LSE Research Online

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Anne West and Philip Noden

Nationalising and transforming the public funding of early years education (and care) in England 1996-2017

Article (Accepted version) (Refereed)

Original citation:
West, Anne and Noden, Philip (2018) *Nationalising and transforming the public funding of early years education (and care) in England 1996-2017*. British Journal of Educational Studies. ISSN 0007-1005 (In Press)

© 2018 Informa UK

This version available at: http://eprints.lse.ac.uk/87947/
Available in LSE Research Online: May 2018

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (http://eprints.lse.ac.uk) of the LSE Research Online website.

This document is the author's final accepted version of the journal article. There may be differences between this version and the published version. You are advised to consult the publisher's version if you wish to cite from it.

http://eprints.lse.ac.uk

NATIONALISING' AND TRANSFORMING THE PUBLIC FUNDING OF EARLY YEARS EDUCATION (AND CARE) IN ENGLAND 1996-2017

Professor Anne West (1) Dr Philip Noden (2)

(1) Corresponding author: Education Research Group, Department of Social Policy, London School of Economics, Houghton Street, London WC2A 2AE UK.

Email a.west@lse.ac.uk

(2) Formerly of the Education Research Group, Department of Social Policy, London School of Economics, Houghton Street, London WC2A 2AE UK

ABSTRACT: The public funding of early years education and care in England has been transformed. Historically, local councils had the main responsibility for decisions regarding nursery education and child daycare, but in 1996 the Conservative government introduced a nursery education voucher scheme. Parents of four-year-olds could exchange the voucher for three terms of 'pre-school provision' in a maintained nursery or primary school, or in a private, voluntary or independent (PVI) provider of child daycare; in 1998 the Labour government replaced the voucher with an entitlement to free part-time 'early education'. The entitlement was expanded progressively and in 2017 the Conservative government introduced 30 hours free 'childcare' for some children together with an Early Years National Funding Formula. Funding goals and policy have shifted over time, underpinned by the idea of 'a level playing field' between providers in maintained and PVI sectors. However, there is no statutory requirement for PVI settings to employ qualified teachers, militating against a genuine 'level playing field' and the integration of education and care.

Key words: nursery education, early childhood education and care (ECEC), public funding, central government, local government

1. INTRODUCTION

National systems of early childhood education and care vary: in some countries they are separate and in some integrated. Thus, in France, the right to *école maternelle* (nursery school) for two-year-olds goes back to a decree passed in 1881 (*Inspection générale de l'éducation nationale*, 2014). The childcare system developed separately, expanding in the 1970s following universalist principles (Martin, 2010; Randall, 2000). In Denmark, there is an integrated system providing early childhood education and care; this expanded in the 1960s alongside an increase in female participation in the labour market (Esping-Andersen et al., 2012). In England, the nursery education and child daycare systems developed separately. The short-lived nursery education voucher scheme introduced in 1996 can be seen as a significant attempt to bring together education and care. However, it is questionable whether there was an ‘explicit national policy’ (Randall, 1996, p. 176) until the introduction of the National Childcare Strategy in 1998 (DfEE, 1998).

Historically, local councils in England had prime responsibility for decisions regarding publicly-funded nursery education and child daycare; they had broad discretion enabling them to tailor services to local needs with freedom to decide on the pattern of services they delivered. However, Conservative governments from 1979 to 1997 ‘sought to set in place a more limited role for local government’ (Loughlin, 1996, p. 78) with discretionary powers being restricted. Central-local relations became ‘dominated by a central-government approach based on command and control’ with central government under both Conservative and subsequent Labour administrations (1997-2010) tending to see local authorities ‘as agencies for the delivery of services in accordance with national requirements’ (Jones and Stewart, 2009, para 10; see also Maclure, 1985; Pring, 2012).

In the field of education, the centralisation of power is clearly exemplified by the introduction and expansion of academy schools, which are outside local authority control and funded by a contract with the central government (West and Bailey, 2013). Public funding of school-based education has been transformed, with central government control progressively increasing, and local authority discretion decreasing (West, 2015). And in early education and childcare a national framework for learning – the Early Years Foundation Stage – has been introduced.

Public funding for early years education in England has historically been directed towards public providers, namely nursery schools, nursery classes and reception classes – which cater for children in the year before compulsory school – in primary schools. However, over the past 20 years private, voluntary (private not-for-profit) and independent school (PVI) providers have been recipients of significant levels of public funding. In 1996-97 the Conservative government introduced a nursery education voucher scheme for free part-time provision for four-year-olds. Although abolished by the Labour government, it was replaced with an entitlement to free part-time education for four-year-olds in 1998. Since then the offer has been increased and expanded to cover three-year olds and disadvantaged two-year-olds; more hours per week; more weeks per year; and for some (working) parents, 30 hours ‘free childcare’. The expansion, particularly for three-year-olds took place predominantly within the PVI sector (see Blanden et al., 2016). Concomitantly, expenditure on the education of under-fives has increased sharply (Sibieta, 2015). Alongside these developments there have been significant changes to the way in which public funding has been distributed by central to local government, and by local authorities to providers, culminating in the introduction of the Early

Years National Funding Formula; this replaced historical methods of distributing funds by central to local government and locally developed approaches to the distribution of funds to providers.

In this paper, we argue that the transformation of public funding is associated with changes to the government's goals as regards the distribution of funds to providers. We focus on the changes to the public funding of early years education, the shifting balance between central and local government, and the changes to funding goals. We provide a 'thick' description (cf. Ryle, 1949) of funding policy and analyse the changes that have taken place. In order to understand the transformation of public funding that has taken place we draw on the work of Hall (1993) who identifies three different types of policy changes. First-order changes involve adjustments to the levels or settings of the basic policy instruments (or mechanisms). Second-order changes involve the instruments themselves changing because of dissatisfaction with past experience; however, the overall policy goals remain similar. Third-order changes involve changes in the instrument levels/settings, the instruments themselves and the hierarchy of goals. The funding of early years education and care between 1996 and 2017 illustrates these different types of changes to funding goals, which culminated in 2017 with the introduction of the transformational Early Years National Funding Formula, a third-order change.

In the sections that follow, we draw on government policy documents; parliamentary debates; select committee reports; academic and other research; documentary – including archival – material; and media reports. Our main focus is on the period from 1996, but it is important to understand both the present context and historical background. We thus provide a brief outline of the current policy context and relevant research, and then an historical overview of policy and funding from 1918 to the mid-1990s. The following sections focus on the nursery education voucher scheme introduced in 1996, and an analysis of government policy and funding changes from 1997 to 2015. The penultimate section focuses on the Early Years National Funding Formula, introduced in 2017. The final section concludes.

2. Policy context and educational outcomes

Pre-school education in England is inter-related with childcare with both providing learning experiences and care. Indeed, Randall (1996, p. 176) defines childcare as 'all forms of provision, whether in the public, private or voluntary sector, that entail looking after children under school age during the day or some part of it. As such it covers not only child daycare but nursery education'. The Early Years Foundation Stage, which sets standards for the learning, development and care of children from birth to five-years-old, applies in settings that were originally set up for education and those that were originally set up for child daycare (DfE, 2018).

Statutory school age in England is the term after children reach five, although children normally start school in the September following their fourth birthday. Institutional provision is delivered by a mixed economy of providers: maintained (state) nursery schools, nursery classes and reception classes in maintained primary schools; pre-school groups; day nurseries run by private for-profit and not-for-profit (voluntary) bodies and local authorities; and independent schools. Since 2015, almost all providers are inspected by the national agency Ofsted under a common inspection framework (Ofsted, 2015). However, staff qualifications and ratios differ: in particular in maintained nursery schools and nursery classes in maintained schools – but not other types of provider – at least one member of staff must be a school teacher as defined by law (DfE, 2017a).

Early years education and care has the potential to improve children's educational outcomes and facilitate maternal employment so reducing child poverty (Heckman, 2006; West et al., 2010). In England, Blanden et al. (2016) found a limited impact of free early education for three-year-olds on educational outcomes at age five, although this was not sustained to ages 7 and 11. In contrast, Sylva et al. (2014) who were able to differentiate provider types, found an enduring impact on educational attainment until the age of 16 with a consistent finding being the importance of the quality of early education. Research carried out in the 1990s, found that nursery schools and integrated centres (maintained nursery schools which also provide flexible hours for childcare) had the highest scores on pre-school quality and promoted better intellectual outcomes for children (Sylva et al., 1999). Research has also shown that primary schools in disadvantaged areas, serving disadvantaged three- and four-year-old children offered comparable if not higher quality provision – as measured by environment rating scales – to that provided by schools serving more advantaged children; however, within the PVI sector, quality for three- and four-year-olds was lower in deprived areas with more disadvantaged children (Mathers and Smees, 2014; see also Gambaro et al., 2014).

3. Historical overview: Policy and funding

Historically in England, there has been a clear divide between early years education and child daycare (Lewis, 2013a; Palmer, 2011; Randall, 2000). The 1918 Education Act gave local authorities the power to supply nursery schools and classes for children over two and under five years of age. Local authorities could claim a 50% grant from central government to provide nursery schools and classes but few local authorities took up the option (Blackstone, 1974). In the same year, the Maternity and Child Welfare Act empowered local authorities to set up day nurseries and give grants to voluntary nurseries. Day nurseries, under the auspices of the Ministry of Health, focused on children's health and physical requirements; they catered for under-fives in 'exceptional circumstances' – normally 'children of women without husbands…or from very poor homes'. Between the wars child daycare policy and provision 'languished' although in nursery education there was more progress (Randall, 2000, pp. 32, 33): by the mid-1930s a decline in the birth rate gave rise to places in infant schools and local authorities were able to establish nursery classes (Blackstone, 1974).

During World War II (1939-45) 'wartime' nurseries were set up because of the widespread employment of women. These were of two main types: full-time war nurseries, primarily providing childcare, for children up to the age of five, whose mothers were working full time, and part-time nurseries with a more educational focus, school opening hours, and catering for two- to five-year-olds. Following the end of World War II, nursery education and child daycare were again compartmentalised (Randall, 2000). With the passing of the 1944 Education Act, local education authorities were given a duty to 'have regard…to the need for securing' the provision of nursery schools or nursery classes in other schools (section 8(2)(b)). It was expected that there would be an expansion of both; wartime nurseries taken over by the local education authority would attract a government grant. Local authority day nurseries, on the other hand, provided child daycare: they were to 'meet the special needs of children whose mothers were 'constrained by individual circumstances to go out to work' or whose home conditions were deemed unsatisfactory from a health perspective, or whose mothers were 'incapable for some good reason of undertaking the full care of their children'.[1]

Until the mid-1950s, local education authorities had some discretion as to whether to increase or decrease the number of nursery education places (Blackstone, 1970). However, between 1960 and 1964 central government restricted expansion because of a shortage of teachers. The lack of nursery education places led to a group of mothers setting up playgroups under the auspices of the Pre-school Playgroups Association (Blackstone, 1974). During the 1960s, the number of women in paid work, including mothers of young children, increased and there was a concomitant a rise in the number of private nurseries (Randall, 1996). As regards local authority day nurseries, a circular issued in 1968 reiterated that priority for places was to be given to those in special need – be they mothers or children (Lewis, 2013a).

The nature of early years provision varied between local authorities. In 1965 the areas with the highest proportion of state nursery education places were predominantly in industrial towns in the Midlands and North of England, with a high percentage of women in the labour market. The highest proportion of private provision was found in southern England where a large percentage of the population was middle class (Blackstone 1970). By 1971, around 10% of three- and four-year-olds were attending state nursery schools and classes; however, in some areas there was no provision whilst in a small number about a third of these age groups were receiving nursery education (Blackstone, 1974). In 1972, the White Paper, *Education, a Framework for Expansion* (Department of Education and Science, 1972), set out proposals for universal nursery education. The main aim was to make places available, free of charge, for 90% of four-year-olds and 50% of three-year-olds. Margaret Thatcher, the Secretary of State stated that 'within 10 years nursery education should become available without charge to children of three or four whose parents wished them to have it'; the main purpose was 'to enable children to learn and not to provide a day-care service'.[2] Playgroups were seen as an adjunct to the education system providing diversity and choice. However, expansion of nursery education was thwarted by the 1973 oil crisis and subsequent recession (see Lewis, 2013a). ,

The 1980 Education Act confirmed that local education authorities (LEAs) had the power but not a duty to provide nursery education: as noted in the White Paper *Better Schools*, 'it is for LEAs' discretion whether to make provision and what form that provision might take' (DES/Welsh Office, 1985, para 121). Provision was strongly related to the socio-economic characteristics of the authorities, with playgroups predominating in more affluent areas and nursery education in more disadvantaged urban areas (Owen and Moss, 1989, p. 310; see also Moss et al., 1992): the rate of development of nursery education – as a discretionary service – was 'dependent on the interest, commitment, priorities and resources of local authorities'. Policy was not oriented towards providing childcare for working parents. As the Secretary of State for Social Services, Sir George Young stated in 1980: 'In general, I do not accept that it is the State's job to provide daycare to enable the parents of young children to go out to work'.[3] Nonetheless, government acknowledged the need for an integrated approach because of the increasing participation of mothers in the labour market (Randall, 1996), and from 1976 attempts were made to co-ordinate services (Lewis, 2013b).

Policy for funding of early years education and child daycare changed over time. In 1945, nearly 80% of central government funding for local services was in the form of specific grants. The remainder came from an un-hypothecated grant with approximately equal amounts from local government grants and local taxation (rates) (Department for Communities and Local Government (DCLG), 2014). In 1966 a significant change took place with the introduction of the Rate Support Grant; this provided un-hypothecated funds giving local authorities discretion regarding the funding of services including education, local authority day nurseries and playgroups. When the un-hypothecated Revenue Support Grant (RSG) was introduced in 1990, local authorities continued to have broad discretion, albeit with government financial constraints, (DCLG, 2014; Loughlin, 1996). The RSG was allocated via Standard Spending Assessments (SSAs), which represented the level of spending the government considered appropriate for authorities to spend to provide a standard level of service. For local services including education and child daycare, SSAs were supplemented with local taxation (from 1993, council tax, a property tax) (DCLG, 2014). Government funding for early education was calculated on the basis of the population of under-fives – *not* on actual provision which varied markedly between local authorities based on their differing choices – and adjusted for additional educational needs and area cost (see Department of the Environment, 1990). The weighting for additional educational needs was largely based on past expenditure, which was assumed to be an indicator of need (although other factors were subsequently shown to be of paramount importance including government funding levels and political considerations (West et al., 2000).

4. Beginnings of a national policy: Nursery education vouchers 1996-1997

In 1994, the Prime Minister John Major, in his speech to the Conservative Party Conference, made a commitment to extend pre-school provision – referring explicitly to nursery education and playgroups:

> There are many views about nursery education…I am in favour of it… Nine out of ten [children] have been to a playgroup or nursery school before they're five….it's time to accelerate this trend. So I've asked [the Secretary of State] to work up proposals to provide places for all four-year-olds whose parents wish them to take it up (Major, 1994).

At the time, 26% of four-year-olds attended nursery schools/classes and 51% primary school reception classes; 19% were in private or voluntary provision and 4% had no preschool place (Gillie and Allen, 1996).

Following the 1996 Nursery Education and Grant Maintained Schools Act a nursery education voucher scheme for four-year-olds was implemented in four local authorities, and across the UK from April 1997. The voucher covered a minimum of five two-and-a-half hour sessions a week (12.5 hours) for 33 weeks of the year. It has been claimed that the nursery education voucher scheme was 'probably this country's first attempt at a universal early years education system'.[4] However, it did not guarantee a place to every child.

Parents of eligible children were able to exchange the voucher for a part-time place offered by a validated provider in the maintained sector – a nursery school or a nursery class or reception class in a primary school – or in the private, voluntary or independent (PVI) sector. Parents exchanging their vouchers in the PVI sector were able to 'top up' the voucher if higher fees were charged or a full-time place was required (Sparkes and West, 1998).

The fact that the 'nursery education' voucher could be used in maintained schools and PVI providers was significant. The terms 'pre-school education' and 'pre-school provision' were used by Conservative ministers (HC Education and Employment Committee, 1997). Indeed one effect of the voucher scheme was 'to highlight the multifarious nature of pre-school provision' (House of Commons (HC) Education and Employment Committee, 1997, para. 10). In short, education and other pre-school provision were brought together via the new policy instrument. One of the key aims of the policy was to stimulate the private and voluntary sectors to provide new places. As noted by the Secretary of State, Gillian Shephard:

> I fully expect that giving parents purchasing power through a voucher will stimulate the private and voluntary sectors to provide new places…Purchasing power in the hands of parents will stimulate a market in the supply of places that parents want. Above all, parents will have real choice.[5]

It was envisaged that approximately £730 million a year would be spent on the nursery education voucher scheme in England when fully implemented. This comprised £165 million new money to provide extra places for four-year-olds who did not have a place in a maintained school; the bulk of the remainder was to be recovered from local authority spending on its own provision via the RSG and redirected through vouchers (Gillie and Allen, 1996). The value of the voucher was set at £1,100: the amount was above the value of a playgroup place and 'somewhere between the cost of a nursery class place and the cost of a reception class place and also…not too far away from the costs of places in the private sector' (HC Education and Employment Committee, 1997, para. 28). The flat-rate voucher took no account of the variation in the cost of provision and local needs across the country, unlike funding for maintained schools (Sparkes and West, 1998). In short, a new policy instrument, the nursery education voucher, was introduced. The goal was for PVI providers to be funded on the same basis across the country at a flat rate that was, on average, below the cost of a nursery class place.

The introduction of the nursery education voucher was controversial. Concerns were expressed by bodies including the Pre-School Learning Alliance (1996) and the Daycare Trust (1996), in Parliament[6] and by the select committee (HC Education and Employment Committee, 1997). These related to the overall design of the scheme, funding and administration, the quality of provision, staff qualifications and impacts on children and providers (see Randall, 2000; Sparkes and West, 1998). The idea of creating a market was contentious. As noted by the Labour MP, David Blunkett:

> Instead of spending money directly on meeting the needs of those children who do not currently have nursery places, has not the Secretary of State capitulated to an ideological experiment in creating an artificial market that would exist only in circumstances where private providers are prepared to come forward and compete with the public sector?[7]

5. National policy: Entitlement to free early education 1997-2015

Key policy developments

The Labour government, elected into office in May 1997, was committed to ending the nursery education voucher scheme and did so, replacing it with an entitlement to a free part-time 'early education' place. The entitlement, operational from September 1998, formed part of the National Childcare Strategy – this stated 'for young children there is no clear distinction between care and education' (DfEE, 1998, p. 20). The main policy goals were to increase the availability, quality and affordability of childcare. The free 'early education' place could be taken in maintained schools and PVI providers:

> Parents need to be able to choose the mix of early education and daycare which they judge appropriate for their children's needs, whether in formal nursery education or in more informal settings such as pre-schools (DfEE, 1998, p. 37).

The mixed economy of providers was also retained for pragmatic reasons. The PVI infrastructure was already in place so facilitating a rapid expansion of places; and much existing provision was offered by the Pre-school Learning Alliance: it would have been politically impossible to have ignored them (Hodge, 2011).

In England, the 1998 School Standards and Framework Act placed a duty on local authorities to ensure sufficient nursery education provision for children of the prescribed age (policy in the rest of the UK varied (West, 2015). If the child attended a provider that normally charged fees, the fees were to be reduced so that the basic entitlement was free at the point of delivery. However, parents were expected to pay for additional childcare that went beyond the free entitlement (DfES, 2004). From 2004, the free entitlement was extended to three-year-olds; from 2006, from 33 to 38 weeks; and from 2009, to 15% of the most disadvantaged two-year-olds (Department for Children, Schools and Families (DCSF), 2009a). The offer for the 25% most disadvantaged three- and four-year-olds was also increased from 12.5 to 15 hours (Clarke et al., 2009). To subsidise fees for care outside the free entitlement a new tax credit was introduced for working parents on low incomes, and some employers offered childcare vouchers to working parents not drawing tax credits (Lewis and West, 2017).

Under the Conservative-Liberal Democrat Coalition government (2010-15) there was broad continuity (but see Lewis and West, 2017; Lloyd, 2015). From 2010, the free entitlement for all three- and four-year-olds was extended to 15 hours (see Table 1). In 2011, the government confirmed that it would extend the offer of 15 hours a week of 'free education and care' a week for disadvantaged two-year-olds (HM Treasury, 2011, p. 9): from 2013 local authorities had a legal obligation to secure provision for the 20% least advantaged two-year-olds and from 2014, the 40% least advantaged.

The government also changed the statutory guidance on early education giving more power to the central inspection agency Ofsted. The guidance for 2013 stated that local authorities *should* base decisions as to whether to fund a provider to deliver early education on the provider's Ofsted assessment (DfE, 2013b). However, from 2014, the role of the local authority diminished: the guidance stated that the local authority '*must rely* solely on the Ofsted inspection judgement of the provider…as the benchmark of quality' (DfE, 2014, p. 10 our italics).

Distribution of Funding: Central to local government and local government to providers

It is important to stress that there is a two-stage process to the funding of free early education: the distribution of funds from central government to local authorities, and the distribution from local authorities to providers.

Stage 1: Distribution from central government to local authorities

The mechanisms used to distribute funds from central to local government changed under Labour governments (1997-2010). Free early education in maintained primary and nursery schools continued to be funded via the central government's RSG and Education SSA (see above). In the PVI sector, the funding mechanism was different. From autumn 1997 local authorities received funding from central government for four-year-olds attending PVI settings; the amount was set at £366 per term per four-year-old, the value of the termly amount under the former nursery education voucher scheme.[8] From 1998–99, funding was distributed via the nursery education grant; the rate for 1999-2000 was £1,130 per eligible child (Bertram and Pascal, 1999). From 2001-02, there was an important change: the Nursery Education Grant was replaced with a flat rate factor that was included in the Education SSA so aligning the distribution of funding for PVIs with that for maintained schools. In 2003-04, SSAs were replaced with Formula Spending Shares (FSS) and the following year new funding for three-year-olds was also allocated to local authorities via the Education FSS (DfES, 2004).

A more fundamental change took place when, in 2006–07, funding for schools and PVI providers was distributed by government to local authorities via a new ring-fenced Dedicated Schools Grant (DSG).[9] The aim was to ensure that central government increases in education spending were passed on in full to providers, preventing local authorities spending less than the government deemed appropriate. Local authority discretion was thus reduced. The method used to distribute the DSG to local authorities reflected the historical allocation of resources: as before, authorities received different amounts for three- and four-year-olds based on levels of deprivation, previous levels of expenditure and cost. Funding for disadvantaged two-year-olds was distributed to local authorities on a formulaic basis, with specified hourly rates. A further development demonstrating the control exerted by central government was the introduction in 2015 of a separate, centrally-controlled funding stream for disadvantaged three- and four-year-olds – the early years pupil premium grant – which local authorities were required to allocate to providers at the level prescribed by the government (DfE, 2015a).

In summary, funding from central to local government for free early education was initially via the Nursery Education Grant for PVI providers and the un-hypothecated RSG for schools. Policy subsequently changed, with the government merging funding for all free early education into one grant, the hypothecated DSG. The changes during this period represented different types of change (Hall, 1993). There were first-order changes to the level of funding per eligible child. There was also second-order change: the policy instruments used by central government to distribute funds to local authorities changed from the Nursery Education Grant to the RSG and subsequently to the DSG.

Stage 2: Distribution from local authorities to providers

The distribution of funds by local authorities to providers also changed during this period. Until 2011, funds for maintained schools were distributed by the local authority's school funding formula drawn up in line with school finance regulations. However, for PVI providers the situation was different. When the Nursery Education Grant was in operation, eligible PVI providers submitted claims for payments to their local authority. Local authorities thus operated as 'paymasters on behalf of the Secretary of State' (Bertram and Pascal, 1999, p. 79). Once funding for PVI providers was transferred into the RSG each local authority became responsible for determining the funding rate for PVI providers. In 2004 the approximate amount per place distributed to PVI providers in England was around £1,260 per year (Brewer et al., 2005); the following year the amount for a sample of London authorities ranged from £1,248 to £1,308 per year (London Borough of Hounslow, n.d.).

With the advent of the DSG in 2006, the Labour government sought to steer local authorities towards funding providers at the same rate:

> [The DSG] ensures that children are funded at the same basic rate (with top ups for deprivation and other local factors) regardless of whether their parents choose to take up their free entitlement in the maintained or non-maintained sector…As far as practicable, local authorities should ensure that all providers delivering the free entitlement are funded on a consistent basis (DfES, 2006a, p. 42).

However, in school settings, local authorities could use pupil numbers or place funding for under-fives in maintained nursery or primary schools (DfES, 2007). They were also required to treat under-fives in maintained schools in the same way as over-fives and as such they attracted supplementary funding according to, for example, their special educational needs or additional educational needs status. No such regulations underpinned the allocation of funds to PVI providers. A survey carried out by the DfES (2007) found that most local authorities continued the practices that they developed when funding was delivered through the Nursery Education Grant by uprating each year the amount per pupil. Many authorities had a single rate of funding for the whole PVI sector and did not differentiate between providers operating in different circumstances (e.g., those serving areas of high social deprivation).

Inequalities between the funding of providers of different types became a key concern for government. In 2007, Jim Knight, the responsible Minister announced that from 2010-11 all authorities would be required to introduce a new funding formula to cover early years provision in both maintained and PVI settings; this was to incorporate a 'standardised transparent method for setting the basic unit of funding per pupil' (House of Commons Hansard, 2007, para 16). The following year guidance regarding the new Early Years Single Funding Formula was published (DCSF, 2008). Subsequent advice to local authorities provided a strong message in relation to funding:

> Authorities who set one base rate for all PVI settings and one for all maintained settings are continuing unacceptable differences between settings which cannot be defended in a single formula. Rates must be set to enable a level playing field in the market and encourage quality of provision through raising the qualifications and training of staff regardless of where they work (DCSF, 2009b).

It is clear that government wished to emphasise an 'equal funding' notion of the 'level playing field' in the market comprising a mixed economy of providers: the implication was that there should be 'fair competition' implying that providers should be paid the same amount per hour. However, some providers, most notably nursery schools, were liable to lose out substantially (HC Children, Schools and Families Committee, 2010). The concerns were noted within central government. Dawn Primorolo, the responsible Minister, wrote to local authorities in October 2009 stating that 'the single funding formula should not be used as a vehicle to close, or close by strangulation, good quality nursery school provision'. When the Early Years Single Funding Formula was finally implemented by the Coalition government in 2011, each local authority was required to allocate funds for three- and four-year-olds to providers – maintained nursery schools, nursery classes in primary schools and those in the PVI sector – on the basis of a locally developed formula (DfE, 2012). Formulae had to include a 'base rate', which could vary according to the type of provider, and a deprivation supplement. They could also include various supplementary payments, in particular relating to the quality, flexibility and sustainability of provision (Noden and West, 2016).

In summary, initially the (implicit) goal was for differential distribution of funds between PVI providers and schools: the levels of funding (and instruments) for PVI providers were different from those for schools. However, subsequently a new policy instrument, representing second-order change, was introduced, namely the Early Years Single Funding Formula. The funding goal shifted to distributing funds more objectively – and transparently – between providers of all types in a local area to foster 'a level playing field in the market'.

6. NATIONAL POLICY: EARLY YEARS NATIONAL FUNDING FORMULA 2011-2017

Distribution of Funding: Central to local government and local government to providers

The Early Years Single Funding Formula was concerned with the distribution of funding within a local area: it did not address the distribution of resources from central to local government. It was this that the Coalition and subsequently the Conservative government sought to address via the Early Years National Funding Formula. Discussions first began in 2011 (DfE, 2011); the idea was closely linked with the desire to reform school funding. A national funding formula for early years would provide a formula-based mechanism to distribute resources from central to local government which was not historically based and related to previous levels of spending. The government at this point was focused primarily on addressing inequalities of funding across areas.

A critical juncture arose in 2015 when, just before the general election, the Conservative Party Manifesto pledged to increase the entitlement to 30 hours of free 'childcare' to working parents of three- and four-year-olds. Once elected, the Conservative Government issued a policy statement (DfE, 2015b, p. 8) noting:

> All 3 and 4 year olds will continue to be eligible for 15 hours per week of free early education. This is a universal entitlement for all children. The new entitlement is an extension of the current entitlement and provides an additional 15 hours of free childcare for children that are eligible.

The government also confirmed that it would introduce a national funding formula for the early years: 'This is to ensure that funding is transparently and fairly distributed between different types of providers and different parts of the country' (DfE, 2015b, p.7). The development of a national funding formula thus became increasingly enmeshed with the commitment to offering 30 hours of free childcare to eligible working parents. In short, while proposals for a national funding formula from 2011 to 2014 concerned the distribution of resources from central government to local government, the 2015 policy statement *also* addressed the fair and transparent distribution between different types of providers.

A government consultation document (DfE, 2016a, p. 5) noted that a national funding formula was a means of delivering the 30 hours childcare offer. The government had been allocating funding to local authorities based on historic council expenditure, leading to ‘significant variations in funding for local authorities’. The document also stated that there were:

> problems with the way in which some local authorities distribute their government allocations to providers… which leads to a non-level playing field between those from the maintained sector and those from the private/voluntary sector. This matters to 30 hours delivery, as the majority of 30 hours places will need to be delivered by the private/voluntary sector.

The Early Years National Funding Formula – an entirely new policy instrument – was introduced in April 2017. The formula was used to allocate funding to local authorities for the 15-hour entitlement for all three- and four-year-olds (funding for disadvantaged two-year-olds continued to be allocated on a formulaic basis) (Education Funding Agency (EFA), 2016). From September 2017, when 30 hours of ‘free childcare’ was introduced, the Early Years National Funding Formula was also used to allocate funding for the *additional* 15 hours for eligible three- and four-year-old children (those where both parents/sole parent were working, and each parent earned a weekly minimum equivalent to 16 hours at national minimum/living wage, and less than £100,000 per annum (DfE, 2017c)).

In marked contrast to the past, the distribution of funds from *central to local government* under the Early Years National Funding Formula consists of a universal base rate plus factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language; and an area cost adjustment. It includes a minimum funding rate of £4.30 per hour to local authorities. There are also transitional protections so that in any year, no local authority sees an annual reduction in their hourly funding rate of more than 5% (EFA, 2016).

For the distribution from *local authorities to providers*, there are new requirements with a minimum amount of funding to be passed through to providers (up to 95% in 2018-19). Local authorities are required to set a local universal base rate for all types of provider by 2019-20. Supplements of up to 10% are allowed: a mandatory supplement for deprivation and discretionary supplements (e.g., rurality/sparsity; support of flexible provision; a quality supplement to support workforce qualifications; and English as an Additional Language) (EFA, 2016).

Unsurprisingly, there are winners and losers from the Early Years National Funding Formula. In London for example, 12 local authorities are losers, with reductions of up to 10% per hour (in

2019-20) whilst 20 are set to gain, with increases of up 46% (London Councils, 2017). The 'losers' include Tower Hamlets with historically high levels of expenditure (and provision) on nursery education and 'winners' include Bromley with very low levels (see House of Commons Hansard, 1995).

One of the stated reasons for introducing the Early Years National Funding Formula was because PVI providers would be needed to deliver the 30 hours free childcare policy. A DfE-commissioned study found that the majority of providers in areas that had implemented the policy prior to the national roll-out were willing and able to deliver the extended hours (Paull et al., 2017). However, a survey of over 1,000 childcare providers by the Pre-school Learning Alliance (Nursery World, 2017) found that almost two-fifths thought their business would not be sustainable in 12 months' time and nearly three-quarters said current funding rate would not cover the cost of delivering a 30 hours place; as a result more than half planned to introduce or increase charges for additional goods and services. Indeed, in one chain of nurseries, it was reported that parents whose children were eligible for the 30 hours would have to pay a new charge of £40 a day to cover the cost of lunch and extracurricular activities if they were to be offered a place (The Guardian, 2017).

In summary, a new policy instrument, the Early Years National Funding Formula, was introduced in 2017 to distribute funds equitably, predominantly on the basis of need, from central to local government, and from local government to providers.

7. Discussion

Nursery education and child daycare developed separately before and after World War II. A crucial point of change came with the introduction of the nursery education voucher scheme in 1996. When the nursery voucher and the subsequent entitlement were introduced, central government did not view PVI provision and school-based provision as equivalent as regards to funding – funding for PVI providers was set at the same flat rate across the country – unlike funding for maintained nursery and primary schools – and the amount fell short of the average cost of a place in a nursery class. Following the introduction of the hypothecated DSG in 2006, government exhorted local authorities to fund providers in all sectors on a similar basis, but local authorities tended to fund providers as they had done previously with different approaches being used for schools and PVI providers.

Central government wanted to create a 'level playing field' in order to foster the 'childcare market' and so introduced the Early Years Single Funding Formula. In 2017, the Conservative government went further with the introduction of an Early Years National Funding Formula. The goals were to distribute funds equitably, first from central to local government via a national formula, and second, from local authorities to providers via a local funding formula, in accordance with statute (The School and Early Years Finance (England) Regulations 2017) (see Table 1). Underpinning these funding goals was an assumption of equivalence between PVI providers and maintained nursery education.

Table 1 about here

Notwithstanding the assumption of equivalence for funding purposes, policy pronouncements suggest that the government did *not* assume equivalence in terms of 'quality' as it is to provide:

> £50 million funding to create more high quality school-based nursery provision for disadvantaged children…As graduate teachers and leaders are a requirement in school-based settings, we will focus on ensuring more new schools include nursery provision and on introducing and expanding nursery provision in good existing schools… (DfE, 2017b, p. 13).

The government also stated that it would provide supplementary funding for nursery schools – recognised for providing high quality education – until 2019-20.

There are further reasons to question the notion of a funding 'level playing field'. The government's concern was with a level playing field as regards revenue not capital income. This is important as private for-profit providers – whose share of the market has expanded markedly – can keep any assets they accumulate through fees and government funding (Penn, 2011). Moreover, whilst other policies, in particular the Early Years Foundation Stage, have been introduced in an attempt to align state and PVI providers, training and staff qualifications differ. Most significantly, in maintained nursery schools and nursery classes in maintained schools – unlike other types of provider – at least one member of staff must be a school teacher. Any assumption of equivalence is therefore flawed.

In summary, since 1996, the role of central government in the funding of early years education and care has increased under governments of different political complexions. The most recent policy developments represent a transformational third-order change to the system of public funding (Hall, 1993). There has been a change to the instrument levels (a first-order change), with a minimum funding rate having been introduced; and a change to policy instruments (second-order change) with the introduction of the Early Years National Funding Formula. There have also been changes to the funding goals (third-order change), namely to distribute funds equitably from central to local government, and from local authorities to providers.

Funding policy changes are likely to entrench further the ‘childcare market’ (cf. Moss, 2014; Lloyd, 2015; Penn, 2014). Indeed, the government is dependent on the private sector for delivery of its free early education and childcare policies. The PVI sector provides free ‘early education’ for 62% of three-year-olds, with maintained nursery classes and nursery schools catering for 35% (DfE, 2017d) a decrease of three percentage points since 2004 (DfES, 2006b). The government support announced for nursery schools and classes (DfE, 2017b) is unlikely to affect this downward trend.

There remains a blurring of what constitutes ‘education’ and ‘care’: there has ‘often been a lack of clarity as to what the term ‘childcare’ comprises and the differences between childcare and nursery education’ (Randall, 2000, p. 178). Indeed, the Childcare Act 2006 defines ‘childcare’ as any form of care for a young child including (a) education and (b) any other supervised activity. This definition in effect sees childcare as comprising education and care. The ambiguity between education and care is particularly stark as regards the 30 hours ‘free childcare’ policy: this comprises 15 hours ‘free early education’ and 15 hours ‘free childcare’, yet providers are required to provide early education and care that follows the Early Years Foundation Stage across the *whole 30 hours* (DfE, 2018). Whilst the government has sought explicitly to align the *funding* of early years education and care, it is highly unlikely that the introduction of the Early Years National Funding Formula will lead to the integration of education and care. For this, regulatory frameworks would need to be aligned across different types of provider, with qualified teachers being required in *all* settings; this would have major cost implications. To date, the government focus on increasing the availability of places via a mixed economy of providers has come at the expense of staff quality, a pre-requisite for long-term benefits for children.

Acknowledgements

This project was funded by the Nuffield Foundation, but the views expressed are those of the authors and not necessarily those of the Foundation. The authors would like to thank the two anonymous reviewers for their comments on an earlier version of the paper.

References

Bertram, T. and Pascal, C. (1999) *OECD thematic review of early childhood education and care: Background report for the United Kingdom* (Paris: OECD).

Blackstone, T. (1970) The distribution of nursery education in England and Wales, *Social Policy and Administration*, 41, 45-55.

Blackstone T. (1974) Some issues concerning the development of nursery education in Britain, *Pedagogica Europaea*, 9(1), 172-183.

Blanden, J., Del Bono, E., McNally, S. and Rabe, B. (2016) Universal pre-school education: The case of public funding with private provision, *The Economic Journal*, 126, 682–723.

Brewer, M., Crawford C. and Dearden, L. (2005) Reforms to childcare policy. In R. Chote, C. Emmerson, D. Miles and Z. Oldfield (Eds), *The IFS Green Budget 2005* (London, IFS).

Clarke, C., Frearson, M., Hills, K., Celia, C. and Stephen, C. (2009) *Extended flexible entitlement for three and four year olds pathfinder evaluation* (London, DCSF).

Department for Children, Schools and Families (DCSF) (2008) *Implementation of a single funding formula for early years: Interim guidance for local authorities* (London, DCSF).

DCSF (2009a) *Core principles: Implementing the early years single funding formula practice guidance* (London, DCSF).

DCSF (2009b) Captured Learning, March 2009.

Department for Communities and Local Government (2014) *Local Government Financial Statistics England* (London, DCLG).

Department for Education (DfE) (2011) *A consultation on school funding reform: Rationale and principles* (London, DfE).

DfE (2012) S*tatutory guidance for local authorities on the delivery of free early education for three- and four-year-olds and securing sufficient childcare* (London, DfE).

DfE (2014) *Early education and childcare: Statutory guidance for local authorities* (London, DfE).

.

DfE (2015a) *Early years pupil premium: guide for local authorities* (London, DfE).

.

DfE (2015b) *Childcare Bill: Policy statement* (London, DfE).

DfE (2016a) *An early years national funding formula and changes to the way three- and four-year-old entitlements to childcare are funded* (London, DfE).

DfE (2017a) Statutory framework for the early years foundation stage (London, DfE).

DfE (2017b) *Unlocking Talent, Fulfilling Potential: A plan for improving social mobility through education*, Cm 9541 (London, DfE).

DfE (2017c) *30 hours free childcare, England, Autumn term 2017* (Experimental Statistics) SFR 78/2017 (London, DfE).

DfE (2017d) *Provision for children under five years of age in England*: January 2017 (London, DfE).

DfE (2018) *Early education and childcare. Statutory guidance for local authorities* (London, DfE).

DfEE (1998) Meeting the childcare challenge: A framework and consultation document Cm 3959 (London, DfEE).

DfES (2004) *A code of practice on the provision of free nursery education places for three and four year olds 2004-2005* (London, DfES).

DfES (2006a) *A code of practice on the provision of free nursery education places for three- and four-year-olds* (London, DfES).

DfES (2006b) Provision for Children Under Five Years of Age in England: January 2006 (Final) SFR 32/2006 2002-2006, London: DfES.

DfES (2007) *Consultation on school, early years and 14-16 funding 2008-11* (London, DfES).

DES (1972) *Education: A Framework for Expansion*, Cmnd. 5174 (London, HMSO).

DES/Welsh Office (1985) *Better Schools.* Cmnd. 9469 (London, HMSO).

Department of the Environment (1990) *The Revenue Support Grant Distribution Report (England) 1990* (London, HMSO).

Education Funding Agency (EFA) (2016) Early Years National Funding Formula (London, EFA).

Esping-Andersen, G., Garfinkel, I., Han, W.- J., Magnuson, K., Wagner, S. and Waldfogel, J. (2012), Child Care and School Performance in Denmark and the United States, *Children and Youth Services Review*, 34(3), 576–589.

Gambaro, L.; Stewart, K. and Waldfogel, J. (Eds) (2014) *An Equal Start? Providing quality early education and care to disadvantaged children* (Bristol, Policy Press).

Gillie, C. and Allen, G. (1996) *Nursery Education and Grant-Maintained Schools Bill*, Research Paper 96/8 (London, House of Commons Library).

Hall, P. (1993) Policy paradigms, social learning, and the state: the case of economic policymaking in Britain, *Comparative Politics*, 25(3), 275–296.

Heckman, J. (2006) Skill formation and the economics of investing in disadvantaged children, *Science*, 312(5782), 1900-1902.

HM Treasury (2011) *Autumn Statement 2011*, Cm 8231 (London, Her Majesty's Stationery Office)

Hodge, M. (2011) Personal communication to A. West.

House of Commons Children, Schools and Families Committee (2010) *The Early Years Single Funding Formula, Seventh Report of Session 2009–10* (London, House of Commons).

House of Commons Education and Employment Committee (1997) *Operation of the Nursery Education Voucher Scheme*, HC 25 (London, House of Commons).

House of Commons Hansard (1995) Parliamentary Answer 19th December: Pupils aged under five years of age in nursery and primary schools Position as at January 1995 (London: House of Commons). https://publications.parliament.uk/pa/cm199596/cmhansrd/vo951219/text/51219w07.htm

House of Commons Hansard (2007) Ministerial Statement, Schools, Early Years and 14-16 Funding (2008-2011) 25 June 2007. (London, House of Commons). http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm070625/wmstext/70625m0001.htm

Inspection générale de l'éducation nationale (2014) *Scolarité des enfants de moins de trois ans : une dynamique d'accroissement des effectifs et d'amélioration de la qualité à poursuivre* Rapport - n° 2014-043 (Paris, MENESR).

Jones, G. and Stewart, J. (2009) Memorandum. *Evidence to Communities and Local Government Committee - Sixth Report: The Balance of Power: Central and Local Government* (London, House of Commons).

Lewis, J. (2013a) Continuity and change in English childcare policy 1960–2000, *Social Politics*, 20(3), 358-386.

Lewis, J. (2013b) The Failure to Expand Childcare Provision and to Develop a Comprehensive Childcare Policy in Britain during the 1960s and 1970s, *Twentieth Century British History*, 24(2), 249–274.

Lewis, J. and West, A. (2017) Early childhood education and care in England under austerity: Continuity or change in political ideas, policy goals, availability, affordability and quality in a childcare market? *Journal of Social Policy,* 46 (2): 331-348.

Lloyd, E. (2015) Early childhood education and care policy in England under the Coalition Government, *London Review of Education*, 13(2), 144–156.

London Borough of Hounslow (n.d.) *Draft Paper for DMT Early Years Education Funding* (circa 2005), London: London Borough of Hounslow. http://democraticservices.hounslow.gov.uk/(S(acwwhc55v0a3odudtciid545))/mgConvert2PDF.aspx?ID=19794

London Councils (2017) *Early Years National Funding Formula London councils.*

Loughlin, M. (1996) *Legality and Locality: The Role of Law in Central-local Government Relations*, (Oxford, Oxford University Press).

Maclure, S. (1985) Forty Years On, *British Journal of Educational Studies*, 33(2), 117-134.

Major, J. (1994), Speech to Conservative Party Conference, 14th October, http://www.johnmajor.co.uk/page1147.html

Martin, C. (2010) The reframing of family policies in France: processes and actors, *Journal of European Social Policy*, 20(5), 410-421.

Mathers, S. and Smees, R. (2014) *Quality and Inequality* (London, Nuffield Foundation).

Moss, P. (2014) Early childhood policy in England 1997–2013: Anatomy of a missed opportunity, *International Journal of Early Years Education*, 22(4), 346-358.

Moss, P., Brophy, J. and Statham, J. (1992) Poor relations in the preschool family: the funding of playgroups, *Journal of Education Policy*, 7(5), 471-91.

Noden, P. and West, A. (2016) *The early years single funding formula: National policy and local implementation*, Clare Market Papers 22 (London: LSE).

Pre-school Learning Alliance (1996) *Making Vouchers Work: A Briefing by the Pre-school Learning Alliance on the Operation of Nursery Education Vouchers in Phase One Areas* (London, Pre-school Learning Alliance).

Nursery World (2017) Almost two-fifths of providers think 30 hours will lead to their closure 31st August.
https://www.nurseryworld.co.uk/nursery-world/news/1162089/almost-two-fifths-of-providers-think-30-hours-will-lead-to-their-closure

Ofsted (2015) *The common inspection framework: education, skills and early years* (London, Ofsted).

Owen, C. and Moss, P. (1989) Patterns of pre-school provision in English local authorities, *Journal of Education Policy*, 4(4), 309-328.

Palmer, A. (2011) Nursery schools for the few or the many? Childhood, education and the state in mid-twentieth century England, *Pedagogica Historica*, 47(1-2), 139-154.

Paull, G., La Valle, I. with Speight, S. and Marshall, L and White, C. (2017) Evaluation of Early Rollout of 30 Hours Free Childcare
https://www.gov.uk/government/publications/early-rollout-of-30-hours-free-childcare-evaluation

Penn, H. (2011) *Quality in early childhood services: An international perspective*, Maidenhead: Open University Press.

Penn, H. (2014) The business of childcare in Europe, *European Early Childhood Education Research Journal*, 22(4), 432-456.

Primorolo, D. (2009) Letter to Directors of Children's Services, 28th October.
http://www.naht.org.uk/EasysiteWeb/getresource.axd?AssetID=17085&type=full

Pring, R. (2012) 60 Years on: The changing role of government, *British Journal of Educational Studies*, 60(1), 29-38.

Randall, V. (1996) The politics of childcare policy, *Parliamentary Affairs,* 49(1), 176-190.

Randall, V. (2000) The Politics of Child Daycare in Britain (Oxford, Oxford University Press).

Ryle, G. (1949) *The Concept of Mind* (London, Routledge).

School and Early Years Finance (England) Regulations 2017 (SI 2017/0044) http://www.legislation.gov.uk/uksi/2017/44/pdfs/uksi_20170044_en.pdf

Sibieta, L. (2015) *Schools Spending IFS Briefing Note* BN168 (London, Institute for Fiscal Studies).

Sparkes, J. and West, A. (1998) An evaluation of the English nursery voucher scheme 1996-97, *Education Economics*, 6(2): 171-184.

Sylva, K., Melhuish, E., Sammons, P., Siraj, I. and Taggart, B. (2014) *Students' educational and developmental outcomes at age 16: effective pre-school, primary and secondary education (EPPSE 3-16) project* (London, DfE).

Sylva, K., Siraj-Blatchford, I., Melhuish, E., Sammons, P., Taggart, B., Evans, E., Dobson, A., Jeavons, M., Lewis, K., Morahan, M. and Sadler, S. (1999) *Characteristics of pre-school environments, EPPE Technical Paper 6A* (London, Institute of Education).

The Guardian (2017) A thousand nurseries close as free childcare scheme falters. https://www.theguardian.com/lifeandstyle/2017/nov/18/thousand-nurseries-shut-free-childcare-crisis

West, A. (2015) Education policy and governance in England under the Coalition Government (2010–15): Academies, the pupil premium, and free early education, *London Review of Education*, 13 (2): 21-36.

West, A. and Bailey, E. (2013) The development of the academies programme: 'Privatising' school-based education in England 1986-2013, *British Journal of Educational Studies*, 61 (2): 137-159.

West, A., Pennell, H., West, R. and Travers, T. (2000) Financing school-based education in England: Principles and problems, in M. Coleman and L. Anderson (eds.) *Managing Finance and Resources in Education* (London, Paul Chapman).

West, A., Roberts, J and Noden, P. (2010) Funding early years education and care: Can a mixed economy of providers deliver universal high quality provision? *British Journal of Educational Studies*, 58 (2): 155-179.

ENDNOTES

---

1 TNA ED 142/56. Circular 221/45 (MoH) 75 (MoE) Nursery provision for children under five, 14th December 1945.

2 HC Speech 19 February 1973. http://www.margaretthatcher.org/document/102256

3 HC Deb 03 June 1980 vol 985 cc1238-9. http://hansard.millbanksystems.com/commons/1980/jun/03/day-nurseries

4 HC Deb 25 June 1997 col 788. http://www.publications.parliament.uk/pa/cm199798/cmhansrd/vo970625/debtext/70625-08.htm

5 HC Deb. 6 July 1995 col 517-519. https://publications.parliament.uk/pa/cm199495/cmhansrd/1995-07-06/Debate-1.html

6 HC Deb. 6 July 1995 col 519-523. https://publications.parliament.uk/pa/cm199495/cmhansrd/1995-07-06/Debate-1.html

7 HC Deb. 6 July 1995 col 519. https://publications.parliament.uk/pa/cm199495/cmhansrd/1995-07-06/Debate-1.html

8 HC Deb. 16 June 1997 vol 296, cc50-1W

9 HC Deb. 14 Feb 2006 col 1936W. http://www.publications.parliament.uk/pa/cm200506/cmhansrd/vo060214/text/60214w37.htm

Table1 Policy development: Public funding of early years education (and care) for 3 and 4 year olds 1996-2017

Year	Policy instrument	Funding central to local government	Funding local government to providers	Funding goal
1996 1997	Nursery voucher (4 year olds)	PVI – nursery education grant Maintained schools - Revenue support grant (SSAs)	PVI – £1,100 per part-time place Maintained schools - Local funding formula	Distribution to PVIs at a flat rate across the country (less than average amount for nursery class)
1998	Entitlement to free part-time education 4-year-olds 12.5 hours a week, 33 weeks a year	PVI – nursery education grant Revenue support grant - maintained schools	PVI – £1,100 per part-time place Maintained schools - Local funding formula	
2003		Revenue support grant – PVI and maintained schools	PVI – local authority discretion Maintained schools - Local funding formula	
2004	Entitlement to free part-time education for 3- and 4-year-olds 33 weeks a year	Revenue support grant – PVI and maintained schools	PVI – local discretion (average £1,260) Maintained schools - Local funding formula	
2006	Entitlement to free part-time education for 3- and 4-year-olds increased to 38 weeks	Dedicated Schools Grant (DSG)	PVI - discretion Maintained schools - Local funding formula	
2010	Entitlement to free part-time education for 3- and 4-year-olds increased to 15 hours a week		PVI - discretion Maintained schools - Local funding formula	
2011			Early years single funding formula	Distribution to PVIs and maintained schools within an area using a common formula
2017	Some 3- and 4-year-olds entitled to 30 hours free childcare (targeted)		Early years national funding formula	Equitable distribution (needs-based) from central to local government; and from local authorities to PVI and maintained providers (needs-based)

Note: Table excludes 2-year-olds and Early Years Pupil Premium grant