the playgroup as it is now. For staff costs, the data can usually be quite readily calculated from current pay and pay-related costs. For other costs such as energy, cleaning and materials, current costs may not be known. The usual source of data is then the records of past expenditure, such as those in the accounts. Before entering them, it is worth estimating an adjustment to allow for any known changes since the period to which the accounts relate, such as price rises or changes in the number of sessions.

Columns A to D show the results of the calculations made from these entered figures. The hours per week figure in column D is the result of multiplying the number of sessions per week by the number of hours per session. The child hours per week figure results from multiplying this derived figure by the actual average attendance. The total child hours per annum figure in column B, and, lower down in column D, the cost of paid staff per annum figure, also come by straightforward multiplication. The other calculations in columns B and D are additions, and the sole figure in column A comes by dividing the total cost per annum by the total number of child hours per annum.

Comparison questions such as those in Box Q can all be examined by comparing spreadsheets for different settings. With the figures and the calculation formulae set up on a spreadsheet, a possible change to the costs of the playgroup can be estimated by replacing the relevant figure in column E or D by an estimate of what the change would entail. For instance, volunteers are shown as costing nothing. To evaluate the impact of paying them for 12½ hours a week at the same rate as the paid staff, all that is needed is to enter the pay rate of £2.50 an hour and the impact will feed through into columns C, B and A.

The structure of the cost trees is not set in stone. Both simpler and more complicated structures may be appropriate in different circumstances. For example, it may be worthwhile to identify separately the cost of each member of staff, perhaps to evaluate changes to the hours or pay of particular members of staff. This could be achieved by adding separate branches of the cost tree for all members of staff, together with the necessary linking formulae.
After the playgroup cost tree, examples are shown of cost trees for:

- nursery classes;
- reception classes in primary schools; and
- home-visiting schemes (two trees with different figures).

The cost trees for home-visiting schemes are more complicated than the trees for out-of-home settings because they show other cost statistics as well as the cost per child hour. The additional cost statistics are needed because cost per child hour is not comparable with cost per child hour in out-of-home settings.

The second home-visiting cost tree illustrates how one of the fieldwork authorities from the Audit Commission study might have considered the cost of setting up an additional Portage scheme, to work in the same way as an existing scheme, which used volunteer visitors. The costs of the existing scheme are shown in the first tree. If volunteer labour were available for the new scheme, its costs would match those of the existing scheme, £24.04 per visiting hour. But if the new scheme had to use paid visitors, it would cost an estimated 44 per cent more. This estimate is calculated on the basis of the actual cost of paid visitors in another fieldwork authority, offset by the lower expected support cost of paid workers, estimated at about 25 per cent less than for volunteers. Other costs such as recruitment and training, dependent on local circumstances, could be added in. It should be emphasised that this example is intended to show the elements that might go into cost comparisons, not to give a precise indication of the actual costs that authorities can expect to incur. Each authority must make its own estimate, based on best available information on local circumstances.
**Cost tree for playgroups**

<table>
<thead>
<tr>
<th>Column</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total child hours per annum</td>
<td>8,398</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost per child hour</td>
<td>£0.99</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cost per annum</td>
<td>£8,350</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child hours per week</td>
<td>221</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hours per week</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cost of paid staff per annum</td>
<td>£6,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Paid staff pay per hour</td>
<td>£2.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Staff hours per annum</td>
<td>2,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cost of volunteers per annum</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Volunteer pay per hour</td>
<td>£0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Volunteer hours/week</td>
<td>12.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Premises costs per annum</td>
<td>£1,150</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other costs per annum</td>
<td>£1,200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: For explanation, please refer to the text of Appendix 3 on p102.
Cost tree for nursery classes

Column

A

B

C

D

E

Total child hours per annum

23,940

Child hours per week

630

Child numbers

21

Weeks per annum

38

Cost per child hour

£1.91

Hours per week

30

Sessions per week

5

Number of classes

1

Total cost per annum

£45,617

Premises costs

£7,641

Direct staff costs per annum

£29,311

Teacher cost per annum

£22,167

Other costs per annum

£16,306

NNEB cost per annum

£7,144

Other staff costs

£6,283

Other costs

£2,382

Premises costs

£7,641

Note: For explanation, please refer to the text of Appendix 3 on p102.
Cost tree for reception classes

Column

A

B

Total child hours per annum
66,120

Cost per child hour
£1.04

Total cost per annum
£68,852

C

Child hours per week
1,740

Child numbers
58

Hours per week
30

Child numbers per class
29

Number of classes
2

Sessions per week
5

Hours per session
6

D

Teacher cost per annum
£46,968

Direct staff costs per annum
£46,968

Average teacher salary
£23,484

Number of teachers
2

Average NTA salary
0

Number of NTAs
0

Other costs per annum
£21,884

Other staff costs
£4,787

Premises costs
£15,282

Other costs
£1,815

E

Weeks per annum
38

Children per class
29

Note: For explanation, please refer to the text of Appendix 3 on p102.
Cost tree for home-visiting scheme – volunteer visitors

- **Cost per child hour**: £24.04
- **Cost per visit**: £24.04
- **Cost per family per annum**: £913
- **Total cost per annum**: £47,500
- **Premises costs**: £22,500
- **Total back-up cost per annum**: £44,500
- **Cost of volunteers per annum**: £22,500
- **Recruitment costs**: £2,500
- **Number of volunteers**: 21
- **Cost per volunteer per annum**: £2,262
- **Cost per family per annum**: £2,262
- **Cost per volunteer per annum**: £24.04
- **Cost per visit**: £24.04
- **Number of visits per annum**: 1,976
- **Average number of families**: 52
- **Rent**: £0
- **Running costs**: £22,000
- **Paid staff**: £22,000
- **Total back-up cost per annum**: £913
- **Cost of paid visitors per annum**: £3,000
- **Training costs**: £500
- **Expenses**: £2,500

**Appendix 3**
Cost tree for home-visiting scheme – paid visitors

- Cost per child hour: £34.62
- Cost per visit: £34.62
- Cost per family per annum: £1,315
- Total cost per annum: £68,400
- Premises costs: £22,500
- Rent: 0
- Running costs: £22,500
- Paid staff: £12,000
- Total back-up cost per annum: £34,500
- Cost of paid visitors per annum: £33,900
- Cost per visit: 1
- Number of visits per annum: 1,976
- Average number of families: 52
- Cost of volunteers per annum: 0
- Recruitment costs: 0
- Expenses: 0
- Training costs: 0
- Number of volunteers: 0
- Cost per family per annum: 0
- Cost per volunteer per annum: £34.62
- Cost per child hour: £34.62
- Total cost per annum: £68,400
- Cost per visit: £34.62
- Cost per family per annum: £1,315
References


Index References are to paragraph numbers

Access
- barriers to 47
- combining with quality 130-2
- comparison of different localities 54
- consistency of 62
- improving 47, 129, 132
- inconvenient 67
- measuring 43-56
- non-local authority settings 133-40
- special needs 137-40
- user’s perspective 48-56
- Admissions only at fixed dates 55
- Admissions panels 140
- Admissions policies 40
- Admissions rules and procedures for primary schools 39
- Affordability 37
- Alternative services 56, 67
- Assessment of children 91
- Assessment of learning 110-18
- baseline 111-18
- drawbacks of 110
- Attendance, reduction of 40
- Budgets 32-3
- Care needs 68
- Care services 68
- Case histories 48-56
- Child-focused policy 173
- Child-oriented approach 161
- Childcare services, inefficiency in 82
- Childminders 137
- registration 143
- Children Act 1989 7, 11, 15, 21, 24, 26, 93, 160, 176
- Children’s services plans (CSPs) 18, 19
- Client needs and affordable policies 35-40
- estimating number of children with particular needs 21-4
- identifying 14-27
- measuring 20
- Collaboration 162
- Competition 178
- Consultation 26
- Co-operation 162-6
- Co-ordination 162, 166, 167, 172-5
- Cost-effectiveness 31, 72
- development strategy 156-7
- home-visiting schemes 124
- Costs 32, 33, 69-72
- home-visiting schemes 126-7
- Current provision.
- See Service provision, current-existing
- Curriculum Evaluation and Management Centre 114
- Day nurseries capacity 74
- educational quality 148
- educational support 148
- expansion of 166
- failure to attend booked half-days 79
- maintaining occupancy and attendance 73-83
- staff training 149
- under-occupancy 78-83
- Daycare facilities 84
- Demand assessment 27
- Demographic patterns 29
- Development strategy 150-8
- consideration of all possible actions 155
- cost-effectiveness 156-7
- existing provision in implementation 157-8
- Early Years Divisional Panels 166
- Educational effectiveness. See Effectiveness of education
- Educational quality. See Quality of education
- Effectiveness of education combining methods 119
- investigation of 100
- Effectiveness of pre-school settings 113-18
- Effectiveness of services 88-92
- Efficiency 42, 64
- considerations affecting 87
- improving 67
- measures of 65
- Ethnic minorities 27
- Existing provision.
- See Service provision, current-existing
- Family attitudes and desires 25-7
- information for 159
- see also home-visiting schemes
- Feasibility 37
Four-year-olds 5
see also Voucher scheme

Grants.
See Local authority grants

High/Scope study 121
Home-Start
35 (Box D), 122 (Box I), 156 (Box M)
Home-visiting schemes 122-5
cost-effectiveness 124
costs 126-7
potential contribution 125
setting up 123
strategic planning 124

Information provision 159
Inspection 91, 94-109
across sectors 103-6
Audit Commission exercise 103-7
future needs 108
local authority practice 95-102
value of 109
variety of approaches 102
voucher scheme 176-7
Integration 162, 164, 166
Joint working by education and social services 167

Local authorities
implementation of Audit Commission’s recommendations 5
important issues for 6-7
questions for 129
service provision preferences 26
strategy formulation 4
strategy planning 10-13

Local authority grants 58, 84, 139
linking to quality 145
playgroups 134-5
with strings attached 146

National Childminding Association 146
National Children’s Bureau (NCB) 16-17, 162-6
Newpin 122 (Box I)
Non-local authority settings
access 133-40
daycare 85
Nursery classes 60, 140
average cost per child hour 69
closure 178
utilisation 64
Nursery education 62
Nursery places
part-time 68
rational deployment and utilisation 61
Nursery schools 60, 140, 172
average cost per child hour 69
utilisation 64, 69-72

Objectives vs. resources 32-4
Office for Standards in Education (OFSTED) 101, 132, 176
Office of Her Majesty’s Chief Inspector (OHMCI) 101, 106, 132, 176
Opening hours 26, 29
Organisational structures 160-7
Parents
attitudes and desires 25
information for 159
wishes and demands of 87

Part-time attendance 40
Part-time nursery places 68
Pilot programmes 26
Playgroups 84
local authority grants 134-5
occupancy 85
voucher scheme 136, 168
Policy commitments, translation of client needs into 35-40
Policy objectives and current provision 41
Portage 35 (Box D), 122 (Box I)
Pre-school Learning Alliance (PLA) 146
Primary schools, admissions rules and procedures for 39, 175
Priority needs 32-4
identifying 38
Private sector 31, 137, 138, 142, 166, 172
Quality of education 103-7, 109
and skills and experience of staff 147
and voucher scheme 176
combining with access 130-2
day nurseries 148
improving in non-school settings 141-9
linking voluntary sector grant with 145
measures to improve 132
professional support 147
Reception classes 59, 172, 175
Referral process 55, 83
Registration and inspection (R&I) 96-100, 109, 142-4
## Resources

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>appropriate use of</td>
<td>58</td>
</tr>
<tr>
<td>deployment and utilisation</td>
<td>58</td>
</tr>
<tr>
<td>efficient use of</td>
<td>58</td>
</tr>
<tr>
<td>under-utilised</td>
<td>66</td>
</tr>
<tr>
<td>vs. objectives</td>
<td>32-4</td>
</tr>
</tbody>
</table>

## Self-reporting

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>91, 93</td>
<td></td>
</tr>
</tbody>
</table>

## Service, current/existing, assessment of

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>44-7</td>
<td></td>
</tr>
</tbody>
</table>

## Service objectives

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>28-31</td>
<td></td>
</tr>
</tbody>
</table>

## Key elements

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

## Service provision

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td></td>
</tr>
</tbody>
</table>

## Adequacy of

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td></td>
</tr>
</tbody>
</table>

## Changes to

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>39</td>
<td></td>
</tr>
</tbody>
</table>

## Current/existing

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-30</td>
<td></td>
</tr>
</tbody>
</table>

## And policy objectives

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>

## In development strategy

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>154</td>
<td></td>
</tr>
</tbody>
</table>

## Weaknesses in

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>46</td>
<td></td>
</tr>
</tbody>
</table>

## Identifying gaps in

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td></td>
</tr>
</tbody>
</table>

## Restructuring or expansion

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

## Settings’ implementation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>

## Social Services Inspectorate (SSI)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

## Special needs

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>24, 36, 52, 56, 137-40, 160</td>
<td></td>
</tr>
</tbody>
</table>

## Staff skills and experience

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>147</td>
<td></td>
</tr>
</tbody>
</table>

## Staff training

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>149, 173</td>
<td></td>
</tr>
</tbody>
</table>

## Subsidies

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>173-4</td>
<td></td>
</tr>
</tbody>
</table>

## Support staff

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>127</td>
<td></td>
</tr>
</tbody>
</table>

## Surplus capacity, closure of

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>67</td>
<td></td>
</tr>
</tbody>
</table>

## Surveys

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

## Take-up levels

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>27, 33, 66</td>
<td></td>
</tr>
</tbody>
</table>

## Three-year-olds

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>5, 31, 174</td>
<td></td>
</tr>
</tbody>
</table>

## Timetable

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

## Training courses

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>147</td>
<td></td>
</tr>
</tbody>
</table>

## Voucher scheme

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
</table>

## Voucher scheme, preparation for

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>179</td>
<td></td>
</tr>
</tbody>
</table>

## Waiting lists

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td></td>
</tr>
</tbody>
</table>

## Wraparound project

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td></td>
</tr>
</tbody>
</table>

## Under-utilisation of facilities

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>42, 63</td>
<td></td>
</tr>
</tbody>
</table>

## Voluntary sector

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>31, 58, 123, 137, 138, 142, 166, 172</td>
<td></td>
</tr>
</tbody>
</table>

## Linking grant with quality

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>145</td>
<td></td>
</tr>
</tbody>
</table>

## With local authority funding

<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>84-6</td>
<td></td>
</tr>
</tbody>
</table>

## Under-utilisation of facilities
District Auditors were first appointed in the 1840s to inspect the accounts of authorities administering the Poor Law. Auditors ensured that safeguards were in place against fraud and corruption and that local rates were being used for the purposes intended. The founding principles remain as relevant today as they were 150 years ago. Public funds need to be used wisely, as well as in accordance with the law. The task of today’s auditors is to assess expenditure, not just for probity and regularity, but for value for money as well.

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:

Andrew Foster, Controller
The Audit Commission
1 Vincent Square
London
SW1P 2PN
Tel: 0171 828 1212