

Formal childcare is the key to improving education standards

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Ryan Shorthouse explains why the real problem with formal childcare is the high cost and not, as some commentators have claimed this week, the Early Years Foundation Stage. He outlines the Social Market Foundation's plan for a National Childcare Contribution Scheme to ease the cost of childcare.



A group of 20 academics and authors have [recently complained](#) in *The Daily Telegraph* that the Early Years Foundation Stage – the curriculum for childcare settings providing pre-school education for under-fives – was “putting premature emphasis on cognitive learning” and is in danger of “over-assessment and excessive monitoring”.

This is untrue and it will cause unwarranted confusion among parents about the quality of formal childcare. The [Early Years Foundation Stage](#) is a play-based curriculum. Childcare staff are not trying to create an army of John Stuart Mills, learning Greek by rote at age three. Actually, the real problem with formal childcare is that not enough families can afford to use it.

The truth is, we need more children benefiting from formal childcare: a wealth of US and UK [evidence](#) shows it improves educational standards and enhances parental income in the short- and long-term, thereby reducing the chances of poverty. This week the SMF launched [its National Childcare Contribution Scheme](#) as a way of making formal childcare more affordable. It is a “use now, pay later” scheme for parents, and would be costless to government.

Despite its importance, formal childcare is the only part of the education system that is out-of-reach for too many families. In polling for our report, 55 per cent of parents thought childcare was too expensive. It is the poorest children, in particular, who are less likely to use it: only 43 per cent of the poorest 2 year olds have formal childcare compared to 72 per cent from the richest families.

The affordability of childcare is set to worsen in the years ahead thanks to rising costs and declining state support for childcare, especially through tax credits.

In our previous report, [The Parent Trap](#), we found that low-income parents are likely to have to find 62 per cent more in today's prices from their own pocket in 2015-16 compared to in 2006-07 to pay for childcare. An urgent solution is needed to help families.

Our National Childcare Contribution Scheme is a way to achieve this. It will help parents smooth the high costs they face over a longer period of time, when they are benefiting from being back in work. Under the scheme, parents will be able to access financial support from government, capped at £10,000 in total, to pay for childcare for any of their children under school-age. The main earner in the household only pays this money back when they are earning above the personal tax allowance and contributes 6 per cent of their gross income. These contributions end when they have paid in full or after 20 years, whichever is first.

Since government recovers the support through parental contributions, and any shortfall from the small number of lower earners not paying in full is made up through applying an interest rate to the amount parents drawn down, this scheme is self-financing.

When [YouGov asked parents what they thought of the idea](#), 57 per cent of those who expressed an opinion said it was a good idea. Over a quarter of all parents said they would be likely to use the scheme. The SMF wants formal childcare to be a universal, high-quality part of Britain's education system. Doing this is the key to delivering more economic growth and social justice.

So instead of focusing on the misleading idea that the Early Years Foundation Stage is forcing children to sit at desks all day learning to read and write, debate needs to move onto examining the problem of – and potential solution to – the childcare affordability crisis. With public finances limited, the National Childcare Contribution Scheme offers a real hope of giving all children a better beginning.

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