

Press Release

Tel: +44 (0) 20 7291 4800
Fax: +44 (0) 20 7323 4780

mailbox@ifs.org.uk
www.ifs.org.uk

7 Ridgmount Street
London WC1E 7AE

Free pre-school places for 3 year olds helped only a small number of women into work

Offering free part-time pre-school education for all 3 year olds in England helped only a small number of women into work. But this is mostly because most families were accessing some form of pre-school childcare before the entitlement was introduced. Amongst the small number of women whose youngest child went to pre-school for the first time as a result of this policy, around one quarter moved into work. For the remaining families, the policy effectively gave parents a discount on pre-school education they would have paid for anyway. Offering free pre-school places to all 3 year olds is thus an expensive way to move a small number of women into work. These are the main conclusions of new research published today by the Institute for Fiscal Studies and undertaken by a team of researchers at IFS and the University of Essex.

In 1998, the previous Labour government announced that all 3 and 4 year olds in England would be entitled to a free part-time nursery place.¹ The availability of free places expanded relatively slowly for 3 year olds, becoming effectively universal across England by 2005. The researchers explored how this gradual roll-out of the free entitlement affected the work patterns of mothers with 3 year old children. They found that:

- Between 1999 and 2007, the proportion of 3 year olds in England benefitting from a free early education place rose by about 50 percentage points, from 37% to 88%.² But the number of children benefitting from any kind of formal early education increased by much less: for every six children given a free place, only one additional child began to use early education; for the other five children, the policy effectively gave parents a discount on the early education they would have paid to use anyway.
- The fact that an additional 50 percentage points of three year olds in England gained access to a free place had very little impact on mothers of 3 year olds who also had younger children. But it increased the fraction of mothers whose youngest child was aged three who were in work by 3 percentage points (from a base of around 53%), meaning an additional 12,000 mothers in work. Most of these mothers moved into part-time work (of less than 30 hours per week).
- This implies that the effect of the policy on mothers who started using childcare as a result of being offered a free place is large: amongst such mothers, 1 in 4 moved into work. But for the majority of mothers who would have paid for childcare without the free entitlement, the policy simply cuts the cost of buying childcare without boosting employment rates.
- The additional places for three year olds costs funded by this policy compared with the position in 1999 cost around £0.8 billion a year in

¹ Similar policies operate outside of England, and the policy was extended to some 2 year olds in 2013, but the research does not look at either of these.

² About 4 in 10 three year olds in England were using free nursery education provided by local authorities in the late 1990s, before the national entitlement came in, and not all children take up their entitlement afterwards.

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Contacts

IFS Press Office

Kylie Groves or Emma
Hyman
07730 667013 / 020 7291
4800

Director:
Paul Johnson

Research Director:
Richard Blundell

The Institute for Fiscal Studies
Limited by Guarantee,
Registered in England: 954616
7 Ridgmount Street
London
WC1E 7AE

Registered Charity: 258815
VAT no: GB 394 5830 17

2014. Our estimates suggest that 12,000 additional women moved into work as a result of the policy, mostly working fewer than 30 hours a week. The policy has several aims but, at over £65,000 per extra person employed, it is a very expensive employment policy.

Mike Brewer, Research Fellow at IFS and Professor of Economics at the University of Essex said “In recent months, Labour, the Liberal Democrats and the Scottish National Party have all promised to spend additional money to extend the free entitlement to early education. Our results suggest that the current approach is improving– but by no means transforming – the labour market attachment of mothers of young children. The expansion of free early education in the 2000s was a very expensive way to move an additional 12,000 mothers into the labour force, and the case for extending the free entitlement is not as clear cut as political rhetoric might suggest. A more open and honest debate about the rationale for these policies, and whether the evidence supports these positions, would be welcome.”

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Notes to Editors:

1. This PR summarises the results of a new research paper that estimates the impact on mothers with three year old children who were entitled to free childcare or early education. The full paper, “The impact of free, universal pre-school education on maternal labour supply”, and an accompanying research summary detailing this and a parallel project by other researchers, is available under embargo from the IFS press office (emma_h@ifs.org.uk / kylie_g@ifs.org.uk / 020 7291 4800).
2. This research was undertaken by Professor Mike Brewer (University of Essex and Institute for Fiscal Studies), Dr Sarah Cattam (Institute for Fiscal Studies), Dr Claire Crawford (University of Warwick and Institute for Fiscal Studies) and Dr Birgitta Rabe (University of Essex) and was funded by the **Economic and Social Research Council’s Secondary Data Analysis Initiative**.
3. The free entitlement to early education was initially for 2.5 hours a day (12.5 hours a week) for 32 weeks a year, and it has been expanded so that it now covers 15 hours a week (which can be taken flexibly over fewer days) for 38 weeks a year. The policy has been estimated to cost around £2bn a year, with Barnett consequential for the devolved nations (National Audit Office, 2012). In 2014, a total of 239,700 part-time equivalent places were funded in the maintained sector, and 377,800 in the PVI sector; in 2012, the NAO estimated the average cost per hour to be £3.97 in the maintained sector and £3.77 in the PVI sector.
4. The research effectively compared changes in the employment patterns of mothers of three year olds in areas which saw large increases in free early education places during the 2000s with areas that saw much smaller increases. To make sure that the research was picking up the true impact of the free entitlement (rather than a coincidental increase in the availability of or desire to work), the research additionally used mothers of younger children as a comparison group, as their employment patterns should not be affected by the provision of free childcare for three year olds. The research used data from the Labour Force Survey (LFS) from 2000 to 2008. Even with several years’ worth of LFS data, some of the final sample sizes are quite small and so some of the estimated impacts are relatively imprecise.
5. A **parallel project***, undertaken by a team of researchers outside the Institute for Fiscal Studies, examined how the free entitlement affected children’s school performance, and their results are being press released separately. For more information contact Press Officers Amy Sutton at the University of Surrey on a.sutton@surrey.ac.uk 01483 686141 or Louise Cullen at the University of Essex on lcullen@essex.ac.uk 077 7179 2393.