

## Early Years and Childcare Budget Announcement – March 2023

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### Contextual Information

**In the Government's Spring Budget the Chancellor announced transformative reforms to childcare for parents, children, the economy and women.**

- By 2027-28, this Government will expect to be spending in excess of £8bn every year on free hours and early education, helping eligible working families with their childcare costs. This represents the single biggest investment in early education and childcare in England ever.
- This will include over £4.1bn to fund extended free hours for children over the age of 9 months, a funding rate increase, increasing the supply of wraparound childcare, and wider market reforms.
- The OBR estimate that 60,000 more parents will enter the workforce as a result, while many will increase their hours

**Childcare plays a vital role in enabling parents to work and supporting children's early development, which in turn improve economic growth**

- Affordable childcare improves economic growth by increasing parents' access to paid work, including lone parents and secondary earners
- Flexible childcare also improves progression and hours worked, expanding the jobs that parents can access
- This is particularly important for mothers, whose employment rates and pay are disproportionately impacted by parenthood
- The early years are also a critical period for children, improving a child's early development and later outcomes, as well as closing the disadvantage gap early on.

### What are the proposed reforms?

- **Entitlements:** Eligible working parents in England will be able to access 30 hours of free childcare per week, for 38 weeks a year, from when their child is 9 months old to when they start school. Govt will also increase the hourly rate for providers.
- **Wraparound:** The government will invest £289m over two academic years, from Sept 2024, to enable schools and local areas to set up wraparound childcare provision
- **Market reforms,** including more choice for childminders and changes to EYFS requirements, to improve flexibility for providers and support the workforce.
- **Changing staff:** child ratios from 1:4 to 1:5 for two-year-olds in England to align with Scotland and provide greater flexibility for providers
- Childminder grants to attract people to childminding, with £1200 for those who register with a childminder agency and £600 for those who register with Ofsted
- **Universal Credit reforms** will pay childcare support up-front when parents move into work or increase their hours and increase the monthly re-imburement caps

# The proposed timescales of reforms?

## Autumn 2023

- Childminder grants become available
- Invest £204m into 3/4yo and 2yo funding rate
- Staff: child 2yo ratio change

## April 2024

- 15hrs for eligible working parents of 2-year-olds introduced
- Invest £288m into 3/4 yo and 2yo funding rates

## September 2024

- National wraparound support begins
- 15hrs for eligible working parents of children 9 months plus introduced

## September 2025

- 30hrs for eligible working parents of children from 9 months to primary school age introduced

## September 2026

- All schools able to offer 8am-6pm wraparound on their own or in partnership