



Department
for Education

Findings from the early years staff:child ratio consultation survey

Research report March 2022

**Sarah Butt, Victoria Ratti and Monica
Bennett, National Centre for Social
Research**

Gillian Paull, Frontier Economics

Contents

List of tables	4
Executive summary	6
The study	6
Estimating the potential impact of ratio changes on provision	7
Proposed change to staff:child ratios: Group settings	8
Likelihood of changing provision	8
Impact on provision	8
Proposed changes to staff:child ratios: Childminders	9
Likelihood of changing provision	10
Impact on provision	10
Additional topics	11
1. Introduction	12
The survey	13
The report	14
Reporting conventions	15
2. Proposed changes to staff:child ratio for 2-year-olds: Impact on group settings	17
Introduction	17
Likelihood of changes to provision	17
Reasons given for being likely or unlikely to make changes to provision	19
Reporting on potential impact of ratio change on provision	20
Likely impact of ratio change: Delivery of care	21
Impact on amount of care provided	22
Impact on staffing	24
Likely impact of ratio change: Provider finances	25
Likely impact of ratio change: Parent-paid fees	28
Implementation of ratio change	31
Differences by provider size	32
Summary	33
3. Proposed changes to staff:child ratio: Impact on childminders	35

Introduction	35
How common is it for childminders to look after children to whom ratio change would apply?	35
Likelihood of changes to provision	35
Reporting on potential impact of ratio change on provision	37
Likely impact of ratio change on provision: Delivery of care	37
Likely impact of ratio change on provision: Income	38
Likely impact of ratio change on provision: Parent-paid fees	39
Implementation of ratio change	41
Summary	42
4. Evidence on additional topics covered in consultation survey	43
Introduction	43
Use of existing staff:child ratio exemptions	43
Supervision during mealtimes	44
Extended opening hours	45
References	47

List of tables

Table 2.1 Likelihood of group settings changing their provision in response to new ratio	18
Table 2.2 Likelihood of group settings not currently offering places to 2-year-olds to start offering them.....	18
Table 2.3 How delivery of provision may change.....	22
Table 2.4 How provision would be increased.....	23
Table 2.5 Possible increase in the number of children as a proportion of current 2-year-olds	23
Table 2.6 Possible changes to staffing levels	25
Table 2.7 Potential additional income as a proportion of current income.....	26
Table 2.8 Potential reduction in staff costs as a proportion of current cost.....	27
Table 2.9 Potential financial gain as a proportion of current staff costs	28
Table 2.10 Amount of financial benefit passed on to parents	29
Table 2.11 Age groups likely to benefit from fee savings.....	29
Table 2.12 Potential decrease in hourly rate charged to parents.....	30
Table 2.13 Potential use of financial gain not passed on to parents	31
Table 2.14 How quickly settings might change provision.....	32
Table 2.15 Likelihood of changing provision by provider size	33
Table 3.1 Likelihood of childminders changing their provision in response to the proposed ratio change	36
Table 3.2 How delivery of care would change (childminders).....	38
Table 3.3 Potential additional income as a proportion of current income (childminders) .	39
Table 3.4 Amount of financial benefit passed on to parents (childminders).....	40
Table 3.5 Potential use of financial gain not passed on to parents (childminders).....	41
Table 3.6 How quickly childminders might change provision	42

Table 4.1 Whether providers have made use of exemptions to operate below statutory rates in last 12 months.....44

Table 4.2 Supervision during eating45

Table 4.3 Whether providers would consider extending opening hours.....46

Executive summary

Having access to good quality childcare has positive outcomes for children as well as enabling parents to work. As part of its commitment to help give childcare providers greater flexibility to provide high-quality, affordable childcare to parents, the Government set out proposals in July 2022 for changing the staff:child ratio requirements for two-year olds in group-based early years settings and changing the ratio flexibilities for childminders.

The specific proposed regulatory changes are to:

- change the current statutory minimum staff:child ratio in England for 2-year-olds from 1:4 to 1:5
- change the Early Years Foundation Stage statutory framework (EYFS) to be explicit that childminders can care for more than the specified maximum of three children under the age of 5 if they are caring for siblings of children they already care for, or if the childminder is caring for their own baby or child
- make the EYFS explicit that ‘adequate supervision’ while children are eating means that children must be in sight and hearing of an adult.

Alongside a wider public consultation on the proposed changes, the Department for Education (DfE) commissioned the National Centre for Social Research (NatCen) and Frontier Economics to conduct an independent survey of childcare providers in England. The aim of the survey was to provide robust evidence on the likely impact of the proposed changes on early years providers to inform the Government’s decision-making on whether to introduce the new ratio requirements.

This report presents the findings from that survey, covering childcare providers’ views on the proposed ratio changes as well as several other topics covered by the survey.

The study

A survey of early years providers was carried out by NatCen, in collaboration with Frontier Economics, between 7th July and 1st August 2022. The survey collected data on:

- The likelihood of providers changing their provision as a result of ratio changes
- The perceived impact of the change on provision delivery, including number of 2-year-old places and staffing levels
- The financial impact of such changes on providers’ income and costs and parent - paid fees
- Whether (and how) any financial benefits realised by the proposed changes would be passed on to parents through a reduction in fees

- Whether providers had made use of the exemption in the EYFS to operate below current statutory staff:child ratios.

The survey also included questions on supervision during mealtimes and the likelihood of providers extending their opening hours to include evenings, nights and weekends.

The sample was early years providers that had previously taken part in the Survey of Childcare and Early Years Providers (SCEYP) 2021 and agreed to be recontacted (Department for Education, 2021a). SCEYP is a large-scale, nationally representative survey of school-based providers (SBPs), group-based providers (GBPs) and childminders (CMs) in England.

A total of 842 providers (85 SBPs, 589 GBPs and 168 CMs) responded to the online survey. The data have been weighted to be representative of the population of early years providers in England in 2022.

Estimating the potential impact of ratio changes on provision

The survey first asked providers how likely they would be to change their provision if the proposed ratio changes were introduced. All settings, apart from those who said they were very unlikely to make changes, were then asked a series of follow up questions about how their provision would change. The survey reports on providers' best estimate of how they would respond *if* a change in staff:child ratios were to be introduced. That is, the survey captures their responses to a hypothetical scenario. It is possible that actual behaviour might be different to predicted behaviour and that providers calculations over whether to introduce the new ratios may change especially if the circumstances under which they are operating also change (for example as a result of an economic downturn or rising cost of living).

The headline survey findings give the proportion of providers asked who said they would make/experience a particular change (excluding those which said they would be very unlikely to change their provision as a result of the ratio changes but including those which said they would be unlikely to change their provision). To place these findings in the context of all relevant providers (that is those which would be subject to the proposed changes), we also report overall potential impacts in terms of:

- a **“likely” potential impact**: This calculates the number of providers who expected a particular outcome (for example, an increase in income) if they were to change their provision, and who said they would be likely to change their provision as a result of new ratio, as a proportion of all providers
- a **“maximum” potential impact**: This calculates the total number of all those providers asked who expected a particular outcome (for example, an increase in

income), including both those likely and unlikely to change their provision if new ratios were to be introduced, as a proportion of all providers.¹

Proposed change to staff:child ratios: Group settings

The government proposes to change the current statutory minimum staff:child ratio in England for 2-year-olds in group settings from 1:4 to 1:5. Group settings includes both GBPs and SBPs, although the majority of SBPs do not currently look after 2-year-olds.

Likelihood of changing provision

The majority of group settings with 2-year-olds (70%) said they would be unlikely or very unlikely to change their provision if ratio requirements were relaxed, with 45% saying they would be very unlikely. Only 28% of group settings with 2-year olds said they would be likely or very likely to make any changes to provision. This corresponds to 19% of all group settings (including those with and without 2-year-olds).

10% of group settings not currently offering care for 2-year olds said that they would definitely or probably start offering places to 2-year olds if the ratio change were introduced. This corresponds to 3% of all group settings (including those with and without 2-year-olds).

The most common reason given by providers who said they were likely to make changes to their provision was that this would help with staff shortages.

The most common reason given by providers who said they were unlikely to change their provision, was that they believed relaxing ratios would compromise their quality of care. Other common reasons included concerns that the new ratio would put children's safety at risk or that it would put additional strain on their existing staff by increasing the number of children they are responsible for.

Impact on provision

Group settings with 2-year olds that were asked how they would change their provision in response to the ratio change were fairly evenly divided between those who said they would increase the amount of care offered to two year olds (61%) and those who said they would reduce staffing levels (62%).

If providers likely to make changes increased the number of children looked after in line with their expectations, there could be additional provision for around 17,400 2-year olds, an increase of 4%. Also taking account of providers who said they would start offering

¹ Providers who said they were very unlikely to change their provision were not asked about the potential impact on provision.

places to 2-year olds because of the ratio change, the evidence suggests that an additional 24,500 2-year-olds could be looked after across group settings, an increase of approximately 6%.

Among settings reporting that they would increase the amount of care offered, 79% said that their income would consequently increase, with an average (median) anticipated increase in income of 6%. Overall, the likely potential impact is that 8% of all group settings with 2-year olds would see an increase in their income, but a maximum of 16% (including those unlikely to make a change) might see their income increase because of the proposed ratio change.

Among settings reporting that they would reduce staffing levels, 60% said that staff costs would consequently be lower. This may reflect that some staffing changes, for example staff being redeployed or working fewer hours, may not be sufficient to reduce total staff costs. Overall, the likely potential impact is that 9% of all group settings with 2-year olds would see a reduction in their staffing costs, but a maximum of 15% (including those unlikely to make a change) might see a reduction because of the proposed ratio change.

Taking income and costs together, the likely impact is that 15% of group settings with 2-year olds would see an initial financial gain (through increased income and/or reduced staff costs), but a maximum of 28% (including those unlikely to make a change) might see an initial financial gain.

Among settings who expected that they would see some financial gain, most (64%) reported that none of the gain would be passed on to parents through reduced fees, while 31% said they would pass on some of it and only 5% indicated they would pass on most or all of it. Overall, the likely impact is that just 7% of all settings with 2-year olds would pass on any savings to parents, but a maximum of 12% (including those unlikely to change provision) could pass on the savings to parents.

Among settings expecting some financial gain and not expecting to pass all the gain on to parents, most (63%) said they would use any financial gain to support the financial sustainability of their provision, for example by building up reserves or paying back loans. Around half of the settings (53%) said they would use it to pay for additional resources for staff training or career development, and just under half (49%) said they would use the surplus to increase staff salaries.

Proposed changes to staff:child ratios: Childminders

The proposed ratio change for childminders would extend the current exemptions that apply for both siblings and childminders' own children to children under five rather than children under one.

Forty percent of childminders (that is, around 12,900 childminders) currently look after their own children and/or siblings under the age of five.

Likelihood of changing provision

A majority of all childminders (56%) reported that they would not change their provision in response to the proposed ratio change, with 32% reporting they would be very unlikely to do so. 26% reported they would be either likely or very likely to make changes while 18% said that they did not know if they would do so.

The most common reasons childminders gave for being likely to change their provision were to allow them to offer better continuity of care for families or to increase revenue to help with their own living costs.

The most common reasons for not changing provision related to concerns that the changes would compromise the quality of care or child safety.

Impact on provision

Childminders who said they would change their provision in response to the new ratio flexibilities were evenly divided between those who said the additional flexibility would enable them to fill spare places and those who said it would enable them to reallocate places to younger children (42% each), with the remainder saying they would do something else.

Among childminders who reported that they would change provision, most (79%) reported that income would increase, with an average (median) increase of 20%. Overall, the likely potential impact is that 21% of childminders would experience an increase in income because of the ratio change, but a maximum of 49% (including those unlikely to change provision) could see an increase in their income.

Among childminders who reported that their income would increase, the majority (60%) did not expect that this financial gain would be passed on to parents through reduced fees, while 33% said they would pass on some of the benefit and only 7% indicated they would pass on most or all of it. Overall, the likely impact is that 8% of childminders would pass on savings to parents, but a maximum of 20% (including those unlikely to change provision) might do so.

Among childminders who reported that their income would increase but who did not expect to pass all of this gain on to parents, most said they would use any financial gain to buy new materials or equipment (79%) and/or to support the financial sustainability of their provision (53%).

Additional topics

The majority of providers – 83% of group settings and 90% of childminders – were aware that the EYFS currently allows providers to operate below the statutory staff:child ratios under exceptional circumstances, provided the quality of care, safety and security of childcare is maintained.

8% of group settings and 20% of childminders had made use of this provision to operate below statutory ratios in the past year. 43% of group settings and 61% of childminders said they would make use of the ratio if they needed to.

A proposal to update the EYFS to clarify 'adequate supervision' during mealtimes means that children must be in both sight *and* hearing of a member of staff would be bringing the EYFS in line with existing practice. 98% of group settings and 97% of childminders reported that they already did this.

11% of group settings and 23% of childminders said that they would consider extending opening hours to include at least one of evenings, weekends or overnight.

1. Introduction

Having access to good quality childcare has positive outcomes for children as well as supporting parents to work (Department for Education, 2022a). In England, almost six in ten children of pre-school age received formal childcare in 2021, including 36% of children aged 0 to 2 (Department for Education, 2022b). The most common reason cited by parents for using childcare is economic, for example to enable them to work or study (Department for Education, 2019). At the same time, it has been shown that spending time in high quality early education and childcare before school age is associated with better educational outcomes later in life (Taggart, Sylva, Melhuish, Sammons, & Siraj, 2015). As of June 2022, Ofsted reported that 97% of providers were rated as good or outstanding in their latest inspection (Ofsted, 2022).

However, as described by the Department for Education: “The benefits of attending childcare for children cannot be realised if parents cannot afford to use it. Nor can it help parents to work if it costs more than the income they would receive” (Department for Education, 2022a, p. 8). Parents in the United Kingdom (UK) pay some of the highest costs for childcare in the world (for example, see OECD, 2021). Data from the Childcare and Early Years Survey of Parents (Department for Education, 2022b) shows that three in ten parents rate the affordability of local childcare as very poor or fairly poor and less than half (43%) of families with pre-school children said they found the cost of childcare easy or very easy to meet.

Additionally, a significant number of childcare providers face challenges, which have been exacerbated in recent years because of the COVID-19 pandemic (La Valle, et al., 2022). Staff retention and recruitment has been a long-standing issue in the early years sector, particularly for group-based providers (Haux, et al., 2022). Many providers took on debt and used reserves or savings to survive during the height of the pandemic (Davies, Bain, & Hunnikin, 2022) leaving them more vulnerable to future financial shocks, although there is no evidence yet that this has led to higher numbers of setting closures (La Valle et al, 2022).

As part of its commitment to ensuring that childcare providers do not face unnecessary regulatory burdens and have the flexibility to provide high-quality and affordable childcare to parents, the Government set out proposals in July 2022 for changing the staff:child ratio requirements for two-year olds in group-based early years settings and changing the ratio flexibilities for childminders. Data from the Survey of Childcare and Early Years Providers (SCEYP) 2021 indicate that the majority (74%) of total costs for early years group settings are for staff (Cattoretti & Paull, 2022). Relaxing staff:child ratios (i.e. allowing each member of staff to look after more children) could increase flexibility and reduce delivery costs for providers, potentially allowing them to reduce parent-paid fees and making childcare more affordable for parents.

The specific proposed regulatory changes are to:

- change the current statutory minimum staff:child ratio in England for 2-year-olds from 1:4 to 1:5
- change the Early Years Foundation Stage statutory framework (the EYFS) to be explicit that childminders can care for more than the specified maximum of three children under the age of 5 if they are caring for siblings of children they already care for, or if the childminder is caring for their own baby or child
- make the EYFS explicit that 'adequate supervision' while children are eating means that children must be in sight and hearing of an adult.

It should be noted that the proposed changes to staff:child ratios:

- are different for settings offering care in group settings (school-based providers (SBPs) and group-based providers (GBPs)) and childminders (CMs)
- only affect 2-year-olds in group settings
- only affect childminders' own children or siblings looked after by the same childminder.

Alongside a wider public consultation on the proposed changes (Department for Education, 2022a), the Department for Education (DfE) commissioned the National Centre for Social Research (NatCen) and Frontier Economics to conduct an independent survey of childcare providers in England. The aim of the survey is to provide robust evidence on the likely impact of the proposed changes on early years providers to inform the Government's decision-making on whether or not to introduce the new ratio requirements. The survey provides data from a nationally representative sample of childcare providers regarding how likely or otherwise they are to change their provision as a result of the ratio changes and to understand directly from them the possible impacts, if any, on provision – including parent-paid fees – if they were to make changes.

This report covers the findings from that survey, reporting on childcare providers' views on the proposed ratio changes as well as several other topics covered by the survey.

The survey

A survey of early years providers (henceforth referred to as the consultation survey) was carried out by the NatCen, in collaboration with Frontier Economics, between 7th July and 1st August 2022. The aim of the survey was to provide robust, independent evidence on the likely impact of the proposed staff:child ratio changes on early years provision. The survey collected data on:

- The likelihood of providers changing their provision as a result of ratio changes
- The perceived impact of the change on provision delivery, including number of 2-year-old places and staffing levels
- The financial impact of such changes on providers' income and costs
- Whether (and how) any financial benefits realised by the proposed changes would be passed on to parents through a reduction in fees
- Whether providers had made use of the exemption in the EYFS to operate below current statutory staff:child ratios.

As well as topics related to the proposed staff:child ratio changes, the survey also included questions on supervision during mealtimes and the likelihood of providers extending their opening hours to include evenings, nights and weekends.

The sample for the survey was early years providers that had previously taken part in the Survey of Childcare and Early Years Providers (SCEYP) 2021 and agreed to be recontacted (Department for Education, 2021a). SCEYP is a large-scale, nationally representative survey of school-based providers (SBPs), group-based providers (GBPs) and childminders (CMs) in England.

A total of 842 providers (85 SBPs, 589 GBPs and 168 CMs) responded to the online survey. The data have been weighted to be representative of the population of early years providers in England in 2022.

For more details about the study please refer to the accompanying Technical Report.

The report

This report presents findings from the consultation survey with a particular focus on the evidence collected regarding the proposed staff:child ratio changes. Findings are reported separately for providers that offer care in group settings, that is SBPs and GBPs, and childminders because the changes proposed for these two groups are different in nature. Small sample sizes make it necessary to report on group settings as a whole, rather than presenting findings separately for SBPs and GBPs. It should be noted however that structural differences between SBPs and GBPs may mean that the impact of any ratio change on these two types of providers may vary.²

Despite the small sample size, and the fact that the survey was conducted with a subset of providers that had taken part in SCEYP 2021 and agreed to be recontacted, we can

² Evidence from SCEYP 2021 indicates, for example, that SBPs are less likely to offer care for 2-year-olds (see Chapter 2 of this report) and receive a lower proportion of their income from parent-paid fees (Cattoretti and Paull, 2022).

nevertheless be confident that the survey is representative of the overall population of childcare and early years providers in England. The Technical Report (Butt et. al, 2022) presents the results of a comparison between the achieved sample for this survey and the full SCEYP 2021 sample of providers on some key metrics as measured in the SCEYP 2021 survey and indicates that they are broadly similar.

When drawing conclusions about the data regarding the potential impact of a change in ratios for early years provision, it should be borne in mind that the survey reports on providers' best estimate of how they would respond *if* a change in staff:child ratios were to be introduced. That is, the survey captures their responses to a hypothetical scenario. It is possible that actual behaviour might be different to predicted behaviour and that providers calculations over whether to introduce the new ratios may change especially if the circumstances under which they are operating also change (for example as a result of an economic downturn or rising cost of living). The hypothetical nature of the scenario providers were asked to consider is particularly important to bear in mind given that both providers that indicated that they would be likely to change their provision as a result of the proposed ratio change and those who said they would be unlikely to do so (though not those who said would be very unlikely to do so) were asked about how their provision might change.³

This report is accompanied by a set of tables which include both the proportion of providers that gave each response and, once the survey findings are scaled up to the total population, what this equates to in terms of number of providers (based on 2022 population totals, see Butt et al. (2022) for more details). Where sample sizes allow, the tables separate out the responses of those who said they would be likely and those who said they would be unlikely to change their provision as a result of changes to ratio requirements.

Reporting conventions

Unless explicitly shown in a table, responses are presented exclusive of any 'don't know' or 'prefer not to say' responses.

Numbers quoted in the text may combine two or more answer categories and, as they are calculated based on unrounded numbers, may differ slightly from the rounded numbers shown in the accompanying tables. Percentages less than 0.5% are shown in tables with a *. '0%' indicates that no providers selected that response option.

Some cleaning was undertaken of the income and cost amounts reported by providers to deal with extreme and/or implausible amounts. Where this is the case it is indicated in the

³ Some providers struggled to answer questions for the hypothetical scenarios: 49% of group settings and 42% of CMs reported at the end of the survey that they found the questions very or quite difficult to answer.

main report and further details of any cleaning are given in the accompanying Technical Report.

Where reference is made in the text to comparisons between groups, for example between responses given by group settings or childminders, these have not been tested for statistical significance.

The consultation and the report discuss the staff: child ratio in terms of the number of children that each member of staff can look after at any one time. Increasing the ratio would mean increasing the number of children each staff could look after (thereby increasing flexibility for providers), whereas decreasing the ratio would mean decreasing the number of children each member of staff can look after.

Findings from open-ended questions are treated as qualitative and reported on using the conventions for qualitative research, that is not quoting the exact proportion of providers that gave a certain answer but giving approximate indicators of magnitude such as “around a third” or “most”.

2. Proposed changes to staff:child ratio for 2-year-olds: Impact on group settings

Introduction

The Government has set out a proposal to change the current statutory minimum staff:child ratio in England for 2-year-olds in group settings from 1:4 to 1:5. The intention is to reduce the regulatory burden on providers, allowing them greater flexibility and autonomy over how they utilise their staff and potentially reducing staff costs. This may allow providers to reduce parent-paid fees and improve the affordability of provision for parents. (Department for Education, 2022a)

In this chapter we present evidence on whether settings would be likely to change their provision in response to the change in statutory minimum staff:child ratio. We then consider how providers that currently offer places for two-year-olds would expect to change their provision delivery, including child numbers and staffing levels, and the impact this might have on their income and costs. Finally, we consider whether these providers would pass on any financial benefit realised as a result of the ratio change to parents through reduced fees.

Throughout the chapter we report on group settings as a whole, that is combining responses from school-based providers (SBPs) and group-based providers (GBPs), to ensure a sufficient number of cases for analysis. However, it is important to note that, because generally most SBPs do not look after 2-year-olds, the policy is more likely to affect non-school settings. Seventy percent of the SBPs who responded to this survey reported that they did not look after any 2-year-olds and would therefore not be directly affected by the proposed change.⁴

Likelihood of changes to provision

Group settings currently offering care to 2-year-olds were asked whether they thought they would change their provision in line with the new ratio if it was to be introduced. As shown in Table 2.1, the majority (70%) of group settings with 2-year-olds said they would be unlikely or very unlikely to change their provision, with the greatest proportion of respondents (45%) saying they would be very unlikely. Nearly three in ten settings with 2-year-olds (28%) said they would be likely or very likely to make any change. This corresponds to just under one in five of all group settings (19%).

⁴ This figure is similar to the proportion of SBPs that reported not looking after any 2-year-olds in the main SCEYP 2021 (73%). See Butt et al. (2022) for further details of how the quality of the consultation survey's achieved sample compares to that of SCEYP 2021.

Table 2.1 Likelihood of group settings changing their provision in response to new ratio

Likelihood of settings changing their provision	Group settings with 2-year-olds	All group settings
Very Likely	10%	6%
Likely	18%	12%
Unlikely	24%	16%
Very Unlikely	45%	30%
Don't know	3%	2%
Not applicable (no 2-year-olds)	n/a	33%
<i>Unweighted base</i>	538	674
<i>Weighted base</i>	21,776	32,420

Source: Staff:child ratio consultation survey

Base: Group settings currently offering places to 2-year-olds/all group settings

Settings not currently offering care to 2-year-olds, and that therefore would not be directly affected by the proposed regulatory changes, were also asked if they would change their provision as a result of the ratio change. These settings, which constitute 33% of group settings in our sample, were asked whether the ratio change would encourage them to start offering places to 2-year-olds. Most settings (90%) reported that it would not but 9% said that it would encourage them to do so. This corresponds to three percent of group settings overall (see Table 2.2). Of the settings that said they would start offering places, most said these places would be in addition to the places now offered, rather than replacing spaces that are currently offered to children of other age groups.

Table 2.2 Likelihood of group settings not currently offering places to 2-year-olds to start offering them

Likelihood to start offering places to 2-year-olds	Group settings with no 2-year-olds	All group settings
Definitely	3%	1%
Probably	6%	2%
Probably not	36%	12%
Definitely not	54%	18%
Already have 2-year-olds	n/a	68%
<i>Unweighted base</i>	133	671
<i>Weighted base</i>	10,415	32,090 ⁵

Source: Staff:child ratio consultation survey

Base: Group settings not currently offering places to 2-year-olds/ all group settings

⁵ Base size differs from that shown in Table 2.1 due to the exclusion of don't know /prefer not to say responses.

Adding together those providers that said that the proposed ratio change was likely to change the way they delivered care to 2-year-olds (19%) and those providers not currently offering places to 2-year olds but who said they definitely or probably would start doing so as a result (3%), it is estimated that the proposed ratio change would likely affect only 22% of group providers, that is approximately 7,000 settings.

The remainder of this chapter looks in more detail at how those providers currently offering places to 2-year-olds, and so most directly affected by the proposed ratio change, might change their provision if the regulatory changes were introduced.

Reasons given for being likely or unlikely to make changes to provision

As well as being asked whether they would be likely to change their provision, settings with 2-year-olds were asked an open-ended question regarding the reasons that would make them likely or unlikely to consider making such changes.

Providers that said they would be likely to change their provision in response to the ratio change gave a range of reasons for this. The most common reason, given by around a fifth of settings that said they would be likely to make changes to their provision, was that this would help with staff shortages, which is in line with other evidence showing that providers report ongoing issues with recruitment and retention of staff across the childcare sector (Haux, et al., 2022; Le Valle et al., 2022). Other reasons, given by around 1 in 10 settings, for considering changing their provision were to allow for more flexibility of provision, offer more childcare places and become more cost-effective by reducing staff costs.

As shown in Table 2.1, however, the majority of settings stated that they would be unlikely to change their provision. The most common reason for this, given by over a third of these settings, was that they believed relaxing ratios (that is allowing each member of staff to look after an extra child) would compromise their quality of care. Over a quarter of settings were concerned that the new ratio would put children's safety at risk, and around a quarter believed it would put additional strain and pressure on an already stretched workforce. It should also be noted that some providers (around one in six) who said they would be likely to change their provision also spontaneously mentioned that they had concerns about the quality and/or safety of the care they could offer under the new ratio.

Another concern that was expressed by providers that said they were unlikely to make changes to their provision was that 2-year-olds constitute a very demanding age group, often starting nursery for the very first time. They therefore require a lot of support with, for example, toileting and feeding, meaning that relaxing ratios would not be feasible. Furthermore, around a quarter of settings expressed their concern about the particular

impact that reducing the ratio would have on children with special educational needs or disabilities (SEND), especially as settings have been reporting an increase in the number of children with undiagnosed SEND and/or developmental delays, particularly post-pandemic (Haux et al, 2022).

The finding that some providers express reluctance to operate with more relaxed ratios is consistent with other evidence on how providers take decisions about ratios. Data from SCEYP 2021 shows that only 2% group providers operate with more than four children for each staff member (DfE, 2021a). Previous research suggests that providers may do so for a variety of reasons including to ease pressure on staff, to meet additional needs of some children and to build better relationships with the children in their care (Speight, Scandone, Iyer, Burrige, & Read, 2020). Similarly, as discussed later in this report, a sizeable proportion of group settings said they would not operate at a higher ratio even in exceptional circumstances – as currently allowed under the Early Years Foundation Stage – in order to maintain their high quality of care.

Reporting on potential impact of ratio change on provision

In the next sections we explore in more detail what impact the ratio change could potentially have on the delivery of provision for providers with 2-year-olds.

In the survey, settings reporting that they would be likely or very likely to make changes were asked how they expected their provision to change, while settings reporting they were unlikely to make changes were asked to consider what they thought would happen if they were to make changes. Providers reporting that they were very unlikely to make changes were not asked these additional questions.

In the tables we report figures for all group settings that were asked about the possible changes on provision (the “all group settings asked” column). However, it should be borne in mind that these figures include responses from providers that say they would be unlikely to make the changes in practice. Where sample sizes allow, we therefore also show the responses just for those providers that said they would be (very) likely to change their provision and who might most realistically expect to be affected (“likely to change provision” column).⁶

⁶ Separate responses for those providers who said they were unlikely to make changes to their provision can be found in the accompanying excel tables. There is some need for caution when comparing responses between providers who said they would be likely or unlikely to change their provision as a result of the ratio change. A recurring pattern in the results is that, compared with those who say they are likely to change provision, a higher proportion of those saying they are unlikely to change provision opt for the first response option available at a question. This may be a genuine preference or may be the result of satisficing behaviour (that is, picking the first option available) among providers who do not expect to make a change and so have not given much thought to how it might affect their provision.

To put these findings in the context of all group settings currently delivering provision to 2-year-olds, we describe, in the accompanying text, the potential impact on all providers with 2-year olds under two scenarios: First, if we assume that only group settings saying they would be likely to change their provision in line with the ratio change changed their provision as expected; second, if we assume that all group settings asked – that is, all providers except those saying they were very unlikely to change their provision in line with the ratio change – changed their provision as described in the survey. The first calculation gives a sense of the “likely” potential impact and is calculated as follows:

$$\text{Likely impact} = \frac{\text{Number of group settings which reported an expected impact (e.g. an increase in income) and which said they were likely to change provision in response to new ratio}}{\text{All group settings with 2 year olds}} \times 100$$

The second gives a sense of the “maximum” potential impact from the proposed ratio change and is calculated as follows:

$$\text{Maximum impact} = \frac{\text{Number of all group settings which reported an expected impact}}{\text{All group settings with 2 year olds}} \times 100$$

Likely impact of ratio change: Delivery of care

Providers were first asked what impact the ratio change would have on how they delivered their provision – specifically, whether they expected the change to allow them to increase the amount of care offered to 2-year-olds, reduce their staffing levels or a combination of both. Table 2.3 shows that, among all group settings that were asked, providers were fairly evenly divided between those who said they would reduce their staffing and those who said they would increase provision (either by increasing the number of places for 2-year olds or the number of hours for existing 2-year-olds).

Among settings that said they would be likely to change their provision, 69% said they expected to reduce their staffing levels, including 32% who said they would both reduce their staffing levels and increase the amount of care offered to 2-year-olds, while in total 62% expected to increase the amount of care delivered.

Table 2.3 How delivery of provision may change

How delivery of provision may change	Likely to change provision	All group settings asked
Increase the amount of care deliver to 2-year-olds	30%	38%
Reduce staffing levels for 2-year-olds	37%	39%
Both increase provision and reduce staffing levels	32%	23%
No change	n/a	n/a
<i>Unweighted base</i>	119	250
<i>Weighted base</i>	5,855	11,455

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: all group settings excluding those very unlikely to change provision as a result of the ratio change

Putting these findings in the context of all group settings with 2-year-olds, the findings suggest that a maximum of 33% of settings might reduce staffing levels as a result of the ratio change (21% who would only reduce staff levels and 12% who would do this in combination with increasing the amount of care delivered).⁷ However, the likely impact on provision is that 19% of providers would reduce staffing levels.⁸

Impact on amount of care provided

Group settings that, when asked, said they would increase their provision for 2-year-olds, were then asked how they expected to do this – by increasing the number of 2-year-olds looked after, by increasing the number of hours for existing children or a combination of both.

⁷ This is the number of all providers responding they would reduce staffing levels calculated as a proportion of all group settings with 2-year-olds.

⁸ This is the number of all providers who said they would be likely to change provision in response to ratio change and said they would reduce staffing levels calculated as a proportion of all group settings with 2-year-olds.

Table 2.4 How provision would be increased

How provision would be increased	Likely to change provision	All group settings asked
Increase the total number of 2-year-olds looked after	68%	68%
Increase the number of hours existing children attend the setting	2%	4%
Both increase total number of 2-year-olds and increase hours for some children	30%	28%
<i>Unweighted base</i>	75	146
<i>Weighted base</i>	3,677	6,939

Source: Staff:child ratio consultation survey

Base for "all group settings asked" column: Group settings that said they would increase provision for 2-year-olds

Nearly all providers asked (96%) reported that they would increase the total number of 2-year-olds that they looked after, including around three in ten (28%) who said they would also increase the number of hours for existing children (see Table 2.4). Only 4% said they would solely increase hours for existing children.

When asked how many additional children they expected to take on as a result of the ratio change, these settings reported they would be able to take on average (median) four additional children. Table 2.5 shows the number of additional 2-year-olds that settings expected to be able to look after as a proportion of the number of 2-year-olds they currently had registered at their setting.

Table 2.5 Possible increase in the number of children as a proportion of current 2-year-olds

Increase as % of current 2-year-olds	Likely to change provision	All group settings asked
0.1-9.9%	2%	3%
10-19.9%	12%	12%
20-29.9%	31%	27%
30-39.9%	13%	14%
40-49.99%	9%	10%
50-99.9%	19%	15%
100%+	13%	18%
<i>Unweighted base</i>	66	129
<i>Weighted base</i>	3,072	6,039

Source: Staff:child ratio consultation survey

Base for "all group settings asked" column: Group settings that would increase number of 2-year-old places

Note: A small number of providers (N=3) that said they would take on additional children but when asked for the number they said '0', have been excluded from this table.

The most common response was that providers said they would increase the number of 2-year-olds looked after between 20 and 30 per cent. The estimated median increase in number of 2-year-olds was 33%. Some providers gave a number of additional children equal to or higher than their current number of 2-year-olds, meaning that they expected provision to increase by more than 100%. For some providers this may be a reporting error – that is rather than reporting the number of additional 2-year-olds when asked they may have given the total number of children in this age group they expected to look after following the ratio change. However, for other providers that expect offering 2-year-old places to become more profitable after the ratio change, this may reflect a genuine intention to substantially increase provision.

Assuming that providers increased the number of 2-year-olds they look after in line with their expectations, and focusing just on those providers that said they would be likely to change their provision following the ratio change, there would be an estimated 17,400 additional 2-year olds in the care of group settings on top of the existing ones (an estimated 4% increase on the total number of current 2-year-old children in group settings).

It was reported earlier (Table 2.2) that some group settings that were not currently offering places for 2-year-olds might consider doing so as a result of the ratio change. Those settings reported that they would, on average, be able to take on ten new 2-year-old children. Grossing up these findings (albeit based on a small number of responses and so to be approached with caution) to the population level suggests that the ratio change may lead to around an additional 7,100 2-year-olds able to be looked after in setting that do not currently look after any children in this age group. Combining this figure with the number of additional children reported above suggests that the number of additional 2-year-olds looked after across group settings following the ratio change could be as high as 24,500, an increase of approximately 6% on the current number of 2 year-olds looked after.

Impact on staffing

As previously shown (Table 2.3), 62% of all group settings asked - and 69% of those who said they would be likely to change their provision - said that, if they were to change their provision as a result of the more relaxed ratio, they would do so by reducing their staffing levels. When asked specifically how they would do this, responses were fairly evenly split between those who said they would reduce the number of staff employed (30%) and those who said they would reduce hours for existing staff (28%), with around two in five saying they would do a combination of these two (42%).

Among settings that said they would be likely to change their provision as a result of the ratio change, just over three-quarters (72%) of those who said they would change their

staffing levels said that they would do so by reducing the total number of staff, either in isolation or in combination with a reduction in staff hours.

Table 2.6 Possible changes to staffing levels

Changes to staffing levels	Likely to change provision	All group settings asked
Reduce the number of hours that some staff members work	22%	28%
Reduce the total number of staff you employ	40%	30%
Combination of reduced hours and reduced staff numbers	38%	42%
Unweighted base	72	143
Weighted base	3,801	6,609

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: Group settings expecting to reduce staffing levels

Settings were also asked, in an open-ended question, if there were other ways that they thought their staffing arrangements might change as a result of the ratio change. Nearly half of the providers asked didn’t anticipate any further changes. The rest anticipated a mix of potentially positive and negative impacts on staffing as a result of the ratio change. Around one in twenty settings said that the ratio change would allow them to redeploy their existing staff within their setting, for example by moving staff to care for other age groups. Some providers also said that the ratio change would allow increased flexibility of staff use, for example to cover for emergencies. Around one in ten settings expressed concern that staff would leave as they would not cope with the additional pressure.

Likely impact of ratio change: Provider finances

One of the aims of the survey included investigating the potential impact that making changes to settings’ provision as a result of the new staff:child ratio would have on their finances.

Group settings that reported they would increase their provision as a result of the ratio change (that is 32% of all group settings with 2 year olds), were asked both for the current total income for their setting and how much additional income they expected to receive following the ratio change. These figures were then used to calculate the possible percentage change in income for the setting (Table 2.7). Seventy-nine per cent of settings that expected to increase their provision also expected an increase in their income. The average (median) percentage increase in income anticipated was 6%.⁹

⁹ Base sizes are too small to report separately on providers likely/unlikely to change their provision.

However, around a fifth of settings asked said they did not expect to gain any additional income as a result of changing their provision.

Table 2.7 Potential additional income as a proportion of current income

Additional income as proportion of current income	All group settings asked
£0 no additional income expected	21%
0.1-4.9%	26%
5-9.9%	19%
10-24.9%	19%
25-49.9%	10%
>50%	5%
<i>Unweighted base</i>	93
<i>Weighted base</i>	3,756

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: Group settings that would increase quantity of care in response to ratio change

Note: Income data have been cleaned for extreme or implausible outliers. See the Technical Report for more information

Putting these findings in the context of all group settings with 2-year-olds, the findings suggest that a maximum of 16% of settings might see an increase in income as a result of the change in the staff:child ratio. However, the likely impact (excluding those providers unlikely to change provision) is that 8% of providers would receive increased income.

Group settings that said they would reduce their staffing levels as a result of the ratio change were asked for their current staff costs and how much they expected their staff costs to be reduced following the ratio change. These figures were then used to calculate the expected percentage change in staff costs (Table 2.8). Among settings that said they would reduce their staffing, the average (median) percentage reduction in staff costs anticipated was 4%.¹⁰ According to the responses given, as many as two in five (40%) of those who expected to reduce their staffing did not, however, expect to see a reduction in staff costs. Possible explanations include that the staff would be redeployed to other children or other tasks, or that staff would reduce the hours worked without a change in contractual hours or pay.

Putting these findings in the context of all group settings with 2-year-olds, the findings suggest that a maximum of 15% of settings might see a reduction in staff costs as a

¹⁰ Base sizes are too small to report separately on providers likely to change provision.

result of the proposed change in ratio. Focusing just on those providers that said they would be likely to change provision in response to the ratio change, the likely impact on provision is that 9% of providers would see a reduction in staff costs.

Table 2.8 Potential reduction in staff costs as a proportion of current cost

Reduction in staff costs as a proportion of current cost	All group settings asked
£0 No reduction in costs	40%
0.1-5.9%	14%
5-9.9%	21%
10-24.9%	20%
25-49.9%	4%
<i>Unweighted base</i>	109
<i>Weighted base</i>	4,763

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: Group settings that would reduce their staffing levels

Note: Staff cost data were cleaned for implausible values; see Technical Report for more information

We can estimate an initial “financial gain” for settings as a result of the ratio change as the total of the expected increase in income and reduction in staff costs.¹¹ Among group settings with 2-year-olds that were asked about their expected income increase/cost reduction, the data suggests that 67% may receive at least some financial gain as a result (Table 2.9). The average (median) financial gain for these providers is estimated to be 4% of their current income.¹²

Putting these findings in the context of all group settings with 2-year-olds, the findings suggest that a maximum of 28% of settings might see a financial gain as a result of the proposed ratio change. This figure falls to 15% of settings based only on those likely to make changes to provision seeing an impact.

¹¹ The initial financial gain is calculated by adding the expected additional income and expected reduction in staff costs together. It takes into account the potential increase in income from increased places and the potential reduction in staff costs from reduced staffing levels as a result of the ratio change. It does not take account of the fact that costs may increase as a result of increasing places (for example if new equipment needs to be purchased). It also does not take account any increase in costs separate from the impact of the change in ratios – for example as a result of rising energy or other costs.

¹² Providers who did not anticipate an increase in provision as a result of the ratio change were not asked for their current income. Current income for these providers was estimated as equal to 1.35 x total costs, where total costs are equal to current staff costs/0.74). This calculation is based on data from Cattoretti and Paull, 2022 regarding average income:cost ratios and the contribution of staff costs to total costs for group providers.

Table 2.9 Potential financial gain as a proportion of current staff costs

Potential financial gain as a proportion of current income	All group settings that gave information about income and/or cost changes
£0 No financial gain	33%
0.1-5.9%	26%
5-9.9%	19%
10-24.9%	17%
25-49.9%	4%
>50%	1%
<i>Unweighted base</i>	152
<i>Weighted base</i>	6,399

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: Group settings with information about income and staff cost

Note: Calculation based on income/cost data after cleaning for implausible values.

Likely impact of ratio change: Parent-paid fees

Providers that expected some financial gain from the ratio change, either in terms of reduced staff costs or increased income, were asked how much of that gain they would pass on to parents in the form of reduced fees. As shown in Table 2.10, nearly two thirds of settings asked (64%) said they would not pass *any* financial benefit on to parents. Among those settings that said they would be likely to change their provision as a result of the ratio change, 58% said they would not pass any financial benefit on to parents though around two in five (42%) would pass on at least some benefit.

Once again putting these findings in the context of all group settings with 2-year-olds, the findings suggest that a maximum of 12% of settings might be expected to pass on fee savings to parents, reflecting the substantial proportions of settings that would not be making any changes to their provision, would not have any financial gain from the changes or who would not pass on any financial gain to parents in the form of reduced fees. The likely impact (excluding settings unlikely to change provision) is lower at 7% of all settings with 2-year-olds. The short-term impact of the proposed ratio change on parent-paid fees is, therefore, likely to be small.¹³

¹³ Improved financial sustainability of childcare providers may bring longer term benefits to parents through ensuring that provision is available (see also Table 2.13).

Table 2.10 Amount of financial benefit passed on to parents

Amount of financial benefit passed on to parents	Likely to change provision	All group settings asked
All of it	3%	1%
Most of it	3%	4%
Some of it	36%	31%
None of it	58%	64%
No financial benefit	n/a	n/a
No change in provision		
<i>Unweighted base</i>	66	133
<i>Weighted base</i>	2,996	5,649

Source: Staff:child ratio consultation survey

Base for "all group settings asked" column: Group settings reporting additional income/cost savings

Of the settings that said they would pass at least some financial benefit to parents, the majority stated that any fee savings would be distributed across all age groups, rather than just for 2-year-olds (see Table 2.11). Although this would mean that more families would benefit from a potential fee saving, it would also inevitably mean that the savings per child would be lower than if they were passed on only for children directly affected by the ratio change, that is 2-year-olds.

Table 2.11 Age groups likely to benefit from fee savings

Age groups affected by fee savings	All group settings asked
All age groups	61%
2-year-olds only	39%
<i>Unweighted base</i>	50
<i>Weighted base</i>	2,033

Source: Staff:child ratio consultation survey

Base for "all group settings asked" column: Group settings reporting they would pass on fee savings to parents

The most common way in which settings said they would pass fee savings on to parents was by limiting future fee increases for children already in their care (mentioned by seven

in ten of those providers asked). It was much less common for providers to say they would reduce existing fees or limit fees charged just for new children.¹⁴

Finally, those settings that said they would pass at least some of the financial benefit on to parents (12% of all group settings with 2-year olds), were asked how much they would expect to reduce fees by (Table 2.12).

Table 2.12 Potential decrease in hourly rate charged to parents

Expected decrease in hourly rate charged to parents	All group settings asked
less than 10p lower per hour.	36%
10p to 25p lower per hour	28%
25p to 50p lower per hour	25%
50p to £1.25 lower per hour	9%
more than £1.25 lower per hour	2%
<i>Unweighted base</i>	49
<i>Weighted base</i>	1,988

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: Group settings reporting they would pass on fee savings to parents

Most providers that said they would reduce fees, said they would reduce fees by 25p per hour or less (with 36% saying they would reduce fees by less than 10p per hour). Data from SCEYP 2021 show that the mean hourly fee paid for 2-year-old children was £5.53 (Department for Education, 2021b). Based on these rates, a reduction of 25p per hour would therefore be a reduction of 4.5% while a reduction of 10p per hour would constitute a 2% reduction in fees. However, it should be reiterated that at most it is estimated that 12% of providers with 2-year-olds would pass on any savings to parents as a result of the proposed ratio change.¹⁵

As just discussed, the majority of group settings that might receive an initial financial gain as a result of the ratio change said that they would not pass any of this benefit on to parents in the form of reduced fees while even fewer said they would pass on all the benefit to parents. Settings were therefore asked how they would use any financial gain instead. Table 2.13 shows that nearly two thirds (63%) of all settings asked said they would use it to support the financial sustainability of their provision, for example to build up reserves or pay back loans. Over half of the settings (53%) said they would use it to pay for additional resources for staff training or career development, and just under half of the settings (49%) said they would use the surplus to increase staff salaries. While

¹⁴ Providers were presented with the following options to select from: reduce fees for existing children; limit future fee increases for existing children; limit fees charged to new children; something else.

¹⁵ These estimates should also be approached with caution given the small base sizes (N<50) for the calculations.

parents (and children) may not benefit directly from any financial surplus generated by the ratio change through a reduction in fees, therefore, it is possible that income or cost savings generated by the ratio change may be used to improve the financial sustainability or quality of provision this could benefit children in the long run. However, as noted above, at most only around three in ten group settings with 2-year-olds might be expected to receive any financial gain as a result of the ratio change.

Table 2.13 Potential use of financial gain not passed on to parents

Use of financial gain not passed on to parents	Likely to change provision	All group settings asked
Use it to support financial sustainability of provision (e.g. build up reserves, pay back loans)	61%	63%
Additional resources for staff training and career development	54%	53%
Increase staff salaries	51%	49%
Spend money on new materials/equipment	47%	47%
Spend money on venue/facilities	25%	24%
Something else (Please specify)	1%	6%
<i>Unweighted base</i>	64	131
<i>Weighted base</i>	2,914	5,567

Source: Staff:child ratio consultation survey

Base for "all group settings asked" column: Group settings not expecting to pass on all financial gain to parents

Implementation of ratio change

Providers were asked if they foresaw incurring any one-off costs as a result of the proposed ratio change, something which might – in turn – be a deterrent to making changes to their provision. Eighty-seven percent of settings that were asked about potential one-off costs anticipated that these would not be incurred. There is, therefore, little evidence to suggest that one-off costs associated with the ratio change are likely to be a factor in any decision regarding whether or not to make provision changes.

For those providers that did anticipate one-off costs, the average (median) estimated cost was £5,000. The most common expectation was that one-off payments would be needed for additional facilities and equipment, such as highchairs, car seats, pushchairs etc. (reported by nearly half of settings).¹⁶ Other anticipated one-off expenses, each reported by around one in ten settings, were costs to adapt the current physical space, costs associated with staff recruitment and training and other administrative costs.

¹⁶ All providers who mentioned this type of one-off expenditure said they would increase the number of 2-year olds looked after if they changed their provision in response to the new ratio requirements.

Providers were also asked how quickly they expected to make changes if the new ratio regulation were to be implemented. Overall, answers were fairly evenly split between as soon as possible, at the start of the new term and at the start of the next school year (Table 2.14). Around two in five settings (41%) that said they would be likely to change provision said they would do so as soon as possible.

Table 2.14 How quickly settings might change provision

When might change provision	Likely to change provision	All group settings asked
As soon as possible	41%	31%
At the start of the new term	37%	36%
At the start of the next school year	22%	33%
<i>Unweighted base</i>	117	225
<i>Weighted base</i>	5,754	10,389

Source: Staff:child ratio consultation survey

Base for “all group settings asked” column: all group settings apart from those very unlikely to change provision as a result of ratio change

Differences by provider size

Until this point, we have considered the potential impact of introducing a new staff:child ratio across group settings with 2-year-olds as a whole. In this section we consider whether the ratio change might affect settings of different sizes in different ways. Group settings were allocated to three equal-sized groups depending on the number of children registered to them. Settings with fewer than 40 children were considered small, settings with 41-71 were considered medium sized and settings with more than 72 registered children were considered large.

Table 2.15 shows that larger settings were the most likely to say they would change provision as a result of the change in ratio. Over a third of large settings said they would be likely or very likely to change their provision, whereas less than a quarter of small and medium settings said the same.

The greater expectation of change among larger settings may be because larger settings are more likely than smaller settings to be part of a chain and they may anticipate Head

Office requiring them to operate at the more relaxed ratio if is introduced.¹⁷ Having to follow regulations was mentioned by some providers as a reason why they would be likely to change their provision. Alternatively, it could simply be the case that larger settings have more scope to vary the number of children or staff at their setting and so can react to any change in statutory ratios.

Table 2.15 Likelihood of changing provision by provider size

Likelihood of changing provision	Small (<40)	Medium (41-71)	Large (72+)	All group settings with 2-year-olds
Very likely	11%	7%	10%	10%
Likely	12%	17%	24%	18%
Unlikely	26%	23%	24%	24%
Very unlikely	46%	50%	40%	45%
Don't know	4%	3%	3%	3%
<i>Unweighted base</i>	194	184	160	538
<i>Weighted base</i>	7,062	7,041	7,672	21,776

Source: Staff:child ratio consultation survey

Base: All group settings with 2-year-olds

Summary

This chapter described the impact that changing the current staff:child ratio for 2-year-olds from 1:4 to 1:5 would have on group settings, that is school-based providers and group-based providers.

The study found that most settings with 2-year-olds would be unlikely or very unlikely to make changes to their provision if the proposed ratio change was introduced. Reasons given included concerns over the quality of care and child safety as well as pressure on the existing workforce. If they did change their provision, there was a fairly even split between providers saying they would increase the amount of care delivered as a result and providers saying they would reduce staffing. Around seven in ten providers that said they would likely change their provision said they would reduce staffing levels.

¹⁷ According to data collected as part of SCEYP 2021 49% of settings with more than 72 registered children were part of a chain compared to only 24% of small and mediums settings.

Relaxing staff:child ratios has the potential to increase settings' income and reduce their staff costs. However, after taking account of the relatively high proportion of providers that thought it very unlikely they would change their provision, and those who did not anticipate increased income or reduced staff costs as a result, only a minority of settings with 2-year-olds-expected an initial financial gain from the ratio change. Of these, the majority did not anticipate passing on this financial gain to parents in the form of reduced fees; overall only one in ten group settings with 2-year-olds expected to pass on any reduction in fees to parents.

It is possible that the proposed ratio change has the potential to increase the number of 2-year-olds attending group-based settings, either through existing providers taking on more 2-year-olds or settings that do not currently offer care for this age group being encouraged to offer places for them.

3. Proposed changes to staff:child ratio: Impact on childminders

Introduction

The Early Years Statutory Framework (EYFS) currently states that childminders can care for a maximum of one child under the age of one, three children under the age of five, and six children under the age of eight. However, they can also care for siblings under 1-year old, or their own baby in addition to this (Department for Education, 2022a).

The proposed ratio change for childminders would extend the current exemptions that apply for both siblings and childminders' own children to children under five rather than children under one. This would, therefore, allow childminders to care for more than three children under the age of five if they are caring for siblings of children they already care for, or if they are caring for their own children. This in turn, it is anticipated, will allow childminders greater flexibility to meet parental demand and may enable them to reduce fees charged to parents.

In this chapter we look at the likelihood of childminders changing their provision in response to the proposed ratio change and the potential impact of these changes on delivery of care and finances.

How common is it for childminders to look after children to whom ratio change would apply?

The proposed ratio change applies only to siblings or childminders' own children aged between one and five, whilst siblings and childminders' own children aged under one are already subject to exceptions.

Forty percent of childminders (that is around 12,900 childminders) currently look after their own children and/or siblings under the age of five.¹⁸

All childminders were asked the questions about the proposed changes because the rule changes could affect their plans for future provision.

Likelihood of changes to provision

The majority of childminders reported that they would not change their provision in response to the proposed ratio change (56%), with 32% reporting they would be very

¹⁸ There were seven childminders who reported they were looking after their own children and/or siblings under the age of one and, therefore, are currently covered by the existing ratio exemptions.

unlikely to do so. Around a quarter (26%) reported they would be either likely or very likely to make changes. Almost one in five (18%) said that they did not know if they would make changes (Table 3.1). Restricting attention to childminders who currently had their own child or siblings under five – and who would subsequently be able to accept more children if the ratio requirements were changed – ‘the proportion of this group who said they would be likely (or very likely) to change how they deliver their provision was similar (29%) to the overall figure. This group were, however, less likely to say they were very unlikely to change provision (25% compared with 37% of those who did not currently look after any children to whom the ratio change would be relevant).

Table 3.1 Likelihood of childminders changing their provision in response to the proposed ratio change

Likelihood of changing their provision	All CMs
Very likely	12%
Likely	14%
Unlikely	24%
Very unlikely	32%
Don't know	18%
<i>Unweighted base</i>	168
<i>Weighted base</i>	31,986

Source: Staff:child ratio consultation survey
 Base: All childminders

We then asked childminders an open-ended question about the reasons *why* they were either likely or unlikely to consider changing their provision. The most common reasons childminders gave for being likely to change their provision were to allow them to offer continuity of care for families (including those wanting childcare for siblings), or to increase revenue to help with their own living costs.

Of the majority who reported they would be unlikely to change their provision in response to the proposed ratio requirements, the most common reasons provided related to quality of care and safety (this mirrors the findings for group settings). Nearly three in ten childminders reported concerns that the changes would compromise the quality of care they provided and almost one quarter reported concerns that it would compromise child safety.

Reporting on potential impact of ratio change on provision

Unless childminders had indicated they were very unlikely to change their provision in response to the proposed new ratio requirements, they were then asked what they thought the likely impact of the proposed changes would be on the care they offered. Childminders who said they would be likely or very likely to change their provision were asked how they expected their provision to change as a result, while those who said they would be unlikely to change their provision were asked to consider what they thought would happen if they did so. In the tables below we report figures for all childminders who were asked about the possible impact of changes on provision (the “all CMs asked” column), However, it should be borne in mind that these figures include responses from providers that say they would be unlikely to make the changes in practice.¹⁹

To put the survey findings into context we describe, in the accompanying text, the potential overall impact for all childminders under two scenarios: first, if we assume that childminders saying they would be likely to change their provision in response to the ratio change changed their provision as expected; second, if we assume that all childminders asked – that is, except those providers saying they were very unlikely to change their provision in response to the ratio change – changed their provision as described in the survey. The first calculation gives a sense of the “likely” potential impact and is calculated as follows:

$$\text{Likely impact} = \frac{\text{Number of childminder which reported an expected impact (e.g.an increase in income) and which said they were likely to change provision in response to new ratio}}{\text{All childminders}} \times 100$$

The second gives a sense of the “maximum” potential impact from the proposed ratio change and is calculated as follows:

$$\text{Maximum impact} = \frac{\text{Number of all childminders which reported an expected impact}}{\text{All childminders}} \times 100$$

Likely impact of ratio change on provision: Delivery of care

Childminders were asked whether new ratio flexibilities would be most likely to enable them to fill spare places or whether it would lead them to reallocate places to younger

¹⁹ Findings are broken down by whether childminders are likely or unlikely to change provision in the accompanying excel tables. Small base sizes for the “likely” group mean the findings for this group are not focused on here.

children (who may pay higher fees and are likely to attend for more hours than school-age children). Each of these options was chosen by the same proportion (42%) with 16% of childminders saying they would do ‘something else’ (Table 3.2).²⁰

Table 3.2 How delivery of care would change (childminders)

Impact on delivery of care	All CMs asked
Fill spare places	42%
Reallocate places to younger children	42%
Something else	16%
<i>Unweighted base</i>	110
<i>Weighted base</i>	20,325

Source: Staff:child ratio consultation survey

Base: All CMs except those very unlikely to change provision

Likely impact of ratio change on provision: Income

To investigate the potential financial impact of the proposed ratio change on childminders, all childminders except those who said they were ‘very unlikely’ to change their provision were asked to report their current annual income from the delivery of childcare, followed by how much additional income they might expect to receive if the proposed ratio change were introduced. This was used to estimate the potential percentage change in income as a result of the ratio change (Table 3.3). Overall, 79% of childminders asked reported an expected increase in income as a result of the ratio change. The average (median) increase expected was 20% of current income.

Childminders who said they would fill spare places were more likely than those who said they would reallocate places to younger children as a result of the ratio change to report an expected increase in income of more than 50%; 31% of providers who said they would fill spare places did so compared with 17% of those who said they would reallocate places. The average increase in income expected among providers who said they would fill spare places was 29% compared with 20% among providers who said they would reallocate places.

Putting these findings in the context of all childminders, and factoring in the high proportion of childminders who said they were very unlikely to change their provision (and so would not expect to see their income change as a result), the findings suggest that a maximum of 49% of childminders might expect to see their income increase as a

²⁰ Childminders were asked to give further details of what this ‘something else’ might be but no clear picture emerges from the responses.

result of the proposed ratio change. However, the likely impact (excluding childminders unlikely to change their provision) is that 21% of all childminders would see an increase in income following the introduction of the new ratio requirements would be affected.²¹

Table 3.3 Potential additional income as a proportion of current income (childminders)

Additional income as proportion of current income	All CMs asked
£0 No expected additional income	21%
0.1-9.9%	6%
10-24.9%	26%
25-49.9%	24%
>50%	23%
Mean % increase	35%
<i>Unweighted base</i>	100
<i>Weighted base</i>	16,776

Source: Staff:child ratio consultation survey

Base for "all CMs asked" column: All CMs except those very unlikely to change provision

Likely impact of ratio change on provision: Parent-paid fees

Childminders who expected that changing their provision following the ratio change would generate increased income were then asked how much of this benefit they would pass on to parents via reduced fees. The majority (60%) of childminders asked reported they would not pass on any of the anticipated financial gain to parents, with one third (33%) reporting they would pass on some of it and only 7% indicating they would pass on most or all of it.

Putting these findings in the context of all childminders, and factoring in those childminders who said they were very unlikely to change their provision or who did not expect a change in income as a result, the findings suggest that a maximum of 20% of childminders might expect to pass on any savings to parents. The likely potential impact,

²¹ The first percentage is the number of all childminders responding they would see increased income calculated as a proportion of all childminders. The second percentage is the number of all childminders who said they were likely to change provision in response to the new ratio and who said they would see increased income calculated as a proportion of all childminders.

however, (excluding those unlikely to change provision) is that 8% of all childminders would pass on savings.

Table 3.4 Amount of financial benefit passed on to parents (childminders)

Financial benefit passed on to parents	All CMs asked
All of it	4%
Most of it	3%
Some of it	33%
None of it	60%
<i>Unweighted base</i>	<i>78</i>
<i>Weighted base</i>	<i>13,237</i>

Source: Staff:child ratio consultation survey

Base for "all CMs asked" column: CMs reporting additional income

Childminders who said they may pass on at least some fee savings to parents were asked in what way they would do so. The most common way childminders said they would pass on these fees was to limit future fee increases for existing children (as found for group settings in Chapter 2). Childminders most commonly said they would reduce fees by between 50p and £1.25 an hour. However, it should again be noted that, at most, only 20% of all childminders would potentially experience an increase in income from the proposed ratio change and pass on any fee savings to parents as a result.

Table 3.5 shows how the majority of childminders who said they would not pass on any, or would pass on only some, of any financial gain (through an increase in income) arising from the ratio change to parents, would use it instead. Four in five (79%) childminders said they would use it to purchase new materials and/or equipment and over half (53%) would use it to support their financial sustainability, including building up reserves.

Table 3.5 Potential use of financial gain not passed on to parents (childminders)

Use of financial gain if not passed on to parents	All CMs asked
Spend money on new materials/equipment	79%
Use it to support financial sustainability of provision (e.g. build up reserves, pay back loans)	53%
Spend money on venue/facilities	22%
Additional resources for staff training and career development	21%
Increase staff salaries	12%
Something else	13%
<i>Unweighted base</i>	75
<i>Weighted base</i>	12,670

Source: Staff:child ratio consultation survey

Base: Childminders not expecting to pass on all financial gain to parents

Implementation of ratio change

Three in four (76%) childminders asked – that is all those who did not say they were very unlikely to change their provision as a result of the ratio change – did not anticipate that there would be any one-off costs associated with such changes. As with group settings, the prospect of one-off costs is, therefore, unlikely to be a significant barrier to changing provision. Of the small number of providers who did anticipate one-off costs, these were expected to range from £100 to £1,000 (with a median of £500) and were mostly expected to be for the purchase of additional facilities and/or equipment, including highchairs, car seats and pushchairs.

Childminders were also asked how quickly they anticipated they would implement any changes to provision after any changes to ratios were introduced (Table 3.6). Providers were fairly evenly divided between those who said they would implement them as soon as possible (40%) following any changes, and those who said they would implement them at the start of the next school year (45%).

Table 3.6 How quickly childminders might change provision

When might change provision	All CMs asked
As soon as possible	40%
At the start of the new term	16%
At the start of the next school year	45%
<i>Unweighted base</i>	83
<i>Weighted base</i>	14,165

Source: Staff:child ratio consultation survey

Base: All childminders apart from those very unlikely to change provision

Summary

Our findings suggest that only a minority of childminders would take advantage of the additional flexibility offered by the proposed ratio change. While up to two in five childminders currently look after their own children or siblings under five, only one in four said they would be likely to change their provision in response to the new ratio arrangements (though with a further one in six saying they did not know if they would change their provision).

Those childminders that do change their provision in response to the new ratio requirements are likely to see their income increase. However, a significant proportion of childminders said they were very unlikely to change their provision while, among those that may, the majority stated they would not pass on any of this financial gain to parents through savings on parent-paid fees. Instead, they stated they would use the financial gain to buy new equipment and/or support their financial sustainability.

4. Evidence on additional topics covered in consultation survey

Introduction

Although the main focus of the survey was on the proposed changes to staff-child ratios, providers were also asked some questions on additional topics. These included the awareness and use of current staff:child ratio exemptions, supervision of children when eating and whether providers would consider extending opening hours.

Use of existing staff:child ratio exemptions

The Early Years Foundation Stage (EYFS) framework currently allows providers to operate below the statutory staff:child ratios under exceptional circumstances, provided the quality of care, safety and security of childcare is maintained (Department for Education, 2021c).

When asked if they were aware that the EYFS allowed for this, the majority of providers – 83% of group settings and 90% of childminders – said that they were aware of this.

They were then asked whether they would make use of the exemption to operate below the statutory ratios if it were necessary for them/their setting. Group settings were less likely to say they would make use of the exemption (43%) than childminders (61%). This may be because group settings have more staff at their disposal and greater flexibility to redeploy resources in the event of staff shortages or unexpected demand. When asked the reasons why they would not make use of the exemption many group settings mentioned the fact that they could make use of bank or agency staff or arrange for the setting manager or other school staff (in the case of school-based settings) to cover.

There is an association between providers' attitudes towards the current exemptions and their attitude towards the proposed ratio changes. Forty-three percent of group settings that said they would be likely to change their provision as a result of the proposed ratio change also said that they would make use of the exemption if necessary. This compares with 34% of group settings who said they were unlikely to change their provision as a result of the proposed ratio change. Providers who said they would not make use of the exemption gave similar reasons to those given by providers who said they were unlikely to change their provision in response to the proposed new ratio (see Chapter 2). These include wanting to ensure they could maintain their high standards and operate safely, including reducing pressure on staff.

Providers who were aware of the exemption provision in the EYFS were also asked whether they had made use of the exemptions to operate below statutory ratios in the

last 12 months. As shown in Table 4.1, around a fifth (22%) of group settings and just over a third (35%) of childminders who were aware of the exemptions reported they had made use of the exemptions in the last 12 months. This translates to 8% of all group settings and 20% of all childminders.

Table 4.1 Whether providers have made use of exemptions to operate below statutory rates in last 12 months

Providers made use of exemptions to operate below statutory rates	Group settings aware of EYFS exemptions	CMs aware of EYFS exemptions	All group settings	All CMS
Yes	22%	35%	8%	20%
No	78%	65%	92%	80%
<i>Unweighted base</i>	212	92	662	163
<i>Weighted base</i>	11,364	17,058	31,956	30,430

Source: Staff:child ratio consultation survey

Base: All providers

When asked why they had made use of the exemptions, the most common reason provided by group settings related to staff absences due to COVID-19, followed by other staff shortages/sickness. In contrast, the most common reason given by childminders was so they could accommodate siblings and provide continuity of care for families, followed by so that they could provide extra care in event of a change in parents' working patterns.

Supervision during mealtimes

In addition to considering changes to staff:child ratios, DfE are also consulting on a change to what the EYFS says about how children should be supervised when eating (Department for Education, 2022a), specifically to make it explicit that 'adequate supervision' means that children must be in both sight *and* hearing of a member of staff. At present, the EYFS states only that children should be within sight *or* hearing.

It appears that the proposed addition to the EYFS would, for the most part, be bringing the EYFS into line with what providers are already doing in practice. Table 4.2 shows that almost all group settings and childminders reported that children are within sight and hearing of staff when eating.

Table 4.2 Supervision during eating

Supervision during eating	Group settings	CM
They are in sight of staff but not necessarily in hearing	1%	-
They are in hearing of staff but not necessarily in sight	1%	3%
They are within sight and hearing of staff	98%	97%
<i>Unweighted base</i>	663	163
<i>Weighted base</i>	31,933	30,598

Source: Staff:child ratio consultation survey

Base: All providers

Extended opening hours

The majority of childcare providers currently operate on weekdays and offer provision for around 10 hours a day. Data from the Survey of Childcare and Early Years Providers 2021 show that very few providers operate on Saturdays (1% of group settings and 3% of childminders) or Sundays (less than 1% of group settings and 2% of childminders) or continue to operate after 6pm (6% of group settings and 9% of childminders).²² This can present a challenge to some working parents, especially shift workers. The Childcare and Early Years Survey of Parents 2021 (DfE, 2022b) found that 14% of parents reported longer opening hours, and more flexibility when childcare is available, would make local childcare provision better suited to their needs.

The only formal restrictions on when providers can offer provision is for hours funded by the free entitlement: these cannot be offered before 6am or after 8pm or for any session longer than 10 hours. However, providers may face other constraints on offering evening, night or weekend provision including lack of staff or venue space. To explore providers' willingness to extend their opening hours, the survey asked whether, if there were no restrictions²³, providers would consider offering childcare services in the evening, overnight and/or at the weekends.²⁴ Table 4.3 shows that the majority of providers said that they would not extend their opening hours to include any of these times. However,

²² 8% of group-based providers open after 6pm, 1% on Saturdays and less than 1% on Sundays. Less than 1% of school-based providers open after 6pm, on Saturdays or on Sundays.

²³ The question did not specify the nature of these restrictions. The responses providers gave as to why they could not extend opening hours, suggests a range of practical restrictions they may face to opening at different times or for longer.

²⁴ The survey did not ask providers about their current opening hours and so it is possible that the proportion reporting they would extend opening hours includes some providers who already open during those times.

childminders generally appeared to be more willing to extend their opening hours than group settings.

Table 4.3 Whether providers would consider extending opening hours

Whether providers would extend opening	Group settings (evenings)	Group settings (overnight)	Group settings (weekend)	CM (evenings)	CM (overnight)	CM (weekend)
Yes	9%	2%	6%	13%	18%	13%
No	91%	98%	94%	87%	82%	87%
<i>Unweighted base</i>	<i>660</i>	<i>662</i>	<i>661</i>	<i>163</i>	<i>164</i>	<i>163</i>
<i>Weighted base</i>	<i>31,748</i>	<i>31,886</i>	<i>31,836</i>	<i>30,500</i>	<i>30,755</i>	<i>30,604</i>

Source: Staff:child ratio consultation survey

Base: all providers

Overall, 11% of all group settings and 23% of all childminders would consider extending their provision in at least one of the ways listed above. Just under a quarter (22%) of providers who said they would extend their opening hours said they would consider all of the possible extensions (evenings, overnight and weekends), while the remaining 78% reported they would consider extending their opening hours in one or two of these ways.

When asked what, if any, barriers they would face if they were to consider extending their opening hours, either in the evening, overnight and/or at weekends, group settings were most likely to report staffing issues – with concerns over having adequate staffing levels – followed by issues with premises including restricted operating hours. On the other hand, childminders were most likely to report issues related to their own caring responsibilities, including conflict with their own family time.

References

- Butt, S., Keyes, A., Ratti, V. and Bennett, M. (2022). *Early years staff:child ratio consultation survey: Technical Report*. Department for Education.
- Cattoretti, G., & Paull, G. (2022). *Providers' finances: Evidence from the Survey of Childcare and Early Years Providers 2021*. Department for Education. Retrieved from: <https://www.gov.uk/government/publications/providers-finances-survey-of-childcare-and-ey-providers-2021>
- Davies, H., Bain, E., & Hunnikin, L. (2022). *Survey of Childcare and Early Years Providers and Coronavirus (COVID-19) - Wave 4*. Department for Education.
- Department for Education. (2019). *Childcare and Early Years Survey of Parents in England 2019*. Department for Education. Retrieved from: <https://www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2019>
- Department for Education. (2021a). *Survey of Childcare and Early Years Providers*. Retrieved from <https://www.gov.uk/government/statistics/childcare-and-early-years-providers-survey-2021>
- Department for Education. (2021b). *Survey of Childcare and Early Years Providers: Local Authority Fees Statistics*. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1039648/SCEYP_2021_Fees_Report.pdf
- Department for Education. (2022a). *Childcare: regulatory changes*. Retrieved from <https://www.gov.uk/government/consultations/childcare-regulatory-changes>
- Department for Education. (2022b). *Childcare and early years survey of parents 2021*. Department for Education. Retrieved from: <https://www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2021>
- Haux, T., Butt, S., Rezaian, M., Garwood, E., Woodbridge, H., Bhatti, S., & Woods-Rogan, R. (2022). *The early years workforce: recruitment, retention, and business planning*. Department for Education. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1072062/SCEYP_thematic_report-_April_2022.pdf
- La Valle, I., Lewis, J., Paull, G., Lloyd, E., Ott, E., Mann, G., . . . Wills, E. (2022). Retrieved from:

https://www.familyandchildcaretrust.org/sites/default/files/Resource%20Library/Finalreport_ImplicationsofCovid.pdf

OECD. (2021). *Net childcare costs for parents using childcare facilities*. Retrieved from <https://stats.oecd.org/Index.aspx?DataSetCode=NCC>

Ofsted. (2022). *Childcare providers and inspections: management information*. Retrieved from <https://www.gov.uk/government/statistical-data-sets/childcare-providers-and-inspections-management-information>

Speight, S., Scandone, B., Iyer, P., Burrige, H., & Read, H. (2020). *Occupancy and staff ratios at early years providers*. Department for Education. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/929166/SCEYP_2019_occupancy_report.pdf

Taggart, B., Sylva, K., Melhuish, E., Sammons, P., & Siraj, I. (2015). *Effective pre-school, primary and secondary education project (EPPPSE 3-16+). How pre-school influences children and young people's attainment and development outcomes over time*.

© Department for Education copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

ISBN: 978-1-83870-468-1

For any enquiries regarding this publication, contact us at:

EY.ANALYSISANDRESEARCH@education.gov.uk or www.education.gov.uk/contactus

This document is available for download at www.gov.uk/government/publications